

AN ACT in relation to public employee benefits.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Illinois Pension Code is amended by changing Sections 13-301, 13-302, 13-305, 13-306, 13-308, 13-309, 13-310, 13-314, 13-402, 13-403, 13-502, 13-601, 13-603, and 13-706 as follows:

(40 ILCS 5/13-301) (from Ch. 108 1/2, par. 13-301)

Sec. 13-301. Retirement annuity; eligibility. Any employee who withdraws from service and meets the age and service requirements and other conditions set forth in subsections (a), (b), (c) or (d) hereof is entitled to receive a retirement annuity.

(a) Withdrawal on or after age 60. Any employee, upon withdrawal from service on or after attainment of age 60 and having at least 5 years of service, is entitled to a retirement annuity.

(b) Withdrawal on or after attainment of minimum retirement qualifications and prior to age 60.

(1) Any employee, upon withdrawal from service on or after attainment of age 55 (age 50 if the employee first entered service before June 13, 1997) but prior to age 60 and having at least 10 years of service, is entitled to a retirement annuity as of the date of withdrawal or, at the option of the employee, at any time thereafter.

(2) Any employee who withdraws on or after attainment of age 55 (age 50 if the employee first entered service before June 13, 1997) and prior to age 60 having at least 5 years but less than 10 years of service is entitled to a retirement annuity upon attainment of age 62, subject to the other requirements of this Article.

(3) Any employee who withdraws from service on or after

attainment of age 50 but prior to age 60 and is eligible for early retirement without discount under the Rule of 80 as provided in subsection (c) of Section 13-302 is entitled to a retirement annuity at the time of withdrawal.

(c) Withdrawal prior to minimum retirement age. Any employee, upon withdrawal from service prior to age 55 (age 50 if the employee first entered service before June 13, 1997) and having at least 10 years of service, shall become entitled to a retirement annuity upon attainment of age 55 (age 50 if the employee first entered service before June 13, 1997) or, at the option of the employee, at any time thereafter, subject to the other requirements of this Article.

(d) Withdrawal while disabled. Any employee having at least 5 years of service who has received ordinary disability benefits on or after January 1, 1986 for the maximum period of time hereinafter prescribed, and who continues to be disabled and withdraws from service, shall be entitled to a retirement annuity. In the case of an employee who enters service after the effective date of this amendatory Act of the 94th General Assembly, the required 5 years of service is exclusive of service credit described in Section 13-313. The age and service conditions as to eligibility for such annuity shall be waived as to the employee, but the early retirement discount under Section 13-302(b) shall apply. If the employee is under age 55 on the date of withdrawal, the retirement annuity shall be computed by assuming that the employee is then age 55 and then reduced to its actuarial equivalent at his attained age on that date according to applicable mortality tables and interest rates. The retirement annuity shall not be payable for any period prior to the employee's attainment of age 55 during which the employee is able to return to gainful employment. Upon the employee's death while in receipt of a retirement annuity, a surviving spouse or minor children shall be entitled to receive a surviving spouse's annuity or child's annuity subject to the conditions hereinafter prescribed in Sections 13-305 through 13-308.

(Source: P.A. 92-599, eff. 6-28-02.)

(40 ILCS 5/13-302) (from Ch. 108 1/2, par. 13-302)

Sec. 13-302. Computation of retirement annuity.

(a) Computation of annuity. An employee who withdraws from service on or after July 1, 1989 and who has met the age and service requirements and other conditions for eligibility set forth in Section 13-301 of this Article is entitled to receive a retirement annuity for life equal to 2.2% of average final salary for each of the first 20 years of service, and 2.4% of average final salary for each year of service in excess of 20. The retirement annuity shall not exceed 80% of average final salary.

(b) Early retirement discount. If an employee retires prior to attainment of age 60 with less than 30 years of service, the annuity computed above shall be reduced by 1/2 of 1% for each full month between the date the annuity begins and attainment of age 60, or each full month by which the employee's service is less than 30 years, whichever is less. However, where the employee first enters service after June 13, 1997 and does not have at least 10 years of service exclusive of credit under Article 20, the annuity computed above shall be reduced by 1/2 of 1% for each full month between the date the annuity begins and attainment of age 60.

(c) Rule of 80 - Early retirement without discount. For an employee who retires on or after January 1, 2003 but on or before December 31, 2007, if the employee is eligible for a retirement annuity under Section 13-301 and has at least 10 years of service exclusive of credit under Article 20 and if at the date of withdrawal the employee's age when added to the number of years of his or her creditable service equals at least 80, the early retirement discount in subsection (b) of this Section does not apply. For purposes of this Rule of 80, portions of years shall be considered in whole months.

An employee who has terminated employment with the employer under this Article prior to the effective date of this

amendatory Act of the 92nd General Assembly and subsequently re-enters service must remain in service with the employer under this Article for at least 2 years after re-entry during the period beginning on January 1, 2003 and ending on December 31, 2007 to be entitled to early retirement without discount under this subsection (c).

In the case of an employee who retires under the terms of Article 20, eligibility for early retirement without discount under this subsection (c) shall be based upon the employee's age and service credit at the time of withdrawal from the final fund.

