



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4652

by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160

Amends the General Provisions Article of the Illinois Pension Code. Provides that a State policeman who meets the requirements of the Tier 2 provisions is entitled to an annuity calculated under the alternative retirement annuity provisions of the State Employee Article of the Code in lieu of the regular or minimum retirement annuity only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 50 (instead of age 60), regardless of whether the attainment of age 50 (instead of age 60) occurs while the person is still in service. Provides that the changes made by the amendatory Act apply without regard to whether a person is in active service on or after the effective date of the amendatory Act. Excludes a benefit increase resulting from the amendatory Act from the definition of "new benefit increase". Effective immediately.

LRB100 17733 MJP 32906 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 Section 1-160 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 This Section does not apply to a person who first becomes a
7 noncovered employee under Article 14 on or after the
8 implementation date of the plan created under Section 1-161 for
9 that Article, unless that person elects under subsection (b) of
10 Section 1-161 to instead receive the benefits provided under
11 this Section and the applicable provisions of that Article.

12 This Section does not apply to a person who first becomes a
13 member or participant under Article 16 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 elects under
19 subsection (c-5) of Section 1-161 to receive the benefits under
20 Section 1-161.

21 This Section does not apply to a person who first becomes a
22 member or participant of an affected pension fund on or after 6
23 months after the resolution or ordinance date, as defined in
24 Section 1-162, unless that person elects under subsection (c)
25 of Section 1-162 to receive the benefits provided under this
26 Section and the applicable provisions of the Article under

1 which he or she is a member or participant.

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

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

16 (2) In Articles 8, 9, 10, 11, and 12, "highest average
17 annual salary for any 4 consecutive years within the last
18 10 years of service immediately preceding the date of
19 withdrawal".

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

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

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

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

25 (b-5) Beginning on January 1, 2011, for all purposes under
26 this Code (including without limitation the calculation of

1 benefits and employee contributions), the annual earnings,
2 salary, or wages (based on the plan year) of a member or
3 participant to whom this Section applies shall not exceed
4 \$106,800; however, that amount shall annually thereafter be
5 increased by the lesser of (i) 3% of that amount, including all
6 previous adjustments, or (ii) one-half the annual unadjusted
7 percentage increase (but not less than zero) in the consumer
8 price index-u for the 12 months ending with the September
9 preceding each November 1, including all previous adjustments.

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

19 (c) A member or participant is entitled to a retirement
20 annuity upon written application if he or she has attained age
21 67 (beginning January 1, 2015, age 65 with respect to service
22 under Article 12 of this Code that is subject to this Section)
23 and has at least 10 years of service credit and is otherwise
24 eligible under the requirements of the applicable Article.

25 A member or participant who has attained age 62 (beginning
26 January 1, 2015, age 60 with respect to service under Article

1 12 of this Code that is subject to this Section) and has at
2 least 10 years of service credit and is otherwise eligible
3 under the requirements of the applicable Article may elect to
4 receive the lower retirement annuity provided in subsection (d)
5 of this Section.

6 (c-5) A person who first becomes a member or a participant
7 under Article 8 or Article 11 of this Code on or after the
8 effective date of this amendatory Act of the 100th General
9 Assembly, notwithstanding any other provision of this Code to
10 the contrary, is entitled to a retirement annuity upon written
11 application if he or she has attained age 65 and has at least
12 10 years of service credit under Article 8 or Article 11 of
13 this Code and is otherwise eligible under the requirements of
14 Article 8 or Article 11 of this Code, whichever is applicable.

15 (d) The retirement annuity of a member or participant who
16 is retiring after attaining age 62 (beginning January 1, 2015,
17 age 60 with respect to service under Article 12 of this Code
18 that is subject to this Section) with at least 10 years of
19 service credit shall be reduced by one-half of 1% for each full
20 month that the member's age is under age 67 (beginning January
21 1, 2015, age 65 with respect to service under Article 12 of
22 this Code that is subject to this Section).

23 (d-5) The retirement annuity of a person who first becomes
24 a member or a participant under Article 8 or Article 11 of this
25 Code on or after the effective date of this amendatory Act of
26 the 100th General Assembly who is retiring at age 60 with at

1 least 10 years of service credit under Article 8 or Article 11
2 shall be reduced by one-half of 1% for each full month that the
3 member's age is under age 65.

