

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 7-142, 7-144.2, 7-144.3, 7-152, and 7-156  
6 as follows:

7 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)  
8 Sec. 7-142. Retirement annuities - Amount.

9 (a) The amount of a retirement annuity shall be the sum  
10 of the following, determined in accordance with the actuarial  
11 tables in effect at the time of the grant of the annuity:

12 1. For employees with 8 or more years of service,  
13 an annuity computed pursuant to subparagraphs a or b of  
14 this subparagraph 1, whichever is the higher, and for  
15 employees with less than 8 years of service the annuity  
16 computed pursuant to subparagraph a:

17 a. The monthly annuity which can be provided  
18 from the total accumulated normal, municipality and  
19 prior service credits, as of the attained age of the  
20 employee on the date the annuity begins provided  
21 that such annuity shall not exceed 75% of the final  
22 rate of earnings of the employee.

23 b. (i) The monthly annuity amount determined  
24 as follows by multiplying (a) 1 2/3% for annuitants  
25 with not more than 15 years or (b) 1 2/3% for the  
26 first 15 years and 2% for each year in excess of 15  
27 years for annuitants with more than 15 years by the  
28 number of years plus fractional years, prorated on a  
29 basis of months, of creditable service and multiply  
30 the product thereof by the employee's final rate of  
31 earnings.

1           (ii) For the sole purpose of computing the  
2 formula (and not for the purposes of the limitations  
3 hereinafter stated) \$125 shall be considered the  
4 final rate of earnings in all cases where the final  
5 rate of earnings is less than such amount.

6           (iii) The monthly annuity computed in  
7 accordance with this subparagraph b, shall not  
8 exceed an amount equal to 75% of the final rate of  
9 earnings.

10          (iv) For employees who have less than 35 years  
11 of service, the annuity computed in accordance with  
12 this subparagraph b (as reduced by application of  
13 subparagraph (iii) above) shall be reduced by 0.25%  
14 thereof (0.5% if service was terminated before  
15 January 1, 1988) for each month or fraction thereof  
16 (1) that the employee's age is less than 60 years,  
17 or (2) if the employee has at least 30 years of  
18 service credit, that the employee's service credit  
19 is less than 35 years, whichever is less, on the  
20 date the annuity begins.

21          2. The annuity which can be provided from the total  
22 accumulated additional credits as of the attained age of  
23 the employee on the date the annuity begins.

24          (b) If payment of an annuity begins prior to the  
25 earliest age at which the employee will become eligible for  
26 an old age insurance benefit under the Federal Social  
27 Security Act, he may elect that the annuity payments from  
28 this fund shall exceed those payable after his attaining such  
29 age by an amount, computed as determined by rules of the  
30 Board, but not in excess of his estimated Social Security  
31 Benefit, determined as of the effective date of the annuity,  
32 provided that in no case shall the total annuity payments  
33 made by this fund exceed in actuarial value the annuity which  
34 would have been payable had no such election been made.

1 (c) The retirement annuity shall be increased each year  
 2 by 2%, not compounded, of the monthly amount of annuity,  
 3 taking into consideration any adjustment under paragraph (b)  
 4 of this Section. This increase shall be effective each  
 5 January 1 and computed from the effective date of the  
 6 retirement annuity, the first increase being 0.167% ~~167%~~ of  
 7 the monthly amount times the number of months from the  
 8 effective date to January 1. Beginning January 1, 1984 and  
 9 until January 1, 2002 thereafter, the retirement annuity  
 10 shall be increased by 3% each year, not compounded.  
 11 Beginning January 1, 2002, the retirement annuity shall be  
 12 increased each year by 3% of the total amount of the annuity  
 13 then payable, including any increases previously granted  
 14 under this Article.

15 This increase shall not be applicable to annuitants who  
 16 are not in service on or after September 8, 1971.

17 (Source: P.A. 91-357, eff. 7-29-99.)

