



**93RD GENERAL ASSEMBLY**  
**State of Illinois**  
**2003 and 2004**  
**HB4185**

Introduced 1/23/2004, by Patricia Reid Lindner

**SYNOPSIS AS INTRODUCED:**

40 ILCS 5/14-119 from Ch. 108 1/2, par. 14-119  
40 ILCS 5/14-121 from Ch. 108 1/2, par. 14-121

Amends the State Employee Article of the Pension Code to remove the Social Security offset against widow and survivor annuities for all annuitants, beginning January 1, 2005. Effective immediately.

LRB093 15769 LRD 41379 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

A BILL FOR

1 AN ACT in relation to 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 changing  
5 Sections 14-119 and 14-121 as follows:

6 (40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)

7 Sec. 14-119. Amount of widow's annuity.

8 (a) The widow's annuity shall be 50% of the amount of  
9 retirement annuity payable to the member on the date of death  
10 while on retirement if an annuitant, or on the date of his  
11 death while in service if an employee, regardless of his age on  
12 such date, or on the date of withdrawal if death occurred after  
13 termination of service under the conditions prescribed in the  
14 preceding Section.

15 (b) If an eligible widow, regardless of age, has in her  
16 care any unmarried child or children of the member under age 18  
17 (under age 22 if a full-time student), the widow's annuity  
18 shall be increased in the amount of 5% of the retirement  
19 annuity for each such child, but the combined payments for a  
20 widow and children shall not exceed 66 2/3% of the member's  
21 earned retirement annuity.

22 The amount of retirement annuity from which the widow's  
23 annuity is derived shall be that earned by the member without  
24 regard to whether he attained age 60 prior to his withdrawal  
25 under the conditions stated or prior to his death.

26 (c) Adopted children shall be considered as children of the  
27 member only if the proceedings for adoption were commenced at  
28 least 1 year prior to the member's death.

29 Marriage of a child shall render the child ineligible for  
30 further consideration in the increase in the amount of the  
31 widow's annuity.

32 Attainment of age 18 (age 22 if a full-time student) shall

1 render a child ineligible for further consideration in the  
2 increase of the widow's annuity, but the annuity to the widow  
3 shall be continued thereafter, without regard to her age at  
4 that time.

5 (d) Until January 1, 2005, a widow's annuity payable on  
6 account of any covered employee who has ~~shall have~~ been a  
7 covered employee for at least 18 months shall be reduced by 1/2  
8 of the amount of survivors benefits to which his beneficiaries  
9 are eligible under the provisions of the Federal Social  
10 Security Act, except that (1) the amount of any widow's annuity  
11 payable under this Article shall not be reduced by reason of  
12 any increase under that Act which occurs after the offset  
13 required by this subsection is first applied to that annuity,  
14 and (2) for benefits granted on or after January 1, 1992, the  
15 offset under this subsection (d) shall not exceed 50% of the  
16 amount of widow's annuity otherwise payable.

17 Beginning January 1, 2005, the offset under this subsection  
18 (d) shall no longer be applied to any widow's annuity,  
19 regardless of whether the deceased employee was in service on  
20 or after the effective date of this amendatory Act of the 93rd  
21 General Assembly.

22 (e) Upon the death of a recipient of a widow's annuity the  
23 excess, if any, of the member's accumulated contributions plus  
24 credited interest over all annuity payments to the member and  
25 widow, exclusive of the \$500 lump sum payment, shall be paid to  
26 the named beneficiary of the widow, or if none has been named,  
27 to the estate of the widow, provided no reversionary annuity is  
28 payable.