(c-1) Early retirement without discount; retirement after June 29, 1997 and before January 1, 2003. An employee who (i) has attained age 55 (age 50 if the employee first entered service before June 13, 1997), (ii) has at least 10 years of service exclusive of credit under Article 20, (iii) retires after June 29, 1997 and before January 1, 2003, and (iv) retires within 6 months of the last day for which retirement contributions were required, may elect at the time of application to make a one-time employee contribution to the Fund and thereby avoid the early retirement reduction specified in subsection (b). The exercise of the election shall also obligate the employer to make a one-time nonrefundable contribution to the Fund.

The one-time employee and employer contributions shall be a percentage of the retiring employee's highest full-time annual salary, calculated as the total amount of salary included in the highest 26 consecutive pay periods as used in the average final salary calculation, and based on the employee's age and service at retirement. The employee rate shall be 7% multiplied by the lesser of the following 2 numbers: (1) the number of years, or portion thereof, that the employee is less than age 60; or (2) the number of years, or portion thereof, that the employee's service is less than 30 years. The employer contribution shall be at the rate of 20% for each year, or portion thereof, that the participant is less than age 60.

Upon receipt of the application, the Board shall determine the corresponding employee and employer contributions. The annuity shall not be payable under this subsection until both the required contributions have been received by the Fund. However, the date the contributions are received shall not be considered in determining the effective date of retirement.

The number of employees who may retire under this Section in any year may be limited at the option of the District to a specified percentage of those eligible, not lower than 30%, with the right to participate to be allocated among those applying on the basis of seniority in the service of the employer.

An employee who has terminated employment and subsequently re-enters service shall not be entitled to early retirement without discount under this subsection unless the employee continues in service for at least 4 years after re-entry.

(d) Annual increase. Except for employees retiring and receiving a term annuity, an employee who retires on or after July 1, 1985 but before July 12, 2001, shall, upon the first payment date following the first anniversary of the date of retirement, have the monthly annuity increased by 3% of the amount of the monthly annuity fixed at the date of retirement. Except for employees retiring and receiving a term annuity, an employee who retires on or after July 12, 2001 shall, on the first day of the month in which the first anniversary of the date of retirement occurs, have the monthly annuity increased by 3% of the amount of the monthly annuity fixed at the date of retirement. The monthly annuity shall be increased by an additional 3% on the same date each year thereafter. Beginning January 1, 1993, all annual increases payable under this subsection (or any predecessor provision, regardless of the date of retirement) shall be calculated at the rate of 3% of the monthly annuity payable at the time of the increase, including any increases previously granted under this Article.

Any employee who (i) retired before July 1, 1985 with at least 10 years of creditable service, (ii) is receiving a

retirement annuity under this Article, other than a term annuity, and (iii) has not received any annual increase under this subsection, shall begin receiving the annual increases provided under this subsection (d) beginning on the next annuity payment date following June 13, 1997.

(e) Minimum retirement annuity. Beginning January 1, 1993, the minimum monthly retirement annuity shall be \$500 for any annuitant having at least 10 years of service under this Article, other than a term annuitant or an annuitant who began receiving the annuity before attaining age 60. Any such annuitant who is receiving a monthly annuity of less than \$500 shall have the annuity increased to \$500 on that date.

Beginning January 1, 1993, the minimum monthly retirement annuity shall be \$250 for any annuitant (other than a term or reciprocal annuitant or an annuitant under subsection (d) of Section 13-301) having less than 10 years of service under this Article, and for any annuitant (other than a term annuitant) having at least 10 years of service under this Article who began receiving the annuity before attaining age 60. Any such annuitant who is receiving a monthly annuity of less than \$250 shall have the annuity increased to \$250 on that date.

Beginning August 1, 2001 ~~on the first day of the month following the month in which this amendatory Act of the 92nd General Assembly takes effect~~ (and without regard to whether the annuitant was in service on or after that effective date), the minimum monthly retirement annuity for any annuitant having at least 10 years of service, other than an annuitant whose annuity is subject to an early retirement discount, shall be \$500 plus \$25 for each year of service in excess of 10, not to exceed \$750 for an annuitant with 20 or more years of service. In the case of a reciprocal annuity, this minimum shall apply only if the annuitant has at least 10 years of service under this Article, and the amount of the minimum annuity shall be reduced by the sum of all the reciprocal annuities payable to the annuitant by other participating systems under Article 20 of this Code.

Notwithstanding any other provision of this subsection, beginning on the first annuity payment date following July 12, 2001, an employee who retired before August 23, 1989 with at least 10 years of service under this Article but before attaining age 60 (regardless of whether the retirement annuity was subject to an early retirement discount) shall be entitled to the same minimum monthly retirement annuity under this subsection as an employee who retired with at least 10 years of service under this Article and after attaining age 60.

Notwithstanding any other provision of this subsection, beginning on the first day of the month following the month in which this amendatory Act of the 94th General Assembly takes effect (and without regard to whether the annuitant was in service on or after that effective date), an employee who retired on or after August 23, 1989 with at least 10 years of service under this Article but before attaining age 60 (regardless of whether the retirement annuity was subject to an early retirement discount), except for an employee who is eligible for an annuity under Section 13-301(d), shall be entitled to the same minimum monthly retirement annuity under this subsection as an employee who retired with at least 10 years of service under this Article and after attaining age 60.

