



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB3612

Introduced 2/14/2020, by Sen. Bill Cunningham

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Chicago Police and Chicago Firefighter Articles of the Illinois Pension Code. Removes a birthdate restriction on eligibility at age 55 for a 3% automatic annual increase in retirement annuity that is not subject to a maximum increase of 30%. Provides that for Tier 2 policemen and firemen, "final average salary" is the average monthly salary: (i) obtained by dividing the total salary during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest; or (ii) obtained by dividing the total salary during the 48 consecutive months of service within the last 120 months of service in which the total salary was the highest. Provides that the Tier 2 limit on salary shall annually be increased by the lesser of 3% or the annual (instead of one-half of the annual) unadjusted percentage increase in the consumer price index-u. Provides that the surviving spouse's annuity for certain Tier 2 policemen and firemen shall be 54% of the monthly salary at the time of death. Provides that if the deceased policeman or fireman was a parent of a child and there is a surviving spouse, 12% of the monthly salary at the date of death or 12% of the earned pension shall be granted to the guardian of the minor child. Provides that upon the death of the surviving spouse leaving one or more children under the age of 18, or upon the death of a policeman or fireman leaving one or more children under the age of 18 but no surviving spouse, a monthly pension of 20% of the monthly salary at the date of death or 20% of the earned pension shall be granted to the guardian of each such child. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 19205 RPS 68668 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 5-167.1, 5-238, 6-164, and 6-229 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 55 ~~60 (age 55 if born~~  
13 ~~before January 1, 1966)~~ or over on that anniversary date, or  
14 upon the first of the month following his attainment of age 55  
15 ~~60 (age 55 if born before January 1, 1966)~~ if it occurs after  
16 the first anniversary of his retirement date, have his then  
17 fixed and payable monthly annuity increased by 3% ~~4 1/2%~~ and  
18 such first fixed annuity as granted at retirement increased by  
19 an additional 3% ~~4 1/2%~~ in January of each year thereafter ~~up~~  
20 ~~to a 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 Any policeman born before January 1, 1945 who qualifies for  
10 a minimum annuity and retires after September 1, 1967 but has  
11 not received the initial increase under this subsection before  
12 January 1, 1996 is entitled to receive the initial increase  
13 under this subsection on (1) January 1, 1996, (2) the first  
14 anniversary of the date of retirement, or (3) attainment of age  
15 55, whichever occurs last. The changes to this Section made by  
16 Public Act 89-12 apply beginning January 1, 1996 and without  
17 regard to whether the policeman or annuitant terminated service  
18 before the effective date of that Act.

19 Any policeman born before January 1, 1950 who qualifies for  
20 a minimum annuity and retires after September 1, 1967 but has  
21 not received the initial increase under this subsection before  
22 January 1, 2000 is entitled to receive the initial increase  
23 under this subsection on (1) January 1, 2000, (2) the first  
24 anniversary of the date of retirement, or (3) attainment of age  
25 55, whichever occurs last. The changes to this Section made by  
26 this amendatory Act of the 92nd General Assembly apply without

1 regard to whether the policeman or annuitant terminated service  
2 before the effective date of this amendatory Act.

3 Any policeman born before January 1, 1955 who qualifies for  
4 a minimum annuity and retires after September 1, 1967 but has  
5 not received the initial increase under this subsection before  
6 January 1, 2005 is entitled to receive the initial increase  
7 under this subsection on (1) January 1, 2005, (2) the first  
8 anniversary of the date of retirement, or (3) attainment of age  
9 55, whichever occurs last. The changes to this Section made by  
10 this amendatory Act of the 94th General Assembly apply without  
11 regard to whether the policeman or annuitant terminated service  
12 before the effective date of this amendatory Act.

13 Any policeman born before January 1, 1966 who qualifies for  
14 a minimum annuity and retires after September 1, 1967 but has  
15 not received the initial increase under this subsection before  
16 January 1, 2017 is entitled to receive an initial increase  
17 under this subsection on (1) January 1, 2017, (2) the first  
18 anniversary of the date of retirement, or (3) attainment of age  
19 55, whichever occurs last, in an amount equal to 3% for each  
20 complete year following the date of retirement or attainment of  
21 age 55, whichever occurs later. The changes to this subsection  
22 made by this amendatory Act of the 99th General Assembly apply  
23 without regard to whether the policeman or annuitant terminated  
24 service before the effective date of this amendatory Act.

