



Rep. Robert Rita

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1 AMENDMENT TO SENATE BILL 516

2 AMENDMENT NO. _____. Amend Senate Bill 516, AS AMENDED, by
3 inserting immediately above Section 5 the following:

4 "Section 3. The Illinois Pension Code is amended by
5 changing Sections 5-167.1, 5-238, 6-124, 6-124.1, 6-158,
6 6-164, and 6-229 as follows:

7 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

8 Sec. 5-167.1. Automatic increase in annuity; retirement
9 from service after September 1, 1967.

10 (a) A policeman who retires from service after September 1,
11 1967 with at least 20 years of service credit shall, upon
12 either the first of the month following the first anniversary
13 of his date of retirement if he is age 55 ~~60 (age 55 if born~~
14 ~~before January 1, 1966)~~ or over on that anniversary date, or
15 upon the first of the month following his attainment of age 55
16 ~~60 (age 55 if born before January 1, 1966)~~ if it occurs after

1 the first anniversary of his retirement date, have his then
2 fixed and payable monthly annuity increased by 3% ~~1-1/2%~~ and
3 such first fixed annuity as granted at retirement increased by
4 an additional 3% ~~1-1/2%~~ in January of each year thereafter ~~up~~
5 ~~to a maximum increase of 30%. Beginning January 1, 1983 for~~
6 ~~policemen born before January 1, 1930, and beginning January 1,~~
7 ~~1988 for policemen born on or after January 1, 1930 but before~~
8 ~~January 1, 1940, and beginning January 1, 1996 for policemen~~
9 ~~born on or after January 1, 1940 but before January 1, 1945,~~
10 ~~and beginning January 1, 2000 for policemen born on or after~~
11 ~~January 1, 1945 but before January 1, 1950, and beginning~~
12 ~~January 1, 2005 for policemen born on or after January 1, 1950~~
13 ~~but before January 1, 1955, and beginning January 1, 2017 for~~
14 ~~policemen born on or after January 1, 1955 but before January~~
15 ~~1, 1966, such increases shall be 3% and such policemen shall~~
16 ~~not be subject to the 30% maximum increase.~~

17 Any policeman born before January 1, 1945 who qualifies for
18 a minimum annuity and retires after September 1, 1967 but has
19 not received the initial increase under this subsection before
20 January 1, 1996 is entitled to receive the initial increase
21 under this subsection on (1) January 1, 1996, (2) the first
22 anniversary of the date of retirement, or (3) attainment of age
23 55, whichever occurs last. The changes to this Section made by
24 Public Act 89-12 apply beginning January 1, 1996 and without
25 regard to whether the policeman or annuitant terminated service
26 before the effective date of that Act.

1 Any policeman born before January 1, 1950 who qualifies for
2 a minimum annuity and retires after September 1, 1967 but has
3 not received the initial increase under this subsection before
4 January 1, 2000 is entitled to receive the initial increase
5 under this subsection on (1) January 1, 2000, (2) the first
6 anniversary of the date of retirement, or (3) attainment of age
7 55, whichever occurs last. The changes to this Section made by
8 this amendatory Act of the 92nd General Assembly apply without
9 regard to whether the policeman or annuitant terminated service
10 before the effective date of this amendatory Act.

11 Any policeman born before January 1, 1955 who qualifies for
12 a minimum annuity and retires after September 1, 1967 but has
13 not received the initial increase under this subsection before
14 January 1, 2005 is entitled to receive the initial increase
15 under this subsection on (1) January 1, 2005, (2) the first
16 anniversary of the date of retirement, or (3) attainment of age
17 55, whichever occurs last. The changes to this Section made by
18 this amendatory Act of the 94th General Assembly apply without
19 regard to whether the policeman or annuitant terminated service
20 before the effective date of this amendatory Act.

21 Any policeman born before January 1, 1966 who qualifies for
22 a minimum annuity and retires after September 1, 1967 but has
23 not received the initial increase under this subsection before
24 January 1, 2017 is entitled to receive an initial increase
25 under this subsection on (1) January 1, 2017, (2) the first
26 anniversary of the date of retirement, or (3) attainment of age

1 55, whichever occurs last, in an amount equal to 3% for each
2 complete year following the date of retirement or attainment of
3 age 55, whichever occurs later. The changes to this subsection
4 made by this amendatory Act of the 99th General Assembly apply
5 without regard to whether the policeman or annuitant terminated
6 service before the effective date of this amendatory Act.

7 Any policeman born after January 1, 1966 who qualifies for
8 a minimum annuity and retires after September 1, 1967 but has
9 not received the initial increase under this subsection before
10 January 1, 2021 is entitled to receive the initial increase
11 under this subsection on (1) January 1, 2021, (2) the first
12 anniversary of the date of retirement, or (3) attainment of age
13 55, whichever occurs last. The changes to this Section made by
14 this amendatory Act of the 101st General Assembly apply without
15 regard to whether the policeman or annuitant terminated service
16 before the effective date of this amendatory Act of the 101st
17 General Assembly.

18 (b) Subsection (a) of this Section is not applicable to an
19 employee receiving a term annuity.

20 (c) To help defray the cost of such increases in annuity,
21 there shall be deducted, beginning September 1, 1967, from each
22 payment of salary to a policeman, 1/2 of 1% of each salary
23 payment concurrently with and in addition to the salary
24 deductions otherwise made for annuity purposes.

