



## 97TH GENERAL ASSEMBLY

### State of Illinois

### 2011 and 2012

#### HB1764

by Rep. Michael J. Zalewski

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/8-139

from Ch. 108 1/2, par. 8-139

30 ILCS 805/8.35 new

Amends the Chicago Municipal Article of the Illinois Pension Code. Allows an employee annuitant who has elected the reversionary annuity to cancel the election. Prohibits the option for a reversionary annuity if the reversionary annuity (was a reversionary annuity of a widow), when added to the widow's annuity payable under the Article, exceeds 100% of the reduced annuity payable to the employee. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 07291 JDS 47400 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 8-139 as follows:

6 (40 ILCS 5/8-139) (from Ch. 108 1/2, par. 8-139)

7 Sec. 8-139. Reversionary annuity.

8 (a) An employee, prior to retirement on annuity, may elect  
9 to take a lesser amount of annuity and provide, with the  
10 actuarial value of the amount by which his annuity is reduced,  
11 a reversionary annuity for a wife, husband, parent, child,  
12 brother or sister. The option shall be exercised by filing a  
13 written designation with the board prior to retirement, and may  
14 be revoked by the employee at any time before retirement. The  
15 death of the employee prior to his retirement shall  
16 automatically void the option.

17 (b) The death of the designated reversionary annuitant  
18 prior to the employee's retirement shall automatically void the  
19 option. If the reversionary annuitant dies after the employee's  
20 retirement, and before the death of the employee annuitant, the  
21 reduced annuity being paid to the retired employee annuitant  
22 shall be increased to the amount of annuity before reduction  
23 for the reversionary annuity and no reversionary annuity shall

1 be payable.

2 The option is subject to the further condition that no  
3 reversionary annuity shall be paid to a parent, child, brother,  
4 or sister if the employee dies before the expiration of 365  
5 days from the date his written designation was filed with the  
6 board, even though he has retired and is receiving a reduced  
7 annuity.

8 (c) The employee exercising this option shall not reduce  
9 his retirement annuity by more than \$400 a month, or elect to  
10 provide a reversionary annuity of less than \$50 per month. No  
11 option shall be permitted if the reversionary annuity ~~for a~~  
12 ~~widow~~, when added to the widow's annuity payable under this  
13 Article, exceeds 100% of the reduced annuity payable to the  
14 employee.

15 (d) A reversionary annuity shall begin on the day following  
16 the death of the annuitant and shall be paid as provided in  
17 Section 8-125.

18 (e) The increases in annuity provided in Section 8-137 of  
19 this Article shall, as to an employee so electing a reduced  
20 annuity relate to the amount of the original annuity, and such  
21 amount shall constitute the annuity on which such automatic  
22 increases shall be based.

23 (f) For annuities elected after June 30, 1983, the amount  
24 of the monthly reversionary annuity shall be determined by  
25 multiplying the amount of the monthly reduction in the  
26 employee's annuity by the factor in the following table based

1 on the age of the employee and the difference in the age of the  
 2 employee and the age of the reversionary annuitant at the  
 3 starting date of the employee's annuity:

4 Employee's Age

5 Reversionary

6 Annuitant's

7 Age 50-51 52-54 55-57 58-60 61-63 64-66 67-69 70 &  
 8 Over

9 30 or

10 more

11 years

12 younger 3.03 2.56 2.18 1.84 1.55 1.29 1.08 0.91

13 25-29

14 years

15 younger 3.16 2.68 2.29 1.94 1.63 1.37 1.15 0.97

16 20-24

17 years

18 younger 3.35 2.85 2.44 2.07 1.75 1.48 1.25 1.06

19 15-19

20 years

21 younger 3.60 3.08 2.65 2.26 1.92 1.63 1.39 1.19

22 10-14

23 years

24 younger 3.96 3.40 2.94 2.53 2.16 1.85 1.59 1.37

25 5-9

26 years

1	younger	4.46	3.84	3.35	2.90	2.51	2.16	1.88	1.64
2	0-4								
3	years								
4	younger	5.15	4.47	3.93	3.44	3.00	2.61	2.29	2.02
5	1-5								
6	years								
7	older	6.12	5.36	4.76	4.21	3.71	3.26	2.88	2.56
8	6-10								
9	years								
10	older	7.48	6.61	5.93	5.30	4.71	4.16	3.70	3.29
11	11-15								
12	years								
13	older	9.37	8.35	7.58	6.83	6.11	5.40	4.82	4.32
14	16-20								
15	years								
16	older	11.99	10.78	9.84	8.93	8.02	7.13	6.43	5.87
17	21-25								
18	years								
19	older	15.59	14.06	12.91	11.82	10.73	9.66	8.88	8.35
20	26-30								
21	years								
22	older	20.42	18.49	17.15	15.96	14.80	13.65	12.97	12.82
23	31 or								
24	more								
25	years								
26	older	27.07	24.72	23.34	22.32	21.45	20.62	20.85	23.28

1       (g) Beginning on the effective date of this amendatory Act  
2       of the 97th General Assembly, an employee annuitant who has  
3       elected the reversionary annuity may cancel the election. The  
4       cancellation must be in writing with the employee's signature  
5       notarized. The cancellation shall be effective upon its being  
6       filed with the Board and may not be revoked after it is  
7       executed and filed. The reduction in annuity shall be restored  
8       with the first annuity payment made at least 30 days after the  
9       receipt of the cancellation by the Fund. There shall be no  
10       refund of money previously deducted from the employee's annuity  
11       to provide the reversionary annuity.

12       (Source: P.A. 90-31, eff. 6-27-97; 90-766, eff. 8-14-98;  
13       91-887, eff. 7-6-00.)

14       Section 90. The State Mandates Act is amended by adding  
15       Section 8.35 as follows:

16               (30 ILCS 805/8.35 new)

17       Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8  
18       of this Act, no reimbursement by the State is required for the  
19       implementation of any mandate created by this amendatory Act of  
20       the 97th General Assembly.

21       Section 99. Effective date. This Act takes effect upon  
22       becoming law.