

1 AN ACT in relation to 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 17-119 and 17-122 and adding Section  
6 17-119.2 as follows:

7 (40 ILCS 5/17-119) (from Ch. 108 1/2, par. 17-119)  
8 Sec. 17-119. Automatic annual increase in pension.

9 (a) Each teacher retiring on or after September 1, 1959,  
10 is entitled to the annual increase in pension, defined  
11 herein, while he is receiving a pension from the Fund.

12 1. The term "base pension" means a service  
13 retirement or disability retirement pension in the amount  
14 fixed and payable at the date of retirement of a teacher.

15 2. The annual increase in pension shall be at the  
16 rate of 1 1/2% of base pension. This increase shall first  
17 occur in January of the year next following the first  
18 anniversary of retirement. At such time the Fund shall  
19 pay the pro rata part of the increase for the period from  
20 the first anniversary date to the date of the first  
21 increase in pension. Beginning January 1, 1972, the rate  
22 of annual increase in pension shall be 2% of the base  
23 pension. Beginning January 1, 1979, the rate of annual  
24 increase in pension shall be 3% of the base pension.  
25 Beginning January 1, 1990, all automatic annual increases  
26 payable under this Section shall be calculated as a  
27 percentage of the total pension payable at the time of  
28 the increase, including all increases previously granted  
29 under this Article, notwithstanding Section 17-157.

30 3. An increase in pension shall be granted only if  
31 the retired teacher is age 60 or over. If the teacher

1 attains age 60 after retirement, the increase in pension  
 2 shall begin in January of the year following the 61st  
 3 birthday. At such time the Fund also shall pay the pro  
 4 rata part of the increase from the 61st birthday to the  
 5 date of first increase in pension.

6 (b) In addition to other increases which may be provided  
 7 by this Section, on January 1, 1981 any teacher who was  
 8 receiving a retirement pension on or before January 1, 1971  
 9 shall have his retirement pension then being paid increased  
 10 \$1 per month for each year of creditable service. On January  
 11 1, 1982, any teacher whose retirement pension began on or  
 12 before January 1, 1977, shall have his retirement pension  
 13 then being paid increased \$1 per month for each year of  
 14 creditable service.

15 On January 1, 1987, any teacher whose retirement pension  
 16 began on or before January 1, 1977, shall have the monthly  
 17 retirement pension increased by an amount equal to 8¢ per  
 18 year of creditable service times the number of years that  
 19 have elapsed since the retirement pension began.

20 (c) On January 1, 2004, every pensioner who began  
 21 receiving a retirement pension before January 1, 1980 shall  
 22 have the monthly retirement pension increased by whichever of  
 23 the following percentages is applicable:

- 24 5% if the annuity began in 1979;
- 25 10% if the annuity began in 1978;
- 26 14% if the annuity began in 1977;
- 27 14% if the annuity began in 1976;
- 28 18% if the annuity began in 1975;
- 29 23% if the annuity began in 1974;
- 30 32% if the annuity began in 1973 or before.

31 The increase under this subsection shall be calculated as  
 32 a percentage of the amount of the retirement pension payable  
 33 on December 31, 2003, including any increases previously  
 34 received under this Article, and shall be included in the

1 calculation of increases granted thereafter under subsection  
2 (a). Section 17-157 does not apply to the increase provided  
3 under this subsection.

4 (Source: P.A. 90-566, eff. 1-2-98.)

5 (40 ILCS 5/17-119.2 new)

6 Sec. 17-119.2. Reduction of purchasing power; policy;  
7 report; increase.

8 (a) The General Assembly finds and declares that:

9 (1) The purchasing power of a fixed annuity can be  
10 eroded over time by the effects of inflation and  
11 increases in the general cost of living.

12 (2) For a person whose income consists primarily of  
13 a fixed annuity, the reduction in purchasing power  
14 resulting from increases in the cost of living can become  
15 catastrophic over time, transforming a once-comfortable  
16 retirement into a time of poverty and need.

17 (3) The State of Illinois is concerned about the  
18 effects that a significant reduction in purchasing power  
19 can have on the quality of life of retired employees and  
20 their survivors.

21 (4) The General Assembly has previously addressed  
22 this concern by providing for automatic annual increases  
23 in retirement and survivor's pensions under this Article.  
24 Recognizing that these automatic annual increases, by  
25 themselves, are not a complete answer in times of high  
26 inflation, the General Assembly has also, from time to  
27 time, provided specific one-time increases in pensions  
28 for certain categories of pensioners.

29 (b) It is the public policy of this State and the  
30 intention of the General Assembly to protect pensioners  
31 against significant decreases in the purchasing power of the  
32 retirement and survivor's pensions granted under this  
33 Article.

1       (c) The Fund shall regularly review the changes that  
2 have occurred in the purchasing power of the retirement and  
3 survivor's pensions being paid under this Article, and it  
4 shall report to the General Assembly, the Governor, and the  
5 Pension Laws Commission whenever it determines that the  
6 original purchasing power of those pensions has been reduced  
7 by 20% or more for any category or group of pensioners. The  
8 Fund may include in the report its recommendations, if any,  
9 for legislative action to address its findings.

10       (d) As used in this Section, the term "retirement and  
11 survivor's pensions" means all service retirement pensions,  
12 disability retirement pensions, survivor's pensions, and  
13 children's pensions.