25 Any policeman born after January 1, 1966 who qualifies for  
26 a minimum annuity and retires after September 1, 1967 but has

1 not received the initial increase under this subsection before  
2 January 1, 2021 is entitled to receive the initial increase  
3 under this subsection on (1) January 1, 2021, (2) the first  
4 anniversary of the date of retirement, or (3) attainment of age  
5 55, whichever occurs last. The changes to this Section made by  
6 this amendatory Act of the 101st General Assembly apply without  
7 regard to whether the policeman or annuitant terminated service  
8 before the effective date of this amendatory Act of the 101st  
9 General Assembly.

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

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

17 The city, in addition to the contributions otherwise made  
18 by it for annuity purposes under other provisions of this  
19 Article, shall make matching contributions concurrently with  
20 such salary deductions.

21 Each such 1/2 of 1% deduction from salary and each such  
22 contribution by the city of 1/2 of 1% of salary shall be  
23 credited to the Automatic Increase Reserve, to be used to  
24 defray the cost of the annuity increase provided by this  
25 Section. Any balance in such reserve as of the beginning of  
26 each calendar year shall be credited with interest at the rate

1 of 3% per annum.

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

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

14 (d) Notwithstanding any other provision of this Article,  
15 the Tier 2 monthly retirement annuity of a person who first  
16 becomes a policeman under this Article on or after the  
17 effective date of this amendatory Act of the 97th General  
18 Assembly shall be increased on the January 1 occurring either  
19 on or after (i) the attainment of age 60 or (ii) the first  
20 anniversary of the annuity start date, whichever is later. Each  
21 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 retirement annuity. If the annual  
26 unadjusted percentage change in the consumer price index-u for

1 a 12-month period ending in September is zero or, when compared  
2 with the preceding period, decreases, then the annuity shall  
3 not be increased.

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

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

14 (40 ILCS 5/5-238)

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

16 (a) Notwithstanding any other provision of this Article,  
17 the provisions of this Section apply to a person who first  
18 becomes a policeman under this Article on or after January 1,  
19 2011, and to certain qualified survivors of such a policeman.  
20 Such persons, and the benefits and restrictions that apply  
21 specifically to them under this Article, may be referred to as  
22 "Tier 2".

23 (b) A policeman who has withdrawn from service, has  
24 attained age 50 or more, and has 10 or more years of service in  
25 that capacity shall be entitled, upon proper application being

1 received by the Fund, to receive a Tier 2 monthly retirement  
2 annuity for his service as a police officer. The Tier 2 monthly  
3 retirement annuity shall be computed by multiplying 2.5% for  
4 each year of such service by his or her final average salary,  
5 subject to an annuity reduction factor of one-half of 1% for  
6 each month that the police officer's age at retirement is under  
7 age 55. The Tier 2 monthly retirement annuity is in lieu of any  
8 age and service annuity or other form of retirement annuity  
9 under this Article.

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

12 For the purposes of this subsection (b), "final average  
13 salary" means the greater of: (i) the average monthly salary  
14 obtained by dividing the total salary of the policeman during  
15 the 96 consecutive months of service within the last 120 months  
16 of service in which the total salary was the highest by the  
17 number of months of service in that period; or (ii) the average  
18 monthly salary obtained by dividing the total salary of the  
19 policeman during the 48 consecutive months of service within  
20 the last 120 months of service in which the total salary was  
21 the highest by the number of months of service in that period.

22 Beginning on January 1, 2011, for all purposes under this  
23 Code (including without limitation the calculation of benefits  
24 and employee contributions), the annual salary based on the  
25 plan year of a member or participant to whom this Section  
26 applies shall not exceed \$106,800; however, that amount shall



1 annually thereafter be increased by the lesser of (i) 3% of  
2 that amount, including all previous adjustments, or (ii)  
3 ~~one-half~~ the annual unadjusted percentage increase (but not  
4 less than zero) in the consumer price index-u for the 12 months  
5 ending with the September preceding each November 1, including  
6 all previous adjustments.

