

SB3603



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3603

Introduced 2/14/2020, by

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1
30 ILCS 805/8.44 new

from Ch. 108 1/2, par. 5-167.1

Amends the Chicago Police Article of the Illinois Pension Code. Provides that for a policeman who retires from service after September 1, 1967 with at least 20 years of service credit and attains age 70 on or after the effective date of the amendatory Act, one-half of any 3% automatic increase in annuity shall be compounded beginning with the increase following attainment of age 70. Specifies that for a policeman who attained age 70 before the effective date of the amendatory Act, one-half of any 3% automatic increase in annuity following the effective date of the amendatory Act shall be compounded. Provides that the changes made by the amendatory Act apply without regard to whether the policeman or annuitant terminated service before the effective date of the amendatory Act. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

LRB101 19730 RPS 69233 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 Section 5-167.1 as follows:

6 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

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

9 (a) A policeman who retires from service after September 1,
10 1967 with at least 20 years of service credit shall, upon
11 either the first of the month following the first anniversary
12 of his date of retirement if he is age 60 (age 55 if born before
13 January 1, 1966) or over on that anniversary date, or upon the
14 first of the month following his attainment of age 60 (age 55
15 if born before January 1, 1966) if it occurs after the first
16 anniversary of his retirement date, have his then fixed and
17 payable monthly annuity increased by 1 1/2% and such first
18 fixed annuity as granted at retirement increased by an
19 additional 1 1/2% in January of each year thereafter up to a
20 maximum increase of 30%. Beginning January 1, 1983 for
21 policemen born before January 1, 1930, and beginning January 1,
22 1988 for policemen born on or after January 1, 1930 but before
23 January 1, 1940, and beginning January 1, 1996 for policemen

1 born on or after January 1, 1940 but before January 1, 1945,
2 and beginning January 1, 2000 for policemen born on or after
3 January 1, 1945 but before January 1, 1950, and beginning
4 January 1, 2005 for policemen born on or after January 1, 1950
5 but before January 1, 1955, and beginning January 1, 2017 for
6 policemen born on or after January 1, 1955 but before January
7 1, 1966, such increases shall be 3% and such policemen shall
8 not be subject to the 30% maximum increase.

9 Notwithstanding any other provision of this subsection,
10 for a policeman who retires from service after September 1,
11 1967 with at least 20 years of service credit and attains age
12 70 on or after the effective date of this amendatory Act of the
13 101st General Assembly, one-half of any 3% increase under this
14 subsection shall be compounded beginning with the 3% increase
15 following attainment of age 70. For a policeman who attained
16 age 70 before the effective date of this amendatory Act of the
17 101st General Assembly, one-half of any 3% increase following
18 the effective date of this amendatory Act of the 101st General
19 Assembly shall be compounded. The changes to this Section made
20 by this amendatory Act of the 101st General Assembly apply
21 without regard to whether the policeman or annuitant terminated
22 service before the effective date of this amendatory Act of the
23 101st General Assembly.

24 Any policeman born before January 1, 1945 who qualifies for
25 a minimum annuity and retires after September 1, 1967 but has
26 not received the initial increase under this subsection before

1 January 1, 1996 is entitled to receive the initial increase
2 under this subsection on (1) January 1, 1996, (2) the first
3 anniversary of the date of retirement, or (3) attainment of age
4 55, whichever occurs last. The changes to this Section made by
5 Public Act 89-12 apply beginning January 1, 1996 and without
6 regard to whether the policeman or annuitant terminated service
7 before the effective date of that Act.

8 Any policeman born before January 1, 1950 who qualifies for
9 a minimum annuity and retires after September 1, 1967 but has
10 not received the initial increase under this subsection before
11 January 1, 2000 is entitled to receive the initial increase
12 under this subsection on (1) January 1, 2000, (2) the first
13 anniversary of the date of retirement, or (3) attainment of age
14 55, whichever occurs last. The changes to this Section made by
15 this amendatory Act of the 92nd General Assembly apply without
16 regard to whether the policeman or annuitant terminated service
17 before the effective date of this amendatory Act.

18 Any policeman born before January 1, 1955 who qualifies for
19 a minimum annuity and retires after September 1, 1967 but has
20 not received the initial increase under this subsection before
21 January 1, 2005 is entitled to receive the initial increase
22 under this subsection on (1) January 1, 2005, (2) the first
23 anniversary of the date of retirement, or (3) attainment of age
24 55, whichever occurs last. The changes to this Section made by
25 this amendatory Act of the 94th General Assembly apply without
26 regard to whether the policeman or annuitant terminated service

1 before the effective date of this amendatory Act.

2 Any policeman born before January 1, 1966 who qualifies for
3 a minimum annuity and retires after September 1, 1967 but has
4 not received the initial increase under this subsection before
5 January 1, 2017 is entitled to receive an initial increase
6 under this subsection on (1) January 1, 2017, (2) the first
7 anniversary of the date of retirement, or (3) attainment of age
8 55, whichever occurs last, in an amount equal to 3% for each
9 complete year following the date of retirement or attainment of
10 age 55, whichever occurs later. The changes to this subsection
11 made by this amendatory Act of the 99th General Assembly apply
12 without regard to whether the policeman or annuitant terminated
13 service before the effective date of this amendatory Act.

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

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

21 The city, in addition to the contributions otherwise made
22 by it for annuity purposes under other provisions of this
23 Article, shall make matching contributions concurrently with
24 such salary deductions.

25 Each such 1/2 of 1% deduction from salary and each such
26 contribution by the city of 1/2 of 1% of salary shall be

1 credited to the Automatic Increase Reserve, to be used to
2 defray the cost of the annuity increase provided by this
3 Section. Any balance in such reserve as of the beginning of
4 each calendar year shall be credited with interest at the rate
5 of 3% per annum.

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

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

18 (d) Notwithstanding any other provision of this Article,
19 the Tier 2 monthly retirement annuity of a person who first
20 becomes a policeman under this Article on or after the
21 effective date of this amendatory Act of the 97th General
22 Assembly shall be increased on the January 1 occurring either
23 on or after (i) the attainment of age 60 or (ii) the first
24 anniversary of the annuity start date, whichever is later. Each
25 annual increase shall be calculated at 3% or one-half the
26 annual unadjusted percentage increase (but not less than zero)

1 in the consumer price index-u for the 12 months ending with the
2 September preceding each November 1, whichever is less, of the
3 originally granted retirement annuity. If the annual
4 unadjusted percentage change in the consumer price index-u for
5 a 12-month period ending in September is zero or, when compared
6 with the preceding period, decreases, then the annuity shall
7 not be increased.

8 For the purposes of this subsection (d), "consumer price
9 index-u" means the index published by the Bureau of Labor
10 Statistics of the United States Department of Labor that
11 measures the average change in prices of goods and services
12 purchased by all urban consumers, United States city average,
13 all items, 1982-84 = 100. The new amount resulting from each
14 annual adjustment shall be determined by the Public Pension
15 Division of the Department of Insurance and made available to
16 the boards of the pension funds by November 1 of each year.
17 (Source: P.A. 99-905, eff. 11-29-16.)

18 Section 90. The State Mandates Act is amended by adding
19 Section 8.44 as follows:

20 (30 ILCS 805/8.44 new)

21 Sec. 8.44. Exempt mandate. Notwithstanding Sections 6 and 8
22 of this Act, no reimbursement by the State is required for the
23 implementation of any mandate created by this amendatory Act of
24 the 101st General Assembly.

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.