



Sen. Terry Link

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LRB096 19254 AMC 41254 a

1 AMENDMENT TO HOUSE BILL 5873

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 5873 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 1A-104, 3-111, 3-111.1, 3-112, 3-125, 3-127,  
6 3-142, 3-143, 4-109, 4-109.1, 4-114, 4-118, 4-134, 5-167.1,  
7 6-164, and 7-142.1 and by adding Sections 1-113.4a, 1-165,  
8 5-238, and 6-229 as follows:

9 (40 ILCS 5/1-113.4a new)

10 Sec. 1-113.4a. List of additional permitted investments  
11 for pension funds with net assets of \$10,000,000 or more.

12 (a) In addition to the items in Sections 1-113.2 and  
13 1-113.3, a pension fund established under Article 3 or 4 that  
14 has net assets of at least \$10,000,000 and has appointed an  
15 investment adviser, as defined under Sections 1-101.4 and  
16 1-113.5, may, through that investment adviser, invest an

1 additional portion of its assets in common and preferred  
2 stocks, mutual funds, and corporate bonds.

3 (b) The stocks must meet all of the following requirements:

4 (1) The common stocks must be listed on a national  
5 securities exchange or board of trade (as defined in the  
6 Federal Securities Exchange Act of 1934 and set forth in  
7 paragraph G of Section 3 of the Illinois Securities Law of  
8 1953) or quoted in the National Association of Securities  
9 Dealers Automated Quotation System National Market System.

10 (2) The securities must be of a corporation in  
11 existence for at least 5 years.

12 (3) The market value of stock in any one corporation  
13 may not exceed 5% of the cash and invested assets of the  
14 pension fund, and the investments in the stock of any one  
15 corporation may not exceed 5% of the total outstanding  
16 stock of that corporation.

17 (4) The straight preferred stocks or convertible  
18 preferred stocks must be issued or guaranteed by a  
19 corporation whose common stock qualifies for investment by  
20 the board.

21 (c) The mutual funds must meet the following requirements:

22 (1) The mutual fund must be managed by an investment  
23 company registered under the Federal Investment Company  
24 Act of 1940 and registered under the Illinois Securities  
25 Law of 1953.

26 (2) The mutual fund must have been in operation for at

1       least 5 years.

2           (3) The mutual fund must have total net assets of  
3       \$250,000,000 or more.

4           (4) The mutual fund must be comprised of a diversified  
5       portfolio of common or preferred stocks, bonds, or money  
6       market instruments.

7           (d) Corporate bonds managed through an investment adviser  
8       must meet the following requirements:

9           (1) Be rated as investment grade by one of the 2  
10       largest rating services at the time of purchase.

11           (2) Securities subsequently downgraded below  
12       investment grade shall be liquidated from the portfolio  
13       within 90 days after the downgrade by the manager.

14           (e) A pension fund's total investment in the items  
15       authorized under this Section and Section 1-113.3 shall not  
16       exceed 50% effective July 1, 2011 and 55% effective July 1,  
17       2012 of the market value of the pension fund's net present  
18       assets stated in its most recent annual report on file with the  
19       Department of Insurance.

20           (f) A pension fund that invests funds under this Section  
21       shall electronically file with the Division any reports of its  
22       investment activities that the Division may require, at the  
23       time and in the format required by the Division.

24           (40 ILCS 5/1-165 new)

25           Sec. 1-165. Commission on Government Forecasting and

1 Accountability study. The Commission on Government Forecasting  
2 and Accountability shall conduct a study on the feasibility of:

3 (1) the creation of an investment pool to supplement  
4 and enhance the investment opportunities available to  
5 boards of trustees of the pension funds organized under  
6 Articles 3 and 4 of this Code; the study shall include an  
7 analysis on any cost or cost savings associated with  
8 establishing the system and transferring assets for  
9 management under the investment pool; and

10 (2) enacting a contribution cost-share component  
11 wherein employing municipalities and members of funds  
12 established under Articles 3 and 4 of this Code each  
13 contribute 50% of the normal cost of the defined-benefit  
14 plan.

15 The Commission shall issue a report on its findings on or  
16 before December 31, 2011.

17 (40 ILCS 5/1A-104)

18 Sec. 1A-104. Examinations and investigations.

19 (a) The Division shall make periodic examinations and  
20 investigations of all pension funds established under this Code  
21 and maintained for the benefit of employees and officers of  
22 governmental units in the State of Illinois. However, in lieu  
23 of making an examination and investigation, the Division may  
24 accept and rely upon a report of audit or examination of any  
25 pension fund made by an independent certified public accountant

1 pursuant to the provisions of the Article of this Code  
2 governing the pension fund. The acceptance of the report of  
3 audit or examination does not bar the Division from making a  
4 further audit, examination, and investigation if deemed  
5 necessary by the Division.

6 The Department may implement a flexible system of  
7 examinations under which it directs resources as it deems  
8 necessary or appropriate. In consultation with the pension fund  
9 being examined, the Division may retain attorneys, independent  
10 actuaries, independent certified public accountants, and other  
11 professionals and specialists as examiners, the cost of which  
12 (except in the case of pension funds established under Article  
13 3 or 4) shall be borne by the pension fund that is the subject  
14 of the examination.

15 (b) The Division shall examine or investigate each pension  
16 fund established under Article 3 or Article 4 of this Code. The  
17 schedule of each examination shall be such that each fund shall  
18 be examined once every 3 years.

19 Each examination shall include the following:

20 (1) an audit of financial transactions, investment  
21 policies, and procedures;

22 (2) an examination of books, records, documents,  
23 files, and other pertinent memoranda relating to  
24 financial, statistical, and administrative operations;

25 (3) a review of policies and procedures maintained for  
26 the administration and operation of the pension fund;

1           (4) a determination of whether or not full effect is  
2 being given to the statutory provisions governing the  
3 operation of the pension fund;

4           (5) a determination of whether or not the  
5 administrative policies in force are in accord with the  
6 purposes of the statutory provisions and effectively  
7 protect and preserve the rights and equities of the  
8 participants;

9           (6) a determination of whether or not proper financial  
10 and statistical records have been established and adequate  
11 documentary evidence is recorded and maintained in support  
12 of the several types of annuity and benefit payments being  
13 made; and

14           (7) a determination of whether or not the calculations  
15 made by the fund for the payment of all annuities and  
16 benefits are accurate.

17           In addition, the Division may conduct investigations,  
18 which shall be identified as such and which may include one or  
19 more of the items listed in this subsection.

20           A copy of the report of examination or investigation as  
21 prepared by the Division shall be submitted to the secretary of  
22 the board of trustees of the pension fund examined or  
23 investigated and to the chief executive officer of the  
24 municipality. The Director, upon request, shall grant a hearing  
25 to the officers or trustees of the pension fund or their duly  
26 appointed representatives, upon any facts contained in the

1 report of examination. The hearing shall be conducted before  
2 filing the report or making public any information contained in  
3 the report. The Director may withhold the report from public  
4 inspection for up to 60 days following the hearing.

5 (c) With respect to any pension fund established under  
6 Article 3 or Article 4 of this Code, the trustees of the  
7 pension fund or the corporate authorities of the municipality  
8 that establishes the fund may, not more than once every year,  
9 request the Division to perform a special examination of the  
10 fund. In conducting the special examination, the Division must:

11 (1) review the most recent audit of the fund under  
12 subsection (b), all relevant actuarial reports relating to  
13 the fund, all investment information pertaining to the  
14 fund's performance, and any comprehensive annual financial  
15 report or similar financial reports issued by the  
16 municipality;

17 (2) issue a report detailing the funding level of the  
18 fund, the causes of any underfunding, the statutorily  
19 required employer annual contribution amount as determined  
20 by an enrolled actuary, the actual contribution amount made  
21 by employer, and the difference between the statutorily  
22 required employer contribution and the actual employer  
23 contribution.

24 The Division must begin the special examination within 90  
25 days after receiving the request, and it must issue the report  
26 within 180 days after beginning the special examination.

1 (Source: P.A. 95-950, eff. 8-29-08.)

2 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)

3 Sec. 3-111. Pension.

4 (a) A police officer age 50 or more with 20 or more years  
5 of creditable service, who is not a participant in the  
6 self-managed plan under Section 3-109.3 and who is no longer in  
7 service as a police officer, shall receive a pension of 1/2 of  
8 the salary attached to the rank held by the officer on the  
9 police force for one year immediately prior to retirement or,  
10 beginning July 1, 1987 for persons terminating service on or  
11 after that date, the salary attached to the rank held on the  
12 last day of service or for one year prior to the last day,  
13 whichever is greater. The pension shall be increased by 2.5% of  
14 such salary for each additional year of service over 20 years  
15 of service through 30 years of service, to a maximum of 75% of  
16 such salary.

17 The changes made to this subsection (a) by this amendatory  
18 Act of the 91st General Assembly apply to all pensions that  
19 become payable under this subsection on or after January 1,  
20 1999. All pensions payable under this subsection that began on  
21 or after January 1, 1999 and before the effective date of this  
22 amendatory Act shall be recalculated, and the amount of the  
23 increase accruing for that period shall be payable to the  
24 pensioner in a lump sum.

25 (a-5) No pension in effect on or granted after June 30,



1 1973 shall be less than \$200 per month. Beginning July 1, 1987,  
2 the minimum retirement pension for a police officer having at  
3 least 20 years of creditable service shall be \$400 per month,  
4 without regard to whether or not retirement occurred prior to  
5 that date. If the minimum pension established in Section  
6 3-113.1 is greater than the minimum provided in this  
7 subsection, the Section 3-113.1 minimum controls.

