



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2902

by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

| | |
|-----------------------|-------------------------------|
| 40 ILCS 5/3-111.5 new | |
| 40 ILCS 5/15-135 | from Ch. 108 1/2, par. 15-135 |
| 40 ILCS 5/15-136 | from Ch. 108 1/2, par. 15-136 |
| 30 ILCS 805/8.43 new | |

Amends the Downstate Police and State Universities Articles of the Illinois Pension Code. In the Downstate Police Article, provides that a police officer who previously participated in the Illinois Municipal Retirement Fund (IMRF) for service as a member of the police department of a municipality and was transferred to that municipality's police pension fund upon its creation under the Downstate Police Article shall, for the purposes of determining the applicable tier of benefits under that Article, be deemed to have become a police officer and member of that municipality's police pension fund on the date that he or she first participated in IMRF as a member of the police department of that municipality, notwithstanding whether that start date was before January 1, 2011. In the State Universities Article, provides that a Tier 2 member who has at least 20 years of service in the System as a police officer or firefighter is entitled to a retirement annuity on or after the attainment of age 60, if a specified rule applies to that participant. Makes a conforming change. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 09760 RPS 54861 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 Sections 15-135 and 15-136 and by adding Section 3-111.5 as
6 follows:

7 (40 ILCS 5/3-111.5 new)

8 Sec. 3-111.5. Membership date; previous IMRF service with
9 the same municipality. A police officer who previously
10 participated in the Illinois Municipal Retirement Fund (IMRF)
11 for service as a member of the police department of a
12 municipality and was transferred to that municipality's police
13 pension fund upon its creation under this Article shall, for
14 the purposes of determining the applicable tier of benefits
15 under this Article, be deemed to have become a police officer
16 and member of that municipality's police pension fund on the
17 date that he or she first participated in IMRF as a member of
18 the police department of that municipality, notwithstanding
19 whether that start date was before January 1, 2011.

20 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

21 Sec. 15-135. Retirement annuities - Conditions.

22 (a) This subsection (a) applies only to a Tier 1 member. A

1 participant who retires in one of the following specified years
2 with the specified amount of service is entitled to a
3 retirement annuity at any age under the retirement program
4 applicable to the participant:

5 35 years if retirement is in 1997 or before;

6 34 years if retirement is in 1998;

7 33 years if retirement is in 1999;

8 32 years if retirement is in 2000;

9 31 years if retirement is in 2001;

10 30 years if retirement is in 2002 or later.

11 A participant with 8 or more years of service after
12 September 1, 1941, is entitled to a retirement annuity on or
13 after attainment of age 55.

14 A participant with at least 5 but less than 8 years of
15 service after September 1, 1941, is entitled to a retirement
16 annuity on or after attainment of age 62.

17 A participant who has at least 25 years of service in this
18 system as a police officer or firefighter is entitled to a
19 retirement annuity on or after the attainment of age 50, if
20 Rule 4 of Section 15-136 is applicable to the participant.

21 (a-5) A Tier 2 member is entitled to a retirement annuity
22 upon written application if he or she has attained age 67 and
23 has at least 10 years of service credit and is otherwise
24 eligible under the requirements of this Article. A Tier 2
25 member who has attained age 62 and has at least 10 years of
26 service credit and is otherwise eligible under the requirements

1 of this Article may elect to receive the lower retirement
2 annuity provided in subsection (b-5) of Section 15-136 of this
3 Article.

4 (a-10) A Tier 2 member who has at least 20 years of service
5 in this system as a police officer or firefighter is entitled
6 to a retirement annuity on or after the attainment of age 60,
7 if Rule 4 of Section 15-136 is applicable to the participant.

8 (b) The annuity payment period shall begin on the date
9 specified by the participant or the recipient of a disability
10 retirement annuity submitting a written application. For a
11 participant, the date on which the annuity payment period
12 begins shall not be prior to termination of employment or more
13 than one year before the application is received by the board;
14 however, if the participant is not an employee of an employer
15 participating in this System or in a participating system as
16 defined in Article 20 of this Code on April 1 of the calendar
17 year next following the calendar year in which the participant
18 attains age 70 1/2, the annuity payment period shall begin on
19 that date regardless of whether an application has been filed.
20 For a recipient of a disability retirement annuity, the date on
21 which the annuity payment period begins shall not be prior to
22 the discontinuation of the disability retirement annuity under
23 Section 15-153.2.

