



Rep. Kevin A. McCarthy

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1 AMENDMENT TO SENATE BILL 3538

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 3538, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Illinois Pension Code is amended by  
6 changing Sections 3-111, 3-111.1, 3-112, 3-125, 4-109,  
7 4-109.1, 4-114, 4-118, 5-167.1, 5-168, 6-164, 6-165, and  
8 7-142.1 and by adding Sections 1-113.4a, 5-238, and 6-229 as  
9 follows:

10 (40 ILCS 5/1-113.4a new)

11 Sec. 1-113.4a. List of additional permitted investments  
12 for Article 3 and 4 pension funds with net assets of  
13 \$10,000,000 or more.

14 (a) In addition to the items in Sections 1-113.2 and  
15 1-113.3, a pension fund established under Article 3 or 4 that  
16 has net assets of at least \$10,000,000 and has appointed an

1 investment adviser, as defined under Sections 1-101.4 and  
2 1-113.5, may, through that investment adviser, invest an  
3 additional portion of its assets in common and preferred  
4 stocks, mutual funds, and corporate bonds.

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

6 (1) The common stocks must be listed on a national  
7 securities exchange or board of trade (as defined in the  
8 Federal Securities Exchange Act of 1934 and set forth in  
9 paragraph G of Section 3 of the Illinois Securities Law of  
10 1953) or quoted in the National Association of Securities  
11 Dealers Automated Quotation System National Market System.

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

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

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

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

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

1       Law of 1953.

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

4           (3) The mutual fund must have total net assets of  
5       \$250,000,000 or more.

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

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

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

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

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

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

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

2 Sec. 3-111. Pension.

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

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

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

1 least 20 years of creditable service shall be \$400 per month,  
2 without regard to whether or not retirement occurred prior to  
3 that date. If the minimum pension established in Section  
4 3-113.1 is greater than the minimum provided in this  
5 subsection, the Section 3-113.1 minimum controls.

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

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

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

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

20 (d) Notwithstanding any other provision of this Article,  
21 the provisions of this subsection (d) apply to a person who is  
22 not a participant in the self-managed plan under Section  
23 3-109.3 and who first becomes a police officer under this  
24 Article on or after January 1, 2011.

25 A police officer age 55 or more who has 10 or more years of  
26 service in that capacity shall be entitled at his option to

1 receive a monthly pension for his service as a police officer  
2 computed by multiplying 2.5% for each year of such service by  
3 his or her final average salary.

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

8 The maximum pension under this subsection (d) shall be 75%  
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 police officer during the 96  
13 consecutive months of service within the last 120 months of  
14 service in which the total salary was the highest by the number  
15 of months of service in that period.

16 Notwithstanding any other provision of this Article,  
17 beginning on January 1, 2011, the final average salary of a  
18 police officer based on the plan year for any purposes under  
19 this Article shall not exceed \$106,800; however, that amount  
20 shall annually thereafter be increased by the lesser of (i) 3%  
21 of that amount, including all previous adjustments, or (ii)  
22 one-half the annual unadjusted percentage increase (but not  
23 less than zero) in the consumer price index-u for the 12 months  
24 ending with the September preceding each November 1, including  
25 all previous adjustments.

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

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

2 Sec. 3-111.1. Increase in pension.

3 (a) Except as provided in subsection (e), the monthly  
4 pension of a police officer who retires after July 1, 1971, and  
5 prior to January 1, 1986, shall be increased, upon either the  
6 first of the month following the first anniversary of the date  
7 of retirement if the officer is 60 years of age or over at  
8 retirement date, or upon the first day of the month following  
9 attainment of age 60 if it occurs after the first anniversary  
10 of retirement, by 3% of the originally granted pension and by  
11 an additional 3% of the originally granted pension in January  
12 of each year thereafter.

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

21 (c) The monthly pension of a police officer who retires on  
22 disability or is retired for disability shall be increased in  
23 January of the year following the year of attaining age 60, by  
24 3% of the original grant of pension for each year he or she  
25 received pension payments. In each January thereafter, the



1 police officer shall receive an additional increase of 3% of  
2 the original pension.

3 (d) The monthly pension of a police officer who retires  
4 after January 1, 1986, shall be increased, upon either the  
5 first of the month following the first anniversary of the date  
6 of retirement if the officer is 55 years of age or over, or  
7 upon the first day of the month following attainment of age 55  
8 if it occurs after the first anniversary of retirement, by 1/12  
9 of 3% of the originally granted pension for each full month  
10 that has elapsed since the pension began, and by an additional  
11 3% of the originally granted pension in January of each year  
12 thereafter.

