

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
5 changing Sections 14-114, 14-119, 14-121, and 14-128 as
6 follows:

7 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

8 Sec. 14-114. Automatic increase in retirement annuity.

9 (a) Any person receiving a retirement annuity under this
10 Article who retires having attained age 60, or who retires
11 before age 60 having at least 35 years of creditable service,
12 or who retires on or after January 1, 2001 at an age which,
13 when added to the number of years of his or her creditable
14 service, equals at least 85, shall, on January 1 next
15 following the first full year of retirement, have the amount
16 of the then fixed and payable monthly retirement annuity
17 increased 3%. Any person receiving a retirement annuity
18 under this Article who retires before attainment of age 60
19 and with less than (i) 35 years of creditable service if
20 retirement is before January 1, 2001, or (ii) the number of
21 years of creditable service which, when added to the member's
22 age, would equal 85, if retirement is on or after January 1,
23 2001, shall have the amount of the fixed and payable
24 retirement annuity increased by 3% on the January 1 occurring
25 on or next following (1) attainment of age 60, or (2) the
26 first anniversary of retirement, whichever occurs later.
27 However, for persons who receive the alternative retirement
28 annuity under Section 14-110, references in this subsection
29 (a) to attainment of age 60 shall be deemed to refer to
30 attainment of age 55. For a person receiving early
31 retirement incentives under Section 14-108.3 whose retirement

1 annuity began after January 1, 1992 pursuant to an extension
2 granted under subsection (e) of that Section, the first
3 anniversary of retirement shall be deemed to be January 1,
4 1993. For a person who retires on or after the effective
5 date of this amendatory Act of the 92nd General Assembly and
6 on or before the first day of the fourth calendar month
7 following the month in which this amendatory Act takes
8 effect, and whose retirement annuity is calculated, in whole
9 or in part, under Section 14-110 or subsection (g) or (h) of
10 Section 14-108, the first anniversary of retirement shall be
11 deemed to be January 1, 2002.

12 On each January 1 following the date of the initial
13 increase under this subsection, the employee's monthly
14 retirement annuity shall be increased by an additional 3%.

15 Beginning January 1, 1990, all automatic annual increases
16 payable under this Section shall be calculated as a
17 percentage of the total annuity payable at the time of the
18 increase, including previous increases granted under this
19 Article.

20 Beginning January 1, 2003, all automatic annual increases
21 payable under this Section to persons who receive the
22 alternative retirement annuity under Section 14-110 shall be
23 calculated at the rate of 4% rather than 3%.

24 (b) The provisions of subsection (a) of this Section
25 shall be applicable to an employee only if the employee makes
26 the additional contributions required after December 31, 1969
27 for the purpose of the automatic increases for not less than
28 the equivalent of one full year. If an employee becomes an
29 annuitant before his additional contributions equal one full
30 year's contributions based on his salary at the date of
31 retirement, the employee may pay the necessary balance of the
32 contributions to the system, without interest, and be
33 eligible for the increasing annuity authorized by this
34 Section.

1 (c) The provisions of subsection (a) of this Section
2 shall not be applicable to any annuitant who is on retirement
3 on December 31, 1969, and thereafter returns to State
4 service, unless the member has established at least one year
5 of additional creditable service following reentry into
6 service.

7 (d) In addition to other increases which may be provided
8 by this Section, on January 1, 1981 any annuitant who was
9 receiving a retirement annuity on or before January 1, 1971
10 shall have his retirement annuity then being paid increased
11 \$1 per month for each year of creditable service. On January
12 1, 1982, any annuitant who began receiving a retirement
13 annuity on or before January 1, 1977, shall have his
14 retirement annuity then being paid increased \$1 per month for
15 each year of creditable service.

16 On January 1, 1987, any annuitant who began receiving a
17 retirement annuity on or before January 1, 1977, shall have
18 the monthly retirement annuity increased by an amount equal
19 to 8¢ per year of creditable service times the number of
20 years that have elapsed since the annuity began.

21 (e) Every person who receives the alternative retirement
22 annuity under Section 14-110 and who is eligible to receive
23 the 3% increase under subsection (a) on January 1, 1986,
24 shall also receive on that date a one-time increase in
25 retirement annuity equal to the difference between (1) his
26 actual retirement annuity on that date, including any
27 increases received under subsection (a), and (2) the amount
28 of retirement annuity he would have received on that date if
29 the amendments to subsection (a) made by Public Act 84-162
30 had been in effect since the date of his retirement.