24 (c) An annuity is not payable if the amount provided under
25 Section 15-136 is less than \$10 per month.

26 (Source: P.A. 100-556, eff. 12-8-17.)

1 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

2 (Text of Section WITHOUT the changes made by P.A. 98-599,
3 which has been held unconstitutional)

4 Sec. 15-136. Retirement annuities - Amount. The provisions
5 of this Section 15-136 apply only to those participants who are
6 participating in the traditional benefit package or the
7 portable benefit package and do not apply to participants who
8 are participating in the self-managed plan.

9 (a) The amount of a participant's retirement annuity,
10 expressed in the form of a single-life annuity, shall be
11 determined by whichever of the following rules is applicable
12 and provides the largest annuity:

13 Rule 1: The retirement annuity shall be 1.67% of final rate
14 of earnings for each of the first 10 years of service, 1.90%
15 for each of the next 10 years of service, 2.10% for each year
16 of service in excess of 20 but not exceeding 30, and 2.30% for
17 each year in excess of 30; or for persons who retire on or
18 after January 1, 1998, 2.2% of the final rate of earnings for
19 each year of service.

20 Rule 2: The retirement annuity shall be the sum of the
21 following, determined from amounts credited to the participant
22 in accordance with the actuarial tables and the effective rate
23 of interest in effect at the time the retirement annuity
24 begins:

25 (i) the normal annuity which can be provided on an

1 actuarially equivalent basis, by the accumulated normal
2 contributions as of the date the annuity begins;

3 (ii) an annuity from employer contributions of an
4 amount equal to that which can be provided on an
5 actuarially equivalent basis from the accumulated normal
6 contributions made by the participant under Section
7 15-113.6 and Section 15-113.7 plus 1.4 times all other
8 accumulated normal contributions made by the participant;
9 and

10 (iii) the annuity that can be provided on an
11 actuarially equivalent basis from the entire contribution
12 made by the participant under Section 15-113.3.

13 With respect to a police officer or firefighter who retires
14 on or after August 14, 1998, the accumulated normal
15 contributions taken into account under clauses (i) and (ii) of
16 this Rule 2 shall include the additional normal contributions
17 made by the police officer or firefighter under Section
18 15-157(a).

19 The amount of a retirement annuity calculated under this
20 Rule 2 shall be computed solely on the basis of the
21 participant's accumulated normal contributions, as specified
22 in this Rule and defined in Section 15-116. Neither an employee
23 or employer contribution for early retirement under Section
24 15-136.2 nor any other employer contribution shall be used in
25 the calculation of the amount of a retirement annuity under
26 this Rule 2.

1 This amendatory Act of the 91st General Assembly is a
2 clarification of existing law and applies to every participant
3 and annuitant without regard to whether status as an employee
4 terminates before the effective date of this amendatory Act.

5 This Rule 2 does not apply to a person who first becomes an
6 employee under this Article on or after July 1, 2005.

7 Rule 3: The retirement annuity of a participant who is
8 employed at least one-half time during the period on which his
9 or her final rate of earnings is based, shall be equal to the
10 participant's years of service not to exceed 30, multiplied by
11 (1) \$96 if the participant's final rate of earnings is less
12 than \$3,500, (2) \$108 if the final rate of earnings is at least
13 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
14 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
15 the final rate of earnings is at least \$5,500 but less than
16 \$6,500, (5) \$144 if the final rate of earnings is at least
17 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
18 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
19 the final rate of earnings is at least \$8,500 but less than
20 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
21 more, except that the annuity for those persons having made an
22 election under Section 15-154(a-1) shall be calculated and
23 payable under the portable retirement benefit program pursuant
24 to the provisions of Section 15-136.4.

