

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 Sections 13-215, 13-216, 13-309, 13-502, 13-601, and 13-706 as  
6 follows:

7 (40 ILCS 5/13-215) (from Ch. 108 1/2, par. 13-215)

8 Sec. 13-215. "Retirement annuity": A benefit payable as an  
9 annuity for service as an employee. The annuity shall be  
10 payable in equal monthly installments for life, except as  
11 otherwise provided in this Article, beginning in the ~~one~~ month  
12 after the effective date of the annuity ~~as fixed by the Board,~~  
13 which shall not be prior to the date of withdrawal nor more  
14 than one year prior to the date of the employee's application  
15 for the annuity. A pro rata amount of the annuity shall be paid  
16 for part of a month when the annuity begins after the first day  
17 of the month or ends before the last day of the month.

18 Notwithstanding the above, all retirement annuity payments  
19 first payable on or after January 1, 2008, shall begin the  
20 first of the month following the effective date of retirement.

21 Effective January 1, 2008, benefits are payable for the  
22 full month if the annuitant was alive on the first day of the  
23 month.

1 (Source: P.A. 87-794.)

2 (40 ILCS 5/13-216) (from Ch. 108 1/2, par. 13-216)

3 Sec. 13-216. "Surviving spouse's annuity": The amount  
4 payable as a surviving spouse annuity commencing on the date of  
5 the employee's or retiree's death. The annuity shall be payable  
6 in equal monthly installments for life, except as otherwise  
7 provided in this Article, in the month after the effective date  
8 of the annuity ~~beginning one month after the effective date of~~  
9 ~~the annuity~~. A pro rata amount of the annuity shall be paid for  
10 part of a month when the annuity begins after the first day of  
11 the month or ends before the last day of the month.

12 Notwithstanding the above, all surviving spouse annuity  
13 payments first payable on or after January 1, 2008, shall begin  
14 the first of the month following the employee's or annuitant's  
15 date of death.

16 Effective January 1, 2008, benefits are payable for the  
17 full month if the annuitant was alive on the first day of the  
18 month.

19 (Source: P.A. 87-794.)

20 (40 ILCS 5/13-309) (from Ch. 108 1/2, par. 13-309)

21 Sec. 13-309. Duty disability benefit.

22 (a) Any employee who becomes disabled, which disability is  
23 the result of an injury or illness compensable under the  
24 Illinois Workers' Compensation Act or the Illinois Workers'

1 Occupational Diseases Act, is entitled to a duty disability  
2 benefit during the period of disability for which the employee  
3 does not receive any part of salary, or any part of a  
4 retirement annuity under this Article; except that in the case  
5 of an employee who first enters service on or after June 13,  
6 1997 and becomes disabled before the effective date of this  
7 amendatory Act of the 94th General Assembly, a duty disability  
8 benefit is not payable for the first 3 days of disability that  
9 would otherwise be payable under this Section if the disability  
10 does not continue for at least 11 additional days. The changes  
11 made to this Section by this amendatory Act of the 94th General  
12 Assembly are prospective only and do not entitle an employee to  
13 a duty disability benefit for the first 3 days of any  
14 disability that occurred before that effective date and did not  
15 continue for at least 11 additional days. This benefit shall be  
16 75% of salary at the date disability begins. However, if the  
17 disability in any measure resulted from any physical defect or  
18 disease which existed at the time such injury was sustained or  
19 such illness commenced, the duty disability benefit shall be  
20 50% of salary.

21 Unless the employer acknowledges that the disability is a  
22 result of injury or illness compensable under the Workers'  
23 Compensation Act or the Workers' Occupational Diseases Act, the  
24 duty disability benefit shall not be payable until the issue of  
25 compensability under those Acts is finally adjudicated. The  
26 period of disability shall be as determined by the Illinois

1 Workers' Compensation Commission or acknowledged by the  
2 employer.

3 An employee in service before June 13, 1997 shall also  
4 receive a child's disability benefit during the period of  
5 disability of \$10 per month for each unmarried natural or  
6 adopted child of the employee under 18 years of age.