31 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

32 (40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)

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

1 (a) The widow's annuity shall be 50% of the amount of
2 retirement annuity payable to the member on the date of death
3 while on retirement if an annuitant, or on the date of his
4 death while in service if an employee, regardless of his age
5 on such date, or on the date of withdrawal if death occurred
6 after termination of service under the conditions prescribed
7 in the preceding Section.

8 (b) If an eligible widow, regardless of age, has in her
9 care any unmarried child or children of the member under age
10 18 (under age 22 if a full-time student), the widow's annuity
11 shall be increased in the amount of 5% of the retirement
12 annuity for each such child, but the combined payments for a
13 widow and children shall not exceed 66 2/3% of the member's
14 earned retirement annuity.

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

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

22 Marriage of a child shall render the child ineligible for
23 further consideration in the increase in the amount of the
24 widow's annuity.

25 Attainment of age 18 (age 22 if a full-time student)
26 shall render a child ineligible for further consideration in
27 the increase of the widow's annuity, but the annuity to the
28 widow shall be continued thereafter, without regard to her
29 age at that time.

30 (d) A widow's annuity payable on account of any covered
31 employee who shall have been a covered employee for at least
32 18 months shall be reduced by 1/2 of the amount of survivors
33 benefits to which his beneficiaries are eligible under the
34 provisions of the Federal Social Security Act, except that

1 (1) the amount of any widow's annuity payable under this
2 Article shall not be reduced by reason of any increase under
3 that Act which occurs after the offset required by this
4 subsection is first applied to that annuity, and (2) for
5 benefits granted on or after January 1, 1992, the offset
6 under this subsection (d) shall not exceed 50% of the amount
7 of widow's annuity otherwise payable.

8 (e) Upon the death of a recipient of a widow's annuity
9 the excess, if any, of the member's accumulated
10 contributions plus credited interest over all annuity
11 payments to the member and widow, exclusive of the \$500 lump
12 sum payment, shall be paid to the named beneficiary of the
13 widow, or if none has been named, to the estate of the widow,
14 provided no reversionary annuity is payable.

15 (f) On January 1, 1981, any recipient of a widow's
16 annuity who was receiving a widow's annuity on or before
17 January 1, 1971, shall have her widow's annuity then being
18 paid increased by 1% for each full year which has elapsed
19 from the date the widow's annuity began. On January 1, 1982,
20 any recipient of a widow's annuity who began receiving a
21 widow's annuity after January 1, 1971, but before January 1,
22 1981, shall have her widow's annuity then being paid
23 increased by 1% for each full year which has elapsed from the
24 date the widow's annuity began. On January 1, 1987, any
25 recipient of a widow's annuity who began receiving the
26 widow's annuity on or before January 1, 1977, shall have the
27 monthly widow's annuity increased by \$1 for each full year
28 which has elapsed since the date the annuity began.

29 (g) Beginning January 1, 1990, every widow's annuity
30 shall be increased (1) on each January 1 occurring on or
31 after the commencement of the annuity if the deceased member
32 died while receiving a retirement annuity, or (2) in other
33 cases, on each January 1 occurring on or after the first
34 anniversary of the commencement of the annuity, by an amount

1 equal to 3% of the current amount of the annuity, including
2 any previous increases under this Article. Such increases
3 shall apply without regard to whether the deceased member was
4 in service on or after the effective date of Public Act
5 86-1488, but shall not accrue for any period prior to January
6 1, 1990.

7 Beginning January 1, 2003, all automatic annual increases
8 payable under this subsection to widows of persons who
9 received or were eligible to receive an alternative
10 retirement annuity under Section 14-110 shall be calculated
11 at the rate of 4% rather than 3%.

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

13 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

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

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

23 (b) If an eligible child or children under the care of a
24 spouse also survives the member, such spouse as natural
25 guardian of the child or children shall receive, in addition
26 to the foregoing annuity, 20% of final average compensation
27 on account of each such child and 10% of final average
28 compensation divided pro rata among such children, subject to
29 a maximum payment on account of all survivor annuity
30 beneficiaries of \$600 per month, or 80% of the member's final
31 average compensation, whichever is the lesser.

32 (c) If the survivors annuity beneficiary or
33 beneficiaries consists of an unmarried child or children, the

1 amount of survivors annuity shall be 20% of final average
2 compensation to each child, and 10% of final average
3 compensation divided pro rata among all such children
4 entitled to such annuity, subject to a maximum payment to all
5 children combined of \$600 per month or 80% of the member's
6 final average compensation, whichever is the lesser.