18 (40 ILCS 5/7-144.2) (from Ch. 108 1/2, par. 7-144.2)

19 Sec. 7-144.2. Incremental retirement annuity. Each  
 20 employee annuitant who terminated service prior to the  
 21 effective date of this amendatory Act of 1971 is entitled to  
 22 receive a monthly incremental retirement annuity, effective  
 23 January 1, 1972, of 0.167% ~~167%~~ of his monthly retirement  
 24 annuity amount, multiplied by the number of months from the  
 25 effective date of his annuity to January 1, 1972. This  
 26 monthly incremental annuity shall be increased on each  
 27 January 1 thereafter during the lifetime of the annuitant by  
 28 2% of the monthly retirement annuity amount. Beginning  
 29 January 1, 1984 and each January 1 thereafter, the monthly  
 30 incremental annuity shall be increased by 3% of the monthly  
 31 retirement annuity amount.

32 The incremental annuity is payable only if the annuitant  
 33 agrees to pay the fund an amount equal to 1% of 1/12 of his

1 annual final rate of earnings, determined as of the date of  
 2 his retirement, multiplied by the number of full years of  
 3 service. The annuitant, prior to December 1, 1971, may  
 4 authorize the fund to deduct the payment from his annuity if  
 5 the total payment can be deducted in one month. If the  
 6 agreement or payment is received by the fund prior to  
 7 December 1, 1971, the incremental annuity shall be effective  
 8 January 1, 1972. If the agreement or payment is not received  
 9 before December 1, 1971, the incremental annuity shall be  
 10 effective the first day of the next month after receipt of  
 11 payment by the fund, but if received after the 15th day, the  
 12 first day of the month following the next month, and shall  
 13 not be paid retroactively.

14 Until January 1, 2002, the monthly retirement annuity  
 15 amount, for the purpose of this Section, shall be the annuity  
 16 amount initially awarded or, if adjusted under paragraph (b)  
 17 of Section 7-142, the adjusted amount, disregarding any  
 18 incremental annuities previously granted. Beginning January  
 19 1, 2002, "monthly retirement annuity amount", for the purpose  
 20 of this Section, means the total amount of monthly retirement  
 21 annuity and incremental annuity then payable, including any  
 22 increases previously granted under this Article.

23 (Source: P.A. 83-664.)

24 (40 ILCS 5/7-144.3) (from Ch. 108 1/2, par. 7-144.3)

25 Sec. 7-144.3. Supplemental benefit payment.

26 (a) A supplemental benefit payment, consisting of a sum  
 27 calculated as provided in subsection (c), shall be payable to  
 28 each eligible retirement annuitant and surviving spouse  
 29 annuitant on July 1, 1993, and on each subsequent July 1  
 30 ~~through July 1, 2001;--except-that-if-this-Code-is-amended-to~~  
 31 ~~change-the-uncompounded-annual-increase-in-retirement-annuity~~  
 32 ~~granted--in--subsection--(c)--of--Section-7-142-to-a-compounded~~  
 33 ~~annual-increase,--no-supplemental-benefit-shall-be-paid--under~~

1 ~~this--Section--on--any--July--1--occurring--on--or--after--the~~  
2 ~~effective--date--of--that--amendment.~~ The amount of the  
3 supplemental benefit payment, and a person's eligibility to  
4 receive the supplemental benefit payment, shall be  
5 redetermined for each year in which the benefit is payable.

6 (b) To be eligible to receive a supplemental benefit  
7 payment, a person must be entitled to receive a retirement  
8 annuity or surviving spouse annuity from the Fund on the July  
9 1 supplemental benefit payment date, and must have been  
10 receiving that annuity during each of the 12 months  
11 immediately preceding that date; except that a surviving  
12 spouse annuitant whose surviving spouse annuity began less  
13 than one year before the July 1 supplemental benefit payment  
14 date shall be eligible if the deceased spouse received a  
15 retirement annuity from the Fund during the period from the  
16 previous July 1 until the start of the surviving spouse  
17 annuity.

18 (c) The amount of the supplemental benefit payment shall  
19 be determined by the Board as follows:

20 (1) The total amount available for the payment of  
21 supplemental benefit payments under this Section in any  
22 year shall be 0.62% of the last annual participating  
23 payroll for all participating municipalities and  
24 participating instrumentalities in the Fund, as  
25 determined and reconciled by the Fund.