25 Rule 4: A participant who is at least age 50 and has 25 or
26 more years of service as a police officer or firefighter, and a

1 participant who is age 55 or over and has at least 20 but less
2 than 25 years of service as a police officer or firefighter,
3 shall be entitled to a retirement annuity of 2 1/4% of the
4 final rate of earnings for each of the first 10 years of
5 service as a police officer or firefighter, 2 1/2% for each of
6 the next 10 years of service as a police officer or
7 firefighter, and 2 3/4% for each year of service as a police
8 officer or firefighter in excess of 20. The retirement annuity
9 for all other service shall be computed under Rule 1. A Tier 2
10 member is eligible for a retirement annuity calculated under
11 Rule 4 only if that Tier 2 member meets the service
12 requirements for that benefit calculation as prescribed under
13 this Rule 4 in addition to the applicable age requirement under
14 subsection (a-10) ~~(a-5)~~ of Section 15-135.

15 For purposes of this Rule 4, a participant's service as a
16 firefighter shall also include the following:

17 (i) service that is performed while the person is an
18 employee under subsection (h) of Section 15-107; and

19 (ii) in the case of an individual who was a
20 participating employee employed in the fire department of
21 the University of Illinois's Champaign-Urbana campus
22 immediately prior to the elimination of that fire
23 department and who immediately after the elimination of
24 that fire department transferred to another job with the
25 University of Illinois, service performed as an employee of
26 the University of Illinois in a position other than police

1 officer or firefighter, from the date of that transfer
2 until the employee's next termination of service with the
3 University of Illinois.

4 (b) For a Tier 1 member, the retirement annuity provided
5 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each
6 month the participant is under age 60 at the time of
7 retirement. However, this reduction shall not apply in the
8 following cases:

9 (1) For a disabled participant whose disability
10 benefits have been discontinued because he or she has
11 exhausted eligibility for disability benefits under clause
12 (6) of Section 15-152;

13 (2) For a participant who has at least the number of
14 years of service required to retire at any age under
15 subsection (a) of Section 15-135; or

16 (3) For that portion of a retirement annuity which has
17 been provided on account of service of the participant
18 during periods when he or she performed the duties of a
19 police officer or firefighter, if these duties were
20 performed for at least 5 years immediately preceding the
21 date the retirement annuity is to begin.

22 (b-5) The retirement annuity of a Tier 2 member who is
23 retiring after attaining age 62 with at least 10 years of
24 service credit shall be reduced by 1/2 of 1% for each full
25 month that the member's age is under age 67.

26 (c) The maximum retirement annuity provided under Rules 1,

1 2, 4, and 5 shall be the lesser of (1) the annual limit of
2 benefits as specified in Section 415 of the Internal Revenue
3 Code of 1986, as such Section may be amended from time to time
4 and as such benefit limits shall be adjusted by the
5 Commissioner of Internal Revenue, and (2) 80% of final rate of
6 earnings.

7 (d) A Tier 1 member whose status as an employee terminates
8 after August 14, 1969 shall receive automatic increases in his
9 or her retirement annuity as follows:

10 Effective January 1 immediately following the date the
11 retirement annuity begins, the annuitant shall receive an
12 increase in his or her monthly retirement annuity of 0.125% of
13 the monthly retirement annuity provided under Rule 1, Rule 2,
14 Rule 3, or Rule 4 contained in this Section, multiplied by the
15 number of full months which elapsed from the date the
16 retirement annuity payments began to January 1, 1972, plus
17 0.1667% of such annuity, multiplied by the number of full
18 months which elapsed from January 1, 1972, or the date the
19 retirement annuity payments began, whichever is later, to
20 January 1, 1978, plus 0.25% of such annuity multiplied by the
21 number of full months which elapsed from January 1, 1978, or
22 the date the retirement annuity payments began, whichever is
23 later, to the effective date of the increase.

24 The annuitant shall receive an increase in his or her
25 monthly retirement annuity on each January 1 thereafter during
26 the annuitant's life of 3% of the monthly annuity provided

1 under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this
2 Section. The change made under this subsection by P.A. 81-970
3 is effective January 1, 1980 and applies to each annuitant
4 whose status as an employee terminates before or after that
5 date.

