



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB1383

Introduced 2/9/2005, by Rep. Rich Brauer

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-130

from Ch. 108 1/2, par. 14-130

Amends the State Employee Article of the Illinois Pension Code. Provides that, instead of repaying the entire amount of a refund, a member may repay a portion of the refund and receive credit for the portion of the refund that was repaid. Effective immediately.

LRB094 06345 EFG 36421 b

PENSION IMPACT
NOTE ACT MAY
APPLY

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 changing
5 Section 14-130 as follows:

6 (40 ILCS 5/14-130) (from Ch. 108 1/2, par. 14-130)
7 Sec. 14-130. Refunds; rules.

8 (a) Upon withdrawal a member is entitled to receive, upon
9 written request, a refund of the member's contributions,
10 including credits granted while in receipt of disability
11 benefits, without credited interest. The board, in its
12 discretion may withhold payment of the refund of a member's
13 contributions for a period not to exceed 1 year after the
14 member has ceased to be an employee.

15 For purposes of this Section, a member will be considered
16 to have withdrawn from service if a change in, or transfer of,
17 his position results in his becoming ineligible for continued
18 membership in this System and eligible for membership in
19 another public retirement system under this Act.

20 (b) A member receiving a refund forfeits and relinquishes
21 all accrued rights in the System, including all accumulated
22 creditable service. If the person again becomes a member of the
23 System and establishes at least 2 years of creditable service,
24 the member may repay all the moneys previously refunded or a
25 portion of the moneys previously refunded representing
26 contributions for one or more whole months of creditable
27 service. If a member repays a portion of moneys previously
28 refunded, he or she may later repay some or all of the
29 remaining portion of those previously refunded moneys.
30 However, a former member may restore credits previously
31 forfeited by acceptance of a refund without returning to
32 service by applying in writing and repaying to the System, by

1 April 1, 1993, the amount of the refund plus regular interest
2 calculated from the date of refund to the date of repayment.

3 The repayment of refunds issued prior to January 1, 1984
4 shall consist of the amount refunded plus 5% interest per annum
5 compounded annually for the period from the date of the refund
6 to the end of the month in which repayment is made. The
7 repayment of refunds issued after January 1, 1984 shall consist
8 of the amount refunded plus regular interest for the period
9 from the date of refund to the end of the month in which
10 repayment is made. The repayment of the refund of a person who
11 accepts an alternative retirement cancellation payment under
12 Section 14-108.5 shall consist of the entire amount paid to the
13 person under subsection (c) of Section 14-108.5 plus regular
14 interest for the period from the date of the refund to the end
15 of the month in which repayment is made. However, in the case
16 of a refund that is repaid in a lump sum between January 1,
17 1991 and July 1, 1991, repayment shall consist of the amount
18 refunded plus interest at the rate of 2.5% per annum compounded
19 annually from the date of the refund to the end of the month in
20 which repayment is made.

21 Upon repayment, the member shall receive credit for the
22 service for which the refund has been repaid, and the
23 corresponding member contributions and regular interest that
24 was forfeited by acceptance of the refund, as well as regular
25 interest for the period of non-membership. Such repayment shall
26 be made in full before retirement either in a lump sum or in
27 installment payments in accordance with such rules as may be
28 adopted by the board.

29 (b-5) The Board may adopt rules governing the repayment of
30 refunds and establishment of credits in cases involving awards
31 of back pay or reinstatement. The rules may authorize repayment
32 of a refund in installment payments and may waive the payment
33 of interest on refund amounts repaid in full within a specified
34 period.

35 (c) A member no longer in service who is unmarried and does
36 not have an eligible survivors annuity beneficiary on the date

1 of application therefor is entitled to a refund of
2 contributions for widow's annuity or survivors annuity
3 purposes, or both, as the case may be, without interest. A
4 widow's annuity or survivors annuity shall not be payable upon
5 the death of a person who has received this refund, unless
6 prior to that death the amount of the refund has been repaid to
7 the System, together with regular interest from the date of the
8 refund to the date of repayment.

9 (d) Any member who has service credit in any position for
10 which an alternative retirement annuity is provided and in
11 relation to which an increase in the rate of employee
12 contribution is required, shall be entitled to a refund,
13 without interest, of that part of the member's employee
14 contribution which results from that increase in the employee
15 rate if the member does not qualify for that alternative
16 retirement annuity at the time of retirement.

17 (Source: P.A. 93-839, eff. 7-30-04.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.