7 The first payment shall be made not later than one month  
8 after the benefit is granted, and subsequent payments shall be  
9 made at least monthly. The Board shall by rule prescribe for  
10 the payment of such benefits on the basis of the amount of  
11 salary lost during the period of disability.

12 (b) The benefit shall be allowed only if the following  
13 requirements are met by the employee:

14 (1) Application is made to the Board within 90 days  
15 from the date disability begins;

16 (2) A medical report is submitted by at least one  
17 licensed and practicing physician as part of the employee's  
18 application; and

19 (3) The employee is examined by at least one licensed  
20 and practicing physician appointed by the Board and found  
21 to be in a disabled physical condition, and shall be  
22 re-examined at least annually thereafter during the  
23 continuance of disability. The employee need not be  
24 re-examined by a licensed and practicing physician if the  
25 attorney for the district certifies in writing that the  
26 employee is entitled to receive compensation under the

1 Workers' Compensation Act or the Workers' Occupational  
2 Diseases Act.

3 (c) The benefit shall terminate when:

4 (1) The employee returns to work or receives a  
5 retirement annuity paid wholly or in part under this  
6 Article;

7 (2) The disability ceases;

8 (3) The employee attains age 65, but if the employee  
9 becomes disabled at age 60 or later, benefits may be  
10 extended for a period of no more than 5 years after  
11 disablement;

12 (4) The employee (i) refuses to submit to reasonable  
13 examinations by physicians or other health professionals  
14 appointed by the Board, (ii) fails or refuses to consent to  
15 and sign an authorization allowing the Board to receive  
16 copies of or to examine the employee's medical and hospital  
17 records, or (iii) fails or refuses to provide complete  
18 information regarding any other employment for  
19 compensation he or she has received since becoming  
20 disabled; or

21 (5) The employee willfully and continuously refuses to  
22 follow medical advice and treatment to enable the employee  
23 to return to work. However this provision does not apply to  
24 an employee who relies in good faith on treatment by prayer  
25 through spiritual means alone in accordance with the tenets  
26 and practice of a recognized church or religious

1           denomination, by a duly accredited practitioner thereof.

2           In the case of a duty disability recipient who returns to  
3 work, the employee must make application to the Retirement  
4 Board within 2 years from the date the employee last received  
5 duty disability benefits in order to become again entitled to  
6 duty disability benefits based on the injury for which a duty  
7 disability benefit was theretofore paid.

8           (Source: P.A. 93-721, eff. 1-1-05; 94-621, eff. 8-18-05.)

9           (40 ILCS 5/13-502) (from Ch. 108 1/2, par. 13-502)

10          Sec. 13-502. Employee contributions; deductions from  
11 salary.

12          (a) Retirement annuity and child's annuity. There shall be  
13 deducted from each payment of salary an amount equal to 7% 7  
14 ~~1/2%~~ of salary as the employee's contribution for the  
15 retirement annuity, including ~~annual increases therefore and~~  
16 child's annuity, and 0.5% of salary as the employee's  
17 contribution for annual increases to the retirement annuity.

18          (b) Surviving spouse's annuity. There shall be deducted  
19 from each payment of salary an amount equal to 1 1/2% of salary  
20 as the employee's contribution for the surviving spouse's  
21 annuity and annual increases therefor.

22          (c) Pickup of employee contributions. The Employer may pick  
23 up employee contributions required under subsections (a) and  
24 (b) of this Section. If contributions are picked up they shall  
25 be treated as Employer contributions in determining tax

1 treatment under the United States Internal Revenue Code, and  
2 shall not be included as gross income of the employee until  
3 such time as they are distributed. The Employer shall pay these  
4 employee contributions from the same source of funds used in  
5 paying salary to the employee. The Employer may pick up these  
6 contributions by a reduction in the cash salary of the employee  
7 or by an offset against a future salary increase or by a  
8 combination of a reduction in salary and offset against a  
9 future salary increase. If employee contributions are picked up  
10 they shall be treated for all purposes of this Article 13,  
11 including Sections 13-503 and 13-601, in the same manner and to  
12 the same extent as employee contributions made prior to the  
13 date picked up.