8 (b) A police officer mandatorily retired from service due  
9 to age by operation of law, having at least 8 but less than 20  
10 years of creditable service, shall receive a pension equal to 2  
11 1/2% of the salary attached to the rank he or she held on the  
12 police force for one year immediately prior to retirement or,  
13 beginning July 1, 1987 for persons terminating service on or  
14 after that date, the salary attached to the rank held on the  
15 last day of service or for one year prior to the last day,  
16 whichever is greater, for each year of creditable service.

17 A police officer who retires or is separated from service  
18 having at least 8 years but less than 20 years of creditable  
19 service, who is not mandatorily retired due to age by operation  
20 of law, and who does not apply for a refund of contributions at  
21 his or her last separation from police service, shall receive a  
22 pension upon attaining age 60 equal to 2.5% of the salary  
23 attached to the rank held by the police officer on the police  
24 force for one year immediately prior to retirement or,  
25 beginning July 1, 1987 for persons terminating service on or  
26 after that date, the salary attached to the rank held on the

1 last day of service or for one year prior to the last day,  
2 whichever is greater, for each year of creditable service.

3 (c) A police officer no longer in service who has at least  
4 one but less than 8 years of creditable service in a police  
5 pension fund but meets the requirements of this subsection (c)  
6 shall be eligible to receive a pension from that fund equal to  
7 2.5% of the salary attached to the rank held on the last day of  
8 service under that fund or for one year prior to that last day,  
9 whichever is greater, for each year of creditable service in  
10 that fund. The pension shall begin no earlier than upon  
11 attainment of age 60 (or upon mandatory retirement from the  
12 fund by operation of law due to age, if that occurs before age  
13 60) and in no event before the effective date of this  
14 amendatory Act of 1997.

15 In order to be eligible for a pension under this subsection  
16 (c), the police officer must have at least 8 years of  
17 creditable service in a second police pension fund under this  
18 Article and be receiving a pension under subsection (a) or (b)  
19 of this Section from that second fund. The police officer need  
20 not be in service on or after the effective date of this  
21 amendatory Act of 1997.

22 (d) Notwithstanding any other provision of this Article,  
23 this subsection (d) applies to a police officer who first  
24 becomes a police officer under this Article on or after January  
25 1, 2011.

26 A police officer age 55 or more with 10 or more years of

1 creditable service, who is not a participant in the  
2 self-managed plan under Section 3-109.3 and who is no longer in  
3 service as a police officer, shall receive a pension of 1/2 of  
4 the final average salary attached to the rank held by the  
5 officer. The pension shall be increased by 2.2% of such final  
6 average salary for each additional year of service over 20  
7 years of service through 30 years of service, to a maximum of  
8 72% of such final average salary.

9 The pension of a police officer who is retiring after  
10 attaining age 50 with 10 or more years of creditable service  
11 shall be reduced by one-fourth of 1% for each month that the  
12 police officer's age is under age 55.

13 The maximum pension under this subsection (d) shall be 72%  
14 of final average salary.

15 For the purposes of this subsection (d), "final average  
16 salary" means the average monthly salary obtained by dividing  
17 the total salary of the police officer during the 48  
18 consecutive months of service within the last 120 months of  
19 service in which the total salary was the highest by the number  
20 of months of service in that period.

21 (Source: P.A. 90-460, eff. 8-17-97; 91-939, eff. 2-1-01.)

22 (40 ILCS 5/3-111.1) (from Ch. 108 1/2, par. 3-111.1)

23 Sec. 3-111.1. Increase in pension.

24 (a) Except as provided in subsection (e), the monthly  
25 pension of a police officer who retires after July 1, 1971, and

1 prior to January 1, 1986, shall be increased, upon either the  
2 first of the month following the first anniversary of the date  
3 of retirement if the officer is 60 years of age or over at  
4 retirement date, or upon the first day of the month following  
5 attainment of age 60 if it occurs after the first anniversary  
6 of retirement, by 3% of the originally granted pension and by  
7 an additional 3% of the originally granted pension in January  
8 of each year thereafter.

9 (b) The monthly pension of a police officer who retired  
10 from service with 20 or more years of service, on or before  
11 July 1, 1971, shall be increased in January of the year  
12 following the year of attaining age 65 or in January of 1972,  
13 if then over age 65, by 3% of the originally granted pension  
14 for each year the police officer received pension payments. In  
15 each January thereafter, he or she shall receive an additional  
16 increase of 3% of the original pension.

17 (c) The monthly pension of a police officer who retires on  
18 disability or is retired for disability shall be increased in  
19 January of the year following the year of attaining age 60, by  
20 3% of the original grant of pension for each year he or she  
21 received pension payments. In each January thereafter, the  
22 police officer shall receive an additional increase of 3% of  
23 the original pension.

24 (d) The monthly pension of a police officer who retires  
25 after January 1, 1986, shall be increased, upon either the  
26 first of the month following the first anniversary of the date

1 of retirement if the officer is 55 years of age or over, or  
2 upon the first day of the month following attainment of age 55  
3 if it occurs after the first anniversary of retirement, by 1/12  
4 of 3% of the originally granted pension for each full month  
5 that has elapsed since the pension began, and by an additional  
6 3% of the originally granted pension in January of each year  
7 thereafter.

8 The changes made to this subsection (d) by this amendatory  
9 Act of the 91st General Assembly apply to all initial increases  
10 that become payable under this subsection on or after January  
11 1, 1999. All initial increases that became payable under this  
12 subsection on or after January 1, 1999 and before the effective  
13 date of this amendatory Act shall be recalculated and the  
14 additional amount accruing for that period, if any, shall be  
15 payable to the pensioner in a lump sum.

16 (e) Notwithstanding the provisions of subsection (a), upon  
17 the first day of the month following (1) the first anniversary  
18 of the date of retirement, or (2) the attainment of age 55, or  
19 (3) July 1, 1987, whichever occurs latest, the monthly pension  
20 of a police officer who retired on or after January 1, 1977 and  
21 on or before January 1, 1986, and did not receive an increase  
22 under subsection (a) before July 1, 1987, shall be increased by  
23 3% of the originally granted monthly pension for each full year  
24 that has elapsed since the pension began, and by an additional  
25 3% of the originally granted pension in each January  
26 thereafter. The increases provided under this subsection are in

1 lieu of the increases provided in subsection (a).

2 (f) Notwithstanding the other provisions of this Section,  
3 beginning with increases granted on or after July 1, 1993, the  
4 second and all subsequent automatic annual increases granted  
5 under subsection (a), (b), (d), or (e) of this Section shall be  
6 calculated as 3% of the amount of pension payable at the time  
7 of the increase, including any increases previously granted  
8 under this Section, rather than 3% of the originally granted  
9 pension amount. Section 1-103.1 does not apply to this  
10 subsection (f).

11 (g) Notwithstanding any other provision of this Article,  
12 the monthly pension of a police officer who first becomes a  
13 police officer under this Article on or after January 1, 2011  
14 shall be increased on the January 1 after the police officer  
15 attains age 57 and each January 1 thereafter by 3% or the  
16 annual increase in the consumer price index-u for the preceding  
17 calendar year, whichever is less, of the originally granted  
18 pension. If the increase in the consumer price index-u for the  
19 preceding calendar year is zero or there is a decrease, then  
20 the pension shall not be increased.

21 For the purposes of this subsection (g), "consumer price  
22 index-u" means the index published by the Bureau of Labor  
23 Statistics of the United States Department of Labor that  
24 measures the average change in prices of goods and services  
25 purchased by all urban consumers, United States city average,  
26 all items, 1982-84 = 100. The new amount resulting from each

1 annual adjustment shall be determined by the Public Pension  
2 Division of the Department of Insurance and made available to  
3 the boards of the pension funds.

4 (Source: P.A. 91-939, eff. 2-1-01.)

5 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112)

6 Sec. 3-112. Pension to survivors.

7 (a) Upon the death of a police officer entitled to a  
8 pension under Section 3-111, the surviving spouse shall be  
9 entitled to the pension to which the police officer was then  
10 entitled. Upon the death of the surviving spouse, or upon the  
11 remarriage of the surviving spouse if that remarriage  
12 terminates the surviving spouse's eligibility under Section  
13 3-121, the police officer's unmarried children who are under  
14 age 18 or who are dependent because of physical or mental  
15 disability shall be entitled to equal shares of such pension.  
16 If there is no eligible surviving spouse and no eligible child,  
17 the dependent parent or parents of the officer shall be  
18 entitled to receive or share such pension until their death or  
19 marriage or remarriage after the death of the police officer.

20 Notwithstanding any other provision of this Article, for a  
21 police officer who first becomes a police officer under this  
22 Article on or after January 1, 2011, the pension to which the  
23 surviving spouse, children, or parents are entitled under this  
24 subsection (a) shall be in the amount of 66 2/3% of the police  
25 officer's earned pension at the date of death. Nothing in this

1 subsection (a) shall act to diminish the survivor's benefits  
2 described in subsection (e) of this Section.

3 Notwithstanding any other provision of this Article, the  
4 monthly pension of a survivor of a police officer who first  
5 becomes a police officer for any municipality participating  
6 under this Article on or after January 1, 2011 shall be  
7 increased on the January 1 after commencement of the annuity  
8 and each January 1 thereafter by 3% or the annual increase in  
9 the consumer price index-u for the preceding calendar year,  
10 whichever is less, of the originally granted pension. If the  
11 increase in the cpi-u for the preceding calendar year is zero  
12 or there is a decrease, then the pension shall not be  
13 increased.

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

23 (b) Upon the death of a police officer while in service,  
24 having at least 20 years of creditable service, or upon the  
25 death of a police officer who retired from service with at  
26 least 20 years of creditable service, whether death occurs



1 before or after attainment of age 50, the pension earned by the  
2 police officer as of the date of death as provided in Section  
3 3-111 shall be paid to the survivors in the sequence provided  
4 in subsection (a) of this Section.

