

**SB2607**



**100TH GENERAL ASSEMBLY**

**State of Illinois**

**2017 and 2018**

**SB2607**

Introduced 2/7/2018, by Sen. John G. Mulroe and Martin A. Sandoval

**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of the State Employee Article of the Code in lieu of the regular or minimum retirement annuity only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 50 (instead of age 60), regardless of whether the attainment of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 17734 MJP 32907 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

**A BILL FOR**

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.