

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 15-135, 15-145, 15-146, and 15-153.3 and
6 adding Section 15-167.3 as follows:

7 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)
8 Sec. 15-135. Retirement annuities - Conditions.

9 (a) A participant who retires in one of the following
10 specified years with the specified amount of service is
11 entitled to a retirement annuity at any age under the
12 retirement program applicable to the participant:

- 13 35 years if retirement is in 1997 or before;
- 14 34 years if retirement is in 1998;
- 15 33 years if retirement is in 1999;
- 16 32 years if retirement is in 2000;
- 17 31 years if retirement is in 2001;
- 18 30 years if retirement is in 2002 or later.;
- 19 ~~35-years-if-retirement-is-in-2003-or-later.~~

20 A participant with 8 or more years of service after
21 September 1, 1941, is entitled to a retirement annuity on or
22 after attainment of age 55.

23 A participant with at least 5 but less than 8 years of
24 service after September 1, 1941, is entitled to a retirement
25 annuity on or after attainment of age 62.

26 A participant who has at least 25 years of service in
27 this system as a police officer or firefighter is entitled to
28 a retirement annuity on or after the attainment of age 50, if
29 Rule 4 of Section 15-136 is applicable to the participant.

30 (b) The annuity payment period shall begin on the date
31 specified by the participant submitting a written

1 application, which date shall not be prior to termination of
 2 employment or more than one year before the application is
 3 received by the board; however, if the participant is not an
 4 employee of an employer participating in this System or in a
 5 participating system as defined in Article 20 of this Code on
 6 April 1 of the calendar year next following the calendar year
 7 in which the participant attains age 70 1/2, the annuity
 8 payment period shall begin on that date regardless of whether
 9 an application has been filed.

10 (c) An annuity is not payable if the amount provided
 11 under Section 15-136 is less than \$10 per month.

12 (Source: P.A. 90-65, eff. 7-7-97; 90-766, eff. 8-14-98.)

13 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)
 14 Sec. 15-145. Survivors insurance benefits; conditions
 15 and amounts.

16 (a) The survivors insurance benefits provided under this
 17 Section shall be payable to the eligible survivors of a
 18 participant covered under the traditional benefit package
 19 upon the death of (1) a participating employee with at least
 20 1 1/2 years of service, (2) a participant who terminated
 21 employment with at least 10 years of service, and (3) an
 22 annuitant in receipt of a retirement annuity or disability
 23 retirement annuity under this Article.

24 Service under the State Employees' Retirement System of
 25 Illinois, the Teachers' Retirement System of the State of
 26 Illinois and the Public School Teachers' Pension and
 27 Retirement Fund of Chicago shall be considered in determining
 28 eligibility for survivors benefits under this Section.

29 If by law, a function of a governmental unit, as defined
 30 by Section 20-107, is transferred in whole or in part to an
 31 employer, and an employee transfers employment from this
 32 governmental unit to such employer within 6 months after the
 33 transfer of this function, the service credits in the

1 governmental unit's retirement system which have been
2 validated under Section 20-109 shall be considered in
3 determining eligibility for survivors benefits under this
4 Section.

5 (b) A surviving spouse of a deceased participant, or of
6 a deceased annuitant who did not take a refund or additional
7 annuity consisting of accumulated survivors insurance
8 contributions, shall receive a survivors annuity of 30% of
9 the final rate of earnings. Payments shall begin on the day
10 following the participant's or annuitant's death or the date
11 the surviving spouse attains age 50, whichever is later, and
12 continue until the death of the surviving spouse. The
13 annuity shall be payable to the surviving spouse prior to
14 attainment of age 50 if the surviving spouse has in his or
15 her care a deceased participant's or annuitant's dependent
16 unmarried child under age 18 (under age 22 if a full-time
17 student) who is eligible for a survivors annuity.

18 Remarriage of a surviving spouse prior to attainment of
19 age 55 that occurs before the effective date of this
20 amendatory Act of the 91st General Assembly shall disqualify
21 him or her for the receipt of a survivors annuity until July
22 6, 2000.

