



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB1505

Introduced 2/15/2019, by Sen. John G. Mulroe

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160  
40 ILCS 5/14-103.41  
40 ILCS 5/15-108.1  
40 ILCS 5/16-106.41

Amends the General Provisions, State Employees, and State Universities Articles of the Illinois Pension Code. Provides that for the purposes of determining whether a person is a Tier 1 or Tier 2 member, a person who participated in the Judges Retirement System prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system under the State Employees, State Universities, or Downstate Teacher Articles. Makes conforming changes. Effective immediately.

LRB101 07437 RPS 52479 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning 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 changing  
5 Sections 1-160, 14-103.41, 15-108.1, and 16-106.41 as follows:

6 (40 ILCS 5/1-160)

7 Sec. 1-160. Provisions applicable to new hires.

8 (a) The provisions of this Section apply to a person who,  
9 on or after January 1, 2011, first becomes a member or a  
10 participant under any reciprocal retirement system or pension  
11 fund established under this Code, other than a retirement  
12 system or pension fund established under Article 2, 3, 4, 5, 6,  
13 15 or 18 of this Code, notwithstanding any other provision of  
14 this Code to the contrary, but do not apply to any self-managed  
15 plan established under this Code, to any person with respect to  
16 service as a sheriff's law enforcement employee under Article  
17 7, or to any participant of the retirement plan established  
18 under Section 22-101. Notwithstanding anything to the contrary  
19 in this Section, for purposes of this Section, a person who  
20 participated in a retirement system under Article 15 prior to  
21 January 1, 2011 shall be deemed a person who first became a  
22 member or participant prior to January 1, 2011 under any  
23 retirement system or pension fund subject to this Section. The

1 changes made to this Section by Public Act 98-596 are a  
2 clarification of existing law and are intended to be  
3 retroactive to January 1, 2011 (the effective date of Public  
4 Act 96-889), notwithstanding the provisions of Section 1-103.1  
5 of this Code.

6 Notwithstanding anything to the contrary in this Section,  
7 for purposes of this Section, a person who participated in a  
8 retirement system under Article 18 prior to January 1, 2011  
9 shall be deemed a person who first became a member or  
10 participant prior to January 1, 2011 under any retirement  
11 system under Article 14 or 16.

12 This Section does not apply to a person who first becomes a  
13 noncovered employee under Article 14 on or after the  
14 implementation date of the plan created under Section 1-161 for  
15 that Article, unless that person elects under subsection (b) of  
16 Section 1-161 to instead receive the benefits provided under  
17 this Section and the applicable provisions of that Article.

18 This Section does not apply to a person who first becomes a  
19 member or participant under Article 16 on or after the  
20 implementation date of the plan created under Section 1-161 for  
21 that Article, unless that person elects under subsection (b) of  
22 Section 1-161 to instead receive the benefits provided under  
23 this Section and the applicable provisions of that Article.

24 This Section does not apply to a person who elects under  
25 subsection (c-5) of Section 1-161 to receive the benefits under  
26 Section 1-161.

1           This Section does not apply to a person who first becomes a  
2 member or participant of an affected pension fund on or after 6  
3 months after the resolution or ordinance date, as defined in  
4 Section 1-162, unless that person elects under subsection (c)  
5 of Section 1-162 to receive the benefits provided under this  
6 Section and the applicable provisions of the Article under  
7 which he or she is a member or participant.

8           (b) "Final average salary" means the average monthly (or  
9 annual) salary obtained by dividing the total salary or  
10 earnings calculated under the Article applicable to the member  
11 or participant during the 96 consecutive months (or 8  
12 consecutive years) of service within the last 120 months (or 10  
13 years) of service in which the total salary or earnings  
14 calculated under the applicable Article was the highest by the  
15 number of months (or years) of service in that period. For the  
16 purposes of a person who first becomes a member or participant  
17 of any retirement system or pension fund to which this Section  
18 applies on or after January 1, 2011, in this Code, "final  
19 average salary" shall be substituted for the following:

20           (1) In Article 7 (except for service as sheriff's law  
21 enforcement employees), "final rate of earnings".