(Source: P.A. 92-53, eff. 7-12-01; 92-599, eff. 6-28-02.)

(40 ILCS 5/13-305) (from Ch. 108 1/2, par. 13-305)

Sec. 13-305. Surviving spouse's annuity; eligibility. A surviving spouse who was married to an employee on the date of the employee's death while in service, or was married to an employee on the date of withdrawal from service and remained married to that employee until the employee's death, shall be entitled to a surviving spouse's annuity payable for life. However, the annuity shall not be payable to the surviving spouse of (1) an employee who withdraws from service before attaining the minimum retirement age unless the deceased employee had at least 55 with less than 10 years of service, or at least less than 5 years of service if the employee was

eligible for an annuity upon attainment of age 62 pursuant to Section 13-301(b) or had been receiving a retirement annuity pursuant to Section 13-301(d), or (2) an employee not described in item (1) who first enters service on or after the effective date of this amendatory Act of 1997 and who has been employed as an employee for (i) less than 36 months from the date of the employee's original entry into service or (ii) less than 12 months from the employee's date of latest re-entry into service; except as otherwise provided in Section 13-306(a) for an employee whose death arises out of or in the course of the employee's service to the employer.

A dissolution of marriage after retirement shall not divest the employee's spouse of the entitlement to a surviving spouse's annuity upon the subsequent death of the employee, provided that the surviving spouse and the deceased employee had been married to each other for a period of not less than 10 continuous years on the date of retirement.

(Source: P.A. 90-12, eff. 6-13-97.)

(40 ILCS 5/13-306) (from Ch. 108 1/2, par. 13-306)

Sec. 13-306. Computation of surviving spouse's annuity.

(a) Computation of the annuity. The surviving spouse's annuity shall be equal to 60% of the retirement annuity earned and accrued to the credit of the deceased employee, whether death occurs while in service or after withdrawal, plus 1% for each year of total service of the employee to a maximum of 85%; provided, however, that if the employee's death arises out of and in the course of the employee's service to the employer and is compensable under either the Illinois Workers' Compensation Act or Illinois Workers' Occupational Diseases Act, the surviving spouse's annuity is payable regardless of the employee's length of service and shall be not less than 50% of the employee's salary at the date of death.

For any death in service the early retirement discount required under Section 13-302(b) shall not be applied in computing the retirement annuity upon which is based the



surviving spouse's annuity.

For any death after withdrawal and prior to application for annuity benefits, the early retirement discount required under Section 13-302(b) shall be applied in computing the retirement annuity upon which the surviving spouse's annuity is based. The maximum age discount applied to the employee's retirement annuity shall not exceed 60%.

Further, the annuity for a surviving spouse of a withdrawn employee who was eligible for an annuity upon attainment of age 62 pursuant to Section 13-301(b) but who died prior to age 60 shall be based upon an employee annuity that has been reduced by 1/2% for each full month between the date the surviving spouse's annuity begins and the employee's attainment of age 60.

(b) Reciprocal service. For any employee or annuitant who retires on or after July 1, 1985 and whose death occurs after January 1, 1991, having at least 15 years of service with the employer under this Article, and who was eligible at the time of death or elected at the time of retirement to have his or her retirement annuity calculated as provided in Section 20-131 of this Code, the surviving spouse benefit shall be calculated as of the date of the employee's death as indicated in subsection (a) as a percentage of the employee's total benefit as if all service had been with the employer. That benefit shall then be reduced by the amounts payable by each of the reciprocal funds as of the date of death so that the total surviving spouse benefit at that date will be equal to the benefit which would have been payable had all service been with the employer under this Article.

(c) Discount for age differential. The annuity for a surviving spouse shall be discounted by 0.25% for each full month that the spouse is younger than the employee as of the date of withdrawal from service or death in service to a maximum discount of 60% of the surviving spouse annuity as calculated under subsections (a), (b), and (e) of this Section. The discount shall be reduced by 10% for each full year the

marriage has been in continuous effect as of the date of withdrawal or death in service. There shall be no discount if the marriage has been in continuous effect for 10 full years or more at the time of withdrawal or death in service.

(d) Annual increase. Effective August 23, 1989, on the first day of each calendar month in which there occurs an anniversary of the employee's date of retirement or date of death, whichever occurred first, the surviving spouse's annuity, other than a term annuity under Section 13-307, shall be increased by an amount equal to 3% of the amount of the annuity. Beginning January 1, 1993, all annual increases payable under this subsection (or any predecessor provision of this Article) shall be calculated at the rate of 3% of the monthly annuity payable at the time of the increase, including any increases previously granted under this Article.

Beginning January 1, 1993, surviving spouse annuitants whose deceased spouse died, retired or withdrew from service before August 23, 1989 with at least 10 years of service under this Article shall be eligible for the annual increases provided under this subsection.

(e) Minimum surviving spouse's annuity.

(1) Beginning January 1, 1993, the minimum monthly surviving spouse's annuity shall be \$500 for any annuitant whose deceased spouse had at least 10 years of service under this Article, other than a surviving spouse who is a term annuitant or whose deceased spouse began receiving a retirement annuity under this Article before attainment of age 60. Any such surviving spouse annuitant who is receiving a monthly annuity of less than \$500 shall have the annuity increased to \$500 on that date.