23 A surviving spouse whose survivors annuity has been
24 terminated due to remarriage may apply for reinstatement of
25 that annuity. The reinstated annuity shall begin to accrue
26 on July 6, 2000, except that if, on July 6, 2000, the annuity
27 is payable to an eligible surviving child or parent, payment
28 of the annuity to the surviving spouse shall not be
29 reinstated until the annuity is no longer payable to any
30 eligible surviving child or parent. The reinstated annuity
31 shall include any one-time or annual increases received prior
32 to the date of termination, as well as any increases that
33 would otherwise have accrued from the date of termination to
34 the date of reinstatement. An eligible surviving spouse

1 whose expectation of receiving a survivors annuity was lost
2 due to remarriage before attainment of age 50 shall also be
3 entitled to reinstatement under this subsection, but the
4 resulting survivors annuity shall not begin to accrue sooner
5 than upon the surviving spouse's attainment of age 50.

6 The changes made to this subsection by this amendatory
7 Act of the 92nd General Assembly (pertaining to remarriage
8 prior to age 55 or 50) apply without regard to whether the
9 deceased participant or annuitant was in service on or after
10 the effective date of this amendatory Act.

11 (c) Each dependent unmarried child under age 18 (under
12 age 22 if a full-time student) of a deceased participant, or
13 of a deceased annuitant who did not take a refund or
14 additional annuity consisting of accumulated survivors
15 insurance contributions, shall receive a survivors annuity
16 equal to the sum of (1) 20% of the final rate of earnings,
17 and (2) 10% of the final rate of earnings divided by the
18 number of children entitled to this benefit. Payments shall
19 begin on the day following the participant's or annuitant's
20 death and continue until the child marries, dies, or attains
21 age 18 (age 22 if a full-time student). If the child is in
22 the care of a surviving spouse who is eligible for survivors
23 insurance benefits, the child's benefit shall be paid to the
24 surviving spouse.

25 Each unmarried child over age 18 of a deceased
26 participant or of a deceased annuitant who had a survivor's
27 insurance beneficiary at the time of his or her retirement,
28 and who was dependent upon the participant or annuitant by
29 reason of a physical or mental disability which began prior
30 to the date the child attained age 18 (age 22 if a full-time
31 student), shall receive a survivor's annuity equal to the sum
32 of (1) 20% of the final rate of earnings, and (2) 10% of the
33 final rate of earnings divided by the number of children
34 entitled to survivors benefits. Payments shall begin on the

1 day following the participant's or annuitant's death and
2 continue until the child marries, dies, or is no longer
3 disabled. If the child is in the care of a surviving spouse
4 who is eligible for survivors insurance benefits, the child's
5 benefit may be paid to the surviving spouse. For the
6 purposes of this Section, disability means inability to
7 engage in any substantial gainful activity by reason of any
8 medically determinable physical or mental impairment that can
9 be expected to result in death or that has lasted or can be
10 expected to last for a continuous period of at least one
11 year.

12 (d) Each dependent parent of a deceased participant, or
13 of a deceased annuitant who did not take a refund or
14 additional annuity consisting of accumulated survivors
15 insurance contributions, shall receive a survivors annuity
16 equal to the sum of (1) 20% of final rate of earnings, and
17 (2) 10% of final rate of earnings divided by the number of
18 parents who qualify for the benefit. Payments shall begin
19 when the parent reaches age 55 or the day following the
20 participant's or annuitant's death, whichever is later, and
21 continue until the parent dies. Remarriage of a parent prior
22 to attainment of age 55 shall disqualify the parent for the
23 receipt of a survivors annuity.

24 (e) In addition to the survivors annuity provided above,
25 each survivors insurance beneficiary shall, upon death of the
26 participant or annuitant, receive a lump sum payment of
27 \$1,000 divided by the number of such beneficiaries.

28 (f) The changes made in this Section by Public Act
29 81-712 pertaining to survivors annuities in cases of
30 remarriage prior to age 55 shall apply to each survivors
31 insurance beneficiary who remarries after June 30, 1979,
32 regardless of the date that the participant or annuitant
33 terminated his employment or died.

34 The change made to this Section by this amendatory Act of

1 the 91st General Assembly, pertaining to remarriage prior to
2 age 55, applies without regard to whether the deceased
3 participant or annuitant was in service on or after the
4 effective date of this amendatory Act of the 91st General
5 Assembly.