14 (d) Subject to the requirements of federal law, the  
15 Employer shall pick up optional contributions that the employee  
16 has elected to pay to the Fund under Section 13-304.1, and the  
17 contributions so picked up shall be treated as employer  
18 contributions for the purposes of determining federal tax  
19 treatment. The Employer shall pick up the contributions by a  
20 reduction in the cash salary of the employee and shall pay the  
21 contributions from the same fund that is used to pay earnings  
22 to the employee. The Employer shall, however, continue to  
23 withhold federal and State income taxes based upon  
24 contributions made under Section 13-304.1 until the Internal  
25 Revenue Service or the federal courts rule that pursuant to  
26 Section 414(h) of the U.S. Internal Revenue Code of 1986, as

1 amended, these contributions shall not be included as gross  
2 income of the employee until such time as they are distributed  
3 or made available.

4 (e) Each employee is deemed to consent and agree to the  
5 deductions from compensation provided for in this Article.

6 (f) Subject to the requirements of federal law, the  
7 Employer shall pick up contributions that a commissioner has  
8 elected to pay to the Fund under Section 13-314, and the  
9 contributions so picked up shall be treated as Employer  
10 contributions for the purposes of determining federal tax  
11 treatment. The Employer shall pick up the contributions by a  
12 reduction in the cash salary of the commissioner and shall pay  
13 the contributions from the same fund as is used to pay earnings  
14 to the commissioner. The Employer shall, however, continue to  
15 withhold federal and State income taxes based upon  
16 contributions made under Section 13-314 until the U.S. Internal  
17 Revenue Service or the federal courts rule that pursuant to  
18 Section 414(h) of the Internal Revenue Code of 1986, as  
19 amended, these contributions shall not be included as gross  
20 income of the employee until such time as they are distributed  
21 or made available.

22 (Source: P.A. 94-621, eff. 8-18-05.)

23 (40 ILCS 5/13-601) (from Ch. 108 1/2, par. 13-601)

24 Sec. 13-601. Refunds.

25 (a) Withdrawal from service. Upon withdrawal from service,



1 an employee under age 55 (age 50 if the employee first entered  
2 service before June 13, 1997), or an employee age 55 (age 50 if  
3 the employee first entered service before June 13, 1997) or  
4 over but less than 60 having less than 20 years of service, or  
5 an employee age 60 or over having less than 5 years of service  
6 shall be entitled, upon application, to a refund of total  
7 contributions from salary deductions or amounts otherwise paid  
8 under this Article by the employee. The refund shall not  
9 include interest credited to the contributions. The Board may,  
10 in its discretion, withhold payment of a refund for a period  
11 not to exceed one year from the date of filing an application  
12 for refund.

13 (b) Surviving spouse's annuity contributions. A refund of  
14 all amounts deducted from salary or otherwise contributed by an  
15 employee for the surviving spouse's annuity shall be paid upon  
16 retirement to any employee who on the date of retirement is  
17 either not married or is married but whose spouse is not  
18 eligible for a surviving spouse's annuity paid wholly or in  
19 part under this Article. The refund shall include interest on  
20 each contribution at the rate of 3% per annum compounded  
21 annually from the date of the contribution to the date of the  
22 refund.

23 (c) Payment of Refunds After Death. Whenever any refund is  
24 payable after the death of the annuitant as provided for in  
25 this Article, the refund shall be paid as follows: to the  
26 employee's surviving spouse, but if there is no surviving