25 The city, in addition to the contributions otherwise made
26 by it for annuity purposes under other provisions of this

1 Article, shall make matching contributions concurrently with
2 such salary deductions.

3 Each such 1/2 of 1% deduction from salary and each such
4 contribution by the city of 1/2 of 1% of salary shall be
5 credited to the Automatic Increase Reserve, to be used to
6 defray the cost of the annuity increase provided by this
7 Section. Any balance in such reserve as of the beginning of
8 each calendar year shall be credited with interest at the rate
9 of 3% per annum.

10 Such deductions from salary and city contributions shall
11 continue while the policeman is in service.

12 The salary deductions provided in this Section are not
13 subject to refund, except to the policeman himself, in any case
14 in which: (i) the policeman withdraws prior to qualification
15 for minimum annuity or Tier 2 monthly retirement annuity and
16 applies for refund, (ii) the policeman applies for an annuity
17 of a type that is not subject to annual increases under this
18 Section, or (iii) a term annuity becomes payable. In such
19 cases, the total of such salary deductions shall be refunded to
20 the policeman, without interest, and charged to the Automatic
21 Increase Reserve.

22 (d) Notwithstanding any other provision of this Article,
23 the Tier 2 monthly retirement annuity of a person who first
24 becomes a policeman under this Article on or after the
25 effective date of this amendatory Act of the 97th General
26 Assembly shall be increased on the January 1 occurring either

1 on or after (i) the attainment of age 60 or (ii) the first
2 anniversary of the annuity start date, whichever is later. Each
3 annual increase shall be calculated at 3% or one-half the
4 annual unadjusted percentage increase (but not less than zero)
5 in the consumer price index-u for the 12 months ending with the
6 September preceding each November 1, whichever is less, of the
7 originally granted retirement annuity. If the annual
8 unadjusted percentage change in the consumer price index-u for
9 a 12-month period ending in September is zero or, when compared
10 with the preceding period, decreases, then the annuity shall
11 not be increased.

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

21 (Source: P.A. 99-905, eff. 11-29-16.)

22 (40 ILCS 5/5-238)

23 Sec. 5-238. Provisions applicable to new hires; Tier 2.

24 (a) Notwithstanding any other provision of this Article,
25 the provisions of this Section apply to a person who first

1 becomes a policeman under this Article on or after January 1,
2 2011, and to certain qualified survivors of such a policeman.
3 Such persons, and the benefits and restrictions that apply
4 specifically to them under this Article, may be referred to as
5 "Tier 2".

6 (b) A policeman who has withdrawn from service, has
7 attained age 50 or more, and has 10 or more years of service in
8 that capacity shall be entitled, upon proper application being
9 received by the Fund, to receive a Tier 2 monthly retirement
10 annuity for his service as a police officer. The Tier 2 monthly
11 retirement annuity shall be computed by multiplying 2.5% for
12 each year of such service by his or her final average salary,
13 subject to an annuity reduction factor of one-half of 1% for
14 each month that the police officer's age at retirement is under
15 age 55. The Tier 2 monthly retirement annuity is in lieu of any
16 age and service annuity or other form of retirement annuity
17 under this Article.

18 The maximum retirement annuity under this subsection (b)
19 shall be 75% of final average salary.

20 For the purposes of this subsection (b), "final average
21 salary" means the greater of: (i) the average monthly salary
22 obtained by dividing the total salary of the policeman during
23 the 96 consecutive months of service within the last 120 months
24 of service in which the total salary was the highest by the
25 number of months of service in that period; or (ii) the average
26 monthly salary obtained by dividing the total salary of the

1 policeman during the 48 consecutive months of service within
2 the last 120 months of service in which the total salary was
3 the highest by the number of months of service in that period.

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

15 Nothing in this amendatory Act of the 101st General
16 Assembly shall cause or otherwise result in any retroactive
17 adjustment of any employee contributions.

18 (c) Notwithstanding any other provision of this Article,
19 for a person who first becomes a policeman under this Article
20 on or after January 1, 2011, eligibility for and the amount of
21 the annuity to which the qualified surviving spouse, children,
22 and parents are entitled under this subsection (c) shall be
23 determined as follows:

24 (1) The surviving spouse of a deceased policeman to
25 whom this Section applies shall be deemed qualified to
26 receive a Tier 2 surviving spouse's annuity under this

1 paragraph (1) if: (i) the deceased policeman meets the
2 requirements specified under subdivision (A), (B), (C), or
3 (D) of this paragraph (1); and (ii) the surviving spouse
4 would not otherwise be excluded from receiving a widow's
5 annuity under the eligibility requirements for a widow's
6 annuity set forth in Section 5-146. The Tier 2 surviving
7 spouse's annuity is in lieu of the widow's annuity
8 determined under any other Section of this Article and is
9 subject to the requirements of Section 5-147.1.

10 As used in this subsection (c), "earned annuity" means
11 a Tier 2 monthly retirement annuity determined under
12 subsection (b) of this Section, including any increases the
13 policeman had received pursuant to Section 5-167.1.

14 (A) If the deceased policeman was receiving an
15 earned annuity at the date of his or her death, the
16 Tier 2 surviving spouse's annuity under this paragraph
17 (1) shall be in the amount of 66 2/3% of the
18 policeman's earned annuity at the date of death.

19 If the deceased policeman was a parent of a child
20 or children, including any child who has been conceived
21 but not yet born, and there is a surviving spouse, 12%
22 of the policeman's earned annuity at the date of death
23 shall be granted to the guardian of any such minor
24 child or children for each such child until attainment
25 of age 18. Upon the death of the surviving spouse
26 leaving one or more children under the age of 18, or

1 upon the death of a policeman leaving one or more
2 children under the age of 18 but no surviving spouse, a
3 monthly pension of 20% of the policeman's monthly
4 salary at the date of death shall be granted to the
5 duly appointed guardian of each such child for the
6 support and maintenance of each such child until the
7 child reaches age 18. The benefit in this paragraph is
8 in lieu of a benefit under paragraph (2) of this
9 subsection (c) but does not apply if the beneficiary is
10 entitled to receive a greater benefit under paragraph
11 (2) of this subsection (c).