Beginning January 1, 1993, the minimum monthly surviving spouse's annuity shall be \$250 for any annuitant (other than a term or reciprocal annuitant or an annuitant survivor under subsection (d) of Section 13-301) whose deceased spouse had less than 10 years of service under this Article, and for any annuitant (other than a term

annuitant) whose deceased spouse had at least 10 years of service under this Article and began receiving a retirement annuity under this Article before attainment of age 60. Any such surviving spouse annuitant who is receiving a monthly annuity of less than \$250 shall have the annuity increased to \$250 on that date.

(2) Beginning August 1, 2001 ~~on the first day of the month following the month in which this amendatory Act of the 92nd General Assembly takes effect~~ (and without regard to whether the deceased spouse was in service on or after that ~~effective~~ date), the minimum monthly surviving spouse's annuity for any annuitant whose deceased spouse had at least 10 years of service shall be the greater of the following:

(A) An amount equal to \$500, plus \$25 for each year of the deceased spouse's service in excess of 10, not to exceed \$750 for an annuitant whose deceased spouse had 20 or more years of service. This subdivision (A) is not applicable if the deceased spouse received a retirement annuity that was subject to an early retirement discount.

(B) An amount equal to (i) 50% of the retirement annuity earned and accrued to the credit of the deceased spouse at the time of death, plus (ii) the amount of any annual increases applicable to the surviving spouse's annuity (including the amount of any reversionary annuity) under subsection (d) before July 12, 2001 ~~the effective date of this amendatory Act of the 92nd General Assembly~~. In any case in which a refund of excess contributions for the surviving spouse annuity has been paid by the Fund and the surviving spouse annuity is increased due to the application of this subdivision (B), the amount of that refund shall be recovered by the Fund as an offset against the amount of the increase in annuity arising from the application of this subdivision (B).

In the case of a reciprocal annuity, the minimum annuity calculated under this subdivision (e)(2) shall apply only if the deceased spouse of the annuitant had at least 10 years of service under this Article, and the amount of the minimum annuity shall be reduced by the sum of all the reciprocal annuities payable to the annuitant by other participating systems under Article 20 of this Code.

The minimum annuity calculated under this subdivision (e)(2) is in addition to the amount of any reversionary annuity that may be payable.

(3) Beginning August 1, 2001 ~~on the first day of the month following the month in which this amendatory Act of the 92nd General Assembly takes effect~~ (and without regard to whether the deceased spouse was in service on or after that ~~effective~~ date), any surviving spouse who is receiving a term annuity under Section 13-307 or any predecessor provision of this Article may have that term annuity recalculated and converted to a minimum surviving spouse annuity under this subsection (e).

(4) Notwithstanding any other provision of this subsection, beginning August 1, 2001 ~~on the first annuity payment date following the effective date of this amendatory Act of the 92nd General Assembly~~, an annuitant whose deceased spouse retired before August 23, 1989 with at least 10 years of service under this Article but before attaining age 60 (regardless of whether the retirement annuity was subject to an early retirement discount) shall be entitled to the same minimum monthly surviving spouse's annuity under this subsection as an annuitant whose deceased spouse retired with at least 10 years of service under this Article and after attaining age 60. Further notwithstanding any other provision of this subsection, beginning on the first day of the month following the month in which this amendatory Act of the 94th General Assembly takes effect, an annuitant whose deceased spouse retired on

or after August 23, 1989 with at least 10 years of service under this Article but before attaining age 60 (regardless of whether the retirement annuity was subject to an early retirement discount) shall be entitled to the same minimum monthly surviving spouse's annuity under this subsection as an annuitant whose deceased spouse retired with at least 10 years of service under this Article and after attaining age 60.

(5) The minimum annuity provided under this subsection (e) shall be subject to the age discount provided under subsection (c) of this Section.

(Source: P.A. 92-53, eff. 7-12-01.)

(40 ILCS 5/13-308) (from Ch. 108 1/2, par. 13-308)

Sec. 13-308. Child's annuity.

(a) Eligibility. A child's annuity shall be provided for each unmarried child under the age of 18 years (under the age of 23 years in the case of a full-time student) whose employee parent dies while in service, or whose deceased parent is an annuitant or former employee with at least 10 years of creditable service who did not take a refund of employee contributions. Eligibility for benefits to unmarried children over the age of 18 but under the age of 23 begins no earlier than the first day of the month following the month in which this amendatory Act of the 94th General Assembly takes effect.

For purposes of this Section, "employee" includes a former employee, and "child" means the issue of an employee, or a child adopted by an employee if the proceedings for adoption were instituted at least one year prior to the employee's death.

Payments shall cease when a child attains the age of 18 years (age of 23 years in the case of a full-time student) or marries, whichever first occurs. The annuity shall not be payable unless the employee has been employed as an employee for at least 36 months from the date of the employee's original entry into service (at least 24 months in the case of an

employee who first entered service before June 13, ~~the effective date of this amendatory Act of 1997)~~ and at least 12 months from the date of the employee's latest re-entry into service; provided, however, that if death arises out of and in the course of service to the employer and is compensable under either the Illinois Workers' Compensation Act or Illinois Workers' Occupational Diseases Act, the annuity is payable regardless of the employee's length of service.