22           (2) In Articles 8, 9, 10, 11, and 12, "highest average  
23 annual salary for any 4 consecutive years within the last  
24 10 years of service immediately preceding the date of  
25 withdrawal".

26           (3) In Article 13, "average final salary".

1 (4) In Article 14, "final average compensation".

2 (5) In Article 17, "average salary".

3 (6) In Section 22-207, "wages or salary received by him  
4 at the date of retirement or discharge".

5 (b-5) Beginning on January 1, 2011, for all purposes under  
6 this Code (including without limitation the calculation of  
7 benefits and employee contributions), the annual earnings,  
8 salary, or wages (based on the plan year) of a member or  
9 participant to whom this Section applies shall not exceed  
10 \$106,800; however, that amount shall annually thereafter be  
11 increased by the lesser of (i) 3% of that amount, including all  
12 previous adjustments, or (ii) one-half the annual unadjusted  
13 percentage increase (but not less than zero) in the consumer  
14 price index-u for the 12 months ending with the September  
15 preceding each November 1, including all previous adjustments.

16 For the purposes of this Section, "consumer price index-u"  
17 means the index published by the Bureau of Labor Statistics of  
18 the United States Department of Labor that measures the average  
19 change in prices of goods and services purchased by all urban  
20 consumers, United States city average, all items, 1982-84 =  
21 100. The new amount resulting from each annual adjustment shall  
22 be determined by the Public Pension Division of the Department  
23 of Insurance and made available to the boards of the retirement  
24 systems and pension funds by November 1 of each year.

25 (c) A member or participant is entitled to a retirement  
26 annuity upon written application if he or she has attained age

1 67 (beginning January 1, 2015, age 65 with respect to service  
2 under Article 12 of this Code that is subject to this Section)  
3 and has at least 10 years of service credit and is otherwise  
4 eligible under the requirements of the applicable Article.

5 A member or participant who has attained age 62 (beginning  
6 January 1, 2015, age 60 with respect to service under Article  
7 12 of this Code that is subject to this Section) and has at  
8 least 10 years of service credit and is otherwise eligible  
9 under the requirements of the applicable Article may elect to  
10 receive the lower retirement annuity provided in subsection (d)  
11 of this Section.

12 (c-5) A person who first becomes a member or a participant  
13 subject to this Section on or after July 6, 2017 (the effective  
14 date of Public Act 100-23), notwithstanding any other provision  
15 of this Code to the contrary, is entitled to a retirement  
16 annuity under Article 8 or Article 11 upon written application  
17 if he or she has attained age 65 and has at least 10 years of  
18 service credit and is otherwise eligible under the requirements  
19 of Article 8 or Article 11 of this Code, whichever is  
20 applicable.

21 (d) The retirement annuity of a member or participant who  
22 is retiring after attaining age 62 (beginning January 1, 2015,  
23 age 60 with respect to service under Article 12 of this Code  
24 that is subject to this Section) with at least 10 years of  
25 service credit shall be reduced by one-half of 1% for each full  
26 month that the member's age is under age 67 (beginning January

1 1, 2015, age 65 with respect to service under Article 12 of  
2 this Code that is subject to this Section).

3 (d-5) The retirement annuity payable under Article 8 or  
4 Article 11 to an eligible person subject to subsection (c-5) of  
5 this Section who is retiring at age 60 with at least 10 years  
6 of service credit shall be reduced by one-half of 1% for each  
7 full month that the member's age is under age 65.