12 (B) If the deceased policeman was not receiving an
13 earned annuity but had at least 10 years of service at
14 the time of death, the Tier 2 surviving spouse's
15 annuity under this paragraph (1) shall be the greater
16 of: (i) 30% of the annual maximum salary attached to
17 the classified civil service position of a first class
18 patrolman at the time of his death; (ii) 54% of the
19 policeman's monthly salary at the time of the
20 policeman's death; or (iii) ~~(ii)~~ 66 2/3% of the Tier 2
21 monthly retirement annuity that the deceased policeman
22 would have been eligible to receive under subsection
23 (b) of this Section, based upon the actual service
24 accrued through the day before the policeman's death,
25 but determined as though the policeman was at least age
26 55 on the day before his or her death and retired on

1 that day.

2 If the deceased policeman was a parent of a child
3 or children, including any child who has been conceived
4 but not yet born, and there is a surviving spouse, 12%
5 of the policeman's monthly salary at the date of death
6 shall be granted to the guardian of any such minor
7 child or children for each such child until attainment
8 of age 18. Upon the death of the surviving spouse
9 leaving one or more children under the age of 18, or
10 upon the death of a policeman leaving one or more
11 children under the age of 18 but no surviving spouse, a
12 monthly pension of 20% of the policeman's monthly
13 salary at the date of death shall be granted to the
14 duly appointed guardian of each such child for the
15 support and maintenance of each such child until the
16 child reaches age 18. The benefit in this paragraph is
17 in lieu of a benefit under paragraph (2) of this
18 subsection (c) but does not apply if the beneficiary is
19 entitled to receive a greater benefit under paragraph
20 (2) of this subsection (c).

21 (C) If the deceased policeman was an active
22 policeman with at least 1 1/2 but less than 10 years of
23 service at the time of death, the Tier 2 surviving
24 spouse's annuity under this paragraph (1) shall be the
25 greater of: (i) ~~in the amount of~~ 30% of the annual
26 maximum salary attached to the classified civil

1 service position of a first class patrolman at the time
2 of his death; or (ii) 54% of the policeman's monthly
3 salary at the time of the policeman's death.

4 If the deceased policeman was a parent of a child
5 or children, including any child who has been conceived
6 but not yet born, and there is a surviving spouse, 12%
7 of the policeman's monthly salary at the date of death
8 shall be granted to the guardian of any such minor
9 child or children for each such child until attainment
10 of age 18. Upon the death of the surviving spouse
11 leaving one or more children under the age of 18, or
12 upon the death of a policeman leaving one or more
13 children under the age of 18 but no surviving spouse, a
14 monthly pension of 20% of the policeman's monthly
15 salary at the date of death shall be granted to the
16 duly appointed guardian of each such child for the
17 support and maintenance of each such child until the
18 child reaches age 18. The benefit in this paragraph is
19 in lieu of a benefit under paragraph (2) of this
20 subsection (c) but does not apply if the beneficiary is
21 entitled to receive a greater benefit under paragraph
22 (2) of this subsection (c).

23 (D) If the performance of an act or acts of duty
24 results directly in the death of a policeman subject to
25 this Section, or prevents him from subsequently
26 resuming active service in the police department, and

1 if the policeman's Tier 2 surviving spouse would
2 otherwise meet the eligibility requirements for a
3 compensation annuity or supplemental annuity granted
4 under Section 5-144, then in addition to the Tier 2
5 surviving spouse's annuity provided under subdivision
6 (A), (B), or (C) of this paragraph (1), whichever
7 applies, the Tier 2 surviving spouse shall be qualified
8 to receive compensation annuity or supplemental
9 annuity, as would be provided under Section 5-144, in
10 order to bring the total benefit up to the applicable
11 75% salary limitation provided in that Section, but
12 subject to the Tier 2 salary cap provided under
13 subsection (b) of this Section; except that no such
14 annuity shall be paid to the surviving spouse of a
15 policeman who dies while in receipt of disability
16 benefits when the policeman's death was caused by an
17 intervening illness or injury unrelated to the illness
18 or injury that had prevented him from subsequently
19 resuming active service in the police department.

20 (E) Notwithstanding any other provision of this
21 Article, the monthly Tier 2 surviving spouse's annuity
22 under subdivision (A) or (B) of this paragraph (1)
23 shall be increased on the January 1 next occurring
24 after (i) attainment of age 60 by the recipient of the
25 Tier 2 surviving spouse's annuity or (ii) the first
26 anniversary of the Tier 2 surviving spouse's annuity

1 start date, whichever is later, and on each January 1
2 thereafter, by 3% or one-half the annual unadjusted
3 percentage increase (but not less than zero) in the
4 consumer price index-u for the 12 months ending with
5 the September preceding each November 1, whichever is
6 less, of the originally granted Tier 2 surviving
7 spouse's annuity. If the unadjusted percentage change
8 in the consumer price index-u for a 12-month period
9 ending in September is zero or, when compared with the
10 preceding period, decreases, then the annuity shall
11 not be increased.

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

22 (F) Notwithstanding the other provisions of this
23 paragraph (1), for a qualified surviving spouse who is
24 entitled to a Tier 2 surviving spouse's annuity under
25 subdivision (A), (B), (C), or (D) of this paragraph
26 (1), that Tier 2 surviving spouse's annuity shall not

1 be less than the amount of the minimum widow's annuity
2 established from time to time under Section 5-167.4.

