



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**SB1488**

Introduced 2/23/2005, by Sen. James F. Clayborne, Jr.

**SYNOPSIS AS INTRODUCED:**

40 ILCS 5/15-142  
40 ILCS 5/15-145

from Ch. 108 1/2, par. 15-142  
from Ch. 108 1/2, par. 15-145

Amends the State Universities Article of the Illinois Pension Code. Increases certain death benefits from \$1,000 to \$5,000. Provides that these benefits are in the nature of life insurance and are intended to be not subject to the federal income tax. Effective immediately.

LRB094 10719 AMC 41126 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 15-142 and 15-145 as follows:

6 (40 ILCS 5/15-142) (from Ch. 108 1/2, par. 15-142)

7 Sec. 15-142. Death benefits - Death of annuitant. Upon the  
8 death of an annuitant receiving a retirement annuity or  
9 disability retirement annuity, the annuitant's beneficiary  
10 shall, if a survivor's insurance benefit is not payable under  
11 Section 15-145 and an annuity is not payable under Section  
12 15-136.4, be entitled to a death benefit equal to the greater  
13 of the following: (1) the excess, if any, of the sum of the  
14 accumulated normal, survivors insurance, and additional  
15 contributions as of the date of retirement or the date the  
16 disability retirement annuity began, whichever is earlier,  
17 over the sum of all annuity payments made prior to the date of  
18 death, or (2) \$5,000 ~~\$1,000~~.

19 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98;  
20 91-887, eff. 7-6-00.)

21 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)

22 Sec. 15-145. Survivors insurance benefits; conditions and  
23 amounts.

24 (a) The survivors insurance benefits provided under this  
25 Section shall be payable to the eligible survivors of a  
26 participant covered under the traditional benefit package upon  
27 the death of (1) a participating employee with at least 1 1/2  
28 years of service, (2) a participant who terminated employment  
29 with at least 10 years of service, and (3) an annuitant in  
30 receipt of a retirement annuity or disability retirement  
31 annuity under this Article.

1 Service under the State Employees' Retirement System of  
2 Illinois, the Teachers' Retirement System of the State of  
3 Illinois and the Public School Teachers' Pension and Retirement  
4 Fund of Chicago shall be considered in determining eligibility  
5 for survivors benefits under this Section.

6 If by law, a function of a governmental unit, as defined by  
7 Section 20-107, is transferred in whole or in part to an  
8 employer, and an employee transfers employment from this  
9 governmental unit to such employer within 6 months after the  
10 transfer of this function, the service credits in the  
11 governmental unit's retirement system which have been  
12 validated under Section 20-109 shall be considered in  
13 determining eligibility for survivors benefits under this  
14 Section.

15 (b) A surviving spouse of a deceased participant, or of a  
16 deceased annuitant who did not take a refund or additional  
17 annuity consisting of accumulated survivors insurance  
18 contributions, shall receive a survivors annuity of 30% of the  
19 final rate of earnings. Payments shall begin on the day  
20 following the participant's or annuitant's death or the date  
21 the surviving spouse attains age 50, whichever is later, and  
22 continue until the death of the surviving spouse. The annuity  
23 shall be payable to the surviving spouse prior to attainment of  
24 age 50 if the surviving spouse has in his or her care a  
25 deceased participant's or annuitant's dependent unmarried  
26 child under age 18 (under age 22 if a full-time student) who is  
27 eligible for a survivors annuity.

28 Remarriage of a surviving spouse prior to attainment of age  
29 55 that occurs before the effective date of this amendatory Act  
30 of the 91st General Assembly shall disqualify him or her for  
31 the receipt of a survivors annuity until July 6, 2000.

