



Sen. Terry Link

Filed: 5/6/2010

09600HB5873sam003

LRB096 19254 AMC 41353 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 1-113.1, 1A-104, 3-111, 3-111.1, 3-112,
6 3-125, 3-127, 3-142, 3-143, 4-109, 4-109.1, 4-114, 4-118,
7 4-134, 5-136.1, 5-167.1, 6-141.1, 6-141.2, 6-164, and 7-142.1
8 and by adding Sections 1-113.4a, 1-165, 5-167.6, 5-238, and
9 6-229 as follows:

10 (40 ILCS 5/1-113.1)

11 Sec. 1-113.1. Investment authority of pension funds
12 established under Article 3 or 4. The board of trustees of a
13 police pension fund established under Article 3 of this Code or
14 firefighter pension fund established under Article 4 of this
15 Code shall draw pension funds from the treasurer of the
16 municipality and, beginning January 1, 1998, invest any part

1 thereof in the name of the board in the items listed in
2 Sections 1-113.2 through 1-113.4a ~~1-113.4~~ according to the
3 limitations and requirements of this Article. These
4 investments shall be made with the care, skill, prudence, and
5 diligence that a prudent person acting in like capacity and
6 familiar with such matters would use in the conduct of an
7 enterprise of like character with like aims.

8 Interest and any other income from the investments shall be
9 credited to the pension fund.

10 For the purposes of Sections 1-113.2 through 1-113.11, the
11 "net assets" of a pension fund include both the cash and
12 invested assets of the pension fund.

13 (Source: P.A. 90-507, eff. 8-22-97.)

14 (40 ILCS 5/1-113.4a new)

15 Sec. 1-113.4a. List of additional permitted investments
16 for Article 3 and 4 pension funds with net assets of
17 \$10,000,000 or more.

18 (a) In addition to the items in Sections 1-113.2 and
19 1-113.3, a pension fund established under Article 3 or 4 that
20 has net assets of at least \$10,000,000 and has appointed an
21 investment adviser, as defined under Sections 1-101.4 and
22 1-113.5, may, through that investment adviser, invest an
23 additional portion of its assets in common and preferred
24 stocks, mutual funds, and corporate bonds.

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

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

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

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

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

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

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

23 (2) The mutual fund must have been in operation for at
24 least 5 years.

25 (3) The mutual fund must have total net assets of
26 \$250,000,000 or more.

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

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

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

8 (2) Securities subsequently downgraded below
9 investment grade shall be liquidated from the portfolio
10 within 90 days after the downgrade by the manager.

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

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

21 (40 ILCS 5/1-165 new)

22 Sec. 1-165. Commission on Government Forecasting and
23 Accountability study. The Commission on Government Forecasting
24 and Accountability shall conduct a study on the feasibility of:

25 (1) the creation of an investment pool to supplement

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

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

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

14 (40 ILCS 5/1A-104)

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

16 (a) The Division shall make periodic examinations and
17 investigations of all pension funds established under this Code
18 and maintained for the benefit of employees and officers of
19 governmental units in the State of Illinois. However, in lieu
20 of making an examination and investigation, the Division may
21 accept and rely upon a report of audit or examination of any
22 pension fund made by an independent certified public accountant
23 pursuant to the provisions of the Article of this Code
24 governing the pension fund. The acceptance of the report of
25 audit or examination does not bar the Division from making a

1 further audit, examination, and investigation if deemed
2 necessary by the Division.

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

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

16 Each examination shall include the following:

17 (1) an audit of financial transactions, investment
18 policies, and procedures;

19 (2) an examination of books, records, documents,
20 files, and other pertinent memoranda relating to
21 financial, statistical, and administrative operations;

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

24 (4) a determination of whether or not full effect is
25 being given to the statutory provisions governing the
26 operation of the pension fund;

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

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

11 (7) a determination of whether or not the calculations
12 made by the fund for the payment of all annuities and
13 benefits are accurate.

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

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

1 inspection for up to 60 days following the hearing.

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

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

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

21 The Division must begin the special examination within 90
22 days after receiving the request, and it must issue the report
23 within 180 days after beginning the special examination.

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

25 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)

1 Sec. 3-111. Pension.

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

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

23 (a-5) No pension in effect on or granted after June 30,
24 1973 shall be less than \$200 per month. Beginning July 1, 1987,
25 the minimum retirement pension for a police officer having at
26 least 20 years of creditable service shall be \$400 per month,

1 without regard to whether or not retirement occurred prior to
2 that date. If the minimum pension established in Section
3 3-113.1 is greater than the minimum provided in this
4 subsection, the Section 3-113.1 minimum controls.

5 (b) A police officer mandatorily retired from service due
6 to age by operation of law, having at least 8 but less than 20
7 years of creditable service, shall receive a pension equal to 2
8 1/2% of the salary attached to the rank he or she held 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, for each year of creditable service.

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

26 (c) A police officer no longer in service who has at least

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

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

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

23 A police officer age 55 or more with 10 or more years of
24 creditable service, who is not a participant in the
25 self-managed plan under Section 3-109.3 and who is no longer in
26 service as a police officer, shall receive a pension of 2.5% of

1 the police officer's final average salary for each of the first
2 20 years of service plus 2.2% of final average salary for each
3 additional year of service over 20 years of service through 30
4 years of service, to a maximum of 72% of such final average
5 salary.