13 The changes made to this subsection (d) by this amendatory  
14 Act of the 91st General Assembly apply to all initial increases  
15 that become payable under this subsection on or after January  
16 1, 1999. All initial increases that became payable under this  
17 subsection on or after January 1, 1999 and before the effective  
18 date of this amendatory Act shall be recalculated and the  
19 additional amount accruing for that period, if any, shall be  
20 payable to the pensioner in a lump sum.

21 (e) Notwithstanding the provisions of subsection (a), upon  
22 the first day of the month following (1) the first anniversary  
23 of the date of retirement, or (2) the attainment of age 55, or  
24 (3) July 1, 1987, whichever occurs latest, the monthly pension  
25 of a police officer who retired on or after January 1, 1977 and  
26 on or before January 1, 1986, and did not receive an increase

1 under subsection (a) before July 1, 1987, shall be increased by  
2 3% of the originally granted monthly pension for each full year  
3 that has elapsed since the pension began, and by an additional  
4 3% of the originally granted pension in each January  
5 thereafter. The increases provided under this subsection are in  
6 lieu of the increases provided in subsection (a).

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

16 (g) Notwithstanding any other provision of this Article,  
17 the monthly pension of a person who first becomes a police  
18 officer under this Article on or after January 1, 2011 shall be  
19 increased on the January 1 occurring either on or after the  
20 attainment of age 60 or the first anniversary of the pension  
21 start date, whichever is later. Each annual increase shall be  
22 calculated at 3% or one-half the annual unadjusted percentage  
23 increase (but not less than zero) in the consumer price index-u  
24 for the 12 months ending with the September preceding each  
25 November 1, whichever is less, of the originally granted  
26 pension. If the annual unadjusted percentage change in the

1 consumer price index-u for a 12-month period ending in  
2 September is zero or, when compared with the preceding period,  
3 decreases, then the pension shall not be increased.

4 For the purposes of this subsection (g), "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. 91-939, eff. 2-1-01.)

14 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112)

15 Sec. 3-112. Pension to survivors.

16 (a) Upon the death of a police officer entitled to a  
17 pension under Section 3-111, the surviving spouse shall be  
18 entitled to the pension to which the police officer was then  
19 entitled. Upon the death of the surviving spouse, or upon the  
20 remarriage of the surviving spouse if that remarriage  
21 terminates the surviving spouse's eligibility under Section  
22 3-121, the police officer's unmarried children who are under  
23 age 18 or who are dependent because of physical or mental  
24 disability shall be entitled to equal shares of such pension.  
25 If there is no eligible surviving spouse and no eligible child,

1 the dependent parent or parents of the officer shall be  
2 entitled to receive or share such pension until their death or  
3 marriage or remarriage after the death of the police officer.

4 Notwithstanding any other provision of this Article, for a  
5 person who first becomes a police officer under this Article on  
6 or after January 1, 2011, the pension to which the surviving  
7 spouse, children, or parents are entitled under this subsection  
8 (a) shall be in the amount of 66 2/3% of the police officer's  
9 earned pension at the date of death. Nothing in this subsection  
10 (a) shall act to diminish the survivor's benefits described in  
11 subsection (e) of this Section.

12 Notwithstanding any other provision of this Article, the  
13 monthly pension of a survivor of a person who first becomes a  
14 police officer under this Article on or after January 1, 2011  
15 shall be increased on the January 1 after commencement of the  
16 survivor's pension and each January 1 thereafter by 3% or  
17 one-half the annual unadjusted percentage increase (but not  
18 less than zero) in the consumer price index-u for the 12 months  
19 ending with the September preceding each November 1, whichever  
20 is less, of the originally granted survivor's pension. If the  
21 annual unadjusted percentage change in the consumer price  
22 index-u for a 12-month period ending in September is zero or,  
23 when compared with the preceding period, decreases, then the  
24 survivor's pension shall not be increased.

25 For the purposes of this subsection (a), "consumer price  
26 index-u" means the index published by the Bureau of Labor

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

8 (b) Upon the death of a police officer while in service,  
9 having at least 20 years of creditable service, or upon the  
10 death of a police officer who retired from service with at  
11 least 20 years of creditable service, whether death occurs  
12 before or after attainment of age 50, the pension earned by the  
13 police officer as of the date of death as provided in Section  
14 3-111 shall be paid to the survivors in the sequence provided  
15 in subsection (a) of this Section.