3 (2) Surviving children of a deceased policeman subject
4 to this Section who would otherwise meet the eligibility
5 requirements for a child's annuity set forth in Sections
6 5-151 and 5-152 shall be deemed qualified to receive a Tier
7 2 child's annuity under this subsection (c), which shall be
8 in lieu of, but in the same amount and paid in the same
9 manner as, the child's annuity provided under those
10 Sections; except that any salary used for computing a Tier
11 2 child's annuity shall be subject to the Tier 2 salary cap
12 provided under subsection (b) of this Section. For purposes
13 of determining any pro rata reduction in child's annuities
14 under this subsection (c), references in Section 5-152 to
15 the combined annuities of the family shall be deemed to
16 refer to the combined Tier 2 surviving spouse's annuity, if
17 any, and the Tier 2 child's annuities payable under this
18 subsection (c).

19 (3) Surviving parents of a deceased policeman subject
20 to this Section who would otherwise meet the eligibility
21 requirements for a parent's annuity set forth in Section
22 5-152 shall be deemed qualified to receive a Tier 2
23 parent's annuity under this subsection (c), which shall be
24 in lieu of, but in the same amount and paid in the same
25 manner as, the parent's annuity provided under Section
26 5-152.1; except that any salary used for computing a Tier 2

1 parent's annuity shall be subject to the Tier 2 salary cap
2 provided under subsection (b) of this Section. For the
3 purposes of this Section, a reference to "annuity" in
4 Section 5-152.1 includes: (i) in the context of a widow, a
5 Tier 2 surviving spouse's annuity and (ii) in the context
6 of a child, a Tier 2 child's annuity.

7 Notwithstanding Section 1-103.1, the changes made to this
8 subsection by this amendatory Act of the 101st General Assembly
9 apply without regard to whether the deceased policeman was in
10 service on or after the effective date of this amendatory Act
11 of the 101st General Assembly. The changes made by this
12 amendatory Act of the 101st General Assembly shall not diminish
13 the survivor's benefits described in this Section.

14 (d) The General Assembly finds and declares that the
15 provisions of this Section, as enacted by Public Act 96-1495,
16 require clarification relating to necessary eligibility
17 standards and the manner of determining and paying the intended
18 Tier 2 benefits and contributions in order to enable the Fund
19 to unambiguously implement and administer benefits for Tier 2
20 members. The changes to this Section and the conforming changes
21 to Sections 5-153, 5-155, 5-163, 5-167.1 (except for the
22 changes to subsection (a) of that Section), 5-169, and 5-170
23 made by this amendatory Act of the 99th General Assembly are
24 enacted to clarify the provisions of this Section as enacted by
25 Public Act 96-1495, and are hereby declared to represent and be
26 consistent with the original and continuing intent of this

1 Section and Public Act 96-1495.

2 (e) The changes to Sections 5-153, 5-155, 5-163, 5-167.1
3 (except for the changes to subsection (a) of that Section),
4 5-169, and 5-170 made by this amendatory Act of the 99th
5 General Assembly are intended to be retroactive to January 1,
6 2011 (the effective date of Public Act 96-1495) and, for the
7 purposes of Section 1-103.1 of this Code, they apply without
8 regard to whether the relevant policeman was in service on or
9 after the effective date of this amendatory Act of the 99th
10 General Assembly.

11 (Source: P.A. 99-905, eff. 11-29-16.)

12 (40 ILCS 5/6-124) (from Ch. 108 1/2, par. 6-124)

13 Sec. 6-124. Future entrants; amount ~~entrants age 63 in~~
14 ~~service amount~~ of annuity. When a future entrant attains age 63
15 in service, except for a fireman who is not subject to the
16 compulsory retirement age, his age and service annuity shall be
17 fixed as of age 63. The annuity shall be that provided from the
18 entire sum accumulated to his credit for age and service
19 annuity on the date he attains age 63.

20 When a future entrant who is not subject to the compulsory
21 retirement age withdraws from service and is at least age 63,
22 his or her age and service annuity shall be fixed as of the age
23 he or she withdraws from service. The annuity shall be that
24 provided from the entire sum accumulated to his or her credit
25 for age and service annuity on the date he or she withdraws

1 from service.

2 (Source: P.A. 76-1668.)

3 (40 ILCS 5/6-124.1)

4 Sec. 6-124.1. Withdrawal from service; amount at
5 ~~compulsory retirement age~~ amount of annuity.

6 (a) In lieu of any annuity provided in the other provisions
7 of this Article, a fireman who (1) is required to withdraw from
8 service due to attainment of compulsory retirement age, or is
9 not subject to compulsory retirement age, withdraws from
10 service, and is at least age 63, and (2) has at least 10 but
11 less than 20 years of service credit may elect to receive an
12 annuity equal to 30% of average salary for the first 10 years
13 of service plus 2% of average salary for each completed year of
14 service or remaining fraction thereof in excess of 10, but not
15 to exceed a maximum of 50% of average salary.

16 (b) For the purpose of this Section, "average salary" means
17 the average of the fireman's highest 4 consecutive years of
18 salary within the last 10 years of service.

19 (c) For the purpose of qualifying for the annual increases
20 provided in Section 6-164, a fireman whose retirement annuity
21 is calculated under this Section shall be deemed to qualify for
22 a minimum annuity.

23 (Source: P.A. 93-654, eff. 1-16-04.)