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

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

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

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

19 (40 ILCS 5/3-111.1) (from Ch. 108 1/2, par. 3-111.1)

20 Sec. 3-111.1. Increase in pension.

21 (a) Except as provided in subsection (e), the monthly
22 pension of a police officer who retires after July 1, 1971, and
23 prior to January 1, 1986, shall be increased, upon either the
24 first of the month following the first anniversary of the date
25 of retirement if the officer is 60 years of age or over at

1 retirement date, or upon the first day of the month following
2 attainment of age 60 if it occurs after the first anniversary
3 of retirement, by 3% of the originally granted pension and by
4 an additional 3% of the originally granted pension in January
5 of each year thereafter.

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

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

21 (d) The monthly pension of a police officer who retires
22 after January 1, 1986, shall be increased, upon either the
23 first of the month following the first anniversary of the date
24 of retirement if the officer is 55 years of age or over, or
25 upon the first day of the month following attainment of age 55
26 if it occurs after the first anniversary of retirement, by 1/12

1 of 3% of the originally granted pension for each full month
2 that has elapsed since the pension began, and by an additional
3 3% of the originally granted pension in January of each year
4 thereafter.

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

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

25 (f) Notwithstanding the other provisions of this Section,
26 beginning with increases granted on or after July 1, 1993, the

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

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

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

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

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

3 Sec. 3-112. Pension to survivors.

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

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

25 Notwithstanding any other provision of this Article, the

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

10 For the purposes of this subsection (a), "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 (b) Upon the death of a police officer while in service,
20 having at least 20 years of creditable service, or upon the
21 death of a police officer who retired from service with at
22 least 20 years of creditable service, whether death occurs
23 before or after attainment of age 50, the pension earned by the
24 police officer as of the date of death as provided in Section
25 3-111 shall be paid to the survivors in the sequence provided
26 in subsection (a) of this Section.

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

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

16 (e) The pension of the surviving spouse of a police officer
17 who dies (i) on or after January 1, 2001, (ii) without having
18 begun to receive either a retirement pension payable under
19 Section 3-111 or a disability pension payable under Section
20 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of
21 sickness, accident, or injury incurred in or resulting from the
22 performance of an act of duty shall not be less than 100% of
23 the salary attached to the rank held by the deceased police
24 officer on the last day of service, notwithstanding any
25 provision in this Article to the contrary.

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

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

2 Sec. 3-125. 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 police officers, and revenues
8 available from other sources, will equal a sum sufficient to
9 meet the annual requirements of the police pension fund. The
10 annual requirements to be provided by such tax levy are equal
11 to (1) the normal cost of the pension fund for the year
12 involved, plus (2) the amount necessary to amortize the fund's
13 unfunded accrued liabilities as provided in Section 3-127. The
14 tax shall be levied and collected in the same manner as the
15 general taxes of the municipality, and in addition to all other
16 taxes now or hereafter authorized to be levied upon all
17 property within the municipality, and shall be in addition to
18 the amount authorized to be levied for general purposes as
19 provided by Section 8-3-1 of the Illinois Municipal Code,
20 approved May 29, 1961, as amended. The tax shall be forwarded
21 directly to the treasurer of the board within 30 business days
22 after receipt by the county.

23 (b) The Commission on Government Forecasting and
24 Accountability shall conduct a study of all funds established
25 under this Article and shall report its findings to the General

1 Assembly on or before January 1, 2012. The study shall include,
2 but not be limited to, the following:

3 (1) fund balances;

4 (2) historical employer contribution rates for each
5 fund;

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

9 (4) available contribution funding sources;

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

12 (6) existing statutory funding compliance procedures
13 and funding enforcement mechanisms for all municipal
14 pension funds.

15 (c) In the absence of a statutory alternative enacted prior
16 to January 1, 2015 to ensure that public employers comply with
17 this Act by making statutorily required pension contributions,
18 if any participating municipality or participating
19 instrumentality fails to transmit to the pension fund
20 contributions required of it under this Article or
21 contributions collected by it from its participating employees
22 for the purposes of this Article within 90 days after the
23 payment of such contributions is due, then the fund, after
24 giving notice to the municipality or instrumentality, may
25 certify to the State Comptroller the amounts of the delinquent
26 payments, and the Comptroller shall deduct the amounts so

1 certified or any part thereof from any grants of State funds to
2 the municipality or instrumentality involved and shall pay the
3 amount so deducted to the pension fund. If State funds from
4 which such deductions may be made are not available, then the
5 pension fund may proceed against the municipality or
6 instrumentality to recover the amounts of such delinquent
7 payments in the appropriate circuit court.

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

15 (e) The police pension fund shall consist of the following
16 moneys which shall be set apart by the treasurer of the
17 municipality:

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

19 (2) Contributions by police officers under Section
20 3-125.1;

21 (3) All moneys accumulated by the municipality under
22 any previous legislation establishing a fund for the
23 benefit of disabled or retired police officers;

24 (4) Donations, gifts or other transfers authorized by
25 this Article.

