

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, 7-152, and 7-156 as
6 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 .167% of the
 7 monthly amount times the number of months from the effective
 8 date to January 1. Beginning January 1, 1984 and until
 9 January 1, 2002 thereafter, the retirement annuity shall be
 10 increased by 3% each year, not compounded. Beginning January
 11 1, 2002, all increases under this subsection following the
 12 initial increase shall be at the rate of 3% of the currently
 13 payable monthly annuity, including any increases previously
 14 granted under this Article. The change in this subsection
 15 made by this amendatory Act of the 92nd General Assembly is
 16 not limited to persons in service on or after the effective
 17 date of this amendatory Act.

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

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

21 (40 ILCS 5/7-144.2) (from Ch. 108 1/2, par. 7-144.2)

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

1 annuity amount.

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

17 Until January 1, 2002, the monthly retirement annuity
18 amount, for the purpose of this Section, shall be the annuity
19 amount initially awarded or, if adjusted under paragraph (b)
20 of Section 7-142, the adjusted amount, disregarding any
21 incremental annuities previously granted. Beginning January
22 1, 2002, the monthly retirement annuity amount, for the
23 purpose of this Section, shall be the currently payable
24 annuity amount, including any adjustments under paragraph (b)
25 of Section 7-142 and any incremental annuities previously
26 granted. The change in this Section made by this amendatory
27 Act of the 92nd General Assembly is not limited to persons in
28 service on or after the effective date of this amendatory
29 Act.

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

31 (40 ILCS 5/7-152) (from Ch. 108 1/2, par. 7-152)
32 Sec. 7-152. Disability benefits - Amount. The amount of
33 the monthly temporary and total and permanent disability

1 benefits shall be 50% of the participating employee's final
2 rate of earnings on the date disability was incurred, subject
3 to the following adjustments:

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

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

27 (c) If the employee is over age 65, was not eligible for
28 a Social Security benefit immediately before reaching age 65
29 and is eligible for a Social Security old-age insurance
30 benefit, the amount of the monthly disability benefit shall
31 be reduced, but not to less than \$10 a month, by the amount
32 of the old-age insurance benefit to which the employee is
33 entitled whether or not the employee applies for the Social
34 Security old-age insurance benefit. This reduction shall be

1 made in the month after the month in which the employee
2 attains age 65. However, if the employee was receiving a
3 Social Security disability benefit before reaching age 65,
4 the disability benefits after age 65 shall be determined
5 under subsection (b) of this Section.

6 (d) The amount of disability benefits shall not be
7 reduced by reason of any increase, other than one resulting
8 from a correction in the employee's wage records, in the
9 amount of disability or old-age insurance benefits under the
10 Federal Social Security Act which takes effect after the
11 month of the initial reduction under paragraph (b) or (c) of
12 this Section.

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

18 (f) An employee who has been disabled for at least 30
19 days may return to work for the employer on a part-time basis
20 for a trial work period of up to one year, during which the
21 disability shall be deemed to continue. Service credit shall
22 continue to accrue and the disability benefit shall continue
23 to be paid during the trial work period, but the benefit
24 shall be reduced by the amount of earnings received by the
25 disabled employee. Return to service on a full-time basis
26 shall terminate the trial work period. The reduction under
27 this subsection (f) shall be in lieu of the reduction, if
28 any, required under subsection (e).

29 (g) Beginning January 1, 1988, every total and permanent
30 disability benefit shall be increased by 3% of the original
31 amount of the benefit, not compounded, on each January 1
32 following the later of (1) the date the total and permanent
33 disability benefit begins, or (2) the date the total and
34 permanent disability benefit would have begun if the employee

1 had been paid a temporary disability benefit for 30 months.
 2 Beginning January 1, 2002, all increases under this
 3 subsection following the initial increase shall be at the
 4 rate of 3% of the currently payable monthly annuity,
 5 including any increases previously granted under this
 6 Article. The change in this subsection made by this
 7 amendatory Act of the 92nd General Assembly is not limited to
 8 persons in service on or after the effective date of this
 9 amendatory Act.

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

11 (40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)
 12 Sec. 7-156. Surviving spouse annuities - amount.

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

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

28 2. Upon the death of a participating employee on or
 29 after attainment of age 55, an amount equal to 1/2 of the
 30 retirement annuity which he could have had as of the date of
 31 death had he then retired and applied for annuity, exclusive
 32 of the portion thereof which could have been provided from
 33 additional credits, and disregarding paragraph (b) of Section

1 7-142, plus an amount equal to the annuity which could be
2 provided from the total of his accumulated additional credits
3 at date of death, on the basis of the attained age of the
4 surviving spouse on such date.

5 3. Upon the death of a participating employee before age
6 55, an amount equal to 1/2 of the retirement annuity which he
7 could have had as of his attained age on the date of death,
8 had he then retired and applied for annuity, and the
9 provisions of this Article that no such annuity shall begin
10 until the employee has attained at least age 55 were not
11 applicable, exclusive of the portion thereof which could have
12 been provided from additional credits and disregarding
13 paragraph (b) of Section 7-142, plus an amount equal to the
14 annuity which could be provided from the total of his
15 accumulated additional credits at date of death, on the basis
16 of the attained age of the surviving spouse on such date.

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

26 In computing the amount of a surviving spouse annuity,
27 incremental increases of retirement annuities to the date of
28 death of the employee annuitant shall be considered.

29 (b) Each surviving spouse annuity payable on January 1,
30 1988 shall be increased on that date by 3% of the original
31 amount of the annuity. Each surviving spouse annuity that
32 begins after January 1, 1988 shall be increased on the
33 January 1 next occurring after the annuity begins, by an
34 amount equal to (i) 3% of the original amount thereof if the

1 deceased employee was receiving a retirement annuity at the
2 time of his death; otherwise (ii) 0.167% of the original
3 amount thereof for each complete month which has elapsed
4 since the date the annuity began.

5 On each January 1 after the date of the initial increase
6 under this subsection, each surviving spouse annuity shall be
7 increased by 3% of the originally granted amount of the
8 annuity. However, beginning January 1, 2002, all increases
9 under this subsection following the initial increase shall be
10 at the rate of 3% of the currently payable monthly annuity,
11 including any increases previously granted under this
12 Article. The change in this subsection made by this
13 amendatory Act of the 92nd General Assembly is not limited to
14 survivors of persons in service on or after the effective
15 date of this amendatory Act.

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.