32 A surviving spouse whose survivors annuity has been  
33 terminated due to remarriage may apply for reinstatement of  
34 that annuity. The reinstated annuity shall begin to accrue on  
35 July 6, 2000, except that if, on July 6, 2000, the annuity is  
36 payable to an eligible surviving child or parent, payment of

1 the annuity to the surviving spouse shall not be reinstated  
2 until the annuity is no longer payable to any eligible  
3 surviving child or parent. The reinstated annuity shall include  
4 any one-time or annual increases received prior to the date of  
5 termination, as well as any increases that would otherwise have  
6 accrued from the date of termination to the date of  
7 reinstatement. An eligible surviving spouse whose expectation  
8 of receiving a survivors annuity was lost due to remarriage  
9 before attainment of age 50 shall also be entitled to  
10 reinstatement under this subsection, but the resulting  
11 survivors annuity shall not begin to accrue sooner than upon  
12 the surviving spouse's attainment of age 50.

13 The changes made to this subsection by this amendatory Act  
14 of the 92nd General Assembly (pertaining to remarriage prior to  
15 age 55 or 50) apply without regard to whether the deceased  
16 participant or annuitant was in service on or after the  
17 effective date of this amendatory Act.

18 (c) Each dependent unmarried child under age 18 (under age  
19 22 if a full-time student) of a deceased participant, or of a  
20 deceased annuitant who did not take a refund or additional  
21 annuity consisting of accumulated survivors insurance  
22 contributions, shall receive a survivors annuity equal to the  
23 sum of (1) 20% of the final rate of earnings, and (2) 10% of the  
24 final rate of earnings divided by the number of children  
25 entitled to this benefit. Payments shall begin on the day  
26 following the participant's or annuitant's death and continue  
27 until the child marries, dies, or attains age 18 (age 22 if a  
28 full-time student). If the child is in the care of a surviving  
29 spouse who is eligible for survivors insurance benefits, the  
30 child's benefit shall be paid to the surviving spouse.

31 Each unmarried child over age 18 of a deceased participant  
32 or of a deceased annuitant who had a survivor's insurance  
33 beneficiary at the time of his or her retirement, and who was  
34 dependent upon the participant or annuitant by reason of a  
35 physical or mental disability which began prior to the date the  
36 child attained age 18 (age 22 if a full-time student), shall

1 receive a survivor's annuity equal to the sum of (1) 20% of the  
2 final rate of earnings, and (2) 10% of the final rate of  
3 earnings divided by the number of children entitled to  
4 survivors benefits. Payments shall begin on the day following  
5 the participant's or annuitant's death and continue until the  
6 child marries, dies, or is no longer disabled. If the child is  
7 in the care of a surviving spouse who is eligible for survivors  
8 insurance benefits, the child's benefit may be paid to the  
9 surviving spouse. For the purposes of this Section, disability  
10 means inability to engage in any substantial gainful activity  
11 by reason of any medically determinable physical or mental  
12 impairment that can be expected to result in death or that has  
13 lasted or can be expected to last for a continuous period of at  
14 least one year.

15 (d) Each dependent parent of a deceased participant, or of  
16 a deceased annuitant who did not take a refund or additional  
17 annuity consisting of accumulated survivors insurance  
18 contributions, shall receive a survivors annuity equal to the  
19 sum of (1) 20% of final rate of earnings, and (2) 10% of final  
20 rate of earnings divided by the number of parents who qualify  
21 for the benefit. Payments shall begin when the parent reaches  
22 age 55 or the day following the participant's or annuitant's  
23 death, whichever is later, and continue until the parent dies.  
24 Remarriage of a parent prior to attainment of age 55 shall  
25 disqualify the parent for the receipt of a survivors annuity.

26 (e) In addition to the survivors annuity provided above,  
27 each survivors insurance beneficiary shall, upon death of the  
28 participant or annuitant, receive a lump sum payment of \$5,000  
29 ~~\$1,000~~ divided by the number of such beneficiaries.

30 (f) The changes made in this Section by Public Act 81-712  
31 pertaining to survivors annuities in cases of remarriage prior  
32 to age 55 shall apply to each survivors insurance beneficiary  
33 who remarries after June 30, 1979, regardless of the date that  
34 the participant or annuitant terminated his employment or died.

35 The change made to this Section by this amendatory Act of  
36 the 91st General Assembly, pertaining to remarriage prior to

1 age 55, applies without regard to whether the deceased  
2 participant or annuitant was in service on or after the  
3 effective date of this amendatory Act of the 91st General  
4 Assembly.

