



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

HB7270

Introduced 02/25/04, by Rep. Ralph C. Capparelli - Joseph M.
Lyons - Richard T. Bradley

SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-164
30 ILCS 805/8.28 new

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

Amends the Chicago Firefighter Article of the Illinois Pension Code. Increases the required employee contribution by 0.5% of salary. Compounds the 3% automatic annual increase in retirement annuity for members who have paid the increased contribution for at least one year. Allows certain persons no longer in service to elect to pay an additional contribution and thereby qualify for the compounding. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 21397 EFG 48045 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 changing
5 Section 6-164 as follows:

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

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

9 (a) A fireman qualifying for a minimum annuity who retires
10 from service after September 1, 1959 shall, upon either the
11 first of the month following the first anniversary of his date
12 of retirement if he is age 60 (age 55 if born before January 1,
13 1955) or over on that anniversary date, or upon the first of
14 the month following his attainment of age 60 (age 55 if born
15 before January 1, 1955) if that 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 July 1, 1982 for firemen
21 born before January 1, 1930, and beginning January 1, 1990 for
22 firemen born after December 31, 1929 and before January 1,
23 1940, and beginning January 1, 1996 for firemen born after
24 December 31, 1939 but before January 1, 1945, and beginning
25 January 1, 2004, for firemen born after December 31, 1944 but
26 before January 1, 1955, such increases shall be 3% and such
27 firemen shall not be subject to the 30% maximum increase. For a
28 fireman born before January 1, 1955 who has made the
29 contribution required under subsection (c) for at least one
30 year at the 7/8 of 1% rate, such increases shall be 3% of the
31 total amount of annuity payable at the time of the increase,
32 including any previous increases under this Article, and the

1 fireman shall not be subject to the 30% maximum increase.

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

13 Any fireman born before January 1, 1955 who qualifies for a
14 minimum annuity and retires after September 1, 1967 but has not
15 received the initial increase under this subsection before
16 January 1, 2004 is entitled to receive the initial increase
17 under this subsection on (1) January 1, 2004, (2) the first
18 anniversary of the date of retirement, or (3) attainment of age
19 55, whichever occurs last. The changes to this Section made by
20 Public Act 93-654 ~~this amendatory Act of the 93rd General~~
21 ~~Assembly~~ apply without regard to whether the fireman or
22 annuitant terminated service before the effective date of this
23 amendatory Act.

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

26 (c) To help defray the cost of such increases in annuity,
27 there shall be deducted, beginning September 1, 1959, from each
28 payment of salary to a fireman, 1/8 of 1% of each such salary
29 payment and an additional 1/8 of 1% beginning on September 1,
30 1961, and September 1, 1963, respectively, concurrently with
31 and in addition to the salary deductions otherwise made for
32 annuity purposes. Beginning January 1, 2005, the deduction from
33 salary under this subsection (c) shall be 7/8 of 1%.

34 (d) A fireman born before January 1, 1955 who terminates
35 service without having made the contribution required under
36 subsection (c) for at least one year at the 7/8 of 1% rate may

1 elect to pay to the Fund an additional contribution in an
2 amount to be calculated by the Board, equal to 7/8 of 1% of his
3 or her annual salary at the time of termination of service,
4 less the amount, if any, contributed under subsection (c)
5 during the last year of service.

6 A fireman who has paid the additional contribution under
7 this subsection shall be entitled to have any increases
8 thereafter payable under subsection (a) calculated at the rate
9 of 3% of the total amount of annuity payable at the time of the
10 increase, including any previous increases under this Article.

11 This subsection (d) and the other changes to this Section
12 made by this amendatory Act of the 93rd General Assembly apply
13 without regard to whether the fireman terminated service before
14 the effective date of this amendatory Act.

15 (e) Each ~~such additional 1/8 of 1%~~ deduction from salary
16 under subsection (c) and any additional contribution received
17 under subsection (d) ~~which shall, on September 1, 1963, result~~
18 in a total increase of 3/8 of 1% of salary, shall be credited
19 to the Automatic Increase Reserve, to be used, together with
20 city contributions as provided in this Article, to defray the
21 cost of the ~~1 1/2%~~ annuity increments provided under this
22 Section ~~herein specified~~. Any balance in such reserve as of the
23 beginning of each calendar year shall be credited with interest
24 at the rate of 3% per annum.

25 (f) The salary deductions provided in this Section are not
26 subject to refund, except to the fireman himself, in any case
27 in which a fireman withdraws prior to qualification for minimum
28 annuity and applies for refund, or applies for annuity, and
29 also where a term annuity becomes payable. In such cases, the
30 total of such salary deductions shall be refunded to the
31 fireman, without interest, and charged to the aforementioned
32 reserve.

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

34 Section 90. The State Mandates Act is amended by adding
35 Section 8.28 as follows:

1 (30 ILCS 805/8.28 new)

2 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 93rd General Assembly.

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