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

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

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

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

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

24 (40 ILCS 5/3-142) (from Ch. 108 1/2, par. 3-142)

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

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

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

17 (40 ILCS 5/3-143) (from Ch. 108 1/2, par. 3-143)

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

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

25 The pension board shall certify and provide the following

1 information to the city council or board of trustees of the
2 municipality:

3 (1) the total assets of the fund in its custody at the
4 end of the fiscal year and the current market value of
5 those assets;

6 (2) the estimated receipts during the next succeeding
7 fiscal year from deductions from the salaries of police
8 officers, and from all other sources;

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

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

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

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

1 receipt of benefits;

2 (7) the funded ratio of the fund;

3 (8) the unfunded liability carried by the fund, along
4 with an actuarial explanation of the unfunded liability;
5 and

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

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

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

20 (c) Upon issuing the report to the municipality, the
21 pension board shall also provide the information described in
22 subsection (a), with the exception of paragraph (9) of
23 subsection (a), to the Department of Insurance in such manner
24 and in such form as prescribed by the Director. The Department
25 shall compile the submitted information on an annual basis into
26 a comprehensive report and shall make this report available to

1 the General Assembly and the Governor on paper or in electronic
2 form before September 1, 2011 and before September 1 of each
3 subsequent year. The Public Pension Division of the Department
4 may adopt rules as necessary for the administration and
5 enforcement of this subsection (c).

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

7 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

8 Sec. 4-109. Pension.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 A firefighter age 55 or more with 10 or more years of
24 creditable service, who is no longer in service as a
25 firefighter, shall receive a pension of 2.5% of the
26 firefighter's final average salary for each of the first 20

1 years of service plus 1/12 of 2.2% of final average salary for
2 each additional month over 20 years of service through 30 years
3 of service, to a maximum of 72% of such final average salary.

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

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

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

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

17 (40 ILCS 5/4-109.1) (from Ch. 108 1/2, par. 4-109.1)

18 Sec. 4-109.1. Increase in pension.

19 (a) Except as provided in subsection (e), the monthly
20 pension of a firefighter who retires after July 1, 1971 and
21 prior to January 1, 1986, shall, upon either the first of the
22 month following the first anniversary of the date of retirement
23 if 60 years of age or over at retirement date, or upon the
24 first day of the month following attainment of age 60 if it
25 occurs after the first anniversary of retirement, be increased

1 by 2% of the originally granted monthly pension and by an
2 additional 2% in each January thereafter. Effective January
3 1976, the rate of the annual increase shall be 3% of the
4 originally granted monthly pension.

5 (b) The monthly pension of a firefighter who retired from
6 service with 20 or more years of service, on or before July 1,
7 1971, shall be increased, in January of the year following the
8 year of attaining age 65 or in January 1972, if then over age
9 65, by 2% of the originally granted monthly pension, for each
10 year the firefighter received pension payments. In each January
11 thereafter, he or she shall receive an additional increase of
12 2% of the original monthly pension. Effective January 1976, the
13 rate of the annual increase shall be 3%.

14 (c) The monthly pension of a firefighter who is receiving a
15 disability pension under this Article shall be increased, in
16 January of the year following the year the firefighter attains
17 age 60, or in January 1974, if then over age 60, by 2% of the
18 originally granted monthly pension for each year he or she
19 received pension payments. In each January thereafter, the
20 firefighter shall receive an additional increase of 2% of the
21 original monthly pension. Effective January 1976, the rate of
22 the annual increase shall be 3%.

23 (c-1) On January 1, 1998, every child's disability benefit
24 payable on that date under Section 4-110 or 4-110.1 shall be
25 increased by an amount equal to 1/12 of 3% of the amount of the
26 benefit, multiplied by the number of months for which the

1 benefit has been payable. On each January 1 thereafter, every
2 child's disability benefit payable under Section 4-110 or
3 4-110.1 shall be increased by 3% of the amount of the benefit
4 then being paid, including any previous increases received
5 under this Article. These increases are not subject to any
6 limitation on the maximum benefit amount included in Section
7 4-110 or 4-110.1.

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

20 (d) The monthly pension of a firefighter who retires after
21 January 1, 1986, shall, upon either the first of the month
22 following the first anniversary of the date of retirement if 55
23 years of age or over, or upon the first day of the month
24 following attainment of age 55 if it occurs after the first
25 anniversary of retirement, be increased by $1/12$ of 3% of the
26 originally granted monthly pension for each full month that has

1 elapsed since the pension began, and by an additional 3% in
2 each January thereafter.

3 The changes made to this subsection (d) by this amendatory
4 Act of the 91st General Assembly apply to all initial increases
5 that become payable under this subsection on or after January
6 1, 1999. All initial increases that became payable under this
7 subsection on or after January 1, 1999 and before the effective
8 date of this amendatory Act shall be recalculated and the
9 additional amount accruing for that period, if any, shall be
10 payable to the pensioner in a lump sum.

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

23 (f) In July 2009, the monthly pension of a firefighter who
24 retired before July 1, 1977 shall be recalculated and increased
25 to reflect the amount that the firefighter would have received
26 in July 2009 had the firefighter been receiving a 3% compounded

1 increase for each year he or she received pension payments
2 after January 1, 1986, plus any increases in pension received
3 for each year prior to January 1, 1986. In each January
4 thereafter, he or she shall receive an additional increase of
5 3% of the amount of the pension then being paid. The changes
6 made to this Section by this amendatory Act of the 96th General
7 Assembly apply without regard to whether the firefighter was in
8 service on or after its effective date.

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

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

1 the boards of the pension funds.