8 (d-10) Each person who first became a member or participant  
9 under Article 8 or Article 11 of this Code on or after January  
10 1, 2011 and prior to the effective date of this amendatory Act  
11 of the 100th General Assembly shall make an irrevocable  
12 election either:

13 (i) to be eligible for the reduced retirement age  
14 provided in subsections (c-5) and (d-5) of this Section,  
15 the eligibility for which is conditioned upon the member or  
16 participant agreeing to the increases in employee  
17 contributions for age and service annuities provided in  
18 subsection (a-5) of Section 8-174 of this Code (for service  
19 under Article 8) or subsection (a-5) of Section 11-170 of  
20 this Code (for service under Article 11); or

21 (ii) to not agree to item (i) of this subsection  
22 (d-10), in which case the member or participant shall  
23 continue to be subject to the retirement age provisions in  
24 subsections (c) and (d) of this Section and the employee  
25 contributions for age and service annuity as provided in  
26 subsection (a) of Section 8-174 of this Code (for service

1 under Article 8) or subsection (a) of Section 11-170 of  
2 this Code (for service under Article 11).

3 The election provided for in this subsection shall be made  
4 between October 1, 2017 and November 15, 2017. A person subject  
5 to this subsection who makes the required election shall remain  
6 bound by that election. A person subject to this subsection who  
7 fails for any reason to make the required election within the  
8 time specified in this subsection shall be deemed to have made  
9 the election under item (ii).

10 (e) Any retirement annuity or supplemental annuity shall be  
11 subject to annual increases on the January 1 occurring either  
12 on or after the attainment of age 67 (beginning January 1,  
13 2015, age 65 with respect to service under Article 12 of this  
14 Code that is subject to this Section and beginning on the  
15 effective date of this amendatory Act of the 100th General  
16 Assembly, age 65 with respect to service under Article 8 or  
17 Article 11 for eligible persons who: (i) are subject to  
18 subsection (c-5) of this Section; or (ii) made the election  
19 under item (i) of subsection (d-10) of this Section) or the  
20 first anniversary of the annuity start date, whichever is  
21 later. Each annual increase shall be calculated at 3% or  
22 one-half the annual unadjusted percentage increase (but not  
23 less than zero) in the consumer price index-u for the 12 months  
24 ending with the September preceding each November 1, whichever  
25 is less, of the originally granted retirement annuity. If the  
26 annual unadjusted percentage change in the consumer price



1 index-u for the 12 months ending with the September preceding  
2 each November 1 is zero or there is a decrease, then the  
3 annuity shall not be increased.

4 For the purposes of Section 1-103.1 of this Code, the  
5 changes made to this Section by this amendatory Act of the  
6 100th General Assembly are applicable without regard to whether  
7 the employee was in active service on or after the effective  
8 date of this amendatory Act of the 100th General Assembly.

9 (f) The initial survivor's or widow's annuity of an  
10 otherwise eligible survivor or widow of a retired member or  
11 participant who first became a member or participant on or  
12 after January 1, 2011 shall be in the amount of 66 2/3% of the  
13 retired member's or participant's retirement annuity at the  
14 date of death. In the case of the death of a member or  
15 participant who has not retired and who first became a member  
16 or participant on or after January 1, 2011, eligibility for a  
17 survivor's or widow's annuity shall be determined by the  
18 applicable Article of this Code. The initial benefit shall be  
19 66 2/3% of the earned annuity without a reduction due to age. A  
20 child's annuity of an otherwise eligible child shall be in the  
21 amount prescribed under each Article if applicable. Any  
22 survivor's or widow's annuity shall be increased (1) on each  
23 January 1 occurring on or after the commencement of the annuity  
24 if the deceased member died while receiving a retirement  
25 annuity or (2) in other cases, on each January 1 occurring  
26 after the first anniversary of the commencement of the annuity.

1 Each annual increase shall be calculated at 3% or one-half the  
2 annual unadjusted percentage increase (but not less than zero)  
3 in the consumer price index-u for the 12 months ending with the  
4 September preceding each November 1, whichever is less, of the  
5 originally granted survivor's annuity. If the annual  
6 unadjusted percentage change in the consumer price index-u for  
7 the 12 months ending with the September preceding each November  
8 1 is zero or there is a decrease, then the annuity shall not be  
9 increased.