(b) Amount. A child's annuity shall be \$500 per month for one child and \$350 per month for each additional child, up to a maximum of \$2,500 per month for all children of the employee, as provided in this Section, if a parent of the child is living. The child's annuity shall be \$1,000 per month for one child and \$500 per month for each additional child, up to a maximum of \$2,500 for all children of the employee, when neither parent is alive. The total amount payable to all children of the employee shall be divided equally among those children. Any child's annuity which commenced prior to July 12, 2001 ~~the effective date of this amendatory Act of the 92nd General Assembly~~ shall be increased upon the first day of the month following the month in which that effective date occurs, to the amount set forth herein.

(c) Payment. Until a child attains the age of 18 years, a child's annuity shall be paid to the child's parent or other person who shall be providing for the child without requiring formal letters of guardianship, unless another person shall be appointed by a court of law as guardian.

(Source: P.A. 92-53, eff. 7-12-01.)

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

Sec. 13-309. Duty disability benefit.

(a) Any employee who becomes disabled, which disability is the result of an injury or illness compensable under the Illinois Workers' Compensation Act or the Illinois Workers' Occupational Diseases Act, is entitled to a duty disability benefit during the period of disability for which the employee

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

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

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

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

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

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

(3) The employee is examined by at least one licensed and practicing physician appointed by the Board and found to be in a disabled physical condition, and shall be re-examined at least annually thereafter during the continuance of disability. The employee need not be re-examined by a licensed and practicing physician if the attorney for the district certifies in writing that the employee is entitled to receive compensation under the Workers' Compensation Act or the Workers' Occupational Diseases Act.

(c) The benefit shall terminate when:

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

(2) The disability ceases;

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

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

(5) The employee willfully and continuously refuses to follow medical advice and treatment to enable the employee to return to work. However this provision does not apply to an employee who relies in good faith on treatment by prayer through spiritual means alone in accordance with the tenets



and practice of a recognized church or religious denomination, by a duly accredited practitioner thereof.

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

(Source: P.A. 93-721, eff. 1-1-05.)

(40 ILCS 5/13-310) (from Ch. 108 1/2, par. 13-310)

Sec. 13-310. Ordinary disability benefit.

(a) Any employee who becomes disabled as the result of any cause other than injury or illness incurred in the performance of duty for the employer or any other employer, or while engaged in self-employment activities, shall be entitled to an ordinary disability benefit. The eligible period for this benefit shall be 25% of the employee's total actual service prior to the date of disability with a cumulative maximum period of 5 years.

(b) The benefit shall be allowed only if the employee files an application in writing with the Board, and a medical report is submitted by at least one licensed and practicing physician as part of the employee's application.

The benefit is not payable for any disability which begins during any period of unpaid leave of absence. No benefit shall be allowed for any period of disability prior to 30 days before application is made, unless the Board finds good cause for the delay in filing the application. The benefit shall not be paid during any period for which the employee receives or is entitled to receive any part of salary.

The benefit is not payable for any disability which begins during any period of absence from duty other than allowable vacation time in any calendar year. An employee whose disability begins during any such ineligible period of absence from service may not receive benefits until the employee

recovers from the disability and is in service for at least 15 consecutive working days after such recovery.

In the case of an employee who first enters service on or after June 13, ~~the effective date of this amendatory Act of 1997,~~ an ordinary disability benefit is not payable for the first 3 days of disability that would otherwise be payable under this Section if the disability does not continue for at least 11 additional days.

Beginning on the effective date of this amendatory Act of the 94th General Assembly, an employee who first entered service on or after June 13, 1997 is also eligible for ordinary disability benefits on the 31st day after the last day worked, provided all sick leave is exhausted.

(c) The benefit shall be 50% of the employee's salary at the date of disability, and shall terminate when the earliest of the following occurs:

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

(2) The disability ceases;

(3) The employee willfully and continuously refuses to follow medical advice and treatment to enable the employee to return to work. However this provision does not apply to an employee who relies in good faith on treatment by prayer through spiritual means alone in accordance with the tenets and practice of a recognized church or religious denomination, by a duly accredited practitioner thereof;

(4) The employee (i) refuses to submit to a reasonable physical examination within 30 days of application by a physician appointed by the Board, (ii) in the case of chronic alcoholism, the employee refuses to join a rehabilitation program licensed by the Department of Public Health of the State of Illinois and certified by the Joint Commission on the Accreditation of Hospitals, (iii) fails or refuses to consent to and sign an authorization allowing the Board to receive copies of or to examine the

employee's medical and hospital records, or (iv) fails or refuses to provide complete information regarding any other employment for compensation he or she has received since becoming disabled; or

(5) The eligible period for this benefit has been exhausted.

The first payment of the benefit shall be made not later than one month after the same has been granted, and subsequent payments shall be made at intervals of not more than 30 days.

(Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

(40 ILCS 5/13-314) (from Ch. 108 1/2, par. 13-314)

Sec. 13-314. Alternative provisions for Water Reclamation District commissioners.