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

3 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

4 Sec. 4-114. Pension to survivors. If a firefighter who is
5 not receiving a disability pension under Section 4-110 or
6 4-110.1 dies (1) as a result of any illness or accident, or (2)
7 from any cause while in receipt of a disability pension under
8 this Article, or (3) during retirement after 20 years service,
9 or (4) while vested for or in receipt of a pension payable
10 under subsection (b) of Section 4-109, or (5) while a deferred
11 pensioner, having made all required contributions, a pension
12 shall be paid to his or her survivors, based on the monthly
13 salary attached to the firefighter's rank on the last day of
14 service in the fire department, as follows:

15 (a) (1) To the surviving spouse, a monthly pension of
16 40% of the monthly salary, and to the guardian of any minor
17 child or children including a child which has been
18 conceived but not yet born, 12% of such monthly salary for
19 each such child until attainment of age 18 or until the
20 child's marriage, whichever occurs first. Beginning July
21 1, 1993, the monthly pension to the surviving spouse shall
22 be 54% of the monthly salary for all persons receiving a
23 surviving spouse pension under this Article, regardless of
24 whether the deceased firefighter was in service on or after
25 the effective date of this amendatory Act of 1993.

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

22 (3) If the pension paid on and after July 1, 2004 to
23 the surviving spouse of a firefighter who died on or after
24 July 1, 2004 and before the effective date of this
25 amendatory Act of the 93rd General Assembly was less than
26 the minimum pension payable under paragraph (1) or (2) of

1 this subsection (a), the fund shall pay a lump sum equal to
2 the difference within 90 days after the effective date of
3 this amendatory Act of the 93rd General Assembly.

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

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

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

18 (c) If a deceased firefighter leaves no surviving
19 spouse or unmarried minor children under age 18, but leaves
20 a dependent father or mother, to each dependent parent a
21 monthly pension of 18% of the monthly salary. To qualify
22 for the pension, a dependent parent must furnish
23 satisfactory proof that the deceased firefighter was at the
24 time of his or her death the sole supporter of the parent
25 or that the parent was the deceased's dependent for federal
26 income tax purposes.

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

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

20 (e) If a firefighter leaves no eligible survivors under
21 paragraphs (a), (b) and (c), the board shall refund to the
22 firefighter's estate the amount of his or her accumulated
23 contributions, less the amount of pension payments, if any,
24 made to the firefighter while living.

25 (f) (Blank).

26 (g) If a judgment of dissolution of marriage between a

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

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

20 (i) Beginning January 1, 2000, the pension of the
21 surviving spouse of a firefighter who dies on or after
22 January 1, 1994 as a result of sickness, accident, or
23 injury incurred in or resulting from the performance of an
24 act of duty or from the cumulative effects of acts of duty
25 shall not be less than 100% of the salary attached to the
26 rank held by the deceased firefighter on the last day of

1 service, notwithstanding subsection (d) or any other
2 provision of this Article.

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

12 Notwithstanding any other provision of this Article, if a
13 firefighter who first becomes a firefighter under this Article
14 on or after January 1, 2011 and who is not receiving a
15 disability pension under Section 4-110 or 4-110.1 dies (1) as a
16 result of any illness or accident, or (2) from any cause while
17 in receipt of a disability pension under this Article, or (3)
18 during retirement after 20 years service, or (4) while vested
19 for or in receipt of a pension payable under subsection (b) of
20 Section 4-109, or (5) while a deferred pensioner, having made
21 all required contributions, then a pension shall be paid to his
22 or her survivors in the amount of 66 2/3% of the firefighter's
23 earned pension at the date of death. Nothing in this Section
24 shall act to diminish the survivor's benefits described in
25 subsection (j) of this Section.

26 Notwithstanding any other provision of this Article, the

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

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

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

20 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

21 Sec. 4-118. Financing.

22 (a) The city council or the board of trustees of the
23 municipality shall annually levy a tax upon all the taxable
24 property of the municipality at the rate on the dollar which
25 will produce an amount which, when added to the deductions from

1 the salaries or wages of firefighters and revenues available
2 from other sources, will equal a sum sufficient to meet the
3 annual actuarial requirements of the pension fund, as
4 determined by an enrolled actuary employed by the Illinois
5 Department of Insurance or by an enrolled actuary retained by
6 the pension fund or municipality. For the purposes of this
7 Section, the annual actuarial requirements of the pension fund
8 are equal to (1) the normal cost of the pension fund, or 17.5%
9 of the salaries and wages to be paid to firefighters for the
10 year involved, whichever is greater, plus (2) the annual amount
11 necessary to amortize the fund's unfunded accrued liabilities
12 over a period of 40 years from July 1, 1993, as annually
13 updated and determined by an enrolled actuary employed by the
14 Illinois Department of Insurance or by an enrolled actuary
15 retained by the pension fund or the municipality. The amount to
16 be applied towards the amortization of the unfunded accrued
17 liability in any year shall not be less than the annual amount
18 required to amortize the unfunded accrued liability, including
19 interest, as a level percentage of payroll over the number of
20 years remaining in the 40 year amortization period. Any
21 unfunded liability that exists in the fund on July 1, 2010 may
22 be amortized over a period of 30 years from July 1, 2010. Any
23 unfunded liability created after July 1, 2010 may be amortized
24 over a period of 30 years from July 1 of the calendar year in
25 which the unfunded liability is created.

26 (b) The tax shall be levied and collected in the same

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

13 (b-1) The Commission on Government Forecasting and
14 Accountability shall conduct a study of all funds established
15 under this Article and shall report its findings to the General
16 Assembly on or before January 1, 2012. The study shall include,
17 but not be limited to, the following:

18 (1) fund balances;

19 (2) historical employer contribution rates for each
20 fund;

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

24 (4) available contribution funding sources;

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

1 (6) existing statutory funding compliance procedures
2 and funding enforcement mechanisms for all municipal
3 pension funds.