1 spouse then in accordance with the employee's written  
2 designation of beneficiary filed with the Board on the  
3 prescribed form before the employee's death. If there is no  
4 such designation of beneficiary, then to the employee's  
5 surviving children in equal parts to each. If there are no such  
6 children, the refund shall be paid to the heirs of the employee  
7 according to the law of descent and distribution of the State  
8 of Illinois. ~~When paid to children, estate or beneficiary.~~  
9 ~~Whenever the total accumulations, to the account of an employee~~  
10 ~~from employee contributions, including interest to the~~  
11 ~~employee's date of withdrawal, have not been paid to the~~  
12 ~~employee and surviving spouse as a retirement or spouse's~~  
13 ~~annuity before the death of the survivor of the employee and~~  
14 ~~spouse, a refund shall be paid as follows: an amount equal to~~  
15 ~~the excess of such amounts over the amounts paid on such~~  
16 ~~annuities without interest on either such amount, shall be paid~~  
17 ~~to the children of the employee, in equal parts to each, unless~~  
18 ~~the employee has directed in writing, signed by him before an~~  
19 ~~officer authorized to administer oaths, and filed with the~~  
20 ~~Board before the employee's death, that any such amount shall~~  
21 ~~be refunded and paid to any one or more of such children; and~~  
22 ~~if there are not children, such other beneficiary or~~  
23 ~~beneficiaries as might be designated by the employee. If there~~  
24 ~~are no such children or designation of beneficiary, the refund~~  
25 ~~shall be paid to the personal representative of the employee's~~  
26 ~~estate.~~

1           If a personal representative of the estate has not been  
2 appointed within 90 days from the date on which a refund became  
3 payable, the refund may be applied, in the discretion of the  
4 Board, toward the payment of the employee's or the surviving  
5 spouse's burial expenses. Any remaining balance shall be paid  
6 to the heirs of the employee according to the law of descent  
7 and distribution of the State of Illinois.

8           Whenever the total accumulations to the account of an  
9 employee from employee contributions other than the  
10 contribution for the cost of living increase, including  
11 interest to the employee's date of withdrawal, have not been  
12 paid to the employee and surviving spouse as a retirement or  
13 spouse's annuity before the death of the employee and spouse, a  
14 refund shall be paid as follows: an amount equal to the excess  
15 of such amounts over the amounts paid on such annuities without  
16 interest on either such amount.

17           If a reversionary annuity becomes payable under Section  
18 13-303, the refund provided in this section shall not be paid  
19 until the death of the reversionary annuitant and the refund  
20 otherwise payable under this section shall be then further  
21 reduced by the amount of the reversionary annuity paid.

22           (d) In lieu of annuity. Notwithstanding the provisions set  
23 forth in subsection (a) of this section, whenever an employee's  
24 or surviving spouse's annuity will be less than \$200 per month,  
25 the employee or surviving spouse, as the case may be, may elect  
26 to receive a refund of accumulated employee contributions;

1 provided, however, that if the election is made by a surviving  
2 spouse the refund shall be reduced by any amounts theretofore  
3 paid to the employee in the form of an annuity.

4 (e) Forfeiture of rights. An employee or surviving spouse  
5 who receives a refund forfeits the right to receive an annuity  
6 or any other benefit payable under this Article except that if  
7 the refund is to a surviving spouse, any child or children of  
8 the employee shall not be deprived of the right to receive a  
9 child's annuity as provided in Section 13-308 of this Article,  
10 and the payment of a child's annuity shall not reduce the  
11 amount refundable to the surviving spouse.

12 (Source: P.A. 94-621, eff. 8-18-05.)

13 (40 ILCS 5/13-706) (from Ch. 108 1/2, par. 13-706)

14 Sec. 13-706. Board powers and duties. The Board shall have  
15 the powers and duties set forth in this Section, in addition to  
16 such other powers and duties as may be provided in this Article  
17 and in this Code:

18 (a) To supervise collections. To see that all amounts  
19 specified in this Article to be applied to the Fund, from  
20 any source, are collected and applied.

21 (b) To notify of deductions. To notify the Clerk of the  
22 Water Reclamation District of the deductions to be made  
23 from the salaries of employees.

24 (c) To accept gifts. To accept by gift, grant, bequest  
25 or otherwise any money or property of any kind and use the

1 same for the purposes of the Fund.