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

19 (h) If the sum of the lump sum and total monthly
20 survivor benefits payable under this Section upon the death
21 of a participant amounts to less than the sum of the death
22 benefits payable under items (2) and (3) of Section 15-141,
23 the difference shall be paid in a lump sum to the beneficiary
24 of the participant who is living on the date that this
25 additional amount becomes payable.

26 (i) If the sum of the lump sum and total monthly
27 survivor benefits payable under this Section upon the death
28 of an annuitant receiving a retirement annuity or disability
29 retirement annuity amounts to less than the death benefit
30 payable under Section 15-142, the difference shall be paid to
31 the beneficiary of the annuitant who is living on the date
32 that this additional amount becomes payable.

33 (j) Effective on the later of (1) January 1, 1990, or
34 (2) the January 1 on or next after the date on which the

1 survivor annuity begins, if the deceased member died while
2 receiving a retirement annuity, or in all other cases the
3 January 1 nearest the first anniversary of the date the
4 survivor annuity payments begin, every survivors insurance
5 beneficiary shall receive an increase in his or her monthly
6 survivors annuity of 3%. On each January 1 after the initial
7 increase, the monthly survivors annuity shall be increased by
8 3% of the total survivors annuity provided under this
9 Article, including previous increases provided by this
10 subsection. Such increases shall apply to the survivors
11 insurance beneficiaries of each participant and annuitant,
12 whether or not the employment status of the participant or
13 annuitant terminates before the effective date of this
14 amendatory Act of 1990. This subsection (j) also applies to
15 persons receiving a survivor annuity under the portable
16 benefit package.

17 (k) If the Internal Revenue Code of 1986, as amended,
18 requires that the survivors benefits be payable at an age
19 earlier than that specified in this Section the benefits
20 shall begin at the earlier age, in which event, the
21 survivor's beneficiary shall be entitled only to that amount
22 which is equal to the actuarial equivalent of the benefits
23 provided by this Section.

24 (l) The changes made to this Section and Section 15-131
25 by this amendatory Act of 1997, relating to benefits for
26 certain unmarried children who are full-time students under
27 age 22, apply without regard to whether the deceased member
28 was in service on or after the effective date of this
29 amendatory Act of 1997. These changes do not authorize the
30 repayment of a refund or a re-election of benefits, and any
31 benefit or increase in benefits resulting from these changes
32 is not payable retroactively for any period before the
33 effective date of this amendatory Act of 1997.

34 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98;

1 91-887, eff. 7-6-00.)

2 (40 ILCS 5/15-146) (from Ch. 108 1/2, par. 15-146)

3 Sec. 15-146. Survivors insurance benefits - Minimum
4 amounts.

5 (a) The minimum total survivors annuity payable on
6 account of the death of a participant shall be 50% of the
7 retirement annuity which would have been provided under Rule
8 1, Rule 2, Rule 3, or Rule 5 of Section 15-136 upon the
9 participant's attainment of the minimum age at which the
10 penalty for early retirement would not be applicable or the
11 date of the participant's death, whichever is later, on the
12 basis of credits earned prior to the time of death.

13 (b) The minimum total survivors annuity payable on
14 account of the death of an annuitant shall be 50% of the
15 retirement annuity which is payable under Section 15-136 at
16 the time of death or 50% of the disability retirement annuity
17 payable under Section 15-153.2. This minimum survivors
18 annuity shall apply to each participant and annuitant who
19 dies after September 16, 1979, whether or not his or her
20 employee status terminates before or after that date.

21 (c) If an annuitant has elected a reversionary annuity,
22 the retirement annuity referred to in this Section is that
23 which would have been payable had such election not been
24 filed.

25 (d) Beginning January 1, 2002, any person who is
26 receiving a survivors annuity under this Article which, after
27 inclusion of all one-time and automatic annual increases to
28 which the person is entitled, is less than the sum of \$17.50
29 for each year (up to a maximum of 30 years) of the deceased
30 member's service credit, shall be entitled to a monthly
31 supplemental payment equal to the difference.

32 If 2 or more persons are receiving survivors annuities
33 based on the same deceased member, the calculation of the

1 supplemental payment under this subsection shall be based on
 2 the total of those annuities and divided pro rata. The
 3 supplemental payment is not subject to any limitation on the
 4 maximum amount of the annuity and shall not be included in
 5 the calculation of any automatic annual increase under
 6 Section 15-145.