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

23 (b-3) Beginning January 1, 2015, the city council or the
24 board of trustees of any municipality shall not make a
25 contribution to the pension fund under this Article in its
26 jurisdiction less than the amount recommended by the enrolled

1 actuary of the Department of Insurance if the unfunded
2 liability exceeds the assets in the fund as determined by the
3 most recent actuarial valuation.

4 (c) The board shall make available to the membership and
5 the general public for inspection and copying at reasonable
6 times the most recent Actuarial Valuation Balance Sheet and Tax
7 Levy Requirement issued to the fund by the Department of
8 Insurance.

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

19 (e) For the purposes of this Section, "enrolled actuary"
20 means an actuary: (1) who is a member of the Society of
21 Actuaries or the American Academy of Actuaries; and (2) who is
22 enrolled under Subtitle C of Title III of the Employee
23 Retirement Income Security Act of 1974, or who has been engaged
24 in providing actuarial services to one or more public
25 retirement systems for a period of at least 3 years as of July
26 1, 1983.

1 (f) The corporate authorities of a municipality that
2 employs a person who is described in subdivision (d) of Section
3 4-106 may add to the tax levy otherwise provided for in this
4 Section an amount equal to the projected cost of the employer
5 contributions required to be paid by the municipality to the
6 State Universities Retirement System under subsection (b-1) of
7 Section 15-155 of this Code.

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

9 (40 ILCS 5/4-134) (from Ch. 108 1/2, par. 4-134)

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

11 (a) The board shall report to the city council or board of
12 trustees of the municipality on the condition of the pension
13 fund at the end of its most recently completed fiscal year. The
14 report shall be made prior to the council or board meeting held
15 for appropriating and levying taxes for the year for which the
16 report is made.

17 The pension board in the report shall certify and provide
18 the following information to the city council or board of
19 trustees of the municipality:

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

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

25 (3) the estimated amount necessary during the fiscal

1 year to meet the annual actuarial requirements of the
2 pension fund as provided in Sections 4-118 and 4-120;

3 (4) the total net income received from investment of
4 assets along with the assumed investment return and actual
5 investment return received by the fund during its most
6 recently completed fiscal year compared to the total net
7 income, assumed investment return, and actual investment
8 return received during the preceding fiscal year;

9 (5) the increase in employer pension contributions
10 that results from the implementation of the provisions of
11 this amendatory Act of the 93rd General Assembly;

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

14 (7) the total amount that was disbursed in benefits
15 during the fiscal year, including the number of and total
16 amount disbursed to (i) annuitants in receipt of a regular
17 retirement pension, (ii) recipients being paid a
18 disability pension, and (iii) survivors and children in
19 receipt of benefits;

20 (8) the funded ratio of the fund;

21 (9) the unfunded liability carried by the fund, along
22 with an actuarial explanation of the unfunded liability;
23 and

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

26 Before the pension board makes its report, the municipality

1 shall have the assets of the fund and their current market
2 value verified by an independent certified public accountant of
3 its choice.

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

12 (c) Upon issuing the report to the municipality, the
13 pension board shall also provide the information described in
14 subsection (a), with the exception of paragraph (10) of
15 subsection (a), to the Department of Insurance in such manner
16 and in such form as prescribed by the Director. The Department
17 shall compile the submitted information on an annual basis into
18 a comprehensive report and shall make this report available to
19 the General Assembly and the Governor on paper or in electronic
20 form before September 1, 2011 and before September 1 of each
21 subsequent year. The Public Pension Division of the Department
22 may adopt rules as necessary for the administration and
23 enforcement of this subsection (c).

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

1 Sec. 5-136.1. (a) Notwithstanding the other provisions of
2 this Article, the widow of a policeman (1) who retires on or
3 after January 1, 1986, and subsequently dies while receiving a
4 retirement annuity, or (2) dies on or after January 1, 1991
5 while receiving a retirement annuity without regard to the date
6 of retirement, or (3) dies after December 31, 1985, while an
7 active policeman with at least 1 1/2 years of creditable
8 service, may in lieu of any other widow's annuity have the
9 amount of widow's annuity calculated in accordance with this
10 Section.

11 (b) If the deceased policeman was an active policeman at
12 the time of his death and had at least 1 1/2 years of
13 creditable service, the widow's annuity shall be 30% of the
14 annual maximum salary attached to the classified civil service
15 position of a first class patrolman at the time of his death.
16 If such policeman dies on or after January 1, 1991, the widow's
17 annuity shall be the greater of (1) 30% of the annual maximum
18 salary attached to the classified civil service position of a
19 first class patrolman at the time of his death, or (2) 50% of
20 the retirement annuity the deceased policeman would have been
21 eligible to receive if he had retired from service on the day
22 before his death. This annuity is fixed at the time of the
23 policeman's death and does not increase. This annuity shall not
24 be limited to the maximum dollar amount in effect for widows'
25 annuities at the time of the policeman's death.

26 (b-1) If the deceased policeman was an active policeman at

1 the time of his death and had at least 1 1/2 years of
2 creditable service as of January 1, 2011, the widow's annuity
3 shall be the greater of (1) 30% of the annual maximum salary
4 attached to the classified civil service position of a first
5 class patrolman at the time of his death, or (2) 66 2/3% of the
6 retirement annuity the deceased policeman would have been
7 eligible to receive if he had retired from service on the day
8 before his death. This annuity is fixed at the time of the
9 policeman's death and does not increase. This annuity shall not
10 be limited to the maximum dollar amount in effect for widows'
11 annuities at the time of the policeman's death.