5 (c) Upon the death of a police officer while in service,  
6 having at least 10 but less than 20 years of service, a pension  
7 of 1/2 of the salary attached to the rank or ranks held by the  
8 officer for one year immediately prior to death shall be  
9 payable to the survivors in the sequence provided in subsection  
10 (a) of this Section. If death occurs as a result of the  
11 performance of duty, the 10 year requirement shall not apply  
12 and the pension to survivors shall be payable after any period  
13 of service.

14 (d) Beginning July 1, 1987, a minimum pension of \$400 per  
15 month shall be paid to all surviving spouses, without regard to  
16 the fact that the death of the police officer occurred prior to  
17 that date. If the minimum pension established in Section  
18 3-113.1 is greater than the minimum provided in this  
19 subsection, the Section 3-113.1 minimum controls.

20 (e) The pension of the surviving spouse of a police officer  
21 who dies (i) on or after January 1, 2001, (ii) without having  
22 begun to receive either a retirement pension payable under  
23 Section 3-111 or a disability pension payable under Section  
24 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of  
25 sickness, accident, or injury incurred in or resulting from the  
26 performance of an act of duty shall not be less than 100% of

1 the salary attached to the rank held by the deceased police  
2 officer on the last day of service, notwithstanding any  
3 provision in this Article to the contrary.

4 (Source: P.A. 91-939, eff. 2-1-01.)

5 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

6 Sec. 3-125. Financing.

7 (a) The city council or the board of trustees of the  
8 municipality shall annually levy a tax upon all the taxable  
9 property of the municipality at the rate on the dollar which  
10 will produce an amount which, when added to the deductions from  
11 the salaries or wages of police officers, and revenues  
12 available from other sources, will equal a sum sufficient to  
13 meet the annual requirements of the police pension fund. The  
14 annual requirements to be provided by such tax levy are equal  
15 to (1) the normal cost of the pension fund for the year  
16 involved, plus (2) the amount necessary to amortize the fund's  
17 unfunded accrued liabilities as provided in Section 3-127. The  
18 tax shall be levied and collected in the same manner as the  
19 general taxes of the municipality, and in addition to all other  
20 taxes now or hereafter authorized to be levied upon all  
21 property within the municipality, and shall be in addition to  
22 the amount authorized to be levied for general purposes as  
23 provided by Section 8-3-1 of the Illinois Municipal Code,  
24 approved May 29, 1961, as amended. The tax shall be forwarded  
25 directly to the treasurer of the board within 30 business days

1 after receipt by the county.

2 (b) The Commission on Government Financing and  
3 Accountability shall conduct a study of all funds established  
4 under this Article and shall report its findings to the General  
5 Assembly on or before January 1, 2012. The study shall include,  
6 but not be limited to, the following:

7 (1) fund balances;

8 (2) historical employer contribution rates for each  
9 fund;

10 (3) the actuarial formulas used as a basis for employer  
11 contributions, including the actual assumed rate of return  
12 for each year, for each fund;

13 (4) available contribution funding sources;

14 (5) the impact of any revenue limitations caused by  
15 PTELL and employer home rule or non-home rule status; and

16 (6) existing statutory funding compliance procedures  
17 and funding enforcement mechanisms for all municipal  
18 pension funds.

19 (c) In the absence of a statutory alternative enacted prior  
20 to January 1, 2015 to ensure that public employers comply with  
21 this Act by making statutorily required pension contributions,  
22 if any participating municipality or participating  
23 instrumentality fails to transmit to the pension fund  
24 contributions required of it under this Article or  
25 contributions collected by it from its participating employees  
26 for the purposes of this Article within 90 days after the

1 payment of such contributions is due, then the fund, after  
2 giving notice to the municipality or instrumentality, may  
3 certify to the State Comptroller the amounts of the delinquent  
4 payments, and the Comptroller shall deduct the amounts so  
5 certified or any part thereof from any grants of State funds to  
6 the municipality or instrumentality involved and shall pay the  
7 amount so deducted to the pension fund. If State funds from  
8 which such deductions may be made are not available, then the  
9 pension fund may proceed against the municipality or  
10 instrumentality to recover the amounts of such delinquent  
11 payments in the appropriate circuit court.

12 (d) Beginning January 1, 2015, the city council or the  
13 board of trustees of any municipality shall not make a  
14 contribution to the pension fund under this Article in its  
15 jurisdiction less than the amount recommended by the enrolled  
16 actuary of the Department of Insurance if the unfunded  
17 liability exceeds the assets in the fund as determined by the  
18 most recent actuarial valuation.

19 (e) The police pension fund shall consist of the following  
20 moneys which shall be set apart by the treasurer of the  
21 municipality:

22 (1) All moneys derived from the taxes levied hereunder;

23 (2) Contributions by police officers under Section  
24 3-125.1;

25 (3) All moneys accumulated by the municipality under  
26 any previous legislation establishing a fund for the

1 benefit of disabled or retired police officers;

2 (4) Donations, gifts or other transfers authorized by  
3 this Article.

4 (Source: P.A. 95-530, eff. 8-28-07.)

5 (40 ILCS 5/3-127) (from Ch. 108 1/2, par. 3-127)

6 Sec. 3-127. Reserves. The board shall establish and  
7 maintain a reserve to insure the payment of all obligations  
8 incurred under this Article excluding retirement annuities  
9 established under Section 3-109.3. The reserve to be  
10 accumulated shall be equal to the estimated total actuarial  
11 requirements of the fund.

12 If a pension fund has a reserve of less than the accrued  
13 liabilities of the fund, the board of the pension fund, in  
14 making its annual report to the city council or board of  
15 trustees of the municipality, shall designate the amount,  
16 calculated as a level percentage of payroll, needed annually to  
17 insure the accumulation of the reserve to the level of the  
18 fund's accrued liabilities over a period of 40 years from July  
19 1, 1993 for pension funds then in operation, or from the date  
20 of establishment in the case of a fund created thereafter, so  
21 that the necessary reserves will be attained over such a  
22 period. Any unfunded liability that exists in the fund on July  
23 1, 2010 may be amortized over a period of 30 years from July 1,  
24 2010. Any unfunded liability created after July 1, 2010 may be  
25 amortized over a period of 30 years from July 1 of the calendar

1 year in which the unfunded liability is created.

2 (Source: P.A. 91-939, eff. 2-1-01.)

3 (40 ILCS 5/3-142) (from Ch. 108 1/2, par. 3-142)

4 Sec. 3-142. Payment of benefits - funds insufficient. Any  
5 police officer and any eligible surviving spouse, child or  
6 children, or dependent parent of the officer to whom the board  
7 has ordered benefits to be paid, shall receive a yearly benefit  
8 payable in 12 equal monthly installments, which shall be the  
9 aggregate amount to which they are entitled.

10 If at any time there is not sufficient money in the fund to  
11 pay the benefits under this Article the city council or board  
12 of trustees of the municipality shall make every legal effort  
13 to replenish the fund so that all beneficiaries may receive the  
14 amounts to which they are entitled. ~~If, thereafter, there still~~  
15 ~~remain insufficient funds, the beneficiaries shall be paid pro~~  
16 ~~rata from the available funds, but no allowance or order of the~~  
17 ~~board shall be held to create any liability against the~~  
18 ~~municipality, but only against the pension fund.~~

19 (Source: P.A. 83-1440.)

20 (40 ILCS 5/3-143) (from Ch. 108 1/2, par. 3-143)

21 Sec. 3-143. Report by pension board.

22 (a) The pension board shall report annually to the city  
23 council or board of trustees of the municipality on the  
24 condition of the pension fund at the end of its most recently

1 completed fiscal year. The report shall be made prior to the  
2 council or board meeting held for the levying of taxes for the  
3 year for which the report is made.

4 The pension board shall certify and provide the following  
5 information to the city council or board of trustees of the  
6 municipality:

7 (1) the total assets of the fund in its custody at the  
8 end of the fiscal year and the current market value of  
9 those assets;

10 (2) the estimated receipts during the next succeeding  
11 fiscal year from deductions from the salaries of police  
12 officers, and from all other sources;

13 (3) the estimated amount required during the next  
14 succeeding fiscal year to (a) pay all pensions and other  
15 obligations provided in this Article, and (b) to meet the  
16 annual requirements of the fund as provided in Sections  
17 3-125 and 3-127;

18 (4) the total net income received from investment of  
19 assets along with the assumed investment return and actual  
20 investment return received by the fund during its most  
21 recently completed fiscal year compared to the total net  
22 income, assumed investment return, and actual investment  
23 return received during the preceding fiscal year;

24 (5) the total number of active employees who are  
25 financially contributing to the fund;

26 (6) the total amount that was disbursed in benefits

1 during the fiscal year, including the number of and total  
2 amount disbursed to (i) annuitants in receipt of a regular  
3 retirement pension, (ii) recipients being paid a  
4 disability pension, and (iii) survivors and children in  
5 receipt of benefits;

6 (7) the funded ratio of the fund;

7 (8) the unfunded liability carried by the fund, along  
8 with an actuarial explanation of the unfunded liability;  
9 and

10 (9) the investment policy of the pension board under  
11 the statutory investment restrictions imposed on the fund.

12 Before the pension board makes its report, the municipality  
13 shall have the assets of the fund and their current market  
14 value verified by an independent certified public accountant of  
15 its choice.

16 (b) The municipality is authorized to publish the report  
17 submitted under this Section. This publication may be made,  
18 without limitation, by publication in a local newspaper of  
19 general circulation in the municipality or by publication on  
20 the municipality's Internet website. If the municipality  
21 publishes the report, then that publication must include all of  
22 the information submitted by the pension board under subsection  
23 (a).