(a) Transfer of credits. Any Water Reclamation District commissioner elected by vote of the people and who has elected to participate in this Fund may transfer to this Fund credits and creditable service accumulated under any other pension fund or retirement system established under Articles 2 through 18 of this Code, upon payment to the Fund of (1) the amount by which the employer and employee contributions that would have been required if he had participated in this Fund during the period for which credit is being transferred, plus interest, exceeds the amounts actually transferred from such other fund or system to this Fund, plus (2) interest thereon at 6% per year compounded annually from the date of transfer to the date of payment.

(b) Alternative annuity. Any participant commissioner may elect to establish alternative credits for an alternative annuity by electing in writing to make additional optional contributions in accordance with this Section and procedures established by the Board. Unless and until such time as the U.S. Internal Revenue Service or the federal courts provide a favorable ruling as described in Section 13-502(f), a ~~such~~ commissioner may discontinue making the additional optional contributions by notifying the Fund in writing in accordance

with this Section and procedures established by the Board.

Additional optional contributions for the alternative annuity shall be as follows:

(1) For service after the option is elected, an additional contribution of 3% of salary shall be contributed to the Fund on the same basis and under the same conditions as contributions required under Section 13-502.

(2) For contributions on past service, the additional contribution shall be 3% of the salary for the applicable period of service, plus interest at the annual rate from time to time as determined by the Board, compounded annually from the date of service to the date of payment. Contributions for service before the option is elected may be made in a lump sum payment to the Fund or by contributing to the Fund on the same basis and under the same conditions as contributions required under Section 13-502. All payments for past service must be paid in full before credit is given. No additional optional contributions may be made for any period of service for which credit has been previously forfeited by acceptance of a refund, unless the refund is repaid in full with interest at the rate specified in Section 13-603, from the date of refund to the date of repayment.

In lieu of the retirement annuity otherwise payable under this Article, any commissioner who has elected to participate in the Fund and make additional optional contributions in accordance with this Section, has attained age 55, and has at least 6 years of service credit, may elect to have the retirement annuity computed as follows: 3% of the participant's average final salary as a commissioner for each of the first 8 years of service credit, plus 4% of such salary for each of the next 4 years of service credit, plus 5% of such salary for each year of service credit in excess of 12 years, subject to a maximum of 80% of such salary. To the extent such commissioner has made additional optional contributions with respect to only

a portion of years of service credit, the retirement annuity will first be determined in accordance with this Section to the extent such additional optional contributions were made, and then in accordance with the remaining Sections of this Article to the extent of years of service credit with respect to which additional optional contributions were not made. The change in minimum retirement age (from 60 to 55) made by this amendatory Act of 1993 applies to persons who begin receiving a retirement annuity under this Section on or after the effective date of this amendatory Act, without regard to whether they are in service on or after that date.

(c) Disability benefits. In lieu of the disability benefits otherwise payable under this Article, any commissioner who (1) has elected to participate in the Fund, and (2) has become permanently disabled and as a consequence is unable to perform the duties of office, and (3) was making optional contributions in accordance with this Section at the time the disability was incurred, may elect to receive a disability annuity calculated in accordance with the formula in subsection (b). For the purposes of this subsection, such commissioner shall be considered permanently disabled only if: (i) disability occurs while in service as a commissioner and is of such a nature as to prevent the reasonable performance of the duties of office at the time; and (ii) the Board has received a written certification by at least 2 licensed physicians appointed by it stating that such commissioner is disabled and that the disability is likely to be permanent.

(d) Alternative survivor's benefits. In lieu of the survivor's benefits otherwise payable under this Article, the spouse or eligible child of any deceased commissioner who (1) had elected to participate in the Fund, and (2) was either making (or had already made) additional optional contributions on the date of death, or was receiving an annuity calculated under this Section at the time of death, may elect to receive an annuity beginning on the date of the commissioner's death, provided that the spouse and commissioner must have been

married on the date of the last termination of a service as commissioner and for a continuous period of at least one year immediately preceding death.

The annuity shall be payable beginning on the date of the commissioner's death if the spouse is then age 50 or over, or beginning at age 50 if the age of the spouse is less than 50 years. If a minor unmarried child or children of the commissioner, under age 18 (age 23 in the case of a full-time student), also survive, and the child or children are under the care of the eligible spouse, the annuity shall begin as of the date of death of the commissioner without regard to the spouse's age.

The annuity to a spouse shall be the greater of (i) 66 2/3% of the amount of retirement annuity earned by the commissioner on the date of death, subject to a minimum payment of 10% of salary, provided that if an eligible spouse, regardless of age, has in his or her care at the date of death of the commissioner any unmarried child or children of the commissioner under age 18, the minimum annuity shall be 30% of the commissioner's salary, plus 10% of salary on account of each minor child of the commissioner, subject to a combined total payment on account of a spouse and minor children not to exceed 50% of the deceased commissioner's salary or (ii) for the spouse of a commissioner whose death occurs on or after the effective date of this amendatory Act of the 94th General Assembly, the surviving spouse annuity shall be computed in the same manner as described in Section 13-306(a). The number of total service years used to calculate the commissioner's annuity shall be the number of service years used to calculate the annuity for that commissioner's surviving spouse. In the event there shall be no spouse of the commissioner surviving, or should a spouse die while eligible minor children still survive the commissioner, each such child shall be entitled to an annuity equal to 20% of salary of the commissioner subject to a combined total payment on account of all such children not to exceed 50% of salary of the commissioner. The salary to be used in the calculation of

these benefits shall be the same as that prescribed for determining a retirement annuity as provided in subsection (b) of this Section.