12 (c) If the deceased policeman was receiving a retirement
13 annuity at the time of his death, the widow's annuity shall be
14 equal to 40% of the policeman's annuity at the time of the
15 policeman's death until December 31, 1987, and 66 2/3% ~~50%~~ of
16 such policeman's annuity thereafter. The increase in widow's
17 annuity provided by this amendatory Act of the 96th General
18 Assembly ~~this amendatory Act of 1987~~ shall apply to all
19 annuities calculated under this subsection (c). This annuity
20 shall not be limited to the maximum dollar amount in effect for
21 widows' annuities at the time of the policeman's death or
22 retirement.

23 (d) This Section shall in no way limit any annuity
24 otherwise payable under this Article.

25 (e) The widow's annuity of any widow of a policeman who
26 retired on or after January 1, 1986 and died while receiving a

1 retirement annuity, which was not calculated under this Section
2 because the deceased policeman had reached age 63 prior to
3 January 1, 1986, shall be recalculated, effective January 1,
4 1991, in accordance with the provisions of this Section,
5 notwithstanding Section 1-103.1.

6 (Source: P.A. 85-964; 86-1488.)

7 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

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

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

1 and beginning January 1, 2000 for policemen born on or after
2 January 1, 1945 but before January 1, 1950, and beginning
3 January 1, 2005 for policemen born on or after January 1, 1950
4 but before January 1, 1955, and beginning January 1, 2011 for
5 policemen born on or after January 1, 1955, such increases
6 shall be 3% and such policemen shall not be subject to the 30%
7 maximum increase.

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

18 Any policeman born before January 1, 1950 who qualifies for
19 a minimum annuity and retires after September 1, 1967 but has
20 not received the initial increase under this subsection before
21 January 1, 2000 is entitled to receive the initial increase
22 under this subsection on (1) January 1, 2000, (2) the first
23 anniversary of the date of retirement, or (3) attainment of age
24 55, whichever occurs last. The changes to this Section made by
25 this amendatory Act of the 92nd General Assembly apply without
26 regard to whether the policeman or annuitant terminated service

1 before the effective date of this amendatory Act.

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

12 Any policeman who qualifies for a minimum annuity and
13 retires after September 1, 1967 but has not received the
14 initial increase under this subsection before January 1, 2011
15 is entitled to receive the initial increase under this
16 subsection on (1) January 1, 2011, (2) the first anniversary of
17 the date of retirement, or (3) attainment of age 55, whichever
18 occurs last. The changes to this Section made by this
19 amendatory Act of the 96th General Assembly apply without
20 regard to whether the policeman or annuitant terminated service
21 before the effective date of this amendatory Act.

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

24 (c) To help defray the cost of such increases in annuity,
25 there shall be deducted, beginning September 1, 1967, from each
26 payment of salary to a policeman, 1/2 of 1% of each salary

1 payment concurrently with and in addition to the salary
2 deductions otherwise made for annuity purposes.

3 The city, in addition to the contributions otherwise made
4 by it for annuity purposes under other provisions of this
5 Article, shall make matching contributions concurrently with
6 such salary deductions.

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

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

16 The salary deductions provided in this Section are not
17 subject to refund, except to the policeman himself, in any case
18 in which a policeman withdraws prior to qualification for
19 minimum annuity and applies for refund or applies for annuity,
20 and also where a term annuity becomes payable. In such cases,
21 the total of such salary deductions shall be refunded to the
22 policeman, without interest, and charged to the Automatic
23 Increase Reserve.

24 (d) Notwithstanding any other provision of this Article,
25 for a policeman who first becomes a policeman under this
26 Article on or after January 1, 2011, the annuity to which the

1 survivor is entitled under this subsection (d) shall be in the
2 amount of 66 2/3% of the policeman's earned annuity at the date
3 of death. Nothing in this subsection (d) shall act to diminish
4 the survivor's benefits described in this Section.

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

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

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

1 Sec. 5-167.6. Minimum annuity for certain widows.
2 Notwithstanding any other provision of this Article, the
3 widow's annuity payable to the widow of a policeman who dies on
4 or after July 1, 1997 while an active policeman with at least
5 10 years of creditable service shall be no less than 66 2/3% of
6 the retirement annuity that the deceased policeman would have
7 been eligible to receive if he had attained age 55 and 20 years
8 of service on the day before his death and retired on that day.
9 In the case of a widow's annuity that is payable on the
10 effective date of this amendatory Act of the 96th General
11 Assembly, the increase provided by this Section, if any, shall
12 begin to accrue on the first annuity payment date following the
13 effective date.

14 (40 ILCS 5/5-238 new)

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

16 (a) Notwithstanding any other provision of this Article,
17 the provisions of this Section apply to a person who first
18 becomes a policeman under this Article on or after January 1,
19 2011.

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

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

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

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

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

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

24 Notwithstanding any other provision of this Article, the
25 monthly annuity of a survivor of a policeman who first becomes
26 a policeman under this Article on or after January 1, 2011

1 shall be increased on the January 1 after commencement of the
2 annuity and each January 1 thereafter by 3% or the annual
3 increase in the consumer price index-u for the preceding
4 calendar year, whichever is less, of the originally granted
5 pension. If the increase in the cpi-u for the preceding
6 calendar year is zero or there is a decrease, then the annuity
7 shall not be increased.