14       (40 ILCS 5/17-122) (from Ch. 108 1/2, par. 17-122)

15       Sec. 17-122. Survivor's and children's pensions - Amount.

16       (a) Upon the death of a teacher who has completed at  
17 least 1 1/2 years of contributing service with either this  
18 Fund or the State Universities Retirement System or the  
19 Teachers' Retirement System of the State of Illinois,  
20 provided his death occurred while (a) in active service  
21 covered by the Fund or during his first 18 months of  
22 continuous employment without a break in service under any  
23 other participating system as defined in the Illinois  
24 Retirement Systems Reciprocal Act except the State  
25 Universities Retirement System and the Teachers' Retirement  
26 System of the State of Illinois, (b) on a creditable leave of  
27 absence, (c) on a noncreditable leave of absence of no more  
28 than one year, or (d) a pension was deferred or pending  
29 provided the teacher had at least 10 years of validated  
30 service credit, or upon the death of a pensioner otherwise  
31 qualified for such benefit, the surviving spouse and  
32 unmarried minor children of the deceased teacher under age 18  
33 shall be entitled to pensions, under the conditions stated

1 hereinafter. Such survivor's and children's pensions shall  
2 be based on the average of the 4 highest consecutive years of  
3 salary in the last 10 years of service or on the average  
4 salary for total service, if total service has been less than  
5 4 years, according to the following percentages:

6 30% of average salary or 50% of the retirement  
7 pension earned by the teacher, whichever is larger,  
8 subject to the prescribed maximum monthly payment, for a  
9 surviving spouse alone on attainment of age 50;

10 60% of average salary for a surviving spouse and  
11 eligible minor children of the deceased teacher.

12 If no eligible spouse survives, or the surviving spouse  
13 remarries, or the parent of the children of the deceased  
14 member is otherwise ineligible for a survivor's pension, a  
15 children's pension for eligible minor children under age 18  
16 shall be paid to their parent or legal guardian for their  
17 benefit according to the following percentages:

18 30% of average salary for one child;

19 60% of average salary for 2 or more children.

20 (b) On January 1, 1981, any survivor or child who was  
21 receiving a survivor's or children's pension on or before  
22 January 1, 1971, shall have his survivor's or children's  
23 pension then being paid increased by 1% for each full year  
24 which has elapsed from the date the pension began. On  
25 January 1, 1982, any survivor or child whose pension began  
26 after January 1, 1971, but before January 1, 1981, shall have  
27 his survivor's or children's pension then being paid  
28 increased 1% for each full year which has elapsed from the  
29 date the pension began. On January 1, 1987, any survivor or  
30 child whose pension began on or before January 1, 1977, shall  
31 have the monthly survivor's or children's pension increased  
32 by \$1 for each full year which has elapsed since the pension  
33 began.

34 (c) On January 1, 2004, every survivor or child who

1 began receiving a survivor's or children's pension before  
2 January 1, 1980 shall have the monthly pension increased by  
3 whichever of the following percentages is applicable:

4 5% if the original annuity began in 1979;

5 10% if the original annuity began in 1978;

6 14% if the original annuity began in 1977;

7 14% if the original annuity began in 1976;

8 18% if the original annuity began in 1975;

9 23% if the original annuity began in 1974;

10 32% if the original annuity began in 1973 or before.

11 In the case of the survivor of a deceased annuitant who  
12 died while receiving a retirement annuity, "original annuity"  
13 means the deceased annuitant's retirement pension; in all  
14 other cases, "original annuity" means the survivor's or  
15 children's pension.

16 The increase under this subsection shall be calculated as  
17 a percentage of the amount of the survivor's or children's  
18 pension payable on December 31, 2003, including any increases  
19 previously received under this Article, and shall be included  
20 in the calculation of increases granted thereafter under  
21 subsection (d). Section 17-157 does not apply to the  
22 increase provided under this subsection.

23 (d) Beginning January 1, 1990, every survivor's and  
24 children's pension shall be increased (1) on each January 1  
25 occurring on or after the commencement of the pension if the  
26 deceased teacher died while receiving a retirement pension,  
27 or (2) in other cases, on each January 1 occurring on or  
28 after the first anniversary of the commencement of the  
29 pension, by an amount equal to 3% of the current amount of  
30 the pension, including all increases previously granted under  
31 this Article, notwithstanding Section 17-157. Such increases  
32 shall apply without regard to whether the deceased teacher  
33 was in service on or after the effective date of this  
34 amendatory Act of 1991, but shall not accrue for any period

1 prior to January 1, 1990.

2 (e) Subject to the minimum established below, the  
3 maximum amount of pension for a surviving spouse alone or one  
4 minor child shall be \$400 per month, and the maximum combined  
5 pensions for a surviving spouse and children of the deceased  
6 teacher shall be \$600 per month, with individual pensions  
7 adjusted for all beneficiaries pro rata to conform with this  
8 limitation. If proration is unnecessary the minimum  
9 survivor's and children's pensions shall be \$40 per month.  
10 The minimum total survivor's and children's pension payable  
11 upon the death of a contributor or annuitant which occurs  
12 after December 31, 1986, shall be 50% of the earned  
13 retirement pension of such contributor or annuitant,  
14 calculated without early retirement discount in the case of  
15 death in service.

16 On death after retirement, the total survivor's and  
17 children's pensions shall not exceed the monthly retirement  
18 or disability pension paid to the deceased retirant.  
19 Survivor's and children's benefits described in this Section  
20 shall apply to all service and disability pensioners eligible  
21 for a pension as of July 1, 1981.

22 (Source: P.A. 90-32, eff. 6-27-97; 90-566, eff. 1-2-98.)

23 Section 90. The State Mandates Act is amended by adding  
24 Section 8.27 as follows:

25 (30 ILCS 805/8.27 new)

26 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6  
27 and 8 of this Act, no reimbursement by the State is required  
28 for the implementation of any mandate created by this  
29 amendatory Act of the 93rd General Assembly.

30 Section 99. Effective date. This Act takes effect upon  
31 becoming law.