24 (40 ILCS 5/6-158) (from Ch. 108 1/2, par. 6-158)

1 Sec. 6-158. Refund ~~Refund~~ ~~General~~.

2 (a) A fireman who withdraws ~~before age 50 and a fireman~~
3 with less than 10 years of service ~~who withdraws before age 57,~~
4 or any fireman who withdraws and enters the service of another
5 department of the city, has a right to a refund of the entire
6 amount to his credit as of the date of withdrawal for age and
7 service annuity or Tier 2 monthly retirement annuity, for
8 automatic annual increase in annuity as provided in Section
9 6-164, and for widow's annuity or Tier 2 surviving spouse's
10 annuity, from deductions from salary.

11 (b) Any such fireman shall be entitled to refund until he
12 re-enters service or until his annuity is fixed.

13 (c) A fireman who receives a refund forfeits all rights to
14 any annuity or benefit from the fund, for himself and for any
15 other person who might benefit through him because of his
16 service, provided he shall retain the right to credit for any
17 such service, for the purpose of computing his total service if
18 he re-enters service before age 57, becomes a beneficiary of
19 the fund and makes repayment of the refund with interest.

20 (d) A fireman completing 10 years of service who does not
21 receive a refund, may receive an annuity as provided in this
22 Article.

23 (e) A fireman completing less than 10 years who does not
24 receive a refund has a right to have all amounts to his credit
25 for annuity purposes on the date of withdrawal improved by
26 interest while he is out of service until age 57 only, for his

1 benefit and the benefit of any person who may have any right to
2 annuity through him, if he subsequently reenters service and
3 attains a right to annuity.

4 (Source: P.A. 99-905, eff. 11-29-16.)

5 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

6 Sec. 6-164. Automatic annual increase; retirement after
7 September 1, 1959.

8 (a) A fireman qualifying for a minimum annuity who retires
9 from service after September 1, 1959 shall, upon either the
10 first of the month following the first anniversary of his date
11 of retirement if he is ~~age 60 (age 55 if born before January 1,~~
12 ~~1966)~~ or over on that anniversary date, or upon the first of
13 the month following his attainment of ~~age 60 (age 55 if born~~
14 ~~before January 1, 1966)~~ if that occurs after the first
15 anniversary of his retirement date, have his then fixed and
16 payable monthly annuity increased by 1 1/2%, and such first
17 fixed annuity as granted at retirement increased by an
18 additional 1 1/2% in January of each year thereafter up to a
19 maximum increase of 30%. Beginning July 1, 1982 for firemen
20 born before January 1, 1930, and beginning January 1, 1990 for
21 firemen born after December 31, 1929 and before January 1,
22 1940, and beginning January 1, 1996 for firemen born after
23 December 31, 1939 but before January 1, 1945, and beginning
24 January 1, 2004, for firemen born after December 31, 1944 but
25 before January 1, 1955, and beginning January 1, 2017, for

1 firemen born after December 31, 1954 ~~but before January 1,~~
2 ~~1966~~, such increases shall be 3% and such firemen shall not be
3 subject to the 30% maximum increase.

4 Any fireman born before January 1, 1945 who qualifies for a
5 minimum annuity and retires after September 1, 1967 but has not
6 received the initial increase under this subsection before
7 January 1, 1996 is entitled to receive the initial increase
8 under this subsection on (1) January 1, 1996, (2) the first
9 anniversary of the date of retirement, or (3) attainment of age
10 55, whichever occurs last. The changes to this Section made by
11 this amendatory Act of 1995 apply beginning January 1, 1996 and
12 apply without regard to whether the fireman or annuitant
13 terminated service before the effective date of this amendatory
14 Act of 1995.

15 Any fireman born before January 1, 1955 who qualifies for a
16 minimum annuity and retires after September 1, 1967 but has not
17 received the initial increase under this subsection before
18 January 1, 2004 is entitled to receive the initial increase
19 under this subsection on (1) January 1, 2004, (2) the first
20 anniversary of the date of retirement, or (3) attainment of age
21 55, whichever occurs last. The changes to this Section made by
22 this amendatory Act of the 93rd General Assembly apply without
23 regard to whether the fireman or annuitant terminated service
24 before the effective date of this amendatory Act.

25 Any fireman born after December 31, 1954 but before January
26 1, 1966 who qualifies for a minimum annuity and retires after

1 September 1, 1967 is entitled to receive an increase under this
2 subsection on (1) January 1, 2017, (2) the first anniversary of
3 the date of retirement, or (3) attainment of age 55, whichever
4 occurs last, in an amount equal to an increase of 3% of his
5 then fixed and payable monthly annuity upon the first of the
6 month following the first anniversary of his date of retirement
7 if he is age 55 or over on that anniversary date or upon the
8 first of the month following his attainment of age 55 if that
9 date occurs after the first anniversary of his retirement date
10 and such first fixed annuity as granted at retirement shall be
11 increased by an additional 3% in January of each year
12 thereafter. In the case of a fireman born after December 31,
13 1954 but before January 1, 1966 who received an increase in any
14 year of 1.5%, that fireman shall receive an increase for any
15 such year so that the total increase is equal to 3% for each
16 year the fireman would have been otherwise eligible had the
17 fireman not received any increase. The changes to this
18 subsection made by this amendatory Act of the 99th General
19 Assembly apply without regard to whether the fireman or
20 annuitant terminated service before the effective date of this
21 amendatory Act. The changes to this subsection made by this
22 amendatory Act of the 100th General Assembly are a declaration
23 of existing law and shall not be construed as a new enactment.