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

17 (40 ILCS 5/6-141.1) (from Ch. 108 1/2, par. 6-141.1)

18 Sec. 6-141.1. (a) Notwithstanding the other provisions of
19 this Article, the widow of a fireman who dies on or after June
20 30, 1984, while receiving a retirement annuity or while an
21 active fireman with at least 1 1/2 years of creditable service,
22 shall, as of January 1, 2011, ~~may elect to~~ have the amount of
23 widow's annuity calculated in accordance with this Section.

24 (b) If the deceased fireman was an active fireman at the
25 time of his death and had at least 1 1/2 years of creditable

1 service, the widow's annuity shall be the greater of (1) 30% of
2 the salary attached to the rank of first class firefighter in
3 the classified career service at the time of the fireman's
4 death, or (2) 66 2/3% ~~50%~~ of the retirement annuity the
5 deceased fireman would have been eligible to receive if he had
6 retired from service on the day before his death.

7 (c) If the deceased fireman was receiving a retirement
8 annuity at the time of his death, the widow's annuity shall be
9 equal to 66 2/3% ~~50%~~ of the amount of such retirement annuity
10 at the time of the fireman's death.

11 (Source: P.A. 84-11.)

12 (40 ILCS 5/6-141.2)

13 Sec. 6-141.2. Minimum annuity for certain widows.
14 Notwithstanding the other provisions of this Article, the
15 widow's annuity payable to the widow of a fireman who dies on
16 or after July 1, 1997 while an active fireman with at least 10
17 years of creditable service shall be no less than 66 2/3% ~~50%~~
18 of the retirement annuity that the deceased fireman would have
19 been eligible to receive if he had attained age 55 ~~50~~ and 20
20 years of service on the day before his death and retired on
21 that day. In the case of a widow's annuity that is payable on
22 the effective date of this amendatory Act of the 93rd General
23 Assembly, the increase provided by this Section, if any, shall
24 begin to accrue on the first annuity payment date following
25 that effective date.

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

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

3 Sec. 6-164. Automatic annual increase; retirement after
4 September 1, 1959.

5 (a) A fireman qualifying for a minimum annuity who retires
6 from service after September 1, 1959 shall, upon either the
7 first of the month following the first anniversary of his date
8 of retirement if he is age 60 (age 55 if born before January 1,
9 1955) or over on that anniversary date, or upon the first of
10 the month following his attainment of age 60 (age 55 if born
11 before January 1, 1955) if that occurs after the first
12 anniversary of his retirement date, have his then fixed and
13 payable monthly annuity increased by 1 1/2%, and such first
14 fixed annuity as granted at retirement increased by an
15 additional 1 1/2% in January of each year thereafter up to a
16 maximum increase of 30%. Beginning July 1, 1982 for firemen
17 born before January 1, 1930, and beginning January 1, 1990 for
18 firemen born after December 31, 1929 and before January 1,
19 1940, and beginning January 1, 1996 for firemen born after
20 December 31, 1939 but before January 1, 1945, and beginning
21 January 1, 2004, for firemen born after December 31, 1944 but
22 before January 1, 1955, such increases shall be 3% and such
23 firemen shall not be subject to the 30% maximum increase.

24 Beginning January 1, 2011, for a fireman who first becomes
25 a fireman under this Article before January 1, 2011 such

1 automatic annual increases shall be 3% payable upon either the
2 first of the month following the first anniversary of his or
3 her date of retirement if he is age 55 or over on that
4 anniversary date or the first of the month following the month
5 of his or her 55th birthday.

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

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

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

3 (c) To help defray the cost of such increases in annuity,
4 there shall be deducted, beginning September 1, 1959, from each
5 payment of salary to a fireman, 1/8 of 1% of each such salary
6 payment and an additional 1/8 of 1% beginning on September 1,
7 1961, and September 1, 1963, respectively, concurrently with
8 and in addition to the salary deductions otherwise made for
9 annuity purposes.

10 Each such additional 1/8 of 1% deduction from salary which
11 shall, on September 1, 1963, result in a total increase of 3/8
12 of 1% of salary, shall be credited to the Automatic Increase
13 Reserve, to be used, together with city contributions as
14 provided in this Article, to defray the cost of the 1 1/2%
15 annuity increments herein specified. Any balance in such
16 reserve as of the beginning of each calendar year shall be
17 credited with interest at the rate of 3% per annum.

18 The salary deductions provided in this Section are not
19 subject to refund, except to the fireman himself, in any case
20 in which a fireman withdraws prior to qualification for minimum
21 annuity and applies for refund, or applies for annuity, and
22 also where a term annuity becomes payable. In such cases, the
23 total of such salary deductions shall be refunded to the
24 fireman, without interest, and charged to the aforementioned
25 reserve.

26 (d) Notwithstanding any other provision of this Article,

1 the monthly pension of a fireman who first becomes a fireman
2 under this Article on or after January 1, 2011 shall be
3 increased on the January 1 after the fireman attains age 57 and
4 each January 1 thereafter by 3% or the annual increase in the
5 consumer price index-u for the preceding calendar year,
6 whichever is less, of the originally granted pension. If the
7 increase in the consumer price index-u for the preceding
8 calendar year is zero or there is a decrease, then the pension
9 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 (Source: P.A. 93-654, eff. 1-16-04.)

20 (40 ILCS 5/6-229 new)

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

22 (a) Notwithstanding any other provision of this Article,
23 the provisions of this Section apply to a person who first
24 becomes a fireman under this Article on or after January 1,
25 2011.

1 (b) A fireman 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 fireman's final average salary for each
4 of the first 20 years of service plus 2.2% of final average
5 salary for each completed year of service or fraction thereof
6 over 20.

