



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1740

Introduced 2/9/2007, by Sen. William Delgado

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1	from Ch. 108 1/2, par. 5-167.1
40 ILCS 5/5-167.2	from Ch. 108 1/2, par. 5-167.2
30 ILCS 805/8.31 new	

Amends the Chicago Police Article of the Illinois Pension Code. Compounds the automatic annual increase in retirement annuity. Also increases it to 3%, reduces the minimum age to 55, and removes the 30% maximum increase limitation for all annuitants. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB095 06687 AMC 26799 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 Sections 5-167.1 and 5-167.2 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 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 60 (age 55 if born before
13 January 1, 1955) or over on that anniversary date, or upon the
14 first of the month following his attainment of age 60 (age 55
15 if born before January 1, 1955) if it 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 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, such increases shall be 3% and such
6 policemen shall not be subject to the 30% maximum increase.

7 Beginning January 1, 2008, regardless of the policeman's
8 date of birth, all annual increases under this subsection shall
9 be at the rate of 3% of the current amount of the annuity,
10 including any previous increases granted under this Article,
11 and the 30% maximum no longer applies.

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

22 Any policeman born before January 1, 1950 who qualifies for
23 a minimum annuity and retires after September 1, 1967 but has
24 not received the initial increase under this subsection before
25 January 1, 2000 is entitled to receive the initial increase
26 under this subsection on (1) January 1, 2000, (2) the first

1 anniversary of the date of retirement, or (3) attainment of age
2 55, whichever occurs last. The changes to this Section made by
3 this amendatory Act of the 92nd General Assembly apply without
4 regard to whether the policeman or annuitant terminated service
5 before the effective date of this amendatory Act.

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

16 Notwithstanding the other provisions of this subsection,
17 any policeman who qualifies for a minimum annuity and retires
18 after September 1, 1967 but has not received the initial
19 increase under this subsection before January 1, 2008 is
20 entitled to receive the initial increase under this subsection
21 on (1) January 1, 2008, (2) the first anniversary of the date
22 of retirement, or (3) attainment of age 55, whichever occurs
23 last. The changes to this Section made by this amendatory Act
24 of the 95th General Assembly apply without regard to whether
25 the policeman or annuitant terminated service before the
26 effective date of this amendatory Act.

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

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

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

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

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

21 The salary deductions provided in this Section are not
22 subject to refund, except to the policeman himself, in any case
23 in which a policeman withdraws prior to qualification for
24 minimum annuity and applies for refund or applies for annuity,
25 and also where a term annuity becomes payable. In such cases,
26 the total of such salary deductions shall be refunded to the

1 policeman, without interest, and charged to the Automatic
2 Increase Reserve.

3 (Source: P.A. 94-719, eff. 1-6-06.)

4 (40 ILCS 5/5-167.2) (from Ch. 108 1/2, par. 5-167.2)

5 Sec. 5-167.2. Retirement before September 1, 1967. A
6 retired policeman, qualifying for minimum annuity or who
7 retired from service with 20 or more years of service, before
8 September 1, 1967, shall, in January of the year following the
9 year he attains the age of 65, or in January of the year 1970,
10 if then more than 65 years of age, have his then fixed and
11 payable monthly annuity increased by an amount equal to 2% of
12 the original grant of annuity, for each year the policeman was
13 in receipt of annuity payments after the year in which he
14 attains, or did attain the age of 63. An additional 2% increase
15 in such then fixed and payable original granted annuity shall
16 accrue in each January thereafter. Beginning January 1, 1986,
17 the rate of such increase shall be 3% instead of 2%. Beginning
18 January 1, 2008, all annual increases under this paragraph
19 shall be at the rate of 3% of the current amount of the
20 annuity, including any previous increases granted under this
21 Article. The change made to this Section by this amendatory Act
22 of the 95th General Assembly is not limited to persons in
23 service on or after its effective date.

24 The provisions of the preceding paragraph of this Section
25 apply only to a retired policeman eligible for such increases

1 in his annuity who contributes to the Fund a sum equal to \$5
2 for each full year of credited service upon which his annuity
3 was computed. All such sums contributed shall be placed in a
4 Supplementary Payment Reserve and shall be used for the
5 purposes of such Fund account.