24 (c) Upon issuing the report to the municipality, the  
25 pension board shall also provide the information described in  
26 subsection (a), with the exception of paragraph (9) of



1 subsection (a), to the Department of Insurance in such manner  
2 and in such form as prescribed by the Director. The Department  
3 shall compile the submitted information on an annual basis into  
4 a comprehensive report and shall make this report available to  
5 the General Assembly and the Governor on paper or in electronic  
6 form before September 1, 2011 and before September 1 of each  
7 subsequent year. The Public Pension Division of the Department  
8 may adopt rules as necessary for the administration and  
9 enforcement of this subsection (c).

10 (Source: P.A. 95-950, eff. 8-29-08.)

11 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

12 Sec. 4-109. Pension.

13 (a) A firefighter age 50 or more with 20 or more years of  
14 creditable service, who is no longer in service as a  
15 firefighter, shall receive a monthly pension of 1/2 the monthly  
16 salary attached to the rank held by him or her in the fire  
17 service at the date of retirement.

18 The monthly pension shall be increased by 1/12 of 2.5% of  
19 such monthly salary for each additional month over 20 years of  
20 service through 30 years of service, to a maximum of 75% of  
21 such monthly salary.

22 The changes made to this subsection (a) by this amendatory  
23 Act of the 91st General Assembly apply to all pensions that  
24 become payable under this subsection on or after January 1,  
25 1999. All pensions payable under this subsection that began on

1 or after January 1, 1999 and before the effective date of this  
2 amendatory Act shall be recalculated, and the amount of the  
3 increase accruing for that period shall be payable to the  
4 pensioner in a lump sum.

5 (b) A firefighter who retires or is separated from service  
6 having at least 10 but less than 20 years of creditable  
7 service, who is not entitled to receive a disability pension,  
8 and who did not apply for a refund of contributions at his or  
9 her last separation from service shall receive a monthly  
10 pension upon attainment of age 60 based on the monthly salary  
11 attached to his or her rank in the fire service on the date of  
12 retirement or separation from service according to the  
13 following schedule:

14 For 10 years of service, 15% of salary;

15 For 11 years of service, 17.6% of salary;

16 For 12 years of service, 20.4% of salary;

17 For 13 years of service, 23.4% of salary;

18 For 14 years of service, 26.6% of salary;

19 For 15 years of service, 30% of salary;

20 For 16 years of service, 33.6% of salary;

21 For 17 years of service, 37.4% of salary;

22 For 18 years of service, 41.4% of salary;

23 For 19 years of service, 45.6% of salary.

24 (d) Notwithstanding any other provision of this Article,  
25 this subsection (d) applies to a firefighter who first becomes  
26 a firefighter under this Article on or after January 1, 2011.

1       A firefighter age 55 or more with 10 or more years of  
2       creditable service, who is no longer in service as a  
3       firefighter, shall receive a pension of 1/2 the final average  
4       salary attached to the rank held by him or her in the fire  
5       service at the date of retirement. The monthly pension shall be  
6       increased by 1/12 of 2.2% of such final average salary for each  
7       additional month over 20 years of service through 30 years of  
8       service, to a maximum of 72% of such final average salary.

9       The pension of a firefighter who is retiring after  
10       attaining age 50 with 10 or more years of creditable service  
11       shall be reduced by one-fourth of 1% for each month that the  
12       firefighter's age is under age 55.

13       The maximum pension under this subsection (d) shall be 72%  
14       of final average salary.

15       For the purposes of this subsection (d), "final average  
16       salary" means the average monthly salary obtained by dividing  
17       the total salary of the firefighter during the 48 consecutive  
18       months of service within the last 120 months of service in  
19       which the total salary was the highest by the number of months  
20       of service in that period.

21       (Source: P.A. 91-466, eff. 8-6-99.)

22       (40 ILCS 5/4-109.1) (from Ch. 108 1/2, par. 4-109.1)

23       Sec. 4-109.1. Increase in pension.

24       (a) Except as provided in subsection (e), the monthly  
25       pension of a firefighter who retires after July 1, 1971 and

1 prior to January 1, 1986, shall, upon either the first of the  
2 month following the first anniversary of the date of retirement  
3 if 60 years of age or over at retirement date, or upon the  
4 first day of the month following attainment of age 60 if it  
5 occurs after the first anniversary of retirement, be increased  
6 by 2% of the originally granted monthly pension and by an  
7 additional 2% in each January thereafter. Effective January  
8 1976, the rate of the annual increase shall be 3% of the  
9 originally granted monthly pension.

10 (b) The monthly pension of a firefighter who retired from  
11 service with 20 or more years of service, on or before July 1,  
12 1971, shall be increased, in January of the year following the  
13 year of attaining age 65 or in January 1972, if then over age  
14 65, by 2% of the originally granted monthly pension, for each  
15 year the firefighter received pension payments. In each January  
16 thereafter, he or she shall receive an additional increase of  
17 2% of the original monthly pension. Effective January 1976, the  
18 rate of the annual increase shall be 3%.

19 (c) The monthly pension of a firefighter who is receiving a  
20 disability pension under this Article shall be increased, in  
21 January of the year following the year the firefighter attains  
22 age 60, or in January 1974, if then over age 60, by 2% of the  
23 originally granted monthly pension for each year he or she  
24 received pension payments. In each January thereafter, the  
25 firefighter shall receive an additional increase of 2% of the  
26 original monthly pension. Effective January 1976, the rate of

1 the annual increase shall be 3%.

2 (c-1) On January 1, 1998, every child's disability benefit  
3 payable on that date under Section 4-110 or 4-110.1 shall be  
4 increased by an amount equal to 1/12 of 3% of the amount of the  
5 benefit, multiplied by the number of months for which the  
6 benefit has been payable. On each January 1 thereafter, every  
7 child's disability benefit payable under Section 4-110 or  
8 4-110.1 shall be increased by 3% of the amount of the benefit  
9 then being paid, including any previous increases received  
10 under this Article. These increases are not subject to any  
11 limitation on the maximum benefit amount included in Section  
12 4-110 or 4-110.1.

13 (c-2) On July 1, 2004, every pension payable to or on  
14 behalf of a minor or disabled surviving child that is payable  
15 on that date under Section 4-114 shall be increased by an  
16 amount equal to 1/12 of 3% of the amount of the pension,  
17 multiplied by the number of months for which the benefit has  
18 been payable. On July 1, 2005, July 1, 2006, July 1, 2007, and  
19 July 1, 2008, every pension payable to or on behalf of a minor  
20 or disabled surviving child that is payable under Section 4-114  
21 shall be increased by 3% of the amount of the pension then  
22 being paid, including any previous increases received under  
23 this Article. These increases are not subject to any limitation  
24 on the maximum benefit amount included in Section 4-114.

25 (d) The monthly pension of a firefighter who retires after  
26 January 1, 1986, shall, upon either the first of the month

1 following the first anniversary of the date of retirement if 55  
2 years of age or over, or upon the first day of the month  
3 following attainment of age 55 if it occurs after the first  
4 anniversary of retirement, be increased by 1/12 of 3% of the  
5 originally granted monthly pension for each full month that has  
6 elapsed since the pension began, and by an additional 3% in  
7 each January thereafter.

8 The changes made to this subsection (d) by this amendatory  
9 Act of the 91st General Assembly apply to all initial increases  
10 that become payable under this subsection on or after January  
11 1, 1999. All initial increases that became payable under this  
12 subsection on or after January 1, 1999 and before the effective  
13 date of this amendatory Act shall be recalculated and the  
14 additional amount accruing for that period, if any, shall be  
15 payable to the pensioner in a lump sum.

16 (e) Notwithstanding the provisions of subsection (a), upon  
17 the first day of the month following (1) the first anniversary  
18 of the date of retirement, or (2) the attainment of age 55, or  
19 (3) July 1, 1987, whichever occurs latest, the monthly pension  
20 of a firefighter who retired on or after January 1, 1977 and on  
21 or before January 1, 1986 and did not receive an increase under  
22 subsection (a) before July 1, 1987, shall be increased by 3% of  
23 the originally granted monthly pension for each full year that  
24 has elapsed since the pension began, and by an additional 3% in  
25 each January thereafter. The increases provided under this  
26 subsection are in lieu of the increases provided in subsection

1 (a).

2 (f) In July 2009, the monthly pension of a firefighter who  
3 retired before July 1, 1977 shall be recalculated and increased  
4 to reflect the amount that the firefighter would have received  
5 in July 2009 had the firefighter been receiving a 3% compounded  
6 increase for each year he or she received pension payments  
7 after January 1, 1986, plus any increases in pension received  
8 for each year prior to January 1, 1986. In each January  
9 thereafter, he or she shall receive an additional increase of  
10 3% of the amount of the pension then being paid. The changes  
11 made to this Section by this amendatory Act of the 96th General  
12 Assembly apply without regard to whether the firefighter was in  
13 service on or after its effective date.

14 (g) Notwithstanding any other provision of this Article,  
15 the monthly pension of a firefighter who first becomes a  
16 firefighter under this Article on or after January 1, 2011  
17 shall be increased on the January 1 after the firefighter  
18 attains age 57 and each January 1 thereafter by 3% or the  
19 annual increase in the consumer price index-u for the preceding  
20 calendar year, whichever is less, of the originally granted  
21 pension. If the increase in the consumer price index-u for the  
22 preceding calendar year is zero or there is a decrease, then  
23 the pension shall not be increased.

