

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 5-176.1 and 5-176.2 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
10 1, 1967 with at least 20 years of service credit shall, upon
11 either the first of the month following the first anniversary
12 of his date of retirement if he is age 60 (age 55 if born
13 before January 1, 1950) or over on that anniversary date, or
14 upon the first of the month following his attainment of age
15 60 (age 55 if born before January 1, 1950) if it occurs after
16 the first anniversary of his retirement date, have his then
17 fixed and payable monthly annuity increased by 1 1/2% and
18 such first fixed annuity as granted at retirement increased
19 by an additional 1 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
22 1, 1988 for policemen born on or after January 1, 1930 but
23 before January 1, 1940, and beginning January 1, 1996 for
24 policemen born on or after January 1, 1940 but before January
25 1, 1945, and beginning January 1, 2000 for policemen born on
26 or after January 1, 1945 but before January 1, 1950, such
27 increases shall be 3% and such policemen shall not be subject
28 to the 30% maximum increase.

29 Beginning January 1, 2004, regardless of the policeman's
30 date of birth, all annual increases under this subsection
31 shall be at the rate of 3% of the current amount of the

1 annuity, including any previous increases granted under this
2 Article, and the 30% maximum no longer applies.

3 Notwithstanding the other provisions of this subsection,
4 any policeman who qualifies for a minimum annuity and retires
5 after September 1, 1967 but has not received the initial
6 increase under this subsection before January 1, 2004 is
7 entitled to receive the initial increase under this
8 subsection on (1) January 1, 2004, (2) the first anniversary
9 of the date of retirement, or (3) attainment of age 55,
10 whichever occurs last. The changes to this Section made by
11 this amendatory Act of the 93rd General Assembly apply
12 without regard to whether the policeman or annuitant
13 terminated service before the effective date of this
14 amendatory Act.

15 Any policeman born before January 1, 1945 who qualifies
16 for a minimum annuity and retires after September 1, 1967 but
17 has not received the initial increase under this subsection
18 before January 1, 1996 is entitled to receive the initial
19 increase under this subsection on (1) January 1, 1996, (2)
20 the first anniversary of the date of retirement, or (3)
21 attainment of age 55, whichever occurs last. The changes to
22 this Section made by Public Act 89-12 apply beginning January
23 1, 1996 and without regard to whether the policeman or
24 annuitant terminated service before the effective date of
25 that Act.

26 Any policeman born before January 1, 1950 who qualifies
27 for a minimum annuity and retires after September 1, 1967 but
28 has not received the initial increase under this subsection
29 before January 1, 2000 is entitled to receive the initial
30 increase under this subsection on (1) January 1, 2000, (2)
31 the first anniversary of the date of retirement, or (3)
32 attainment of age 55, whichever occurs last. The changes to
33 this Section made by this amendatory Act of the 92nd General
34 Assembly apply without regard to whether the policeman or

1 annuitant terminated service before the effective date of
2 this amendatory Act.

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

5 (c) To help defray the cost of such increases in
6 annuity, there shall be deducted, beginning September 1,
7 1967, from each payment of salary to a policeman, 1/2 of 1%
8 of each salary payment concurrently with and in addition to
9 the salary deductions otherwise made for annuity purposes.

10 The city, in addition to the contributions otherwise made
11 by it for annuity purposes under other provisions of this
12 Article, shall make matching contributions concurrently with
13 such salary deductions.

14 Each such 1/2 of 1% deduction from salary and each such
15 contribution by the city of 1/2 of 1% of salary shall be
16 credited to the Automatic Increase Reserve, to be used to
17 defray the cost of the 1 1/2% annuity increase provided by
18 this Section. Any balance in such reserve as of the
19 beginning of each calendar year shall be credited with
20 interest at the rate of 3% per annum.

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

23 The salary deductions provided in this Section are not
24 subject to refund, except to the policeman himself, in any
25 case in which a policeman withdraws prior to qualification
26 for minimum annuity and applies for refund or applies for
27 annuity, and also where a term annuity becomes payable. In
28 such cases, the total of such salary deductions shall be
29 refunded to the policeman, without interest, and charged to
30 the Automatic Increase Reserve.

31 (Source: P.A. 92-52, eff. 7-12-01.)