26 (2) The amount of the supplemental benefit payment  
27 to each eligible person shall be a portion of the total  
28 amount available under paragraph (1), equal to that  
29 portion of the total amount payable by the Fund to all  
30 eligible persons for retirement and surviving spouse  
31 annuities in the June preceding the July 1 supplemental  
32 benefit payment date, that is payable to the eligible  
33 person in that month.

34 (3) Notwithstanding paragraph (2), the amount of

1 any supplemental benefit payment paid to an annuitant  
2 under this Section shall not exceed any benefit  
3 limitations established by the federal government for  
4 qualified public pension plans.

5 (Source: P.A. 87-850.)

6 (40 ILCS 5/7-152) (from Ch. 108 1/2, par. 7-152)

7 Sec. 7-152. Disability benefits - Amount. The amount of  
8 the monthly temporary and total and permanent disability  
9 benefits shall be 50% of the participating employee's final  
10 rate of earnings on the date disability was incurred, subject  
11 to the following adjustments:

12 (a) If the participating employee has a reduced rate of  
13 earnings at the time his employment ceases because of  
14 disability, the rate of earnings shall be computed on the  
15 basis of his last 12 month period of full-time employment.

16 (b) If the participating employee is eligible for a  
17 disability benefit under the federal Social Security Act, the  
18 amount of monthly disability benefits shall be reduced, but  
19 not to less than \$10 a month, by the amount he would be  
20 eligible to receive as a disability benefit under the federal  
21 Social Security Act, whether or not because of service as a  
22 covered employee under this Article. The reduction shall be  
23 effective as of the month the employee is eligible for Social  
24 Security disability benefits. The Board may make such  
25 reduction if it appears that the employee may be so eligible  
26 pending determination of eligibility and make an appropriate  
27 adjustment if necessary after such determination. If the  
28 employee, because of his refusal to accept rehabilitation  
29 services under the federal Rehabilitation Act of 1973 or the  
30 federal Social Security Act, or because he is receiving  
31 workers' compensation benefits, has his Social Security  
32 benefits reduced or terminated, the disability benefit shall  
33 be reduced as if the employee were receiving his full Social

1 Security disability benefit.

2 (c) If the employee is over age 65, was not eligible for  
3 a Social Security benefit immediately before reaching age 65  
4 and is eligible for a Social Security old-age insurance  
5 benefit, the amount of the monthly disability benefit shall  
6 be reduced, but not to less than \$10 a month, by the amount  
7 of the old-age insurance benefit to which the employee is  
8 entitled whether or not the employee applies for the Social  
9 Security old-age insurance benefit. This reduction shall be  
10 made in the month after the month in which the employee  
11 attains age 65. However, if the employee was receiving a  
12 Social Security disability benefit before reaching age 65,  
13 the disability benefits after age 65 shall be determined  
14 under subsection (b) of this Section.

15 (d) The amount of disability benefits shall not be  
16 reduced by reason of any increase, other than one resulting  
17 from a correction in the employee's wage records, in the  
18 amount of disability or old-age insurance benefits under the  
19 federal Social Security Act which takes effect after the  
20 month of the initial reduction under paragraph (b) or (c) of  
21 this Section.

22 (e) If the employee in any month receives compensation  
23 from gainful employment which is more than 25% of the final  
24 rate of earnings on which his disability benefits are based,  
25 the temporary disability benefit payable for that month shall  
26 be reduced by an amount equal to such excess.

27 (f) An employee who has been disabled for at least 30  
28 days may return to work for the employer on a part-time basis  
29 for a trial work period of up to one year, during which the  
30 disability shall be deemed to continue. Service credit shall  
31 continue to accrue and the disability benefit shall continue  
32 to be paid during the trial work period, but the benefit  
33 shall be reduced by the amount of earnings received by the  
34 disabled employee. Return to service on a full-time basis

1 shall terminate the trial work period. The reduction under  
2 this subsection (f) shall be in lieu of the reduction, if  
3 any, required under subsection (e).

4 (g) Beginning January 1, 1988, every total and permanent  
5 disability benefit shall be increased by 3% of the original  
6 amount of the benefit, not compounded, on each January 1  
7 following the later of (1) the date the total and permanent  
8 disability benefit begins, or (2) the date the total and  
9 permanent disability benefit would have begun if the employee  
10 had been paid a temporary disability benefit for 30 months;  
11 except that beginning January 1, 2002, the increase shall be  
12 3% of the total amount of the benefit then payable, including  
13 any increases previously granted under this Article.