2 (d) To invest the reserves. To invest the reserves of  
3 the Fund in accordance with the provisions set forth in  
4 Section 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and  
5 1-115 of this Code. Investments made in accordance with  
6 Section 1-113 of Article 1 of this Code shall be deemed  
7 prudent. The Board is also authorized to transfer  
8 securities to the Illinois State Board of Investment for  
9 the purpose of participation in any commingled investment  
10 fund as provided in Article 22A of this Code.

11 (e) To authorize payments. To consider and pass upon  
12 all applications for annuities and benefits; to authorize  
13 or suspend the payment of any annuity or benefit; to  
14 inquire into the validity and legality of any grant of  
15 annuity or benefit paid from or payable out of the Fund; to  
16 increase, reduce, or suspend any such annuity or benefit  
17 whenever the annuity or benefit, or any part thereof, was  
18 secured or granted, or the amount thereof fixed, as the  
19 result of misrepresentation, fraud, or error. No such  
20 annuity or benefit shall be permanently reduced or  
21 suspended until the affected annuitant or beneficiary is  
22 first notified of the proposed action and given an  
23 opportunity to be heard. No trustee of the Board shall vote  
24 upon that trustee's own personal claim for annuity, benefit  
25 or refund, or participate in the deliberations of the Board  
26 as to the validity of any such claim. The Board shall have

1 exclusive original jurisdiction in all matters of claims  
2 for annuities, benefits and refunds.

3 (f) To submit an annual report. To submit a report in  
4 July of each year to the Board of Commissioners of the  
5 Water Reclamation District as of the close of business on  
6 December 31st of the preceding year. The report shall  
7 include the following:

8 (1) A balance sheet, showing the financial and  
9 actuarial condition of the Fund as of the end of the  
10 calendar year;

11 (2) A statement of receipts and disbursements  
12 during such year;

13 (3) A statement showing changes in the asset,  
14 liability, reserve and surplus accounts during such  
15 year;

16 (4) A detailed statement of investments as of the  
17 end of the year; and

18 (5) Any additional information as is deemed  
19 necessary for proper interpretation of the condition  
20 of the Fund.

21 (g) To subpoena witnesses. To compel witnesses to  
22 attend and testify before it upon any matter concerning the  
23 Fund and allow witness fees not in excess of \$6 for  
24 attendance upon any one day. The President and other  
25 members of the Board may administer oaths to witnesses.

26 (h) To appoint employees and consultants. To appoint

1       such actuarial, medical, legal, investigational, clerical  
2       or financial employees and consultants as are necessary,  
3       and fix their compensation.

4           (i) To make rules. To make rules and regulations  
5       necessary for the administration of the affairs of the  
6       Fund.

7           (j) To waive guardianship. To waive the requirement of  
8       legal guardianship of any minor unmarried beneficiary of  
9       the Fund living with a parent or grandparent, and legal  
10      guardianship of any beneficiary under legal disability  
11      whose husband, wife, or parent is managing such  
12      beneficiary's affairs, whenever the Board deems such  
13      waiver to be in the best interest of the beneficiary.

14          (k) To collect amounts due. To collect any amounts due  
15      to the Fund from any participant or beneficiary prior to  
16      payment of any annuity, benefit or refund.

17          (l) To invoke rule of offset. To offset against any  
18      amount payable to an employee or to any other person such  
19      sums as may be due to the Fund or may have been paid by the  
20      Fund due to misrepresentation, fraud or error.

21          (m) To assess and collect interest on amounts due to  
22      the Fund using the annual rate as shall from time to time  
23      be determined by the Board, compounded annually from the  
24      date of notification to the date of payment.

25      (Source: P.A. 94-621, eff. 8-18-05.)

1           Section 90. The State Mandates Act is amended by adding  
2           Section 8.31 as follows:

3           (30 ILCS 805/8.31 new)

4           Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8  
5           of this Act, no reimbursement by the State is required for the  
6           implementation of any mandate created by this amendatory Act of  
7           the 95th General Assembly.

8           Section 99. Effective date. This Act takes effect upon  
9           becoming law.