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

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

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

26 (g) A survivors annuity payable on account of any
27 covered employee who shall have been a covered employee for
28 at least 18 months at date of death or last withdrawal,
29 whichever is the later, shall be reduced by 1/2 of the
30 survivors benefits to which his beneficiaries are eligible
31 under the federal Social Security Act, except that (1) the
32 survivors annuity payable under this Article shall not be
33 reduced by any increase under that Act which occurs after the
34 offset required by this subsection is first applied to that

1 annuity, and (2) for benefits granted on or after January 1,
2 1992, the offset under this subsection (g) shall not exceed
3 50% of the amount of survivors annuity otherwise payable.

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

8 (i) Subject to the conditions set forth in Section
9 14-120, the minimum total survivors annuity benefit payable
10 to the survivors annuity beneficiaries of a deceased member
11 or annuitant whose death occurs on or after January 1, 1984,
12 shall be 50% of the amount of retirement annuity that was or
13 would have been payable to the deceased on the date of death,
14 regardless of the age of the deceased on such date. If the
15 minimum total benefit provided by this subsection exceeds the
16 maximum otherwise imposed by this Section, the minimum total
17 benefit shall nevertheless be payable. Any increase in the
18 total survivors annuity benefit resulting from the operation
19 of this subsection shall be divided among the survivors
20 annuity beneficiaries of the deceased in proportion to their
21 shares of the total survivors annuity benefit otherwise
22 payable under this Section.

23 (j) Any survivors annuity beneficiary whose annuity
24 terminates due to any condition specified in this Article
25 other than death shall be entitled to a refund of the excess,
26 if any, of the accumulated contributions of the member plus
27 credited interest over all payments to the member and
28 beneficiary or beneficiaries, exclusive of the single sum
29 payment of \$1,000, provided no future survivors or
30 reversionary annuity benefits are payable.

31 (k) Upon the death of the last eligible recipient of a
32 survivors annuity the excess, if any, of the member's
33 accumulated contributions plus credited interest over all
34 annuity payments to the member and survivors exclusive of the

1 single sum payment of \$1000, shall be paid to the named
2 beneficiary of the last eligible survivor, or if none has
3 been named, to the estate of the last eligible survivor,
4 provided no reversionary annuity is payable.

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

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

30 Beginning January 1, 2003, all automatic annual increases
31 payable under this subsection to survivors of persons who
32 received or were eligible to receive an alternative
33 retirement annuity under Section 14-110 shall be calculated
34 at the rate of 4% rather than 3%.

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

2 (40 ILCS 5/14-128) (from Ch. 108 1/2, par. 14-128)

3 Sec. 14-128. Occupational death benefit. An
4 occupational death benefit is provided for a member of the
5 System whose death, prior to retirement, is the proximate
6 result of bodily injuries sustained or a hazard undergone
7 while in the performance and within the scope of the member's
8 duties.

9 (a) Conditions for payment.

10 Exclusive of the lump sum payment provided for herein,
11 all annuities under this Section shall accrue and be payable
12 for complete calendar months, beginning on the first day of
13 the month next following the month in which the initiating
14 event occurs and ending on the last day of the month in which
15 the terminating event occurs.

16 The following named survivors of the member may be
17 eligible for an annuity under this Section:

18 (i) The member's spouse.

19 (ii) An unmarried child of the member under age 18
20 (under age 22 if a full-time student); an unmarried
21 stepchild under age 18 (under age 22 if a full-time
22 student) who has been such for at least one year at the
23 date of the member's death; an unmarried adopted child
24 under age 18 (under age 22 if a full-time student) if the
25 adoption proceedings were initiated at least one year
26 prior to the death of the member; and an unmarried child
27 over age 18 who is dependent by reason of a physical or
28 mental disability, for so long as such physical or mental
29 disability continues. For the purposes of this Section
30 disability means inability to engage in any substantial
31 gainful activity by reason of any medically determinable
32 physical or mental impairment which can be expected to
33 result in death or which has lasted or can be expected to

1 last for a continuous period of not less than 12 months.

2 (iii) If no spouse or eligible children survive: a
3 dependent parent of the member; a dependent step-parent
4 by a marriage contracted before the member attained age
5 18; or a dependent adopting parent by whom the member was
6 adopted before he or she attained age 18.