Upon the death of a commissioner occurring after termination of a service or while in receipt of a retirement annuity, the combined total payment to a spouse and minor children, or to minor children alone if no eligible spouse survives, shall be limited to 85% ~~75%~~ of the amount of retirement annuity earned by the commissioner.

Adopted children shall have status as natural children of the commissioner only if the proceedings for adoption were commenced at least one year prior to the date of the commissioner's death.

Marriage of a child or attainment of age 18 (age 23 in the case of a full-time student), whichever first occurs, shall render the child ineligible for further consideration in the payment of annuity to a spouse or in the increase in the amount thereof. Upon attainment of ineligibility of the youngest minor child of the commissioner, the annuity shall immediately revert to the amount payable upon death of a commissioner leaving no minor children surviving. If the spouse is under age 50 at such time, the annuity as revised shall be deferred until such age is attained.

(e) Refunds. Refunds of additional optional contributions shall be made on the same basis and under the same conditions as provided under Section 13-601. Interest shall be credited on the same basis and under the same conditions as for other contributions.

Optional contributions shall be accounted for in a separate Commission's Optional Contribution Reserve. Optional contributions under this Section shall be included in the amount of employee contributions used to compute the tax levy under Section 13-503.

(f) Effective date. The effective date of this plan of optional alternative benefits and contributions shall be the date upon which approval was received from the U.S. Internal

Revenue Service. The plan of optional alternative benefits and contributions shall not be available to any former employee receiving an annuity from the Fund on the effective date, unless said former employee re-enters service and renders at least 3 years of additional service after the date of re-entry as a commissioner.

(Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

(40 ILCS 5/13-402) (from Ch. 108 1/2, par. 13-402)

Sec. 13-402. Length of service. For the purpose of computing the length of service for the retirement annuity, surviving spouse's annuity, and child's annuity, and calculating the minimum service requirement for payment of military service under subsection (b) of Section 13-403, service of 120 days in any one calendar year shall constitute one year of service and service for any fractional part thereof shall constitute an equal fractional part of one year of service unless specifically provided otherwise. For all other purposes under this Article, including but not limited to the optional plans of additional benefits and contributions provided under Sections 13-304, 13-304.1, and 13-314 of this Article, 26 pay periods of service during any 12 consecutive months shall constitute a year of service, and service rendered for 50% or more of a single pay period shall constitute service for the full pay period. Service of less than 50% of a single pay period shall not be counted.

(Source: P.A. 93-334, eff. 7-24-03.)

(40 ILCS 5/13-403) (from Ch. 108 1/2, par. 13-403)

Sec. 13-403. Military service.

(a) Any employee who, after commencement of service with the Employer, enlisted, was inducted or was otherwise ordered to serve in the military forces of the United States pursuant to any law, shall receive full service credit for the various purposes of this Article as though the employee were in the active service of the Employer during the period of military



service provided that:

(1) ~~beginning July 1, 1963,~~ such service credit shall be granted ~~only~~ for military service for which the employee volunteers or is inducted or called into military service pursuant to a call of a duly constituted authority or a law of the United States declaring a national emergency;

(2) the employee returns to the employ of the Employer within 90 days after the termination of the national emergency; and

(3) the total service credit for such military service shall not exceed 5 years except that any employee who on July 1, 1963 had accrued more than 5 years of such credit shall be entitled to the total amount thereof.

(b) For a ten-year period following July 24, 2003 ~~the effective date of this amendatory Act of the 93rd General Assembly,~~ a contributing employee or commissioner meeting the minimum service requirements provided under this subsection may establish additional service credit for a period of up to 2 years of active military service in the United States Armed Forces for which he or she does not qualify for credit under subsection (a), provided that (1) the person was not dishonorably discharged from the military service, and (2) the amount of service credit established by the person under this subsection (b), when added to the amount of any military service credit granted to the person under subsection (a), shall not exceed 5 years.

The minimum service requirement for a contributing employee is 10 years of service credit as provided in Sections 13-401 and 13-402 of this Article and exclusive of Article 20. The minimum service requirement for a contributing commissioner is 5 years of service credit as provided in Sections 13-401 and 13-402 of this Article and exclusive of Article 20.

In order to establish military service credit under this subsection (b), the applicant must submit a written application to the Fund, including the applicant's discharge papers from

military service, and pay to the Fund (i) employee contributions at the rates provided in this Article, based upon the person's salary on the last date as a participating employee prior to the military service or on the first date as a participating employee after the military service, whichever is greater, plus (ii) the current amount determined by the board to be equal to the employer's normal cost of the benefits accrued for such military service, plus (iii) regular interest of 3% compounded annually on items (i) and (ii) from the date of entry or re-entry as a participating employee following the military service to the date of payment. Contributions must be paid in full before the credit is granted. Credit established under this subsection may be used for pension purposes only.

Notwithstanding any other provision of this Section, a person may not establish creditable service under this Section for any period for which the person receives credit under any other public employee retirement system, unless the credit under that other retirement system has been irrevocably relinquished.