5 (g) On January 1, 1981, any person who was receiving a  
6 survivors annuity on or before January 1, 1971 shall have the  
7 survivors annuity then being paid increased by 1% for each full  
8 year which has elapsed from the date the annuity began. On  
9 January 1, 1982, any survivor whose annuity began after January  
10 1, 1971, but before January 1, 1981, shall have the survivor's  
11 annuity then being paid increased by 1% for each year which has  
12 elapsed from the date the survivor's annuity began. On January  
13 1, 1987, any survivor who began receiving a survivor's annuity  
14 on or before January 1, 1977, shall have the monthly survivor's  
15 annuity increased by \$1 for each full year which has elapsed  
16 since the date the survivor's annuity began.

17 (h) If the sum of the lump sum and total monthly survivor  
18 benefits payable under this Section upon the death of a  
19 participant amounts to less than the sum of the death benefits  
20 payable under items (2) and (3) of Section 15-141, the  
21 difference shall be paid in a lump sum to the beneficiary of  
22 the participant who is living on the date that this additional  
23 amount becomes payable.

24 (i) If the sum of the lump sum and total monthly survivor  
25 benefits payable under this Section upon the death of an  
26 annuitant receiving a retirement annuity or disability  
27 retirement annuity amounts to less than the death benefit  
28 payable under Section 15-142, the difference shall be paid to  
29 the beneficiary of the annuitant who is living on the date that  
30 this additional amount becomes payable.

31 (j) Effective on the later of (1) January 1, 1990, or (2)  
32 the January 1 on or next after the date on which the survivor  
33 annuity begins, if the deceased member died while receiving a  
34 retirement annuity, or in all other cases the January 1 nearest  
35 the first anniversary of the date the survivor annuity payments  
36 begin, every survivors insurance beneficiary shall receive an

1 increase in his or her monthly survivors annuity of 3%. On each  
2 January 1 after the initial increase, the monthly survivors  
3 annuity shall be increased by 3% of the total survivors annuity  
4 provided under this Article, including previous increases  
5 provided by this subsection. Such increases shall apply to the  
6 survivors insurance beneficiaries of each participant and  
7 annuitant, whether or not the employment status of the  
8 participant or annuitant terminates before the effective date  
9 of this amendatory Act of 1990. This subsection (j) also  
10 applies to persons receiving a survivor annuity under the  
11 portable benefit package.

12 (k) If the Internal Revenue Code of 1986, as amended,  
13 requires that the survivors benefits be payable at an age  
14 earlier than that specified in this Section the benefits shall  
15 begin at the earlier age, in which event, the survivor's  
16 beneficiary shall be entitled only to that amount which is  
17 equal to the actuarial equivalent of the benefits provided by  
18 this Section.

19 (l) The changes made to this Section and Section 15-131 by  
20 this amendatory Act of 1997, relating to benefits for certain  
21 unmarried children who are full-time students under age 22,  
22 apply without regard to whether the deceased member was in  
23 service on or after the effective date of this amendatory Act  
24 of 1997. These changes do not authorize the repayment of a  
25 refund or a re-election of benefits, and any benefit or  
26 increase in benefits resulting from these changes is not  
27 payable retroactively for any period before the effective date  
28 of this amendatory Act of 1997.

29 (m) The changes made to subsection (e) and Section 15-142  
30 by this amendatory Act of the 94th General Assembly, increasing  
31 certain death benefits from \$1,000 to \$5,000, apply to deceased  
32 members who die on or after the effective date of this  
33 amendatory Act of the 94th General Assembly, regardless of  
34 whether the deceased member was in service on or after that  
35 date. The General Assembly declares its intent that up to  
36 \$5,000 of the death benefits provided in subsection (e) and

1 Section 15-142 are in the nature of life insurance. Subject to  
2 obtaining a favorable ruling from the U.S. Internal Revenue  
3 Service, those death benefits shall not be subject to the  
4 federal income tax.

5 (Source: P.A. 91-887, eff. 7-6-00; 92-749, eff. 8-2-02.)

6 Section 99. Effective date. This Act takes effect upon  
7 becoming law.