29 (f) On January 1, 1981, any recipient of a widow's annuity  
30 who was receiving a widow's annuity on or before January 1,  
31 1971, shall have her widow's annuity then being paid increased  
32 by 1% for each full year which has elapsed from the date the  
33 widow's annuity began. On January 1, 1982, any recipient of a  
34 widow's annuity who began receiving a widow's annuity after  
35 January 1, 1971, but before January 1, 1981, shall have her  
36 widow's annuity then being paid increased by 1% for each full

1 year which has elapsed from the date the widow's annuity began.  
2 On January 1, 1987, any recipient of a widow's annuity who  
3 began receiving the widow's annuity on or before January 1,  
4 1977, shall have the monthly widow's annuity increased by \$1  
5 for each full year which has elapsed since the date the annuity  
6 began.

7 (g) Beginning January 1, 1990, every widow's annuity shall  
8 be increased (1) on each January 1 occurring on or after the  
9 commencement of the annuity if the deceased member died while  
10 receiving a retirement annuity, or (2) in other cases, on each  
11 January 1 occurring on or after the first anniversary of the  
12 commencement of the annuity, by an amount equal to 3% of the  
13 current amount of the annuity, including any previous increases  
14 under this Article. Such increases shall apply without regard  
15 to whether the deceased member was in service on or after the  
16 effective date of Public Act 86-1488, but shall not accrue for  
17 any period prior to January 1, 1990.

18 (Source: P.A. 90-448, eff. 8-16-97.)

19 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

20 Sec. 14-121. Amount of survivors annuity. A survivors  
21 annuity beneficiary shall be entitled upon death of the member  
22 to a single sum payment of \$1,000, payable pro rata among all  
23 persons entitled thereto, together with a survivors annuity  
24 payable at the rates and under the conditions specified in this  
25 Article.

26 (a) If the survivors annuity beneficiary is a spouse, the  
27 survivors annuity shall be 30% of final average compensation  
28 subject to a maximum payment of \$400 per month.

29 (b) If an eligible child or children under the care of a  
30 spouse also survives the member, such spouse as natural  
31 guardian of the child or children shall receive, in addition to  
32 the foregoing annuity, 20% of final average compensation on  
33 account of each such child and 10% of final average  
34 compensation divided pro rata among such children, subject to a  
35 maximum payment on account of all survivor annuity

1 beneficiaries of \$600 per month, or 80% of the member's final  
2 average compensation, whichever is the lesser.

3 (c) If the survivors annuity beneficiary or beneficiaries  
4 consists of an unmarried child or children, the amount of  
5 survivors annuity shall be 20% of final average compensation to  
6 each child, and 10% of final average compensation divided pro  
7 rata among all such children entitled to such annuity, subject  
8 to a maximum payment to all children combined of \$600 per month  
9 or 80% of the member's final average compensation, whichever is  
10 the lesser.

11 (d) If the survivors annuity beneficiary is one or more  
12 dependent parents, the annuity shall be 20% of final average  
13 compensation to each parent and 10% of final average  
14 compensation divided pro rata among the parents who qualify for  
15 this annuity, subject to a maximum payment to both dependent  
16 parents of \$400 per month.

17 (e) The survivors annuity to the spouse, children or  
18 dependent parents of a member whose death occurs after the date  
19 of last withdrawal, or after retirement, or while in service  
20 following reentry into service after retirement but before  
21 completing 1 1/2 years of additional creditable service, shall  
22 not exceed the lesser of 80% of the member's earned retirement  
23 annuity at the date of death or the maximum previously  
24 established in this Section.

25 (f) In applying the limitation prescribed on the combined  
26 payments to 2 or more survivors annuity beneficiaries, the  
27 annuity on account of each beneficiary shall be reduced pro  
28 rata until such time as the number of beneficiaries makes the  
29 reduction no longer applicable.

30 (g) Until January 1, 2005, a survivors annuity payable on  
31 account of any covered employee who has ~~shall have~~ been a  
32 covered employee for at least 18 months at date of death or  
33 last withdrawal, whichever is the later, shall be reduced by  
34 1/2 of the survivors benefits to which his beneficiaries are  
35 eligible under the federal Social Security Act, except that (1)  
36 the survivors annuity payable under this Article shall not be

1 reduced by any increase under that Act which occurs after the  
2 offset required by this subsection is first applied to that  
3 annuity, (2) for benefits granted on or after January 1, 1992,  
4 the offset under this subsection (g) shall not exceed 50% of  
5 the amount of survivors annuity otherwise payable.