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

25 (d) Beginning July 1, 1987, a minimum pension of \$400 per  
26 month shall be paid to all surviving spouses, without regard to

1 the fact that the death of the police officer 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 (e) The pension of the surviving spouse of a police officer  
6 who dies (i) on or after January 1, 2001, (ii) without having  
7 begun to receive either a retirement pension payable under  
8 Section 3-111 or a disability pension payable under Section  
9 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of  
10 sickness, accident, or injury incurred in or resulting from the  
11 performance of an act of duty shall not be less than 100% of  
12 the salary attached to the rank held by the deceased police  
13 officer on the last day of service, notwithstanding any  
14 provision in this Article to the contrary.

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

16 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

17 Sec. 3-125. Financing.

18 (a) The city council or the board of trustees of the  
19 municipality shall annually levy a tax upon all the taxable  
20 property of the municipality at the rate on the dollar which  
21 will produce an amount which, when added to the deductions from  
22 the salaries or wages of police officers, and revenues  
23 available from other sources, will equal a sum sufficient to  
24 meet the annual requirements of the police pension fund. The  
25 annual requirements to be provided by such tax levy are equal

1 to (1) the normal cost of the pension fund for the year  
2 involved, plus (2) an ~~the~~ amount sufficient to bring the total  
3 assets of the pension fund up to 90% of the total actuarial  
4 liabilities of the pension fund by the end of municipal fiscal  
5 year 2040, as annually updated and determined by an enrolled  
6 actuary employed by the Illinois Department of Insurance or by  
7 an enrolled actuary retained by the pension fund or the  
8 municipality. In making these determinations, the required  
9 minimum employer contribution shall be calculated each year as  
10 a level percentage of payroll over the years remaining up to  
11 and including fiscal year 2040 and shall be determined under  
12 the projected unit credit actuarial cost method ~~necessary to~~  
13 ~~amortize the fund's unfunded accrued liabilities as provided in~~  
14 ~~Section 3-127.~~ The tax shall be levied and collected in the  
15 same manner as the general taxes of the municipality, and in  
16 addition to all other taxes now or hereafter authorized to be  
17 levied upon all property within the municipality, and shall be  
18 in addition to the amount authorized to be levied for general  
19 purposes as provided by Section 8-3-1 of the Illinois Municipal  
20 Code, approved May 29, 1961, as amended. The tax shall be  
21 forwarded directly to the treasurer of the board within 30  
22 business days after receipt by the county.

23 (b) For purposes of determining the required employer  
24 contribution to a pension fund, the value of the pension fund's  
25 assets shall be equal to the actuarial value of the pension  
26 fund's assets, which shall be calculated as follows:

1           (1) On March 30, 2011, the actuarial value of a pension  
2           fund's assets shall be equal to the market value of the  
3           assets as of that date.

4           (2) In determining the actuarial value of the System's  
5           assets for fiscal years after March 30, 2011, any actuarial  
6           gains or losses from investment return incurred in a fiscal  
7           year shall be recognized in equal annual amounts over the  
8           5-year period following that fiscal year.

9           (c) If a participating municipality fails to transmit to  
10          the fund contributions required of it under this Article for  
11          more than 90 days after the payment of those contributions is  
12          due, the fund may, after giving notice to the municipality,  
13          certify to the State Comptroller the amounts of the delinquent  
14          payments, and the Comptroller must, beginning in fiscal year  
15          2016, deduct and deposit into the fund the certified amounts or  
16          a portion of those amounts from the following proportions of  
17          grants of State funds to the municipality:

18           (1) in fiscal year 2016, one-third of the total amount  
19           of any grants of State funds to the municipality;

20           (2) in fiscal year 2017, two-thirds of the total amount  
21           of any grants of State funds to the municipality; and

22           (3) in fiscal year 2018 and each fiscal year  
23           thereafter, the total amount of any grants of State funds  
24           to the municipality.

25          The State Comptroller may not deduct from any grants of  
26          State funds to the municipality more than the amount of



1 delinquent payments certified to the State Comptroller by the  
2 fund.

3 (d) The police pension fund shall consist of the following  
4 moneys which shall be set apart by the treasurer of the  
5 municipality:

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

7 (2) Contributions by police officers under Section  
8 3-125.1;

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

12 (4) Donations, gifts or other transfers authorized by  
13 this Article.