24 Any fireman who qualifies for a minimum annuity and retires
25 after September 1, 1967 is entitled to receive an increase
26 under this subsection on (1) January 1, 2021, (2) the first

1 anniversary of the date of retirement, or (3) attainment of age
2 55, whichever occurs last, in an amount equal to an increase of
3 3% of his or her then fixed and payable monthly annuity upon
4 the first of the month following the first anniversary of his
5 or her date of retirement if he or she is age 55 or over on that
6 anniversary date or upon the first of the month following his
7 or her attainment of age 55 if that date occurs after the first
8 anniversary of his or her retirement date and such first fixed
9 annuity as granted at retirement shall be increased by an
10 additional 3% in January of each year thereafter. In the case
11 of a fireman who received an increase in any year of 1.5%, that
12 fireman shall receive an increase for any such year so that the
13 total increase is equal to 3% for each year the fireman would
14 have been otherwise eligible had the fireman not received any
15 increase. The changes to this subsection made by this
16 amendatory Act of the 101st General Assembly apply without
17 regard to whether the fireman or annuitant terminated service
18 before the effective date of this amendatory Act of the 101st
19 General Assembly.

20 (b) Subsection (a) of this Section is not applicable to an
21 employee receiving a term annuity.

22 (c) To help defray the cost of such increases in annuity,
23 there shall be deducted, beginning September 1, 1959, from each
24 payment of salary to a fireman, 1/8 of 1% of each such salary
25 payment and an additional 1/8 of 1% beginning on September 1,
26 1961, and September 1, 1963, respectively, concurrently with

1 and in addition to the salary deductions otherwise made for
2 annuity purposes.

3 Each such additional 1/8 of 1% deduction from salary which
4 shall, on September 1, 1963, result in a total increase of 3/8
5 of 1% of salary, shall be credited to the Automatic Increase
6 Reserve, to be used, together with city contributions as
7 provided in this Article, to defray the cost of the annuity
8 increments specified in this Section. Any balance in such
9 reserve as of the beginning of each calendar year shall be
10 credited with interest at the rate of 3% per annum.

11 The salary deductions provided in this Section are not
12 subject to refund, except to the fireman himself in any case in
13 which: (i) the fireman withdraws prior to qualification for
14 minimum annuity or Tier 2 monthly retirement annuity and
15 applies for refund, (ii) the fireman applies for an annuity of
16 a type that is not subject to annual increases under this
17 Section, or (iii) a term annuity becomes payable. In such
18 cases, the total of such salary deductions shall be refunded to
19 the fireman, without interest, and charged to the
20 aforementioned reserve.

21 (d) Notwithstanding any other provision of this Article,
22 the Tier 2 monthly retirement annuity of a person who first
23 becomes a fireman under this Article on or after January 1,
24 2011 shall be increased on the January 1 occurring either on or
25 after (i) the attainment of age 60 or (ii) the first
26 anniversary of the annuity start date, whichever is later. Each

1 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 retirement annuity. If the annual
6 unadjusted percentage change in the consumer price index-u for
7 a 12-month period ending in September is zero or, when compared
8 with the preceding period, decreases, then the annuity shall
9 not be increased.

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

19 (Source: P.A. 99-905, eff. 11-29-16; 100-23, eff. 7-6-17;
20 100-539, eff. 11-7-17.)

21 (40 ILCS 5/6-229)

22 Sec. 6-229. Provisions applicable to new hires; Tier 2.

23 (a) Notwithstanding any other provision of this Article,
24 the provisions of this Section apply to a person who first
25 becomes a fireman under this Article on or after January 1,

1 2011, and to certain qualified survivors of such a fireman.
2 Such persons, and the benefits and restrictions that apply
3 specifically to them under this Article, may be referred to as
4 "Tier 2".

5 (b) A fireman who has withdrawn from service, has attained
6 age 50 or more, and has 10 or more years of service in that
7 capacity shall be entitled, upon proper application being
8 received by the Fund, to receive a Tier 2 monthly retirement
9 annuity for his service as a fireman. The Tier 2 monthly
10 retirement annuity shall be computed by multiplying 2.5% for
11 each year of such service by his or her final average salary,
12 subject to an annuity reduction factor of one-half of 1% for
13 each month that the fireman's age at retirement is under age
14 55. The Tier 2 monthly retirement annuity is in lieu of any age
15 and service annuity or other form of retirement annuity under
16 this Article.

17 The maximum retirement annuity under this subsection (b)
18 shall be 75% of final average salary.

19 For the purposes of this subsection (b), "final average
20 salary" means the greater of: (i) the average monthly salary
21 obtained by dividing the total salary of the fireman during the
22 96 consecutive months of service within the last 120 months of
23 service in which the total salary was the highest by the number
24 of months of service in that period; or (ii) the average
25 monthly salary obtained by dividing the total salary of the
26 fireman during the 48 consecutive months of service within the

1 last 120 months of service in which the total salary was the
2 highest by the number of months of service in that period.

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

14 Nothing in this amendatory Act of the 101st General
15 Assembly shall cause or otherwise result in any retroactive
16 adjustment of any employee contributions.

17 (b-5) For the purposes of this Section, "consumer price
18 index-u" means the index published by the Bureau of Labor
19 Statistics of the United States Department of Labor that
20 measures the average change in prices of goods and services
21 purchased by all urban consumers, United States city average,
22 all items, 1982-84 = 100. The new amount resulting from each
23 annual adjustment shall be determined by the Public Pension
24 Division of the Department of Insurance and made available to
25 the boards of the retirement systems and pension funds by
26 November 1 of each year.