7 Nothing in this amendatory Act of the 101st General  
8 Assembly shall cause or otherwise result in any retroactive  
9 adjustment of any employee contributions.

10 (c) Notwithstanding any other provision of this Article,  
11 for a person who first becomes a policeman under this Article  
12 on or after January 1, 2011, eligibility for and the amount of  
13 the annuity to which the qualified surviving spouse, children,  
14 and parents are entitled under this subsection (c) shall be  
15 determined as follows:

16 (1) The surviving spouse of a deceased policeman to  
17 whom this Section applies shall be deemed qualified to  
18 receive a Tier 2 surviving spouse's annuity under this  
19 paragraph (1) if: (i) the deceased policeman meets the  
20 requirements specified under subdivision (A), (B), (C), or  
21 (D) of this paragraph (1); and (ii) the surviving spouse  
22 would not otherwise be excluded from receiving a widow's  
23 annuity under the eligibility requirements for a widow's  
24 annuity set forth in Section 5-146. The Tier 2 surviving  
25 spouse's annuity is in lieu of the widow's annuity  
26 determined under any other Section of this Article and is

1 subject to the requirements of Section 5-147.1.

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

6 (A) If the deceased policeman was receiving an  
7 earned annuity at the date of his or her death, the  
8 Tier 2 surviving spouse's annuity under this paragraph  
9 (1) shall be in the amount of 66 2/3% of the  
10 policeman's earned annuity at the date of death.

11 If the deceased policeman was a parent of a child  
12 or children, including any child who has been conceived  
13 but not yet born, and there is a surviving spouse, 12%  
14 of the policeman's earned annuity 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 policeman leaving one or more  
20 children under the age of 18 but no surviving spouse, a  
21 monthly pension of 20% of the policeman's monthly  
22 salary at the date of death shall be granted to the  
23 duly appointed guardian of each such child for the  
24 support and maintenance of each such child until the  
25 child reaches age 18. The benefit in this paragraph is  
26 in 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 (B) If the deceased policeman was not receiving an  
5 earned annuity but had at least 10 years of service at  
6 the time of death, the Tier 2 surviving spouse's  
7 annuity under this paragraph (1) shall be the greater  
8 of: (i) 30% of the annual maximum salary attached to  
9 the classified civil service position of a first class  
10 patrolman at the time of his death; (ii) 54% of the  
11 policeman's monthly salary at the time of the  
12 policeman's death; or (iii) ~~(ii)~~ 66 2/3% of the Tier 2  
13 monthly retirement annuity that the deceased policeman  
14 would have been eligible to receive under subsection  
15 (b) of this Section, based upon the actual service  
16 accrued through the day before the policeman's death,  
17 but determined as though the policeman was at least age  
18 55 on the day before his or her death and retired on  
19 that day.

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

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

13 (C) If the deceased policeman was an active  
14 policeman with at least 1 1/2 but less than 10 years of  
15 service at the time of death, the Tier 2 surviving  
16 spouse's annuity under this paragraph (1) shall be the  
17 greater of: (i) in the amount of 30% of the annual  
18 maximum salary attached to the classified civil  
19 service position of a first class patrolman at the time  
20 of his death; or (ii) 54% of the policeman's monthly  
21 salary at the time of the policeman's death.

22 If the deceased policeman was a parent of a child  
23 or children, including any child who has been conceived  
24 but not yet born, and there is a surviving spouse, 12%  
25 of the policeman's monthly salary at the date of death  
26 shall be granted to the guardian of any such minor

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

15 (D) If the performance of an act or acts of duty  
16 results directly in the death of a policeman subject to  
17 this Section, or prevents him from subsequently  
18 resuming active service in the police department, and  
19 if the policeman's Tier 2 surviving spouse would  
20 otherwise meet the eligibility requirements for a  
21 compensation annuity or supplemental annuity granted  
22 under Section 5-144, then in addition to the Tier 2  
23 surviving spouse's annuity provided under subdivision  
24 (A), (B), or (C) of this paragraph (1), whichever  
25 applies, the Tier 2 surviving spouse shall be qualified  
26 to receive compensation annuity or supplemental

1 annuity, as would be provided under Section 5-144, in  
2 order to bring the total benefit up to the applicable  
3 75% salary limitation provided in that Section, but  
4 subject to the Tier 2 salary cap provided under  
5 subsection (b) of this Section; except that no such  
6 annuity shall be paid to the surviving spouse of a  
7 policeman who dies while in receipt of disability  
8 benefits when the policeman's death was caused by an  
9 intervening illness or injury unrelated to the illness  
10 or injury that had prevented him from subsequently  
11 resuming active service in the police department.

