



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3938

Introduced 2/22/2021, by Rep. Tony McCombie

SYNOPSIS AS INTRODUCED:

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

Amends the General Provisions and State Employees Articles of the Illinois Pension Code. Provides that a Tier 2 participant who is employed as an investigator for the Secretary of State on the effective date of the amendatory Act, has accrued not less than 10 years of credit for such service, and has attained age 60 shall be entitled to an annuity calculated under the alternative retirement annuity provisions of the State Employees Article, in lieu of a regular or minimum retirement annuity, notwithstanding that he or she has accrued less than 20 years of eligible creditable service. Provides that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". Makes conforming changes. Effective immediately.

LRB102 13789 RPS 19139 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 1-160 and 14-152.1 as follows:

6 (40 ILCS 5/1-160)

7 Sec. 1-160. Provisions applicable to new hires.

8 (a) The provisions of this Section apply to a person who,
9 on or after January 1, 2011, first becomes a member or a
10 participant under any reciprocal retirement system or pension
11 fund established under this Code, other than a retirement
12 system or pension fund established under Article 2, 3, 4, 5, 6,
13 15 or 18 of this Code, notwithstanding any other provision of
14 this Code to the contrary, but do not apply to any self-managed
15 plan established under this Code, to any person with respect
16 to service as a sheriff's law enforcement employee under
17 Article 7, or to any participant of the retirement plan
18 established under Section 22-101. Notwithstanding anything to
19 the contrary in this Section, for purposes of this Section, a
20 person who participated in a retirement system under Article
21 15 prior to January 1, 2011 shall be deemed a person who first
22 became a member or participant prior to January 1, 2011 under
23 any retirement system or pension fund subject to this Section.

1 The changes made to this Section by Public Act 98-596 are a
2 clarification of existing law and are intended to be
3 retroactive to January 1, 2011 (the effective date of Public
4 Act 96-889), notwithstanding the provisions of Section 1-103.1
5 of this Code.

6 This Section does not apply to a person who first becomes a
7 noncovered employee under Article 14 on or after the
8 implementation date of the plan created under Section 1-161
9 for that Article, unless that person elects under subsection
10 (b) of Section 1-161 to instead receive the benefits provided
11 under this Section and the applicable provisions of that
12 Article.

13 This Section does not apply to a person who first becomes a
14 member or participant under Article 16 on or after the
15 implementation date of the plan created under Section 1-161
16 for that Article, unless that person elects under subsection
17 (b) of Section 1-161 to instead receive the benefits provided
18 under this Section and the applicable provisions of that
19 Article.

20 This Section does not apply to a person who elects under
21 subsection (c-5) of Section 1-161 to receive the benefits
22 under Section 1-161.

23 This Section does not apply to a person who first becomes a
24 member or participant of an affected pension fund on or after 6
25 months after the resolution or ordinance date, as defined in
26 Section 1-162, unless that person elects under subsection (c)

1 of Section 1-162 to receive the benefits provided under this
2 Section and the applicable provisions of the Article under
3 which he or she is a member or participant.

4 (b) "Final average salary" means the average monthly (or
5 annual) salary obtained by dividing the total salary or
6 earnings calculated under the Article applicable to the member
7 or participant during the 96 consecutive months (or 8
8 consecutive years) of service within the last 120 months (or
9 10 years) of service in which the total salary or earnings
10 calculated under the applicable Article was the highest by the
11 number of months (or years) of service in that period. For the
12 purposes of a person who first becomes a member or participant
13 of any retirement system or pension fund to which this Section
14 applies on or after January 1, 2011, in this Code, "final
15 average salary" shall be substituted for the following:

16 (1) In Article 7 (except for service as sheriff's law
17 enforcement employees), "final rate of earnings".

18 (2) In Articles 8, 9, 10, 11, and 12, "highest average
19 annual salary for any 4 consecutive years within the last
20 10 years of service immediately preceding the date of
21 withdrawal".

22 (3) In Article 13, "average final salary".

23 (4) In Article 14, "final average compensation".

24 (5) In Article 17, "average salary".

25 (6) In Section 22-207, "wages or salary received by
26 him at the date of retirement or discharge".

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

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

22 (c) A member or participant is entitled to a retirement
23 annuity upon written application if he or she has attained age
24 67 (beginning January 1, 2015, age 65 with respect to service
25 under Article 12 of this Code that is subject to this Section)
26 and has at least 10 years of service credit and is otherwise

1 eligible under the requirements of the applicable Article.

2 A member or participant who has attained age 62 (beginning
3 January 1, 2015, age 60 with respect to service under Article
4 12 of this Code that is subject to this Section) and has at
5 least 10 years of service credit and is otherwise eligible
6 under the requirements of the applicable Article may elect to
7 receive the lower retirement annuity provided in subsection
8 (d) of this Section.

9 (c-5) A person who first becomes a member or a participant
10 subject to this Section on or after July 6, 2017 (the effective
11 date of Public Act 100-23), notwithstanding any other
12 provision of this Code to the contrary, is entitled to a
13 retirement annuity under Article 8 or Article 11 upon written
14 application if he or she has attained age 65 and has at least
15 10 years of service credit and is otherwise eligible under the
16 requirements of Article 8 or Article 11 of this Code,
17 whichever is applicable.

18 (d) The retirement annuity of a member or participant who
19 is retiring after attaining age 62 (beginning January 1, 2015,
20 age 60 with respect to service under Article 12 of this Code
21 that is subject to this Section) with at least 10 years of
22 service credit shall be reduced by one-half of 1% for each full
23 month that the member's age is under age 67 (beginning January
24 1, 2015, age 65 with respect to service under Article 12 of
25 this Code that is subject to this Section).