1 (c) Notwithstanding any other provision of this Article,
2 for a person who first becomes a fireman under this Article on
3 or after January 1, 2011, eligibility for and the amount of the
4 annuity to which the qualified surviving spouse, children, and
5 parents of the fireman are entitled under this subsection (c)
6 shall be determined as follows:

7 (1) The surviving spouse of a deceased fireman to whom
8 this Section applies shall be deemed qualified to receive a
9 Tier 2 surviving spouse's annuity under this paragraph (1)
10 if: (i) the deceased fireman meets the requirements
11 specified under subdivision (A), (B), (C), or (D) of this
12 paragraph (1); and (ii) the surviving spouse would not
13 otherwise be excluded from receiving a widow's annuity
14 under the eligibility requirements for a widow's annuity
15 set forth in Section 6-142. The Tier 2 surviving spouse's
16 annuity is in lieu of the widow's annuity determined under
17 any other Section of this Article and is subject to the
18 requirements of Section 6-143.2.

19 As used in this subsection (c), "earned pension" means
20 a Tier 2 monthly retirement annuity determined under
21 subsection (b) of this Section, including any increases the
22 fireman had received pursuant to Section 6-164.

23 (A) If the deceased fireman was receiving an earned
24 pension at the date of his or her death, the Tier 2
25 surviving spouse's annuity under this paragraph (1)
26 shall be in the amount of 66 2/3% of the fireman's

1 earned pension at the date of death.

2 If the deceased fireman was a parent of a child or
3 children, including any child who has been conceived
4 but not yet born, and there is a surviving spouse, 12%
5 of the fireman's earned pension at the date of death
6 shall be granted to the guardian of any such minor
7 child or children for each such child until attainment
8 of age 18. Upon the death of the surviving spouse
9 leaving one or more children under the age of 18, or
10 upon the death of a fireman leaving one or more
11 children under the age of 18 but no surviving spouse, a
12 monthly pension of 20% of the fireman's monthly salary
13 at the date of death shall be granted to the duly
14 appointed guardian of each such child for the support
15 and maintenance of each such child until the child
16 reaches age 18. The benefit in this paragraph is in
17 lieu of a benefit under paragraph (2) of this
18 subsection (c) but does not apply if the beneficiary is
19 entitled to receive a greater benefit under paragraph
20 (2) of this subsection (c).

21 (B) If the deceased fireman was not receiving an
22 earned pension but had at least 10 years of service at
23 the time of death, the Tier 2 surviving spouse's
24 annuity under this paragraph (1) shall be the greater
25 of: (i) 30% of the salary attached to the rank of first
26 class firefighter in the classified career service at

1 the time of the fireman's death; (ii) 54% of the
2 fireman's monthly salary at the time of the fireman's
3 death; or (iii) ~~(ii)~~ 66 2/3% of the Tier 2 monthly
4 retirement annuity that the deceased fireman would
5 have been eligible to receive under subsection (b) of
6 this Section, based upon the actual service accrued
7 through the day before the fireman's death, but
8 determined as though the fireman was at least age 55 on
9 the day before his or her death and retired on that
10 day.

11 If the deceased fireman was a parent of a child or
12 children, including any child who has been conceived
13 but not yet born, and there is a surviving spouse, 12%
14 of the fireman's monthly salary at the date of death
15 shall be granted to the guardian of any such minor
16 child or children for each such child until attainment
17 of age 18. Upon the death of the surviving spouse
18 leaving one or more children under the age of 18, or
19 upon the death of a fireman leaving one or more
20 children under the age of 18 but no surviving spouse, a
21 monthly pension of 20% of the fireman's monthly salary
22 at the date of death shall be granted to the duly
23 appointed guardian of each such child for the support
24 and maintenance of each such child until the child
25 reaches age 18. The benefit in this paragraph is in
26 lieu of a benefit under paragraph (2) of this

1 subsection (c) but does not apply if the beneficiary is
2 entitled to receive a greater benefit under paragraph
3 (2) of this subsection (c).

4 (C) If the deceased fireman was an active fireman
5 with at least 1 1/2 but less than 10 years of service
6 at the time of death, the Tier 2 surviving spouse's
7 annuity under this paragraph (1) shall be the greater
8 of: (i) in the amount of 30% of the salary attached to
9 the rank of first class firefighter in the classified
10 career service at the time of the fireman's death; or
11 (ii) 54% of the fireman's monthly salary at the time of
12 the fireman's death.

13 If the deceased fireman was a parent of a child or
14 children, including any child who has been conceived
15 but not yet born, and there is a surviving spouse, 12%
16 of the fireman's monthly salary at the date of death
17 shall be granted to the guardian of any such minor
18 child or children for each such child until attainment
19 of age 18. Upon the death of the surviving spouse
20 leaving one or more children under the age of 18, or
21 upon the death of a fireman leaving one or more
22 children under the age of 18 but no surviving spouse, a
23 monthly pension of 20% of the fireman's monthly salary
24 at the date of death shall be granted to the duly
25 appointed guardian of each such child for the support
26 and maintenance of each such child until the child

1 reaches age 18. The benefit in this paragraph is in
2 lieu of a benefit under paragraph (2) of this
3 subsection (c) but does not apply if the beneficiary is
4 entitled to receive a greater benefit under paragraph
5 (2) of this subsection (c).