6 Beginning with the monthly annuity payment due in July,
7 1982, the fixed and granted monthly annuity payment for any
8 policeman who retired from the service, before September 1,
9 1976, at age 50 or over with 20 or more years of service and
10 entitled to an annuity on January 1, 1974, shall be not less
11 than \$400. It is the intent of the General Assembly that the
12 change made in this Section by this amendatory Act of 1982
13 shall apply retroactively to July 1, 1982.

14 Beginning with the monthly annuity payment due on January
15 1, 1986, the fixed and granted monthly annuity payment for any
16 policeman who retired from the service before January 1, 1986,
17 at age 50 or over with 20 or more years of service, or any
18 policeman who retired from service due to termination of
19 disability and who is entitled to an annuity on January 1,
20 1986, shall be not less than \$475.

21 Beginning with the monthly annuity payment due on January
22 1, 1992, the fixed and granted monthly annuity payment for any
23 policeman who retired from the service before January 1, 1992,
24 at age 50 or over with 20 or more years of service, and for any
25 policeman who retired from service due to termination of
26 disability and who is entitled to an annuity on January 1,

1 1992, shall be not less than \$650.

2 Beginning with the monthly annuity payment due on January
3 1, 1993, the fixed and granted monthly annuity payment for any
4 policeman who retired from the service before January 1, 1993,
5 at age 50 or over with 20 or more years of service, and for any
6 policeman who retired from service due to termination of
7 disability and who is entitled to an annuity on January 1,
8 1993, shall be not less than \$750.

9 Beginning with the monthly annuity payment due on January
10 1, 1994, the fixed and granted monthly annuity payment for any
11 policeman who retired from the service before January 1, 1994,
12 at age 50 or over with 20 or more years of service, and for any
13 policeman who retired from service due to termination of
14 disability and who is entitled to an annuity on January 1,
15 1994, shall be not less than \$850.

16 Beginning with the monthly annuity payment due on January
17 1, 2004, the fixed and granted monthly annuity payment for any
18 policeman who retired from the service before January 1, 2004,
19 at age 50 or over with 20 or more years of service, and for any
20 policeman who retired from service due to termination of
21 disability and who is entitled to an annuity on January 1,
22 2004, shall be not less than \$950.

23 Beginning with the monthly annuity payment due on January
24 1, 2005, the fixed and granted monthly annuity payment for any
25 policeman who retired from the service before January 1, 2005,
26 at age 50 or over with 20 or more years of service, and for any

1 policeman who retired from service due to termination of
2 disability and who is entitled to an annuity on January 1,
3 2005, shall be not less than \$1,050.

4 The difference in amount between the original fixed and
5 granted monthly annuity of any such policeman on the date of
6 his retirement from the service and the monthly annuity
7 provided for in the immediately preceding paragraph shall be
8 paid as a supplement in the manner set forth in the immediately
9 following paragraph.

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

20 In the event the funds in the Supplementary Payment Reserve
21 in any year arising from: (1) the interest income accruing in
22 the preceding year above 4% a year and (2) the contributions by
23 retired persons are insufficient to make the total payments to
24 all persons entitled to the annuity specified in this Section
25 and (3) any interest earnings over 4% a year beginning with the
26 year 1969 which were not previously used to finance such

1 increases and which were transferred to the Prior Service
2 Annuity Reserve, may be used to the extent necessary and
3 available to provide sufficient funds to finance such increases
4 for the current year and such sums shall be transferred from
5 the Prior Service Annuity Reserve. In the event the total money
6 available in the Supplementary Payment Reserve from such
7 sources are insufficient to make the total payments to all
8 persons entitled to such increases for the year, a
9 proportionate amount computed as the ratio of the money
10 available to the total of the total payments specified for that
11 year shall be paid to each person for that year.

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

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

16 Section 90. The State Mandates Act is amended by adding
17 Section 8.31 as follows:

18 (30 ILCS 805/8.31 new)

19 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8
20 of this Act, no reimbursement by the State is required for the
21 implementation of any mandate created by this amendatory Act of
22 the 95th General Assembly.

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.