4 (d-10) Each person who first became a member or participant
5 under Article 8 or Article 11 of this Code on or after January
6 1, 2011 and prior to the effective date of this amendatory Act
7 of the 100th General Assembly shall make an irrevocable
8 election either:

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

17 (ii) to not agree to item (i) of this subsection
18 (d-10), in which case the member or participant shall
19 continue to be subject to the retirement age provisions in
20 subsections (c) and (d) of this Section and the employee
21 contributions for age and service annuity as provided in
22 subsection (a) of Section 8-174 of this Code (for service
23 under Article 8) or subsection (a) of Section 11-170 of
24 this Code (for service under Article 11).

25 The election provided for in this subsection shall be made
26 between October 1, 2017 and November 15, 2017. A person subject

1 to this subsection who makes the required election shall remain
2 bound by that election. A person subject to this subsection who
3 fails for any reason to make the required election within the
4 time specified in this subsection shall be deemed to have made
5 the election under item (ii).

6 (e) Any retirement annuity or supplemental annuity shall be
7 subject to annual increases on the January 1 occurring either
8 on or after the attainment of age 67 (beginning January 1,
9 2015, age 65 with respect to service under Article 12 of this
10 Code that is subject to this Section and beginning on the
11 effective date of this amendatory Act of the 100th General
12 Assembly, age 65 with respect to persons who: (i) first became
13 members or participants under Article 8 or Article 11 of this
14 Code on or after the effective date of this amendatory Act of
15 the 100th General Assembly; or (ii) first became members or
16 participants under Article 8 or Article 11 of this Code on or
17 after January 1, 2011 and before the effective date of this
18 amendatory Act of the 100th General Assembly and made the
19 election under item (i) of subsection (d-10) of this Section)
20 or the first anniversary of the annuity start date, whichever
21 is 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, or a security employee of the
13 Department of Corrections or the Department of Juvenile
14 Justice, as those terms are defined in subsection (b) of
15 Section 14-110. Except for a State policeman, a A person who
16 meets the requirements of this Section is entitled to an
17 annuity calculated under the provisions of Section 14-110, in
18 lieu of the regular or minimum retirement annuity, only if the
19 person has withdrawn from service with not less than 20 years
20 of eligible creditable service and has attained age 60,
21 regardless of whether the attainment of age 60 occurs while the
22 person is still in service. A State policeman who meets the
23 requirements of this Section is entitled to an annuity
24 calculated under the provisions of Section 14-110 in lieu of
25 the regular or minimum retirement annuity only if the person
26 has withdrawn from service with not less than 20 years of

1 eligible creditable service and has attained age 50, regardless
2 of whether the attainment of age 50 occurs while the person is
3 still in service.

4 The changes made to this Section apply without regard to
5 whether the person is in active service on or after the
6 effective date of this amendatory Act of the 100th General
7 Assembly.

8 (h) If a person who first becomes a member or a participant
9 of a retirement system or pension fund subject to this Section
10 on or after January 1, 2011 is receiving a retirement annuity
11 or retirement pension under that system or fund and becomes a
12 member or participant under any other system or fund created by
13 this Code and is employed on a full-time basis, except for
14 those members or participants exempted from the provisions of
15 this Section under subsection (a) of this Section, then the
16 person's retirement annuity or retirement pension under that
17 system or fund shall be suspended during that employment. Upon
18 termination of that employment, the person's retirement
19 annuity or retirement pension payments shall resume and be
20 recalculated if recalculation is provided for under the
21 applicable Article of this Code.

22 If a person who first becomes a member of a retirement
23 system or pension fund subject to this Section on or after
24 January 1, 2012 and is receiving a retirement annuity or
25 retirement pension under that system or fund and accepts on a
26 contractual basis a position to provide services to a

1 governmental entity from which he or she has retired, then that
2 person's annuity or retirement pension earned as an active
3 employee of the employer shall be suspended during that
4 contractual service. A person receiving an annuity or
5 retirement pension under this Code shall notify the pension
6 fund or retirement system from which he or she is receiving an
7 annuity or retirement pension, as well as his or her
8 contractual employer, of his or her retirement status before
9 accepting contractual employment. A person who fails to submit
10 such notification shall be guilty of a Class A misdemeanor and
11 required to pay a fine of \$1,000. Upon termination of that
12 contractual employment, the person's retirement annuity or
13 retirement pension payments shall resume and, if appropriate,
14 be recalculated under the applicable provisions of this Code.

15 (i) (Blank).

16 (j) In the case of a conflict between the provisions of
17 this Section and any other provision of this Code, the
18 provisions of this Section shall control.

19 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
20 100-563, eff. 12-8-17.)

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