6 (D) Notwithstanding subdivisions (A), (B), and (C)
7 of this paragraph (1), if the performance of an act or
8 acts of duty results directly in the death of a fireman
9 subject to this Section, or prevents him from
10 subsequently resuming active service in the fire
11 department, then a surviving spouse who would
12 otherwise meet the eligibility requirements for a
13 death in the line of duty widow's annuity granted under
14 Section 6-140 shall be deemed to be qualified for a
15 Tier 2 surviving spouse's annuity under this
16 subdivision (D); except that no such annuity shall be
17 paid to the surviving spouse of a fireman who dies
18 while in receipt of disability benefits when the
19 fireman's death was caused by an intervening illness or
20 injury unrelated to the illness or injury that had
21 prevented him from subsequently resuming active
22 service in the fire department. The Tier 2 surviving
23 spouse's annuity calculated under this subdivision (D)
24 shall be in lieu of, but in the same amount and paid in
25 the same manner as, the widow's annuity provided under
26 Section 6-140; except that the salary used for

1 computing a Tier 2 surviving spouse's annuity under
2 this subdivision (D) shall be subject to the Tier 2
3 salary cap provided under subsection (b) of this
4 Section.

5 (E) Notwithstanding any other provision of this
6 Article, the monthly Tier 2 surviving spouse's annuity
7 under subdivision (A) or (B) of this paragraph (1)
8 shall be increased on the January 1 next occurring
9 after (i) attainment of age 60 by the recipient of the
10 Tier 2 surviving spouse's annuity or (ii) the first
11 anniversary of the Tier 2 surviving spouse's annuity
12 start date, whichever is later, and on each January 1
13 thereafter, by 3% or one-half the annual unadjusted
14 percentage increase in the consumer price index-u for
15 the 12 months ending with September preceding each
16 November 1, whichever is less, of the originally
17 granted Tier 2 surviving spouse's annuity. If the
18 annual unadjusted percentage change in the consumer
19 price index-u for a 12-month period ending in September
20 is zero or, when compared with the preceding period,
21 decreases, then the annuity shall not be increased.

22 (F) Notwithstanding the other provisions of this
23 paragraph (1), for a qualified surviving spouse who is
24 entitled to a Tier 2 surviving spouse's annuity under
25 subdivision (A), (B), (C), or (D) of this paragraph
26 (1), that Tier 2 surviving spouse's annuity shall not

1 be less than the amount of the minimum widow's annuity
2 established from time to time under Section 6-128.4.

3 (2) Surviving children of a deceased fireman subject to
4 this Section who would otherwise meet the eligibility
5 requirements for a child's annuity set forth in Sections
6 6-147 and 6-148 shall be deemed qualified to receive a Tier
7 2 child's annuity under this subsection (c), which shall be
8 in lieu of, but in the same amount and paid in the same
9 manner as, the child's annuity provided under those
10 Sections; except that any salary used for computing a Tier
11 2 child's annuity shall be subject to the Tier 2 salary cap
12 provided under subsection (b) of this Section. For purposes
13 of determining any pro rata reduction in child's annuities
14 under this subsection (c), references in Section 6-148 to
15 the combined annuities of the family shall be deemed to
16 refer to the combined Tier 2 surviving spouse's annuity, if
17 any, and the Tier 2 child's annuities payable under this
18 subsection (c).

19 (3) Surviving parents of a deceased fireman subject to
20 this Section who would otherwise meet the eligibility
21 requirements for a parent's annuity set forth in Section
22 6-149 shall be deemed qualified to receive a Tier 2
23 parent's annuity under this subsection (c), which shall be
24 in lieu of, but in the same amount and paid in the same
25 manner as, the parent's annuity provided under Section
26 6-149; except that any salary used for computing a Tier 2

1 parent's annuity shall be subject to the Tier 2 salary cap
2 provided under subsection (b) of this Section. For the
3 purposes of this Section, a reference to "annuity" in
4 Section 6-149 includes: (i) in the context of a widow, a
5 Tier 2 surviving spouse's annuity and (ii) in the context
6 of a child, a Tier 2 child's annuity.

7 Notwithstanding Section 1-103.1, the changes made to this
8 subsection by this amendatory Act of the 101st General Assembly
9 apply without regard to whether the deceased fireman was in
10 service on or after the effective date of this amendatory Act
11 of the 101st General Assembly. The changes made by this
12 amendatory Act of the 101st General Assembly shall not diminish
13 the survivor's benefits described in this Section.

14 (d) The General Assembly finds and declares that the
15 provisions of this Section, as enacted by Public Act 96-1495,
16 require clarification relating to necessary eligibility
17 standards and the manner of determining and paying the intended
18 Tier 2 benefits and contributions in order to enable the Fund
19 to unambiguously implement and administer benefits for Tier 2
20 members. The changes to this Section and the conforming changes
21 to Sections 6-150, 6-158, 6-164 (except for the changes to
22 subsection (a) of that Section), 6-166, and 6-167 made by this
23 amendatory Act of the 99th General Assembly are enacted to
24 clarify the provisions of this Section as enacted by Public Act
25 96-1495, and are hereby declared to represent and be consistent
26 with the original and continuing intent of this Section and

1 Public Act 96-1495.

2 (e) The changes to Sections 6-150, 6-158, 6-164 (except for
3 the changes to subsection (a) of that Section), 6-166, and
4 6-167 made by this amendatory Act of the 99th General Assembly
5 are intended to be retroactive to January 1, 2011 (the
6 effective date of Public Act 96-1495) and, for the purposes of
7 Section 1-103.1 of this Code, they apply without regard to
8 whether the relevant fireman was in service on or after the
9 effective date of this amendatory Act of the 99th General
10 Assembly.

11 (Source: P.A. 99-905, eff. 11-29-16.)"; and

12 by inserting immediately above Section 99 the following:

13 "Section 90. The State Mandates Act is amended by adding
14 Section 8.44 as follows:

15 (30 ILCS 805/8.44 new)

16 Sec. 8.44. Exempt mandate. Notwithstanding Sections 6 and 8
17 of this Act, no reimbursement by the State is required for the
18 implementation of any mandate created by this amendatory Act of
19 the 101st General Assembly."