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

1 ending in September is zero or, when compared with the  
2 preceding period, decreases, then the annuity shall  
3 not be increased.

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

14 (F) Notwithstanding the other provisions of this  
15 paragraph (1), for a qualified surviving spouse who is  
16 entitled to a Tier 2 surviving spouse's annuity under  
17 subdivision (A), (B), (C), or (D) of this paragraph  
18 (1), that Tier 2 surviving spouse's annuity shall not  
19 be less than the amount of the minimum widow's annuity  
20 established from time to time under Section 5-167.4.

21 (2) Surviving children of a deceased policeman subject  
22 to this Section who would otherwise meet the eligibility  
23 requirements for a child's annuity set forth in Sections  
24 5-151 and 5-152 shall be deemed qualified to receive a Tier  
25 2 child's annuity under this subsection (c), which shall be  
26 in lieu of, but in the same amount and paid in the same

1 manner as, the child's annuity provided under those  
2 Sections; except that any salary used for computing a Tier  
3 2 child's annuity shall be subject to the Tier 2 salary cap  
4 provided under subsection (b) of this Section. For purposes  
5 of determining any pro rata reduction in child's annuities  
6 under this subsection (c), references in Section 5-152 to  
7 the combined annuities of the family shall be deemed to  
8 refer to the combined Tier 2 surviving spouse's annuity, if  
9 any, and the Tier 2 child's annuities payable under this  
10 subsection (c).

11 (3) Surviving parents of a deceased policeman subject  
12 to this Section who would otherwise meet the eligibility  
13 requirements for a parent's annuity set forth in Section  
14 5-152 shall be deemed qualified to receive a Tier 2  
15 parent's annuity under this subsection (c), which shall be  
16 in lieu of, but in the same amount and paid in the same  
17 manner as, the parent's annuity provided under Section  
18 5-152.1; except that any salary used for computing a Tier 2  
19 parent's annuity shall be subject to the Tier 2 salary cap  
20 provided under subsection (b) of this Section. For the  
21 purposes of this Section, a reference to "annuity" in  
22 Section 5-152.1 includes: (i) in the context of a widow, a  
23 Tier 2 surviving spouse's annuity and (ii) in the context  
24 of a child, a Tier 2 child's annuity.

25 Notwithstanding Section 1-103.1, the changes made to this  
26 subsection by this amendatory Act of the 101st General Assembly



1 apply without regard to whether the deceased policeman was in  
2 service on or after the effective date of this amendatory Act  
3 of the 101st General Assembly. The changes made by this  
4 amendatory Act of the 101st General Assembly shall not diminish  
5 the survivor's benefits described in this Section.

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

20 (e) The changes to Sections 5-153, 5-155, 5-163, 5-167.1  
21 (except for the changes to subsection (a) of that Section),  
22 5-169, and 5-170 made by this amendatory Act of the 99th  
23 General Assembly are intended to be retroactive to January 1,  
24 2011 (the effective date of Public Act 96-1495) and, for the  
25 purposes of Section 1-103.1 of this Code, they apply without  
26 regard to whether the relevant policeman was in service on or

1 after the effective date of this amendatory Act of the 99th  
2 General Assembly.