26 (d-5) The retirement annuity payable under Article 8 or

1 Article 11 to an eligible person subject to subsection (c-5)
2 of this Section who is retiring at age 60 with at least 10
3 years of service credit shall be reduced by one-half of 1% for
4 each full month that the member's age is under age 65.

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

10 (i) to be eligible for the reduced retirement age
11 provided in subsections (c-5) and (d-5) of this Section,
12 the eligibility for which is conditioned upon the member
13 or participant agreeing to the increases in employee
14 contributions for age and service annuities provided in
15 subsection (a-5) of Section 8-174 of this Code (for
16 service under Article 8) or subsection (a-5) of Section
17 11-170 of this Code (for service under Article 11); or

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

26 The election provided for in this subsection shall be made

1 between October 1, 2017 and November 15, 2017. A person
2 subject to this subsection who makes the required election
3 shall remain bound by that election. A person subject to this
4 subsection who fails for any reason to make the required
5 election within the time specified in this subsection shall be
6 deemed to have made the election under item (ii).

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

1 For the purposes of Section 1-103.1 of this Code, the
2 changes made to this Section by this amendatory Act of the
3 100th General Assembly are applicable without regard to
4 whether the employee was in active service on or after the
5 effective date of this amendatory Act of the 100th General
6 Assembly.

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

1 less than zero) in the consumer price index-u for the 12 months
2 ending with the September preceding each November 1, whichever
3 is less, of the originally granted survivor's annuity. If the
4 annual unadjusted percentage change in the consumer price
5 index-u for the 12 months ending with the September preceding
6 each November 1 is zero or there is a decrease, then the
7 annuity shall not be increased.

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

1 (g-5) A person who (i) is subject to this Section, (ii) is
2 employed as an investigator for the Secretary of State on the
3 effective date of this amendatory Act of the 102nd General
4 Assembly, (iii) has accrued not less than 10 years of credit
5 for such service, and (iv) has attained age 60 shall be
6 entitled to an annuity calculated under the provisions of
7 Section 14-110, in lieu of a regular or minimum retirement
8 annuity, notwithstanding that he or she has accrued less than
9 20 years of eligible creditable service.

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

24 If a person who first becomes a member of a retirement
25 system or pension fund subject to this Section on or after
26 January 1, 2012 and is receiving a retirement annuity or

1 retirement pension under that system or fund and accepts on a
2 contractual basis a position to provide services to a
3 governmental entity from which he or she has retired, then
4 that person's annuity or retirement pension earned as an
5 active employee of the employer shall be suspended during that
6 contractual service. A person receiving an annuity or
7 retirement pension under this Code shall notify the pension
8 fund or retirement system from which he or she is receiving an
9 annuity or retirement pension, as well as his or her
10 contractual employer, of his or her retirement status before
11 accepting contractual employment. A person who fails to submit
12 such notification shall be guilty of a Class A misdemeanor and
13 required to pay a fine of \$1,000. Upon termination of that
14 contractual employment, the person's retirement annuity or
15 retirement pension payments shall resume and, if appropriate,
16 be recalculated under the applicable provisions of this Code.

17 (i) (Blank).

18 (j) In the case of a conflict between the provisions of
19 this Section and any other provision of this Code, the
20 provisions of this Section shall control.

21 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
22 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.
23 1-4-19; 101-610, eff. 1-1-20.)

24 (40 ILCS 5/14-152.1)

25 Sec. 14-152.1. Application and expiration of new benefit

1 increases.

2 (a) As used in this Section, "new benefit increase" means
3 an increase in the amount of any benefit provided under this
4 Article, or an expansion of the conditions of eligibility for
5 any benefit under this Article, that results from an amendment
6 to this Code that takes effect after June 1, 2005 (the
7 effective date of Public Act 94-4). "New benefit increase",
8 however, does not include any benefit increase resulting from
9 the changes made to Article 1 or this Article by Public Act
10 96-37, Public Act 100-23, Public Act 100-587, Public Act
11 100-611, Public Act 101-10, Public Act 101-610, or this
12 amendatory Act of the 102nd General Assembly ~~or this~~
13 ~~amendatory Act of the 101st General Assembly.~~

14 (b) Notwithstanding any other provision of this Code or
15 any subsequent amendment to this Code, every new benefit
16 increase is subject to this Section and shall be deemed to be
17 granted only in conformance with and contingent upon
18 compliance with the provisions of this Section.

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

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 subsection. The Commission on Government Forecasting and
26 Accountability shall analyze whether adequate additional

1 funding has been provided for the new benefit increase and
2 shall report its analysis to the Public Pension Division of
3 the Department of Insurance. A new benefit increase created by
4 a Public Act that does not include the additional funding
5 required under this subsection is null and void. If the Public
6 Pension Division determines that the additional funding
7 provided for a new benefit increase under this subsection is
8 or has become inadequate, it may so certify to the Governor and
9 the State Comptroller and, in the absence of corrective action
10 by the General Assembly, the new benefit increase shall expire
11 at the end of the fiscal year in which the certification is
12 made.

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

19 (e) Except as otherwise provided in the language creating
20 the new benefit increase, a new benefit increase that expires
21 under this Section continues to apply to persons who applied
22 and qualified for the affected benefit while the new benefit
23 increase was in effect and to the affected beneficiaries and
24 alternate payees of such persons, but does not apply to any
25 other person, including, without limitation, a person who
26 continues in service after the expiration date and did not

1 apply and qualify for the affected benefit while the new
2 benefit increase was in effect.

3 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
4 100-611, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff.
5 7-12-19; 101-610, eff. 1-1-20.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.