7 The term "dependent" relating to an occupational death
8 benefit means a survivor of the member who was receiving from
9 the member at the date of the member's death at least 1/2 of
10 the support for maintenance including board, lodging, medical
11 care and like living costs.

12 Payment of the annuity shall continue until the
13 occurrence of the following:

14 (1) remarriage before age 55 that occurs before the
15 effective date of this amendatory Act of the 91st General
16 Assembly or death, in the case of a surviving spouse;

17 (2) attainment of age 18 or termination of
18 disability, death, or marriage, in the case of an
19 eligible child;

20 (3) remarriage before age 55 or death, in the case
21 of a dependent parent.

22 If none of the aforementioned beneficiaries is living at
23 the date of death of the member, no occupational death
24 benefit shall be payable, but the nonoccupational death
25 benefit shall be payable as provided in this Article.

26 The change made to this subsection by this amendatory Act
27 of the 91st General Assembly (pertaining to remarriage prior
28 to age 55) applies without regard to whether the deceased
29 member was in service on or after the effective date of this
30 amendatory Act.

31 (b) Amount of benefit.

32 The member's accumulated contributions plus credited
33 interest shall be payable in a lump sum to such person as the
34 member has nominated by written direction, duly acknowledged

1 and filed with the Board, or if no such nomination to the
2 estate of the member. When an annuitant is re-employed by a
3 Department, the accumulated contributions plus credited
4 interest payable on the member's account shall, if the member
5 has not previously elected a reversionary annuity, consist of
6 the excess, if any, of the member's total accumulated
7 contributions plus credited interest for all creditable
8 service over the total amount of all retirement annuity
9 payments received by the member prior to death.

10 In addition to the foregoing payment, an annuity is
11 provided for eligible survivors as follows:

12 (1) If the survivor is a spouse only, the annuity
13 shall be 50% of the member's final average compensation.

14 (2) If the spouse has in his or her care an
15 eligible child or children, the annuity shall be
16 increased by an amount equal to 15% of the final average
17 compensation on account of each such child, subject to a
18 limitation on the combined annuities to a surviving
19 spouse and children of 75% of final average compensation.

20 (3) If there is no surviving spouse, or if the
21 surviving spouse dies or remarries while a child remains
22 eligible, then each such child shall be entitled to an
23 annuity of 15% of the deceased member's final average
24 compensation, subject to a limitation of 50% of final
25 average compensation to all such children.

26 (4) If there is no surviving spouse or eligible
27 children, then an annuity shall be payable to the
28 member's dependent parents, equal to 25% of final average
29 compensation to each such beneficiary.

30 If any annuity payable under this Section is less than
31 the corresponding survivors annuity, the beneficiary or
32 beneficiaries of the annuity under this Section may elect to
33 receive the survivors annuity and the nonoccupational death
34 benefit provided for in this Article in lieu of the annuity

1 provided under this Section.

2 (c) Occupational death claims pending adjudication by
3 the Industrial Commission or a ruling by the agency
4 responsible for determining the liability of the State under
5 the "Workers' Compensation Act" or "Workers' Occupational
6 Diseases Act" shall be payable under Sections 14-120 and
7 14-121 until a ruling or adjudication occurs, if the
8 beneficiary or beneficiaries: (1) meet all conditions for
9 payment as prescribed in this Article; and (2) execute an
10 assignment of benefits payable as a result of adjudication by
11 the Industrial Commission or a ruling by the agency
12 responsible for determining the liability of the State under
13 such Acts. The assignment shall be made to the System and
14 shall be for an amount equal to the excess of benefits paid
15 under Sections 14-120 and 14-121 over benefits payable as a
16 result of adjudication of the workers' compensation claim
17 computed from the date of death of the member.

18 (d) Every occupational death annuity payable under this
19 Section shall be increased on each January 1 occurring on or
20 after (i) January 1, 1990, or (ii) the first anniversary of
21 the commencement of the annuity, whichever occurs later, by
22 an amount equal to 3% of the current amount of the annuity,
23 including any previous increases under this Article, without
24 regard to whether the deceased member was in service on the
25 effective date of this amendatory Act of 1991.

26 Beginning January 1, 2003, all automatic annual increases
27 payable under this subsection to survivors of a person who,
28 on the last day of service, was earning eligible creditable
29 service as defined in Section 14-110 shall be calculated at
30 the rate of 4% rather than 3%.

31 (Source: P.A. 90-448, eff. 8-16-97; 91-887, eff. 7-6-00.)

32 Section 99. Effective date. This Act takes effect upon
33 becoming law.