



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB2901

by Rep. Jay Hoffman

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160  
40 ILCS 5/14-152.1

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of the State Employee Article of the Code in lieu of the regular or minimum retirement annuity only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 50 (instead of age 60), regardless of whether the attainment of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

LRB101 09758 RPS 54859 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 and 14-152.1 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 subject to this Section on or after July 6, 2017 (the effective  
8 date of Public Act 100-23), notwithstanding any other provision  
9 of this Code to the contrary, is entitled to a retirement  
10 annuity under Article 8 or Article 11 upon written application  
11 if he or she has attained age 65 and has at least 10 years of  
12 service credit and is otherwise eligible under the requirements  
13 of Article 8 or Article 11 of this Code, whichever is  
14 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 payable under Article 8 or  
24 Article 11 to an eligible person subject to subsection (c-5) of  
25 this Section who is retiring at age 60 with at least 10 years  
26 of service credit shall be reduced by one-half of 1% for each

1 full month that the member's age is under age 65.

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

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

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

23 The election provided for in this subsection shall be made  
24 between October 1, 2017 and November 15, 2017. A person subject  
25 to this subsection who makes the required election shall remain  
26 bound by that election. A person subject to this subsection who

1 fails for any reason to make the required election within the  
2 time specified in this subsection shall be deemed to have made  
3 the election under item (ii).

4 (e) Any retirement annuity or supplemental annuity shall be  
5 subject to annual increases on the January 1 occurring either  
6 on or after the attainment of age 67 (beginning January 1,  
7 2015, age 65 with respect to service under Article 12 of this  
8 Code that is subject to this Section and beginning on the  
9 effective date of this amendatory Act of the 100th General  
10 Assembly, age 65 with respect to service under Article 8 or  
11 Article 11 for eligible persons who: (i) are subject to  
12 subsection (c-5) of this Section; or (ii) made the election  
13 under item (i) of subsection (d-10) of this Section) or the  
14 first anniversary of the annuity start date, whichever is  
15 later. Each annual increase shall be calculated at 3% or  
16 one-half the annual unadjusted percentage increase (but not  
17 less than zero) in the consumer price index-u for the 12 months  
18 ending with the September preceding each November 1, whichever  
19 is less, of the originally granted retirement annuity. If the  
20 annual unadjusted percentage change in the consumer price  
21 index-u for the 12 months ending with the September preceding  
22 each November 1 is zero or there is a decrease, then the  
23 annuity shall not be increased.

24 For the purposes of Section 1-103.1 of this Code, the  
25 changes made to this Section by this amendatory Act of the  
26 100th General Assembly are applicable without regard to whether



1 the employee was in active service on or after the effective  
2 date of this amendatory Act of the 100th General Assembly.

3 (f) The initial survivor's or widow's annuity of an  
4 otherwise eligible survivor or widow of a retired member or  
5 participant who first became a member or participant on or  
6 after January 1, 2011 shall be in the amount of 66 2/3% of the  
7 retired member's or participant's retirement annuity at the  
8 date of death. In the case of the death of a member or  
9 participant who has not retired and who first became a member  
10 or participant on or after January 1, 2011, eligibility for a  
11 survivor's or widow's annuity shall be determined by the  
12 applicable Article of this Code. The initial benefit shall be  
13 66 2/3% of the earned annuity without a reduction due to age. A  
14 child's annuity of an otherwise eligible child shall be in the  
15 amount prescribed under each Article if applicable. Any  
16 survivor's or widow's annuity shall be increased (1) on each  
17 January 1 occurring on or after the commencement of the annuity  
18 if the deceased member died while receiving a retirement  
19 annuity or (2) in other cases, on each January 1 occurring  
20 after the first anniversary of the commencement of the annuity.  
21 Each annual increase shall be calculated at 3% or one-half the  
22 annual unadjusted percentage increase (but not less than zero)  
23 in the consumer price index-u for the 12 months ending with the  
24 September preceding each November 1, whichever is less, of the  
25 originally granted survivor's annuity. If the annual  
26 unadjusted percentage change in the consumer price index-u for