24 For the purposes of this subsection (g), "consumer price  
25 index-u" means the index published by the Bureau of Labor  
26 Statistics of the United States Department of Labor that

1 measures the average change in prices of goods and services  
2 purchased by all urban consumers, United States city average,  
3 all items, 1982-84 = 100. The new amount resulting from each  
4 annual adjustment shall be determined by the Public Pension  
5 Division of the Department of Insurance and made available to  
6 the boards of the pension funds.

7 (Source: P.A. 96-775, eff. 8-28-09.)

8 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

9 Sec. 4-114. Pension to survivors. If a firefighter who is  
10 not receiving a disability pension under Section 4-110 or  
11 4-110.1 dies (1) as a result of any illness or accident, or (2)  
12 from any cause while in receipt of a disability pension under  
13 this Article, or (3) during retirement after 20 years service,  
14 or (4) while vested for or in receipt of a pension payable  
15 under subsection (b) of Section 4-109, or (5) while a deferred  
16 pensioner, having made all required contributions, a pension  
17 shall be paid to his or her survivors, based on the monthly  
18 salary attached to the firefighter's rank on the last day of  
19 service in the fire department, as follows:

20 (a) (1) To the surviving spouse, a monthly pension of  
21 40% of the monthly salary, and to the guardian of any minor  
22 child or children including a child which has been  
23 conceived but not yet born, 12% of such monthly salary for  
24 each such child until attainment of age 18 or until the  
25 child's marriage, whichever occurs first. Beginning July



1           1, 1993, the monthly pension to the surviving spouse shall  
2           be 54% of the monthly salary for all persons receiving a  
3           surviving spouse pension under this Article, regardless of  
4           whether the deceased firefighter was in service on or after  
5           the effective date of this amendatory Act of 1993.

6           (2) Beginning July 1, 2004, unless the amount provided  
7           under paragraph (1) of this subsection (a) is greater, the  
8           total monthly pension payable under this paragraph (a),  
9           including any amount payable on account of children, to the  
10          surviving spouse of a firefighter who died (i) while  
11          receiving a retirement pension, (ii) while he or she was a  
12          deferred pensioner with at least 20 years of creditable  
13          service, or (iii) while he or she was in active service  
14          having at least 20 years of creditable service, regardless  
15          of age, shall be no less than 100% of the monthly  
16          retirement pension earned by the deceased firefighter at  
17          the time of death, regardless of whether death occurs  
18          before or after attainment of age 50, including any  
19          increases under Section 4-109.1. This minimum applies to  
20          all such surviving spouses who are eligible to receive a  
21          surviving spouse pension, regardless of whether the  
22          deceased firefighter was in service on or after the  
23          effective date of this amendatory Act of the 93rd General  
24          Assembly, and notwithstanding any limitation on maximum  
25          pension under paragraph (d) or any other provision of this  
26          Article.

1           (3) If the pension paid on and after July 1, 2004 to  
2 the surviving spouse of a firefighter who died on or after  
3 July 1, 2004 and before the effective date of this  
4 amendatory Act of the 93rd General Assembly was less than  
5 the minimum pension payable under paragraph (1) or (2) of  
6 this subsection (a), the fund shall pay a lump sum equal to  
7 the difference within 90 days after the effective date of  
8 this amendatory Act of the 93rd General Assembly.

9           The pension to the surviving spouse shall terminate in  
10 the event of the surviving spouse's remarriage prior to  
11 July 1, 1993; remarriage on or after that date does not  
12 affect the surviving spouse's pension, regardless of  
13 whether the deceased firefighter was in service on or after  
14 the effective date of this amendatory Act of 1993.

15           The surviving spouse's pension shall be subject to the  
16 minimum established in Section 4-109.2.

17           (b) Upon the death of the surviving spouse leaving one  
18 or more minor children, to the duly appointed guardian of  
19 each such child, for support and maintenance of each such  
20 child until the child reaches age 18 or marries, whichever  
21 occurs first, a monthly pension of 20% of the monthly  
22 salary.

23           (c) If a deceased firefighter leaves no surviving  
24 spouse or unmarried minor children under age 18, but leaves  
25 a dependent father or mother, to each dependent parent a  
26 monthly pension of 18% of the monthly salary. To qualify

1 for the pension, a dependent parent must furnish  
2 satisfactory proof that the deceased firefighter was at the  
3 time of his or her death the sole supporter of the parent  
4 or that the parent was the deceased's dependent for federal  
5 income tax purposes.

6 (d) The total pension provided under paragraphs (a),  
7 (b) and (c) of this Section shall not exceed 75% of the  
8 monthly salary of the deceased firefighter (1) when paid to  
9 the survivor of a firefighter who has attained 20 or more  
10 years of service credit and who receives or is eligible to  
11 receive a retirement pension under this Article, or (2)  
12 when paid to the survivor of a firefighter who dies as a  
13 result of illness or accident, or (3) when paid to the  
14 survivor of a firefighter who dies from any cause while in  
15 receipt of a disability pension under this Article, or (4)  
16 when paid to the survivor of a deferred pensioner. For all  
17 other survivors of deceased firefighters, the total  
18 pension provided under paragraphs (a), (b) and (c) of this  
19 Section shall not exceed 50% of the retirement annuity the  
20 firefighter would have received on the date of death.

21 The maximum pension limitations in this paragraph (d)  
22 do not control over any contrary provision of this Article  
23 explicitly establishing a minimum amount of pension or  
24 granting a one-time or annual increase in pension.

25 (e) If a firefighter leaves no eligible survivors under  
26 paragraphs (a), (b) and (c), the board shall refund to the

1 firefighter's estate the amount of his or her accumulated  
2 contributions, less the amount of pension payments, if any,  
3 made to the firefighter while living.

4 (f) (Blank).

5 (g) If a judgment of dissolution of marriage between a  
6 firefighter and spouse is judicially set aside subsequent  
7 to the firefighter's death, the surviving spouse is  
8 eligible for the pension provided in paragraph (a) only if  
9 the judicial proceedings are filed within 2 years after the  
10 date of the dissolution of marriage and within one year  
11 after the firefighter's death and the board is made a party  
12 to the proceedings. In such case the pension shall be  
13 payable only from the date of the court's order setting  
14 aside the judgment of dissolution of marriage.

15 (h) Benefits payable on account of a child under this  
16 Section shall not be reduced or terminated by reason of the  
17 child's attainment of age 18 if he or she is then dependent  
18 by reason of a physical or mental disability but shall  
19 continue to be paid as long as such dependency continues.  
20 Individuals over the age of 18 and adjudged as a disabled  
21 person pursuant to Article XIa of the Probate Act of 1975,  
22 except for persons receiving benefits under Article III of  
23 the Illinois Public Aid Code, shall be eligible to receive  
24 benefits under this Act.

25 (i) Beginning January 1, 2000, the pension of the  
26 surviving spouse of a firefighter who dies on or after

1 January 1, 1994 as a result of sickness, accident, or  
2 injury incurred in or resulting from the performance of an  
3 act of duty or from the cumulative effects of acts of duty  
4 shall not be less than 100% of the salary attached to the  
5 rank held by the deceased firefighter on the last day of  
6 service, notwithstanding subsection (d) or any other  
7 provision of this Article.

8 (j) Beginning July 1, 2004, the pension of the  
9 surviving spouse of a firefighter who dies on or after  
10 January 1, 1988 as a result of sickness, accident, or  
11 injury incurred in or resulting from the performance of an  
12 act of duty or from the cumulative effects of acts of duty  
13 shall not be less than 100% of the salary attached to the  
14 rank held by the deceased firefighter on the last day of  
15 service, notwithstanding subsection (d) or any other  
16 provision of this Article.

17 Notwithstanding any other provision of this Article, if a  
18 firefighter who first becomes a firefighter under this Article  
19 on or after January 1, 2011 and who is not receiving a  
20 disability pension under Section 4-110 or 4-110.1 dies (1) as a  
21 result of any illness or accident, or (2) from any cause while  
22 in receipt of a disability pension under this Article, or (3)  
23 during retirement after 20 years service, or (4) while vested  
24 for or in receipt of a pension payable under subsection (b) of  
25 Section 4-109, or (5) while a deferred pensioner, having made  
26 all required contributions, then a pension shall be paid to his

1 or her survivors in the amount of 66 2/3% of the firefighter's  
2 earned pension at the date of death. Nothing in this subsection  
3 (k) shall act to diminish the survivor's benefits described in  
4 subsection (j) of this Section.

5 Notwithstanding any other provision of this Article, the  
6 monthly pension of a survivor of a police officer who first  
7 becomes a police officer for any municipality participating  
8 under this Article on or after January 1, 2011 shall be  
9 increased on the January 1 after commencement of the annuity  
10 and each January 1 thereafter by 3% or the annual increase in  
11 the consumer price index-u for the preceding calendar year,  
12 whichever is less, of the originally granted pension. If the  
13 increase in the cpi-u for the preceding calendar year is zero  
14 or there is a decrease, then the pension shall not be  
15 increased.

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

25 (Source: P.A. 95-279, eff. 1-1-08.)