6 Beginning January 1, 1990, all automatic annual increases
7 payable under this Section shall be calculated as a percentage
8 of the total annuity payable at the time of the increase,
9 including all increases previously granted under this Article.

10 The change made in this subsection by P.A. 85-1008 is
11 effective January 26, 1988, and is applicable without regard to
12 whether status as an employee terminated before that date.

13 (d-5) A retirement annuity of a Tier 2 member shall receive
14 annual increases on the January 1 occurring either on or after
15 the attainment of age 67 or the first anniversary of the
16 annuity start date, whichever is later. Each annual increase
17 shall be calculated at 3% or one half the annual unadjusted
18 percentage increase (but not less than zero) in the consumer
19 price index-u for the 12 months ending with the September
20 preceding each November 1, whichever is less, of the originally
21 granted retirement annuity. If the annual unadjusted
22 percentage change in the consumer price index-u for the 12
23 months ending with the September preceding each November 1 is
24 zero or there is a decrease, then the annuity shall not be
25 increased.

26 (e) If, on January 1, 1987, or the date the retirement

1 annuity payment period begins, whichever is later, the sum of
2 the retirement annuity provided under Rule 1 or Rule 2 of this
3 Section and the automatic annual increases provided under the
4 preceding subsection or Section 15-136.1, amounts to less than
5 the retirement annuity which would be provided by Rule 3, the
6 retirement annuity shall be increased as of January 1, 1987, or
7 the date the retirement annuity payment period begins,
8 whichever is later, to the amount which would be provided by
9 Rule 3 of this Section. Such increased amount shall be
10 considered as the retirement annuity in determining benefits
11 provided under other Sections of this Article. This paragraph
12 applies without regard to whether status as an employee
13 terminated before the effective date of this amendatory Act of
14 1987, provided that the annuitant was employed at least
15 one-half time during the period on which the final rate of
16 earnings was based.

17 (f) A participant is entitled to such additional annuity as
18 may be provided on an actuarially equivalent basis, by any
19 accumulated additional contributions to his or her credit.
20 However, the additional contributions made by the participant
21 toward the automatic increases in annuity provided under this
22 Section shall not be taken into account in determining the
23 amount of such additional annuity.

24 (g) If, (1) by law, a function of a governmental unit, as
25 defined by Section 20-107 of this Code, is transferred in whole
26 or in part to an employer, and (2) a participant transfers

1 employment from such governmental unit to such employer within
2 6 months after the transfer of the function, and (3) the sum of
3 (A) the annuity payable to the participant under Rule 1, 2, or
4 3 of this Section (B) all proportional annuities payable to the
5 participant by all other retirement systems covered by Article
6 20, and (C) the initial primary insurance amount to which the
7 participant is entitled under the Social Security Act, is less
8 than the retirement annuity which would have been payable if
9 all of the participant's pension credits validated under
10 Section 20-109 had been validated under this system, a
11 supplemental annuity equal to the difference in such amounts
12 shall be payable to the participant.

13 (h) On January 1, 1981, an annuitant who was receiving a
14 retirement annuity on or before January 1, 1971 shall have his
15 or her retirement annuity then being paid increased \$1 per
16 month for each year of creditable service. On January 1, 1982,
17 an annuitant whose retirement annuity began on or before
18 January 1, 1977, shall have his or her retirement annuity then
19 being paid increased \$1 per month for each year of creditable
20 service.

21 (i) On January 1, 1987, any annuitant whose retirement
22 annuity began on or before January 1, 1977, shall have the
23 monthly retirement annuity increased by an amount equal to 8¢
24 per year of creditable service times the number of years that
25 have elapsed since the annuity began.

26 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;

1 98-92, eff. 7-16-13.)

2 Section 90. The State Mandates Act is amended by adding
3 Section 8.43 as follows:

4 (30 ILCS 805/8.43 new)

5 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
6 of this Act, no reimbursement by the State is required for the
7 implementation of any mandate created by this amendatory Act of
8 the 101st General Assembly.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.