(Source: P.A. 93-334, eff. 7-24-03.)

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

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

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

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

(c) Pickup of employee contributions. The Employer may pick up employee contributions required under subsections (a) and (b) of this Section. If contributions are picked up they shall

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

(d) Subject to the requirements of federal law, the Employer shall pick up optional contributions that the employee has elected to pay to the Fund under Section 13-304.1, and the contributions so picked up shall be treated as employer contributions for the purposes of determining federal tax treatment. The Employer shall pick up the contributions by a reduction in the cash salary of the employee and shall pay the contributions from the same fund that is used to pay earnings to the employee. The Employer shall, however, continue to withhold federal and State income taxes based upon contributions made under Section 13-304.1 until the Internal Revenue Service or the federal courts rule that pursuant to Section 414(h) of the U.S. Internal Revenue Code of 1986, as amended, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available.

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

(f) Subject to the requirements of federal law, the Employer shall pick up contributions that a commissioner has elected to pay to the Fund under Section 13-314, and the contributions so picked up shall be treated as Employer

contributions for the purposes of determining federal tax treatment. The Employer shall pick up the contributions by a reduction in the cash salary of the commissioner and shall pay the contributions from the same fund as is used to pay earnings to the commissioner. The Employer shall, however, continue to withhold federal and State income taxes based upon contributions made under Section 13-314 until the U.S. Internal Revenue Service or the federal courts rule that pursuant to Section 414(h) of the Internal Revenue Code of 1986, as amended, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available.

(Source: P.A. 92-599, eff. 6-28-02.)

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

Sec. 13-601. Refunds.

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

(b) Surviving spouse's annuity contributions. A refund of all amounts deducted from salary or otherwise contributed by an employee for the surviving spouse's annuity shall be paid upon retirement to any employee who on the date of retirement is either not married or is married but whose spouse is not eligible for a surviving spouse's annuity paid wholly or in part under this Article. The refund shall include interest on

each contribution at the rate of 3% per annum compounded annually from the date of the contribution to the date of the refund.

(c) When paid to children, estate or beneficiary. Whenever the total accumulations, to the account of an employee from employee contributions, including interest to the employee's date of withdrawal, have not been paid to the employee and surviving spouse as a retirement or spouse's annuity before the death of the survivor of the employee and spouse, a refund shall be paid as follows: an amount equal to the excess of such amounts over the amounts paid on such annuities without interest on either such amount, shall be paid to the children of the employee, in equal parts to each, unless the employee has directed in writing, signed by him before an officer authorized to administer oaths, and filed with the Board before the employee's death, that any such amount shall be refunded and paid to any one or more of such children; and if there are not children, such other beneficiary or beneficiaries as might be designated by the employee. If there are no such children or designation of beneficiary, the refund shall be paid to the personal representative of the employee's estate.

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

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

(d) In lieu of annuity. Notwithstanding the provisions set forth in subsection (a) of this section, whenever an employee's or surviving spouse's annuity will be less than \$200 per month,

the employee or surviving spouse, as the case may be, may elect to receive a refund of accumulated employee contributions; provided, however, that if the election is made by a surviving spouse the refund shall be reduced by any amounts theretofore paid to the employee in the form of an annuity.

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

(Source: P.A. 87-794; 87-1265.)

(40 ILCS 5/13-603) (from Ch. 108 1/2, par. 13-603)

Sec. 13-603. Restoration of rights. If an employee who has received a refund subsequently re-enters the service and renders one year of contributing service from the date of such re-entry, the employee shall be entitled to have restored all accumulation and service credits previously forfeited by making a repayment of the refund, including interest from the date of the refund to the date of repayment at a rate equal to the higher of 8% per annum or the actuarial investment return assumption used in the Fund's most recent Annual Actuarial Statement. Repayment may be made either directly to the Fund or in a manner similar to that provided for the contributions required under Section 13-502. The service credits represented thereby, or any part thereof, shall not become effective unless the full amount due has been paid by the employee, including interest. The repayment must be made in full by the employee no later than 90 days following the date of the employee's final withdrawal from service. If the employee fails to make a full repayment, any partial amounts paid by the employee shall be refunded without interest ~~if the employee dies in service or withdraws.~~

(Source: P.A. 91-887, eff. 7-6-00.)

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

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

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

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

(c) To accept gifts. To accept by gift, grant, bequest or otherwise any money or property of any kind and use the same for the purposes of the Fund.

(d) To invest the reserves. To invest the reserves of the Fund in accordance with the provisions set forth in Section 1-113 of Article 1 of this Code. The Board is also authorized to transfer securities to the Illinois State Board of Investment for the purpose of participation in any commingled investment fund as provided in Article 22A of this Code.

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

Board as to the validity of any such claim. The Board shall have exclusive original jurisdiction in all matters of claims for annuities, benefits and refunds.

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

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

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

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

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

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

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

(h) To appoint employees and consultants. To appoint such actuarial, medical, legal, investigational, clerical or financial employees and consultants as are necessary, and fix their compensation.

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

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



interest of the beneficiary.

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

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

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

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

Section 90. The State Mandates Act is amended by adding Section 8.29 as follows:

(30 ILCS 805/8.29 new)

Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 94th General Assembly.

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