1 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

2 Sec. 4-118. Financing.

3 (a) The city council or the board of trustees of the  
4 municipality shall annually levy a tax upon all the taxable  
5 property of the municipality at the rate on the dollar which  
6 will produce an amount which, when added to the deductions from  
7 the salaries or wages of firefighters and revenues available  
8 from other sources, will equal a sum sufficient to meet the  
9 annual actuarial requirements of the pension fund, as  
10 determined by an enrolled actuary employed by the Illinois  
11 Department of Insurance or by an enrolled actuary retained by  
12 the pension fund or municipality. For the purposes of this  
13 Section, the annual actuarial requirements of the pension fund  
14 are equal to (1) the normal cost of the pension fund, or 17.5%  
15 of the salaries and wages to be paid to firefighters for the  
16 year involved, whichever is greater, plus (2) the annual amount  
17 necessary to amortize the fund's unfunded accrued liabilities  
18 over a period of 40 years from July 1, 1993, as annually  
19 updated and determined by an enrolled actuary employed by the  
20 Illinois Department of Insurance or by an enrolled actuary  
21 retained by the pension fund or the municipality. The amount to  
22 be applied towards the amortization of the unfunded accrued  
23 liability in any year shall not be less than the annual amount  
24 required to amortize the unfunded accrued liability, including  
25 interest, as a level percentage of payroll over the number of  
26 years remaining in the 40 year amortization period. Any

1 unfunded liability that exists in the fund on July 1, 2010 may  
2 be amortized over a period of 30 years from July 1, 2010. Any  
3 unfunded liability created after July 1, 2010 may be amortized  
4 over a period of 30 years from July 1 of the calendar year in  
5 which the unfunded liability is created.

6 (b) The tax shall be levied and collected in the same  
7 manner as the general taxes of the municipality, and shall be  
8 in addition to all other taxes now or hereafter authorized to  
9 be levied upon all property within the municipality, and in  
10 addition to the amount authorized to be levied for general  
11 purposes, under Section 8-3-1 of the Illinois Municipal Code or  
12 under Section 14 of the Fire Protection District Act. The tax  
13 shall be forwarded directly to the treasurer of the board  
14 within 30 business days of receipt by the county (or, in the  
15 case of amounts added to the tax levy under subsection (f),  
16 used by the municipality to pay the employer contributions  
17 required under subsection (b-1) of Section 15-155 of this  
18 Code).

19 (b-1) The Commission on Government Financing and  
20 Accountability shall conduct a study of all funds established  
21 under this Article and shall report its findings to the General  
22 Assembly on or before January 1, 2012. The study shall include,  
23 but not be limited to, the following:

24 (1) fund balances;

25 (2) historical employer contribution rates for each

26 fund;



1           (3) the actuarial formulas used as a basis for employer  
2           contributions, including the actual assumed rate of return  
3           for each year, for each fund;

4           (4) available contribution funding sources;

5           (5) the impact of any revenue limitations caused by  
6           PTELL and employer home rule or non-home rule status; and

7           (6) existing statutory funding compliance procedures  
8           and funding enforcement mechanisms for all municipal  
9           pension funds.

10          (b-2) In the absence of a statutory alternative enacted  
11          prior to January 1, 2015 to ensure that public employers comply  
12          with this Act by making statutorily required pension  
13          contributions, if any participating municipality or  
14          participating instrumentality fails to transmit to the pension  
15          fund contributions required of it under this Article or  
16          contributions collected by it from its participating employees  
17          for the purposes of this Article within 90 days after the  
18          payment of such contributions is due, then the fund, after  
19          giving notice to the municipality or instrumentality, may  
20          certify to the State Comptroller the amounts of the delinquent  
21          payments, and the Comptroller shall deduct the amounts so  
22          certified or any part thereof from any grants of State funds to  
23          the municipality or instrumentality involved and shall pay the  
24          amount so deducted to the pension fund. If State funds from  
25          which such deductions may be made are not available, then the  
26          pension fund may proceed against the municipality or

1 instrumentality to recover the amounts of such delinquent  
2 payments in the appropriate circuit court.

3 (b-3) Beginning January 1, 2015, the city council or the  
4 board of trustees of any municipality shall not make a  
5 contribution to the pension fund under this Article in its  
6 jurisdiction less than the amount recommended by the enrolled  
7 actuary of the Department of Insurance if the unfunded  
8 liability exceeds the assets in the fund as determined by the  
9 most recent actuarial valuation.

10 (c) The board shall make available to the membership and  
11 the general public for inspection and copying at reasonable  
12 times the most recent Actuarial Valuation Balance Sheet and Tax  
13 Levy Requirement issued to the fund by the Department of  
14 Insurance.

15 (d) The firefighters' pension fund shall consist of the  
16 following moneys which shall be set apart by the treasurer of  
17 the municipality: (1) all moneys derived from the taxes levied  
18 hereunder; (2) contributions by firefighters as provided under  
19 Section 4-118.1; (3) all rewards in money, fees, gifts, and  
20 emoluments that may be paid or given for or on account of  
21 extraordinary service by the fire department or any member  
22 thereof, except when allowed to be retained by competitive  
23 awards; and (4) any money, real estate or personal property  
24 received by the board.

25 (e) For the purposes of this Section, "enrolled actuary"  
26 means an actuary: (1) who is a member of the Society of

1 Actuaries or the American Academy of Actuaries; and (2) who is  
2 enrolled under Subtitle C of Title III of the Employee  
3 Retirement Income Security Act of 1974, or who has been engaged  
4 in providing actuarial services to one or more public  
5 retirement systems for a period of at least 3 years as of July  
6 1, 1983.

7 (f) The corporate authorities of a municipality that  
8 employs a person who is described in subdivision (d) of Section  
9 4-106 may add to the tax levy otherwise provided for in this  
10 Section an amount equal to the projected cost of the employer  
11 contributions required to be paid by the municipality to the  
12 State Universities Retirement System under subsection (b-1) of  
13 Section 15-155 of this Code.

14 (Source: P.A. 94-859, eff. 6-15-06.)

15 (40 ILCS 5/4-134) (from Ch. 108 1/2, par. 4-134)

16 Sec. 4-134. Report for tax levy.

17 (a) The board shall report to the city council or board of  
18 trustees of the municipality on the condition of the pension  
19 fund at the end of its most recently completed fiscal year. The  
20 report shall be made prior to the council or board meeting held  
21 for appropriating and levying taxes for the year for which the  
22 report is made.

23 The pension board in the report shall certify and provide  
24 the following information to the city council or board of  
25 trustees of the municipality:

1           (1) the total assets of the fund and their current  
2 market value of those assets;

3           (2) the estimated receipts during the next succeeding  
4 fiscal year from deductions from the salaries or wages of  
5 firefighters, and from all other sources;

6           (3) the estimated amount necessary during the fiscal  
7 year to meet the annual actuarial requirements of the  
8 pension fund as provided in Sections 4-118 and 4-120;

9           (4) the total net income received from investment of  
10 assets along with the assumed investment return and actual  
11 investment return received by the fund during its most  
12 recently completed fiscal year compared to the total net  
13 income, assumed investment return, and actual investment  
14 return received during the preceding fiscal year;

15           (5) the increase in employer pension contributions  
16 that results from the implementation of the provisions of  
17 this amendatory Act of the 93rd General Assembly;

18           (6) the total number of active employees who are  
19 financially contributing to the fund;

20           (7) the total amount that was disbursed in benefits  
21 during the fiscal year, including the number of and total  
22 amount disbursed to (i) annuitants in receipt of a regular  
23 retirement pension, (ii) recipients being paid a  
24 disability pension, and (iii) survivors and children in  
25 receipt of benefits;

26           (8) the funded ratio of the fund;

1           (9) the unfunded liability carried by the fund, along  
2           with an actuarial explanation of the unfunded liability;  
3           and

4           (10) the investment policy of the pension board under  
5           the statutory investment restrictions imposed on the fund.

6           Before the pension board makes its report, the municipality  
7           shall have the assets of the fund and their current market  
8           value verified by an independent certified public accountant of  
9           its choice.

10          (b) The municipality is authorized to publish the report  
11          submitted under this Section. This publication may be made,  
12          without limitation, by publication in a local newspaper of  
13          general circulation in the municipality or by publication on  
14          the municipality's Internet website. If the municipality  
15          publishes the report, then that publication must include all of  
16          the information submitted by the pension board under subsection  
17          (a).

18          (c) Upon issuing the report to the municipality, the  
19          pension board shall also provide the information described in  
20          subsection (a), with the exception of paragraph (10) of  
21          subsection (a), to the Department of Insurance in such manner  
22          and in such form as prescribed by the Director. The Department  
23          shall compile the submitted information on an annual basis into  
24          a comprehensive report and shall make this report available to  
25          the General Assembly and the Governor on paper or in electronic  
26          form before September 1, 2011 and before September 1 of each

1 subsequent year. The Public Pension Division of the Department  
2 may adopt rules as necessary for the administration and  
3 enforcement of this subsection (c).

4 (Source: P.A. 95-950, eff. 8-29-08.)

5 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

6 Sec. 5-167.1. Automatic increase in annuity; retirement  
7 from service after September 1, 1967.

8 (a) A policeman who retires from service after September 1,  
9 1967 with at least 20 years of service credit shall, upon  
10 either the first of the month following the first anniversary  
11 of his date of retirement if he is age 60 (age 55 if born before  
12 January 1, 1955) or over on that anniversary date, or upon the  
13 first of the month following his attainment of age 60 (age 55  
14 if born before January 1, 1955) if it occurs after the first  
15 anniversary of his retirement date, have his then fixed and  
16 payable monthly annuity increased by 1 1/2% and such first  
17 fixed annuity as granted at retirement increased by an  
18 additional 1 1/2% in January of each year thereafter up to a  
19 maximum increase of 30%. Beginning January 1, 1983 for  
20 policemen born before January 1, 1930, and beginning January 1,  
21 1988 for policemen born on or after January 1, 1930 but before  
22 January 1, 1940, and beginning January 1, 1996 for policemen  
23 born on or after January 1, 1940 but before January 1, 1945,  
24 and beginning January 1, 2000 for policemen born on or after  
25 January 1, 1945 but before January 1, 1950, and beginning

1 January 1, 2005 for policemen born on or after January 1, 1950  
2 but before January 1, 1955, such increases shall be 3% and such  
3 policemen shall not be subject to the 30% maximum increase.