7 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98;
 8 91-887, eff. 7-6-00.)

9 (40 ILCS 5/15-153.3) (from Ch. 108 1/2, par. 15-153.3)

10 Sec. 15-153.3. Automatic increase in disability benefit.
 11 Each disability benefit payable under Section 15-150 and
 12 calculated under Section 15-153 or 15-153.2 that has not yet
 13 received an initial increase under this Section shall be
 14 increased by 0.25% of the monthly disability benefit
 15 multiplied by the number of full months that have elapsed
 16 since the benefit began ~~7% of the original fixed amount of~~
 17 ~~such benefit~~ on January 1, 2002 ~~1994~~ or the January 1 ~~on or~~
 18 next following the ~~fourth anniversary of the~~ granting of the
 19 benefit, whichever occurs later.

20 On each January 1 following the initial 7% increase under
 21 this Section, the disability benefit shall be increased by 3%
 22 of the current amount of the benefit, including prior
 23 increases under this Article.

24 The changes made to this Section by this amendatory Act
 25 of the 92nd General Assembly apply without regard to whether
 26 the benefit recipient was in service on or after the
 27 effective date of this amendatory Act.

28 (Source: P.A. 90-766, eff. 8-14-98.)

29 (40 ILCS 5/15-167.3 new)

30 Sec. 15-167.3. To use emerging investment managers,
 31 minority-owned businesses, female-owned businesses, and
 32 businesses owned by persons with disabilities in managing the

1 System's assets.

2 (a) For the purposes of this Section:

3 "Emerging investment manager" means a qualified
4 investment adviser that manages an investment portfolio of at
5 least \$10,000,000 but less than \$500,000,000 and is a
6 minority-owned business, female-owned business, or business
7 owned by a person with a disability, as those terms are
8 defined in this Section.

9 "Minority-owned business" means a business concern that
10 is at least 51% owned by one or more minority persons or, in
11 the case of a corporation, at least 51% of the stock in which
12 is owned by one or more minority persons; and the management
13 and daily business operations of which are controlled by one
14 or more of the minority persons who own it.

15 "Female owned business" means a business concern that is
16 at least 51% owned by one or more females or, in the case of
17 a corporation, at least 51% of the stock in which is owned by
18 one or more females; and the management and daily business
19 operations of which are controlled by one or more of the
20 females who own it.

21 "Business owned by a person with a disability" means a
22 business concern that is at least 51% owned by one or more
23 persons with disabilities and the management and daily
24 business operations of which are controlled by one or more of
25 the persons with disabilities who own it.

26 "Minority person", "female", and "person with a
27 disability" have the meanings given them in the Business
28 Enterprise for Minorities, Females, and Persons with
29 Disabilities Act.

30 (b) It is hereby declared to be the public policy of the
31 State of Illinois to encourage the trustees of the System to
32 use emerging investment managers, minority-owned businesses,
33 female-owned businesses, and businesses owned by persons with
34 disabilities in managing the System's assets to the greatest

1 extent feasible within the bounds of financial and fiduciary
 2 prudence, and to take affirmative steps to remove any
 3 barriers to the full participation of emerging investment
 4 managers, minority-owned businesses, female-owned businesses,
 5 and businesses owned by persons with disabilities in
 6 investment opportunities afforded by the System.

7 (c) The System shall prepare a report to be submitted to
 8 the Governor and the General Assembly by September 1 of each
 9 year. The report shall identify the emerging investment
 10 managers, minority-owned businesses, female-owned businesses,
 11 and businesses owned by persons with disabilities used by the
 12 System, the percentage of the System's assets under the
 13 investment control of those managers and businesses, and the
 14 actions the System has undertaken to increase the use of
 15 those managers and businesses, including encouraging other
 16 investment managers to use emerging investment managers,
 17 minority-owned businesses, female-owned businesses, and
 18 businesses owned by persons with disabilities as
 19 subcontractors when the opportunity arises.

20 (d) With respect to this System, this Section supersedes
 21 the provisions of subsection (4) of Section 1-109.1 of this
 22 Code.

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