10 (g) The benefits in Section 14-110 apply only if the person  
11 is a State policeman, a fire fighter in the fire protection  
12 service of a department, a security employee of the Department  
13 of Corrections or the Department of Juvenile Justice, or a  
14 security employee of the Department of Innovation and  
15 Technology, as those terms are defined in subsection (b) and  
16 subsection (c) of Section 14-110. A person who meets the  
17 requirements of this Section is entitled to an annuity  
18 calculated under the provisions of Section 14-110, in lieu of  
19 the regular or minimum retirement annuity, only if the person  
20 has withdrawn from service with not less than 20 years of  
21 eligible creditable service and has attained age 60, regardless  
22 of whether the attainment of age 60 occurs while the person is  
23 still in service.

24 (h) If a person who first becomes a member or a participant  
25 of a retirement system or pension fund subject to this Section  
26 on or after January 1, 2011 is receiving a retirement annuity

1 or retirement pension under that system or fund and becomes a  
2 member or participant under any other system or fund created by  
3 this Code and is employed on a full-time basis, except for  
4 those members or participants exempted from the provisions of  
5 this Section under subsection (a) of this Section, then the  
6 person's retirement annuity or retirement pension under that  
7 system or fund shall be suspended during that employment. Upon  
8 termination of that employment, the person's retirement  
9 annuity or retirement pension payments shall resume and be  
10 recalculated if recalculation is provided for under the  
11 applicable Article of this Code.

12 If a person who first becomes a member of a retirement  
13 system or pension fund subject to this Section on or after  
14 January 1, 2012 and is receiving a retirement annuity or  
15 retirement pension under that system or fund and accepts on a  
16 contractual basis a position to provide services to a  
17 governmental entity from which he or she has retired, then that  
18 person's annuity or retirement pension earned as an active  
19 employee of the employer shall be suspended during that  
20 contractual service. A person receiving an annuity or  
21 retirement pension under this Code shall notify the pension  
22 fund or retirement system from which he or she is receiving an  
23 annuity or retirement pension, as well as his or her  
24 contractual employer, of his or her retirement status before  
25 accepting contractual employment. A person who fails to submit  
26 such notification shall be guilty of a Class A misdemeanor and

1 required to pay a fine of \$1,000. Upon termination of that  
2 contractual employment, the person's retirement annuity or  
3 retirement pension payments shall resume and, if appropriate,  
4 be recalculated under the applicable provisions of this Code.

5 (i) (Blank).

6 (j) In the case of a conflict between the provisions of  
7 this Section and any other provision of this Code, the  
8 provisions of this Section shall control.

9 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;  
10 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.  
11 1-4-19.)

12 (40 ILCS 5/14-103.41)

13 Sec. 14-103.41. Tier 1 member. "Tier 1 member": A member of  
14 this System who first became a member or participant before  
15 January 1, 2011 under any reciprocal retirement system or  
16 pension fund established under this Code other than a  
17 retirement system or pension fund established under Article 2,  
18 3, 4, 5, or 6, ~~or 18~~ of this Code.

19 (Source: P.A. 100-587, eff. 6-4-18.)

20 (40 ILCS 5/15-108.1)

21 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A  
22 participant or an annuitant of a retirement annuity under this  
23 Article, other than a participant in the self-managed plan  
24 under Section 15-158.2, who first became a participant or

1 member before January 1, 2011 under any reciprocal retirement  
2 system or pension fund established under this Code, other than  
3 a retirement system or pension fund established under Articles  
4 2, 3, 4, 5, or 6, ~~or 18~~ of this Code. "Tier 1 member" includes a  
5 person who first became a participant under this System before  
6 January 1, 2011 and who accepts a refund and is subsequently  
7 reemployed by an employer on or after January 1, 2011.

8 (Source: P.A. 98-92, eff. 7-16-13.)

9 (40 ILCS 5/16-106.41)

10 Sec. 16-106.41. Tier 1 member. "Tier 1 member": A member  
11 under this Article who first became a member or participant  
12 before January 1, 2011 under any reciprocal retirement system  
13 or pension fund established under this Code other than a  
14 retirement system or pension fund established under Article 2,  
15 3, 4, 5, or 6, ~~or 18~~ of this Code.

16 (Source: P.A. 100-587, eff. 6-4-18.)

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