4 Any policeman born before January 1, 1945 who qualifies for  
5 a minimum annuity and retires after September 1, 1967 but has  
6 not received the initial increase under this subsection before  
7 January 1, 1996 is entitled to receive the initial increase  
8 under this subsection on (1) January 1, 1996, (2) the first  
9 anniversary of the date of retirement, or (3) attainment of age  
10 55, whichever occurs last. The changes to this Section made by  
11 Public Act 89-12 apply beginning January 1, 1996 and without  
12 regard to whether the policeman or annuitant terminated service  
13 before the effective date of that Act.

14 Any policeman born before January 1, 1950 who qualifies for  
15 a minimum annuity and retires after September 1, 1967 but has  
16 not received the initial increase under this subsection before  
17 January 1, 2000 is entitled to receive the initial increase  
18 under this subsection on (1) January 1, 2000, (2) the first  
19 anniversary of the date of retirement, or (3) attainment of age  
20 55, whichever occurs last. The changes to this Section made by  
21 this amendatory Act of the 92nd General Assembly apply without  
22 regard to whether the policeman or annuitant terminated service  
23 before the effective date of this amendatory Act.

24 Any policeman born before January 1, 1955 who qualifies for  
25 a minimum annuity and retires after September 1, 1967 but has  
26 not received the initial increase under this subsection before

1 January 1, 2005 is entitled to receive the initial increase  
2 under this subsection on (1) January 1, 2005, (2) the first  
3 anniversary of the date of retirement, or (3) attainment of age  
4 55, whichever occurs last. The changes to this Section made by  
5 this amendatory Act of the 94th General Assembly apply without  
6 regard to whether the policeman or annuitant terminated service  
7 before the effective date of this amendatory Act.

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

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

15 The city, in addition to the contributions otherwise made  
16 by it for annuity purposes under other provisions of this  
17 Article, shall make matching contributions concurrently with  
18 such salary deductions.

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

26 Such deductions from salary and city contributions shall



1 continue while the policeman is in service.

2 The salary deductions provided in this Section are not  
3 subject to refund, except to the policeman himself, in any case  
4 in which a policeman withdraws prior to qualification for  
5 minimum annuity and applies for refund or applies for annuity,  
6 and also where a term annuity becomes payable. In such cases,  
7 the total of such salary deductions shall be refunded to the  
8 policeman, without interest, and charged to the Automatic  
9 Increase Reserve.

10 (d) Notwithstanding any other provision of this Article,  
11 for a policeman who first becomes a policeman under this  
12 Article on or after January 1, 2011, the annuity to which the  
13 surviving spouse, children, or parents are entitled under this  
14 subsection (d) shall be in the amount of 66 2/3% of the  
15 policeman's earned annuity at the date of death. Nothing in  
16 this subsection (d) shall act to diminish the survivor's  
17 benefits described in this Section.

18 Notwithstanding any other provision of this Article, the  
19 monthly annuity of a survivor of a policeman who first becomes  
20 a policeman for any municipality participating under this  
21 Article on or after January 1, 2011 shall be increased on the  
22 January 1 after commencement of the annuity and each January 1  
23 thereafter by 3% or the annual increase in the consumer price  
24 index-u for the preceding calendar year, whichever is less, of  
25 the originally granted annuity. If the increase in the cpi-u  
26 for the preceding calendar year is zero or there is a decrease,

1 then the annuity shall not be increased.

2 For the purposes of this subsection (d), "consumer price  
3 index-u" means the index published by the Bureau of Labor  
4 Statistics of the United States Department of Labor that  
5 measures the average change in prices of goods and services  
6 purchased by all urban consumers, United States city average,  
7 all items, 1982-84 = 100. The new amount resulting from each  
8 annual adjustment shall be determined by the Public Pension  
9 Division of the Department of Insurance and made available to  
10 the boards of the pension funds.

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

12 (40 ILCS 5/5-238 new)

13 Sec. 5-238. Provisions applicable to new hires.

14 (a) Notwithstanding any other provision of this Article,  
15 the provisions of this Section apply to a person who first  
16 becomes a policeman under this Article on or after January 1,  
17 2011.

18 (b) A policeman age 55 or more with 10 or more years of  
19 creditable service, who is no longer in service as a policeman,  
20 shall receive an annuity of 2.4% of the policeman's final  
21 average salary for each year of service.

22 The annuity of a policeman who is retiring after attaining  
23 age 50 with 10 or more years of creditable service shall be  
24 reduced by one-fourth of 1% for each month that the policeman's  
25 age is under age 55.

1       A policeman who withdraws from service at age 55 or more  
2 with 20 or more years of creditable service, shall receive an  
3 annuity of 2.5% of the policeman's final average salary for  
4 each of the first 20 years of service plus 2.2% of final  
5 average salary for each completed year of service or fraction  
6 thereof over 20.

7       The maximum pension under this subsection (b) shall be 72%  
8 of final average salary.

9       For the purposes of this subsection (b), "final average  
10 salary" means the average monthly salary obtained by dividing  
11 the total salary of the policeman during the 48 consecutive  
12 months of service within the last 120 months of service in  
13 which the total salary was the highest by the number of months  
14 of service in that period.

15       (c) The automatic annual increases authorized under  
16 Section 5-167.1 shall be granted on the January 1 after the  
17 policeman attains age 57 and each January 1 thereafter.

18       (d) Notwithstanding any other provision of this Article,  
19 for a policeman who first becomes a policeman under this  
20 Article on or after January 1, 2011, the annuity to which the  
21 surviving spouse, children, or parents are entitled under this  
22 subsection (d) shall be in the amount of 66 2/3% of the  
23 policeman's earned annuity at the date of death. Nothing in  
24 this subsection (d) shall act to diminish the survivor's  
25 benefits described in this Section.

26       Notwithstanding any other provision of this Article, the

1 monthly annuity of a survivor of a policeman who first becomes  
2 a policeman for any municipality participating under this  
3 Article on or after January 1, 2011 shall be increased on the  
4 January 1 after commencement of the annuity and each January 1  
5 thereafter by 3% or the annual increase in the consumer price  
6 index-u for the preceding calendar year, whichever is less, of  
7 the originally granted pension. If the increase in the cpi-u  
8 for the preceding calendar year is zero or there is a decrease,  
9 then the annuity shall not be increased.

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

19 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

20 Sec. 6-164. Automatic annual increase; retirement after  
21 September 1, 1959.

22 (a) A fireman qualifying for a minimum annuity who retires  
23 from service after September 1, 1959 shall, upon either the  
24 first of the month following the first anniversary of his date  
25 of retirement if he is age 60 (age 55 if born before January 1,

1 1955) or over on that anniversary date, or upon the first of  
2 the month following his attainment of age 60 (age 55 if born  
3 before January 1, 1955) if that occurs after the first  
4 anniversary of his retirement date, have his then fixed and  
5 payable monthly annuity increased by 1 1/2%, and such first  
6 fixed annuity as granted at retirement increased by an  
7 additional 1 1/2% in January of each year thereafter up to a  
8 maximum increase of 30%. Beginning July 1, 1982 for firemen  
9 born before January 1, 1930, and beginning January 1, 1990 for  
10 firemen born after December 31, 1929 and before January 1,  
11 1940, and beginning January 1, 1996 for firemen born after  
12 December 31, 1939 but before January 1, 1945, and beginning  
13 January 1, 2004, for firemen born after December 31, 1944 but  
14 before January 1, 1955, such increases shall be 3% and such  
15 firemen shall not be subject to the 30% maximum increase.

16 Any fireman born before January 1, 1945 who qualifies for a  
17 minimum annuity and retires after September 1, 1967 but has not  
18 received the initial increase under this subsection before  
19 January 1, 1996 is entitled to receive the initial increase  
20 under this subsection on (1) January 1, 1996, (2) the first  
21 anniversary of the date of retirement, or (3) attainment of age  
22 55, whichever occurs last. The changes to this Section made by  
23 this amendatory Act of 1995 apply beginning January 1, 1996 and  
24 apply without regard to whether the fireman or annuitant  
25 terminated service before the effective date of this amendatory  
26 Act of 1995.

1 Any fireman born before January 1, 1955 who qualifies for a  
2 minimum annuity and retires after September 1, 1967 but has not  
3 received the initial increase under this subsection before  
4 January 1, 2004 is entitled to receive the initial increase  
5 under this subsection on (1) January 1, 2004, (2) the first  
6 anniversary of the date of retirement, or (3) attainment of age  
7 55, whichever occurs last. The changes to this Section made by  
8 this amendatory Act of the 93rd General Assembly apply without  
9 regard to whether the fireman or annuitant terminated service  
10 before the effective date of this amendatory Act.

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

13 (c) To help defray the cost of such increases in annuity,  
14 there shall be deducted, beginning September 1, 1959, from each  
15 payment of salary to a fireman,  $1/8$  of 1% of each such salary  
16 payment and an additional  $1/8$  of 1% beginning on September 1,  
17 1961, and September 1, 1963, respectively, concurrently with  
18 and in addition to the salary deductions otherwise made for  
19 annuity purposes.

20 Each such additional  $1/8$  of 1% deduction from salary which  
21 shall, on September 1, 1963, result in a total increase of  $3/8$   
22 of 1% of salary, shall be credited to the Automatic Increase  
23 Reserve, to be used, together with city contributions as  
24 provided in this Article, to defray the cost of the 1  $1/2$ %  
25 annuity increments herein specified. Any balance in such  
26 reserve as of the beginning of each calendar year shall be

1 credited with interest at the rate of 3% per annum.

2 The salary deductions provided in this Section are not  
3 subject to refund, except to the fireman himself, in any case  
4 in which a fireman withdraws prior to qualification for minimum  
5 annuity and applies for refund, or applies for annuity, and  
6 also where a term annuity becomes payable. In such cases, the  
7 total of such salary deductions shall be refunded to the  
8 fireman, without interest, and charged to the aforementioned  
9 reserve.