6 Beginning January 1, 2005, the offset under this subsection  
7 (g) shall no longer be applied to any survivors annuity,  
8 regardless of whether the deceased employee was in service on  
9 or after the effective date of this amendatory Act of the 93rd  
10 General Assembly.

11 (h) The minimum payment to a beneficiary hereunder shall be  
12 \$60 per month, which shall be reduced in accordance with the  
13 limitation prescribed on the combined payments to all  
14 beneficiaries of a member.

15 (i) Subject to the conditions set forth in Section 14-120,  
16 the minimum total survivors annuity benefit payable to the  
17 survivors annuity beneficiaries of a deceased member or  
18 annuitant whose death occurs on or after January 1, 1984, shall  
19 be 50% of the amount of retirement annuity that was or would  
20 have been payable to the deceased on the date of death,  
21 regardless of the age of the deceased on such date. If the  
22 minimum total benefit provided by this subsection exceeds the  
23 maximum otherwise imposed by this Section, the minimum total  
24 benefit shall nevertheless be payable. Any increase in the  
25 total survivors annuity benefit resulting from the operation of  
26 this subsection shall be divided among the survivors annuity  
27 beneficiaries of the deceased in proportion to their shares of  
28 the total survivors annuity benefit otherwise payable under  
29 this Section.

30 (j) Any survivors annuity beneficiary whose annuity  
31 terminates due to any condition specified in this Article other  
32 than death shall be entitled to a refund of the excess, if any,  
33 of the accumulated contributions of the member plus credited  
34 interest over all payments to the member and beneficiary or  
35 beneficiaries, exclusive of the single sum payment of \$1,000,  
36 provided no future survivors or reversionary annuity benefits

1 are payable.

2 (k) Upon the death of the last eligible recipient of a  
3 survivors annuity the excess, if any, of the member's  
4 accumulated contributions plus credited interest over all  
5 annuity payments to the member and survivors exclusive of the  
6 single sum payment of \$1000, shall be paid to the named  
7 beneficiary of the last eligible survivor, or if none has been  
8 named, to the estate of the last eligible survivor, provided no  
9 reversionary annuity is payable.

10 (l) On January 1, 1981, any survivor who was receiving a  
11 survivors annuity on or before January 1, 1971, shall have his  
12 survivors annuity then being paid increased by 1% for each full  
13 year which has elapsed from the date the annuity began. On  
14 January 1, 1982, any survivor who began receiving a survivor's  
15 annuity after January 1, 1971, but before January 1, 1981,  
16 shall have his survivor's annuity then being paid increased by  
17 1% for each full year that has elapsed from the date the  
18 annuity began. On January 1, 1987, any survivor who began  
19 receiving a survivor's annuity on or before January 1, 1977,  
20 shall have the monthly survivor's annuity increased by \$1 for  
21 each full year which has elapsed since the date the survivor's  
22 annuity began.

23 (m) Beginning January 1, 1990, every survivor's annuity  
24 shall be increased (1) on each January 1 occurring on or after  
25 the commencement of the annuity if the deceased member died  
26 while receiving a retirement annuity, or (2) in other cases, on  
27 each January 1 occurring on or after the first anniversary of  
28 the commencement of the annuity, by an amount equal to 3% of  
29 the current amount of the annuity, including any previous  
30 increases under this Article. Such increases shall apply  
31 without regard to whether the deceased member was in service on  
32 or after the effective date of Public Act 86-1488, but shall  
33 not accrue for any period prior to January 1, 1990.

34 (Source: P.A. 86-273; 86-1488; 87-794.)

35 Section 99. Effective date. This Act takes effect upon

1 becoming law.