14 (Source: P.A. 87-740.)

15 (40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)  
16 Sec. 7-156. Surviving spouse annuities - amount.

17 (a) The amount of surviving spouse annuity shall be:

18 1. Upon the death of an employee annuitant or such  
19 person entitled, upon application, to a retirement annuity at  
20 date of death, (i) an amount equal to 1/2 of the retirement  
21 annuity which was or would have been payable exclusive of the  
22 amount so payable which was provided from additional credits,  
23 and disregarding any election made under paragraph (b) of  
24 Section 7-142, plus (ii) an annuity which could be provided  
25 at the then attained age of the surviving spouse and under  
26 actuarial tables then in effect, from the excess of the  
27 additional credits, (excluding any such credits used to  
28 create a reversionary annuity) used to provide the annuity  
29 granted pursuant to paragraph (a) (2) of Section 7-142 of  
30 this article over the total annuity payments made pursuant  
31 thereto.

32 2. Upon the death of a participating employee on or  
33 after attainment of age 55, an amount equal to 1/2 of the



1 retirement annuity which he could have had as of the date of  
2 death had he then retired and applied for annuity, exclusive  
3 of the portion thereof which could have been provided from  
4 additional credits, and disregarding paragraph (b) of Section  
5 7-142, plus an amount equal to the annuity which could be  
6 provided from the total of his accumulated additional credits  
7 at date of death, on the basis of the attained age of the  
8 surviving spouse on such date.

9 3. Upon the death of a participating employee before age  
10 55, an amount equal to 1/2 of the retirement annuity which he  
11 could have had as of his attained age on the date of death,  
12 had he then retired and applied for annuity, and the  
13 provisions of this Article that no such annuity shall begin  
14 until the employee has attained at least age 55 were not  
15 applicable, exclusive of the portion thereof which could have  
16 been provided from additional credits and disregarding  
17 paragraph (b) of Section 7-142, plus an amount equal to the  
18 annuity which could be provided from the total of his  
19 accumulated additional credits at date of death, on the basis  
20 of the attained age of the surviving spouse on such date.

21 If a surviving spouse is more than 5 years younger than  
22 the deceased, that portion of the annuity which is not based  
23 on additional credits shall be reduced in the ratio of the  
24 value of a life annuity of \$1 per year at an age of 5 years  
25 less than the attained age of the deceased, at the earlier of  
26 the date of the death or the date his retirement annuity  
27 begins, to the value of a life annuity of \$1 per year at the  
28 attained age of the surviving spouse on such date, according  
29 to actuarial tables approved by the Board.

30 In computing the amount of a surviving spouse annuity,  
31 incremental increases of retirement annuities to the date of  
32 death of the employee annuitant shall be considered.

33 (b) Each surviving spouse annuity payable on January 1,  
34 1988 shall be increased on that date by 3% of the original

1 amount of the annuity. Each surviving spouse annuity that  
2 begins after January 1, 1988 shall be increased on the  
3 January 1 next occurring after the annuity begins, by an  
4 amount equal to (i) 3% of the original amount thereof if the  
5 deceased employee was receiving a retirement annuity at the  
6 time of his death; otherwise (ii) 0.167% of the original  
7 amount thereof for each complete month which has elapsed  
8 since the date the annuity began.

9 On each January 1 after the date of the initial increase  
10 under this subsection, each surviving spouse annuity shall be  
11 increased by 3% of the originally granted amount of the  
12 annuity; except that beginning January 1, 2002, the increase  
13 shall be 3% of the total amount of the annuity then payable,  
14 including any increases previously granted under this  
15 Article.

16 (Source: P.A. 85-941.)

17 Section 90. The State Mandates Act is amended by adding  
18 Section 8.25 as follows:

19 (30 ILCS 805/8.25 new)

20 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6  
21 and 8 of this Act, no reimbursement by the State is required  
22 for the implementation of any mandate created by this  
23 amendatory Act of the 92nd General Assembly.

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