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

4 (g) The benefits in Section 14-110 apply only if the person  
5 is a State policeman, a fire fighter in the fire protection  
6 service of a department, a security employee of the Department  
7 of Corrections or the Department of Juvenile Justice, or a  
8 security employee of the Department of Innovation and  
9 Technology, as those terms are defined in subsection (b) and  
10 subsection (c) of Section 14-110. Except for a State policeman,  
11 a A person who meets the requirements of this Section is  
12 entitled to an annuity calculated under the provisions of  
13 Section 14-110, in lieu of the regular or minimum retirement  
14 annuity, only if the person has withdrawn from service with not  
15 less than 20 years of eligible creditable service and has  
16 attained age 60, regardless of whether the attainment of age 60  
17 occurs while the person is still in service. A State policeman  
18 who meets the requirements of this Section is entitled to an  
19 annuity calculated under the provisions of Section 14-110 in  
20 lieu of the regular or minimum retirement annuity only if the  
21 person has withdrawn from service with not less than 20 years  
22 of eligible creditable service and has attained age 50,  
23 regardless of whether the attainment of age 50 occurs while the  
24 person is still in service.

25 The changes made to this Section apply without regard to  
26 whether the person is in active service on or after the

1 effective date of this amendatory Act of the 101st General  
2 Assembly.

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

17 If a person who first becomes a member of a retirement  
18 system or pension fund subject to this Section on or after  
19 January 1, 2012 and is receiving a retirement annuity or  
20 retirement pension under that system or fund and accepts on a  
21 contractual basis a position to provide services to a  
22 governmental entity from which he or she has retired, then that  
23 person's annuity or retirement pension earned as an active  
24 employee of the employer shall be suspended during that  
25 contractual service. A person receiving an annuity or  
26 retirement pension under this Code shall notify the pension

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

10 (i) (Blank).

11 (j) In the case of a conflict between the provisions of  
12 this Section and any other provision of this Code, the  
13 provisions of this Section shall control.

14 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;  
15 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.  
16 1-4-19.)

17 (40 ILCS 5/14-152.1)

18 Sec. 14-152.1. Application and expiration of new benefit  
19 increases.

20 (a) As used in this Section, "new benefit increase" means  
21 an increase in the amount of any benefit provided under this  
22 Article, or an expansion of the conditions of eligibility for  
23 any benefit under this Article, that results from an amendment  
24 to this Code that takes effect after June 1, 2005 (the  
25 effective date of Public Act 94-4). "New benefit increase",

1 however, does not include any benefit increase resulting from  
2 the changes made to Article 1 or this Article by Public Act  
3 96-37, Public Act 100-23, Public Act 100-587, Public Act  
4 100-611, or this amendatory Act of the 101st General Assembly  
5 ~~or this amendatory Act of the 100th General Assembly.~~

6 (b) Notwithstanding any other provision of this Code or any  
7 subsequent amendment to this Code, every new benefit increase  
8 is subject to this Section and shall be deemed to be granted  
9 only in conformance with and contingent upon compliance with  
10 the provisions of this Section.

11 (c) The Public Act enacting a new benefit increase must  
12 identify and provide for payment to the System of additional  
13 funding at least sufficient to fund the resulting annual  
14 increase in cost to the System as it accrues.

15 Every new benefit increase is contingent upon the General  
16 Assembly providing the additional funding required under this  
17 subsection. The Commission on Government Forecasting and  
18 Accountability shall analyze whether adequate additional  
19 funding has been provided for the new benefit increase and  
20 shall report its analysis to the Public Pension Division of the  
21 Department of Insurance. A new benefit increase created by a  
22 Public Act that does not include the additional funding  
23 required under this subsection is null and void. If the Public  
24 Pension Division determines that the additional funding  
25 provided for a new benefit increase under this subsection is or  
26 has become inadequate, it may so certify to the Governor and

1 the State Comptroller and, in the absence of corrective action  
2 by the General Assembly, the new benefit increase shall expire  
3 at the end of the fiscal year in which the certification is  
4 made.

5 (d) Every new benefit increase shall expire 5 years after  
6 its effective date or on such earlier date as may be specified  
7 in the language enacting the new benefit increase or provided  
8 under subsection (c). This does not prevent the General  
9 Assembly from extending or re-creating a new benefit increase  
10 by law.

11 (e) Except as otherwise provided in the language creating  
12 the new benefit increase, a new benefit increase that expires  
13 under this Section continues to apply to persons who applied  
14 and qualified for the affected benefit while the new benefit  
15 increase was in effect and to the affected beneficiaries and  
16 alternate payees of such persons, but does not apply to any  
17 other person, including without limitation a person who  
18 continues in service after the expiration date and did not  
19 apply and qualify for the affected benefit while the new  
20 benefit increase was in effect.

21 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
22 100-611, eff. 7-20-18; revised 7-25-18.)

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