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

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

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

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

22 (d) Notwithstanding any other provision of this Article,
23 for a fireman who first becomes a fireman under this Article on
24 or after January 1, 2011, the annuity to which the surviving
25 spouse, children, or parents are entitled under this subsection
26 (d) shall be in the amount of 66 2/3% of the fireman's earned

1 pension at the date of death. Nothing in this subsection (d)
2 shall act to diminish the survivor's benefits described in this
3 Section.

4 Notwithstanding any other provision of this Article, the
5 monthly annuity of a survivor of a fireman who first becomes a
6 fireman 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 annuity shall not be
13 increased.

14 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

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

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

18 Any sheriff's law enforcement employee who has 20 or more
19 years of service in that capacity and who terminates service
20 prior to January 1, 1988 shall be entitled at his option to
21 receive a monthly retirement annuity for his service as a
22 sheriff's law enforcement employee computed by multiplying 2%
23 for each year of such service up to 10 years, 2 1/4% for each
24 year of such service above 10 years and up to 20 years, and 2
25 1/2% for each year of such service above 20 years, by his

1 annual final rate of earnings and dividing by 12.

2 Any sheriff's law enforcement employee who has 20 or more
3 years of service in that capacity and who terminates service on
4 or after January 1, 1988 and before July 1, 2004 shall be
5 entitled at his option to receive a monthly retirement annuity
6 for his service as a sheriff's law enforcement employee
7 computed by multiplying 2.5% for each year of such service up
8 to 20 years, 2% for each year of such service above 20 years
9 and up to 30 years, and 1% for each year of such service above
10 30 years, by his annual final rate of earnings and dividing by
11 12.

12 Any sheriff's law enforcement employee who has 20 or more
13 years of service in that capacity and who terminates service on
14 or after July 1, 2004 shall be entitled at his or her option to
15 receive a monthly retirement annuity for service as a sheriff's
16 law enforcement employee computed by multiplying 2.5% for each
17 year of such service by his annual final rate of earnings and
18 dividing by 12.

19 If a sheriff's law enforcement employee has service in any
20 other capacity, his retirement annuity for service as a
21 sheriff's law enforcement employee may be computed under this
22 Section and the retirement annuity for his other service under
23 Section 7-142.

24 In no case shall the total monthly retirement annuity for
25 persons who retire before July 1, 2004 exceed 75% of the
26 monthly final rate of earnings. In no case shall the total

1 monthly retirement annuity for persons who retire on or after
2 July 1, 2004 exceed 80% of the monthly final rate of earnings.

3 (b) Whenever continued group insurance coverage is elected
4 in accordance with the provisions of Section 367h of the
5 Illinois Insurance Code, as now or hereafter amended, the total
6 monthly premium for such continued group insurance coverage or
7 such portion thereof as is not paid by the municipality shall,
8 upon request of the person electing such continued group
9 insurance coverage, be deducted from any monthly pension
10 benefit otherwise payable to such person pursuant to this
11 Section, to be remitted by the Fund to the insurance company or
12 other entity providing the group insurance coverage.

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

21 (d) The changes to subsections (a) and (b) of this Section
22 made by this amendatory Act of the 94th General Assembly apply
23 only to persons in service on or after July 1, 2004. In the
24 case of such a person who begins to receive a retirement
25 annuity before the effective date of this amendatory Act of the
26 94th General Assembly, the annuity shall be recalculated

1 prospectively to reflect those changes, with the resulting
2 increase beginning to accrue on the first annuity payment date
3 following the effective date of this amendatory Act.

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

8 In lieu of the retirement annuity provided by subparagraph
9 1 of paragraph (a) of Section 7-142, a sheriff's law
10 enforcement employee age 55 or more who has 10 or more years of
11 service in that capacity shall be entitled at his option to
12 receive a monthly retirement annuity for his service as a
13 sheriff's law enforcement employee computed by multiplying
14 2.4% for each year of such service by his or her final rate of
15 earnings.

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

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

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

3 (f) Notwithstanding any other provision of this Article,
4 the monthly annuity of a sheriff's law enforcement employee
5 shall be increased on the January 1 after attaining age 57 and
6 each January 1 thereafter by 3% or the annual increase in the
7 consumer price index-u for the preceding calendar year,
8 whichever is less, of the originally granted pension. If the
9 increase in the cpi-u for the preceding calendar year is zero
10 or there is a decrease, then the annuity shall not be
11 increased.

12 (g) Notwithstanding any other provision of this Article,
13 for a sheriff's law enforcement employee, the annuity to which
14 the surviving spouse, children, or parents are entitled under
15 this subsection (g) shall be in the amount of 66 2/3% of the
16 sheriff's law enforcement employee's earned annuity at the date
17 of death. Nothing in this subsection (g) shall act to diminish
18 the survivor's benefits described in this Section.

19 (h) Notwithstanding any other provision of this Article,
20 the monthly annuity of a survivor of a sheriff's law
21 enforcement employee who first becomes a sheriff's law
22 enforcement employee under this Article on or after January 1,
23 2011 shall be increased on the January 1 after commencement of
24 the annuity and each January 1 thereafter by 3% or the annual
25 increase in the consumer price index-u for the preceding
26 calendar year, whichever is less, of the originally granted

1 pension. If the increase in the cpi-u for the preceding
2 calendar year is zero or there is a decrease, then the annuity
3 shall not be increased.

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

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

14 Section 99. Effective date. This Act takes effect upon
15 becoming law."