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

4 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

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

7 (a) A fireman qualifying for a minimum annuity who retires  
8 from service after September 1, 1959 shall, upon either the  
9 first of the month following the first anniversary of his date  
10 of retirement if he is ~~age 60~~ (age 55 ~~if born before January 1,~~  
11 ~~1966~~) or over on that anniversary date, or upon the first of  
12 the month following his attainment of ~~age 60~~ (age 55 ~~if born~~  
13 ~~before January 1, 1966~~) if that occurs after the first  
14 anniversary of his retirement date, have his then fixed and  
15 payable monthly annuity increased by 1 1/2%, and such first  
16 fixed annuity as granted at retirement increased by an  
17 additional 1 1/2% in January of each year thereafter up to a  
18 maximum increase of 30%. Beginning July 1, 1982 for firemen  
19 born before January 1, 1930, and beginning January 1, 1990 for  
20 firemen born after December 31, 1929 and before January 1,  
21 1940, and beginning January 1, 1996 for firemen born after  
22 December 31, 1939 but before January 1, 1945, and beginning  
23 January 1, 2004, for firemen born after December 31, 1944 but  
24 before January 1, 1955, and beginning January 1, 2017, for  
25 firemen born after December 31, 1954 ~~but before January 1,~~

1 ~~1966~~, such increases shall be 3% and such firemen shall not be  
2 subject to the 30% maximum increase.

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

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

24 Any fireman born after December 31, 1954 but before January  
25 1, 1966 who qualifies for a minimum annuity and retires after  
26 September 1, 1967 is entitled to receive an increase under this

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

23 Any fireman who qualifies for a minimum annuity and retires  
24 after September 1, 1967 is entitled to receive an increase  
25 under this subsection on (1) January 1, 2021, (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 an increase of  
2 3% of his or her then fixed and payable monthly annuity upon  
3 the first of the month following the first anniversary of his  
4 or her date of retirement if he or she is age 55 or over on that  
5 anniversary date or upon the first of the month following his  
6 or her attainment of age 55 if that date occurs after the first  
7 anniversary of his or her retirement date and such first fixed  
8 annuity as granted at retirement shall be increased by an  
9 additional 3% in January of each year thereafter. In the case  
10 of a fireman who received an increase in any year of 1.5%, that  
11 fireman shall receive an increase for any such year so that the  
12 total increase is equal to 3% for each year the fireman would  
13 have been otherwise eligible had the fireman not received any  
14 increase. The changes to this subsection made by this  
15 amendatory Act of the 101st General Assembly apply without  
16 regard to whether the fireman or annuitant terminated service  
17 before the effective date of this amendatory Act of the 101st  
18 General Assembly.

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

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

1 annuity purposes.

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

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

20 (d) Notwithstanding any other provision of this Article,  
21 the Tier 2 monthly retirement annuity of a person who first  
22 becomes a fireman under this Article on or after January 1,  
23 2011 shall be increased on the January 1 occurring either on or  
24 after (i) the attainment of age 60 or (ii) the first  
25 anniversary of the annuity start date, whichever is later. Each  
26 annual increase shall be calculated at 3% or one-half the

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

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

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

20 (40 ILCS 5/6-229)

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

22 (a) Notwithstanding any other provision of this Article,  
23 the provisions of this Section apply to a person who first  
24 becomes a fireman under this Article on or after January 1,  
25 2011, and to certain qualified survivors of such a fireman.

1 Such persons, and the benefits and restrictions that apply  
2 specifically to them under this Article, may be referred to as  
3 "Tier 2".

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

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

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



1 highest by the number of months of service in that period.

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

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

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

26 (c) Notwithstanding any other provision of this Article,

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

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

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

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

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

20           (B) If the deceased fireman was not receiving an  
21           earned pension but had at least 10 years of service at  
22           the time of death, the Tier 2 surviving spouse's  
23           annuity under this paragraph (1) shall be the greater  
24           of: (i) 30% of the salary attached to the rank of first  
25           class firefighter in the classified career service at  
26           the time of the fireman's death; (ii) 54% of the

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

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

1 entitled to receive a greater benefit under paragraph  
2 (2) of this subsection (c).

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

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

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

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

1           this subdivision (D) shall be subject to the Tier 2  
2           salary cap provided under subsection (b) of this  
3           Section.

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

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

1 established from time to time under Section 6-128.4.

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

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



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

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

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

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

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

11 Section 90. The State Mandates Act is amended by adding  
12 Section 8.44 as follows:

13 (30 ILCS 805/8.44 new)

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

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 40 ILCS 5/5-167.1 from Ch. 108 1/2, par. 5-167.1

4 40 ILCS 5/5-238

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

6 40 ILCS 5/6-229

7 30 ILCS 805/8.44 new