10 (d) Notwithstanding any other provision of this Article,  
11 the monthly pension of a fireman who first becomes a fireman  
12 under this Article on or after January 1, 2011 shall be  
13 increased on the January 1 after the fireman attains age 57 and  
14 each January 1 thereafter by 3% or the annual increase in the  
15 consumer price index-u for the preceding calendar year,  
16 whichever is less, of the originally granted pension. If the  
17 increase in the consumer price index-u for the preceding  
18 calendar year is zero or there is a decrease, then the pension  
19 shall not be increased.

20 For the purposes of this subsection (d), "consumer price  
21 index-u" means the index published by the Bureau of Labor  
22 Statistics of the United States Department of Labor that  
23 measures the average change in prices of goods and services  
24 purchased by all urban consumers, United States city average,  
25 all items, 1982-84 = 100. The new amount resulting from each  
26 annual adjustment shall be determined by the Public Pension

1 Division of the Department of Insurance and made available to  
2 the boards of the pension funds.

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

4 (40 ILCS 5/6-229 new)

5 Sec. 6-229. Provisions applicable to new hires.

6 (a) Notwithstanding any other provision of this Article,  
7 the provisions of this Section apply to a person who first  
8 becomes a fireman under this Article on or after January 1,  
9 2011.

10 (b) A fireman age 55 or more with 10 or more years of  
11 creditable service, who is no longer in service as a fireman,  
12 shall receive an annuity of 2.4% of the fireman's final average  
13 salary.

14 The annuity of a fireman who is retiring after attaining  
15 age 50 with 10 or more years of creditable service shall be  
16 reduced by one-fourth of 1% for each month that the fireman's  
17 age is under age 55.

18 A fireman who withdraws from service at age 55 or more with  
19 20 or more years of creditable service, shall receive an  
20 annuity of 2.5% of the fireman's final average salary for each  
21 of the first 20 years of service plus 2.2% of final average  
22 salary for each completed year of service or fraction thereof  
23 over 20.

24 The maximum pension under this subsection (b) shall be 72%  
25 of final average salary.



1       For the purposes of this subsection (b), "final average  
2 salary" means the average monthly salary obtained by dividing  
3 the total salary of the fireman during the 48 consecutive  
4 months of service within the last 120 months of service in  
5 which the total salary was the highest by the number of months  
6 of service in that period.

7       (c) The automatic annual increases authorized under  
8 Section 6-164 shall be granted on the January 1 after the  
9 fireman attains age 57 and each January 1 thereafter.

10       (d) Notwithstanding any other provision of this Article,  
11 for a fireman who first becomes a fireman under this Article on  
12 or after January 1, 2011, the annuity to which the surviving  
13 spouse, children, or parents are entitled under this subsection  
14 (d) shall be in the amount of 66 2/3% of the fireman's earned  
15 pension at the date of death. Nothing in this subsection (d)  
16 shall act to diminish the survivor's benefits described in this  
17 Section.

18       Notwithstanding any other provision of this Article, the  
19 monthly annuity of a survivor of a fireman who first becomes a  
20 fireman for any municipality participating under this Article  
21 on or after January 1, 2011 shall be increased on the January 1  
22 after commencement of the annuity and each January 1 thereafter  
23 by 3% or the annual increase in the consumer price index-u for  
24 the preceding calendar year, whichever is less, of the  
25 originally granted pension. If the increase in the cpi-u for  
26 the preceding calendar year is zero or there is a decrease,

1 then the annuity shall not be increased.

2 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

3 Sec. 7-142.1. Sheriff's law enforcement employees.

4 (a) In lieu of the retirement annuity provided by  
5 subparagraph 1 of paragraph (a) of Section 7-142:

6 Any sheriff's law enforcement employee who has 20 or more  
7 years of service in that capacity and who terminates service  
8 prior to January 1, 1988 shall be entitled at his option to  
9 receive a monthly retirement annuity for his service as a  
10 sheriff's law enforcement employee computed by multiplying 2%  
11 for each year of such service up to 10 years, 2 1/4% for each  
12 year of such service above 10 years and up to 20 years, and 2  
13 1/2% for each year of such service above 20 years, by his  
14 annual final rate of earnings and dividing by 12.

15 Any sheriff's law enforcement employee who has 20 or more  
16 years of service in that capacity and who terminates service on  
17 or after January 1, 1988 and before July 1, 2004 shall be  
18 entitled at his option to receive a monthly retirement annuity  
19 for his service as a sheriff's law enforcement employee  
20 computed by multiplying 2.5% for each year of such service up  
21 to 20 years, 2% for each year of such service above 20 years  
22 and up to 30 years, and 1% for each year of such service above  
23 30 years, by his annual final rate of earnings and dividing by  
24 12.

25 Any sheriff's law enforcement employee who has 20 or more

1 years of service in that capacity and who terminates service on  
2 or after July 1, 2004 shall be entitled at his or her option to  
3 receive a monthly retirement annuity for service as a sheriff's  
4 law enforcement employee computed by multiplying 2.5% for each  
5 year of such service by his annual final rate of earnings and  
6 dividing by 12.

7 If a sheriff's law enforcement employee has service in any  
8 other capacity, his retirement annuity for service as a  
9 sheriff's law enforcement employee may be computed under this  
10 Section and the retirement annuity for his other service under  
11 Section 7-142.

12 In no case shall the total monthly retirement annuity for  
13 persons who retire before July 1, 2004 exceed 75% of the  
14 monthly final rate of earnings. In no case shall the total  
15 monthly retirement annuity for persons who retire on or after  
16 July 1, 2004 exceed 80% of the monthly final rate of earnings.

17 (b) Whenever continued group insurance coverage is elected  
18 in accordance with the provisions of Section 367h of the  
19 Illinois Insurance Code, as now or hereafter amended, the total  
20 monthly premium for such continued group insurance coverage or  
21 such portion thereof as is not paid by the municipality shall,  
22 upon request of the person electing such continued group  
23 insurance coverage, be deducted from any monthly pension  
24 benefit otherwise payable to such person pursuant to this  
25 Section, to be remitted by the Fund to the insurance company or  
26 other entity providing the group insurance coverage.

1 (c) A sheriff's law enforcement employee who has service in  
2 any other capacity may convert up to 10 years of that service  
3 into service as a sheriff's law enforcement employee by paying  
4 to the Fund an amount equal to (1) the additional employee  
5 contribution required under Section 7-173.1, plus (2) the  
6 additional employer contribution required under Section 7-172,  
7 plus (3) interest on items (1) and (2) at the prescribed rate  
8 from the date of the service to the date of payment.

9 (d) The changes to subsections (a) and (b) of this Section  
10 made by this amendatory Act of the 94th General Assembly apply  
11 only to persons in service on or after July 1, 2004. In the  
12 case of such a person who begins to receive a retirement  
13 annuity before the effective date of this amendatory Act of the  
14 94th General Assembly, the annuity shall be recalculated  
15 prospectively to reflect those changes, with the resulting  
16 increase beginning to accrue on the first annuity payment date  
17 following the effective date of this amendatory Act.

18 (e) Notwithstanding any other provision of this Article,  
19 the provisions of this subsection apply to a person who first  
20 becomes a sheriff's law enforcement employee under this Article  
21 on or after January 1, 2011.

22 In lieu of the retirement annuity provided by subparagraph  
23 1 of paragraph (a) of Section 7-142, a sheriff's law  
24 enforcement employee age 55 or more who has 10 or more years of  
25 service in that capacity shall be entitled at his option to  
26 receive a monthly retirement annuity for his service as a

1 sheriff's law enforcement employee computed by multiplying  
2 2.4% for each year of such service by his or her final rate of  
3 earnings.

4 The annuity of a sheriff's law enforcement employee who is  
5 retiring after attaining age 50 with 10 or more years of  
6 creditable service shall be reduced by one-fourth of 1% for  
7 each month that the sheriff's law enforcement employee's age is  
8 under age 55.

9 A sheriff's law enforcement employee who withdraws from  
10 service at age 55 or more with 20 or more years of creditable  
11 service, shall receive an annuity of 2.5% of the sheriff's law  
12 enforcement employee's final average salary for each of the  
13 first 20 years of service plus 2.2% of final average salary for  
14 each completed year of service or fraction thereof over 20.

15 The maximum pension under this subsection (e) shall be 72%  
16 of final average salary.

17 (f) Notwithstanding any other provision of this Article,  
18 for a sheriff's law enforcement employee who first becomes a  
19 sheriff's law enforcement employee under this Article on or  
20 after January 1, 2011, the annuity to which the surviving  
21 spouse, children, or parents are entitled under this subsection  
22 (f) shall be in the amount of 66 2/3% of the sheriff's law  
23 enforcement employee's earned annuity at the date of death.  
24 Nothing in this subsection (f) shall act to diminish the  
25 survivor's benefits described in this Section.

26 Notwithstanding any other provision of this Article, the

1 monthly annuity of a survivor of a sheriff's law enforcement  
2 employee who first becomes a sheriff's law enforcement employee  
3 for any municipality participating under this Article on or  
4 after January 1, 2011 shall be increased on the January 1 after  
5 commencement of the annuity and each January 1 thereafter by 3%  
6 or the annual increase in the consumer price index-u for the  
7 preceding calendar year, whichever is less, of the originally  
8 granted pension. If the increase in the cpi-u for the preceding  
9 calendar year is zero or there is a decrease, then the annuity  
10 shall not be increased.

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

20 (Source: P.A. 94-712, eff. 6-1-06.)

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law."