

University of Illinois

Illinois Pension Code, 40 ILCS 5/15-139.5 (Section 15-139.5)

Return to Work Limitations for SURS Annuitants*

* status Civil Service appointments are excluded from this legislation

Summary of Recent Legislation

Amendments to the Illinois Pension Code (HB 4996, PA 97-0968) that were signed into law (now 40 ILCS 5/15-139.5), are of particular concern to SURS annuitants seeking re-employment with a SURS employer and to SURS-covered employers who employ any SURS annuitant on or after the first day of the SURS academic year beginning on or after September 1, 2013, when the annuitant meets the following condition:

- Receives compensation that is greater than an amount equal to '40% of the pre-retirement highest annual earnings' during a SURS academic year starting with the 2013-2014 SURS academic year (beginning 9/1/13). This sum is not cumulative and resets each academic year.

Once the above condition is met, an annuitant becomes an "affected annuitant" and remains in this status on the first day of the next SURS academic year (September 1) unless he/she suspends retirement annuity and again contributes to SURS towards future annuity/retirement benefit.

Employed as an Annuitant

If a re-employed annuitant is compensated from an exempt fund type: state grant, federal, corporate, foundation, or trust funds, then any portion of earnings paid from the exempt fund source does not count toward the 40% threshold.

Employed as an Affected Annuitant

If an employer continues to employ, rehires, or hires a SURS annuitant beyond the SURS academic year which causes the annuitant to become an "affected annuitant," the employer will be obligated to pay a contribution to SURS equal to the annuitant's monthly annuity multiplied by twelve, unless the employment after affected status is paid **solely** from exempted funds. Once an annuitant has become "affected," employers are obligated to pay the SURS contribution for every year the "affected annuitant" is employed on any non-exempt fund, regardless of the length of employment or compensation amount.

Key Dates in Implementing this New State Law

September 1, 2013: New law becomes effective. Tracking of compensation for annuitants working at SURS-covered employers begins.

September 1, 2014: If the SURS annuitant exceeded the condition above, then the individual is labeled "affected." At this point in time, the unit will not receive a bill based on the prior year's employment.

September 1, 2014 and After: No bill will be issued IF the affected annuitant is re-employed and is paid solely from exempted funds. If the affected annuitant is re-employed and is paid from funds other than solely from exempted funds, then the employing unit will receive a SURS bill.

Note: This new state law applies to SURS annuitants (except status Civil Service appointments) at any SURS employer; therefore, the 40% condition applies to a SURS annuitant's service to any and all SURS employers, **combined** per SURS academic year (e.g., payment for work at Parkland would be combined with payment for work at UI in calculating total SURS academic year pay).

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