32 (40 ILCS 5/5-167.2) (from Ch. 108 1/2, par. 5-167.2)
33 Sec. 5-167.2. Retirement before September 1, 1967. A

1 retired policeman, qualifying for minimum annuity or who
2 retired from service with 20 or more years of service, before
3 September 1, 1967, shall, in January of the year following
4 the year he attains the age of 65, or in January of the year
5 1970, if then more than 65 years of age, have his then fixed
6 and payable monthly annuity increased by an amount equal to
7 2% of the original grant of annuity, for each year the
8 policeman was in receipt of annuity payments after the year
9 in which he attains, or did attain the age of 63. An
10 additional 2% increase in such then fixed and payable
11 original granted annuity shall accrue in each January
12 thereafter. Beginning January 1, 1986, the rate of such
13 increase shall be 3% instead of 2%. Beginning January 1,
14 2004, all annual increases under this paragraph shall be at
15 the rate of 3% of the current amount of the annuity,
16 including any previous increases granted under this Article.
17 The change made to this Section by this amendatory Act of the
18 93rd General Assembly is not limited to persons in service on
19 or after its effective date.

20 The provisions of the preceding paragraph of this Section
21 apply only to a retired policeman eligible for such increases
22 in his annuity who contributes to the Fund a sum equal to \$5
23 for each full year of credited service upon which his annuity
24 was computed. All such sums contributed shall be placed in a
25 Supplementary Payment Reserve and shall be used for the
26 purposes of such Fund account.

27 Beginning with the monthly annuity payment due in July,
28 1982, the fixed and granted monthly annuity payment for any
29 policeman who retired from the service, before September 1,
30 1976, at age 50 or over with 20 or more years of service and
31 entitled to an annuity on January 1, 1974, shall be not less
32 than \$400. It is the intent of the General Assembly that the
33 change made in this Section by this amendatory Act of 1982
34 shall apply retroactively to July 1, 1982.

1 Beginning with the monthly annuity payment due on January
2 1, 1986, the fixed and granted monthly annuity payment for
3 any policeman who retired from the service before January 1,
4 1986, at age 50 or over with 20 or more years of service, or
5 any policeman who retired from service due to termination of
6 disability and who is entitled to an annuity on January 1,
7 1986, shall be not less than \$475.

8 Beginning with the monthly annuity payment due on January
9 1, 1992, the fixed and granted monthly annuity payment for
10 any policeman who retired from the service before January 1,
11 1992, at age 50 or over with 20 or more years of service, and
12 for any policeman who retired from service due to termination
13 of disability and who is entitled to an annuity on January 1,
14 1992, shall be not less than \$650.

15 Beginning with the monthly annuity payment due on January
16 1, 1993, the fixed and granted monthly annuity payment for
17 any policeman who retired from the service before January 1,
18 1993, at age 50 or over with 20 or more years of service, and
19 for any policeman who retired from service due to termination
20 of disability and who is entitled to an annuity on January 1,
21 1993, shall be not less than \$750.

22 Beginning with the monthly annuity payment due on January
23 1, 1994, the fixed and granted monthly annuity payment for
24 any policeman who retired from the service before January 1,
25 1994, at age 50 or over with 20 or more years of service, and
26 for any policeman who retired from service due to termination
27 of disability and who is entitled to an annuity on January 1,
28 1994, shall be not less than \$850.

29 The difference in amount between the original fixed and
30 granted monthly annuity of any such policeman on the date of
31 his retirement from the service and the monthly annuity
32 provided for in the immediately preceding paragraph shall be
33 paid as a supplement in the manner set forth in the
34 immediately following paragraph.

1 To defray the annual cost of the increases indicated in
2 the preceding part of this Section, the annual interest
3 income accruing from investments held by this Fund, exclusive
4 of gains or losses on sales or exchanges of assets during the
5 year, over and above 4% a year shall be used to the extent
6 necessary and available to finance the cost of such increases
7 for the following year and such amount shall be transferred
8 as of the end of each year beginning with the year 1969 to a
9 Fund account designated as the Supplementary Payment Reserve
10 from the Interest and Investment Reserve set forth in Section
11 5-207.

12 In the event the funds in the Supplementary Payment
13 Reserve in any year arising from: (1) the interest income
14 accruing in the preceding year above 4% a year and (2) the
15 contributions by retired persons are insufficient to make the
16 total payments to all persons entitled to the annuity
17 specified in this Section and (3) any interest earnings over
18 4% a year beginning with the year 1969 which were not
19 previously used to finance such increases and which were
20 transferred to the Prior Service Annuity Reserve, may be used
21 to the extent necessary and available to provide sufficient
22 funds to finance such increases for the current year and such
23 sums shall be transferred from the Prior Service Annuity
24 Reserve. In the event the total money available in the
25 Supplementary Payment Reserve from such sources are
26 insufficient to make the total payments to all persons
27 entitled to such increases for the year, a proportionate
28 amount computed as the ratio of the money available to the
29 total of the total payments specified for that year shall be
30 paid to each person for that year.

31 The Fund shall be obligated for the payment of the
32 increases in annuity as provided for in this Section only to
33 the extent that the assets for such purpose are available.

34 (Source: P.A. 91-357, eff. 7-29-99.)

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.27 as follows:

3 (30 ILCS 805/8.27 new)

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

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.