

AN ACT concerning 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 13-215, 13-216, 13-309, 13-502, 13-601, and 13-706 as follows:

(40 ILCS 5/13-215) (from Ch. 108 1/2, par. 13-215)

Sec. 13-215. "Retirement annuity": A benefit payable as an annuity for service as an employee. The annuity shall be payable in equal monthly installments for life, except as otherwise provided in this Article, beginning in the ~~one~~ month after the effective date of the annuity ~~as fixed by the Board~~, which shall not be prior to the date of withdrawal nor more than one year prior to the date of the employee's application for the annuity. A pro rata amount of the annuity shall be paid for part of a month when the annuity begins after the first day of the month or ends before the last day of the month.

Notwithstanding the above, all retirement annuity payments first payable on or after January 1, 2008, shall begin the first of the month following the effective date of retirement.

Effective January 1, 2008, benefits are payable for the full month if the annuitant was alive on the first day of the month.

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

(40 ILCS 5/13-216) (from Ch. 108 1/2, par. 13-216)

Sec. 13-216. "Surviving spouse's annuity": The amount payable as a surviving spouse annuity commencing on the date of the employee's or retiree's death. The annuity shall be payable in equal monthly installments for life, except as otherwise provided in this Article, in the month after the effective date of the annuity ~~beginning one month after the effective date of the annuity~~. A pro rata amount of the annuity shall be paid for part of a month when the annuity begins after the first day of the month or ends before the last day of the month.

Notwithstanding the above, all surviving spouse annuity payments first payable on or after January 1, 2008, shall begin the first of the month following the employee's or annuitant's date of death.

Effective January 1, 2008, benefits are payable for the full month if the annuitant was alive on the first day of the month.

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

(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, 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.

An employee in service before June 13, 1997 shall also receive a child's disability benefit during the period of disability of \$10 per month for each unmarried natural or adopted child of the employee under 18 years of age.

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; 94-621, eff. 8-18-05.)

(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% ~~7 1/2%~~ of salary as the employee's contribution for the retirement annuity, including ~~annual increases therefore and~~ child's annuity, and 0.5% of salary as the employee's contribution for annual increases to the retirement 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. 94-621, eff. 8-18-05.)

(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) Payment of Refunds After Death. Whenever any refund is payable after the death of the annuitant as provided for in this Article, the refund shall be paid as follows: to the employee's surviving spouse, but if there is no surviving

spouse then in accordance with the employee's written designation of beneficiary filed with the Board on the prescribed form before the employee's death. If there is no such designation of beneficiary, then to the employee's surviving children in equal parts to each. If there are no such children, the refund shall be paid to the heirs of the employee according to the law of descent and distribution of the State of Illinois. ~~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.

Whenever the total accumulations to the account of an employee from employee contributions other than the contribution for the cost of living increase, 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 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.

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. 94-621, eff. 8-18-05.)

(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 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and 1-115 of this Code. Investments made in accordance with Section 1-113 of Article 1 of this Code shall be deemed prudent. 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. 94-621, eff. 8-18-05.)

Section 90. The State Mandates Act is amended by adding Section 8.31 as follows:

(30 ILCS 805/8.31 new)

Sec. 8.31. 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 95th General Assembly.

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