14 (e) The Commission on Government Forecasting and  
15 Accountability shall conduct a study of all funds established  
16 under this Article and shall report its findings to the General  
17 Assembly on or before January 1, 2013. To the fullest extent  
18 possible, the study shall include, but not be limited to, the  
19 following:

20 (1) fund balances;

21 (2) historical employer contribution rates for each  
22 fund;

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

26 (4) available contribution funding sources;

1           (5) the impact of any revenue limitations caused by  
2           PTELL and employer home rule or non-home rule status; and  
3           (6) existing statutory funding compliance procedures  
4           and funding enforcement mechanisms for all municipal  
5           pension funds.

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

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 (c) Notwithstanding any other provision of this Article,  
21 the provisions of this subsection (c) apply to a person who  
22 first becomes a firefighter under this Article on or after  
23 January 1, 2011.

24 A firefighter age 55 or more who has 10 or more years of  
25 service in that capacity shall be entitled at his option to  
26 receive a monthly pension for his service as a firefighter

1 computed by multiplying 2.5% for each year of such service by  
2 his or her final average salary.

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

7 The maximum pension under this subsection (c) shall be 75%  
8 of final average salary.

9 For the purposes of this subsection (c), "final average  
10 salary" means the average monthly salary obtained by dividing  
11 the total salary of the firefighter during the 96 consecutive  
12 months of service within the last 120 months of service in  
13 which the total salary was the highest by the number of months  
14 of service in that period.

15 Notwithstanding any other provision of this Article,  
16 beginning on January 1, 2011, the final average salary of a  
17 firefighter based on the plan year for any purposes under this  
18 Article shall not exceed \$106,800; however, that amount shall  
19 annually thereafter be increased by the lesser of (i) 3% of  
20 that amount, including all previous adjustments, or (ii)  
21 one-half the annual unadjusted percentage increase (but not  
22 less than zero) in the consumer price index-u for the 12 months  
23 ending with the September preceding each November 1, including  
24 all previous adjustments.

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

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

2 Sec. 4-109.1. Increase in pension.

3 (a) Except as provided in subsection (e), the monthly  
4 pension of a firefighter who retires after July 1, 1971 and  
5 prior to January 1, 1986, shall, upon either the first of the  
6 month following the first anniversary of the date of retirement  
7 if 60 years of age or over at retirement date, or upon the  
8 first day of the month following attainment of age 60 if it  
9 occurs after the first anniversary of retirement, be increased  
10 by 2% of the originally granted monthly pension and by an  
11 additional 2% in each January thereafter. Effective January  
12 1976, the rate of the annual increase shall be 3% of the  
13 originally granted monthly pension.

14 (b) The monthly pension of a firefighter who retired from  
15 service with 20 or more years of service, on or before July 1,  
16 1971, shall be increased, in January of the year following the  
17 year of attaining age 65 or in January 1972, if then over age  
18 65, by 2% of the originally granted monthly pension, for each  
19 year the firefighter received pension payments. In each January  
20 thereafter, he or she shall receive an additional increase of  
21 2% of the original monthly pension. Effective January 1976, the  
22 rate of the annual increase shall be 3%.

23 (c) The monthly pension of a firefighter who is receiving a  
24 disability pension under this Article shall be increased, in  
25 January of the year following the year the firefighter attains  
26 age 60, or in January 1974, if then over age 60, by 2% of the

1 originally granted monthly pension for each year he or she  
2 received pension payments. In each January thereafter, the  
3 firefighter shall receive an additional increase of 2% of the  
4 original monthly pension. Effective January 1976, the rate of  
5 the annual increase shall be 3%.

6 (c-1) On January 1, 1998, every child's disability benefit  
7 payable on that date under Section 4-110 or 4-110.1 shall be  
8 increased by an amount equal to 1/12 of 3% of the amount of the  
9 benefit, multiplied by the number of months for which the  
10 benefit has been payable. On each January 1 thereafter, every  
11 child's disability benefit payable under Section 4-110 or  
12 4-110.1 shall be increased by 3% of the amount of the benefit  
13 then being paid, including any previous increases received  
14 under this Article. These increases are not subject to any  
15 limitation on the maximum benefit amount included in Section  
16 4-110 or 4-110.1.

17 (c-2) On July 1, 2004, every pension payable to or on  
18 behalf of a minor or disabled surviving child that is payable  
19 on that date under Section 4-114 shall be increased by an  
20 amount equal to 1/12 of 3% of the amount of the pension,  
21 multiplied by the number of months for which the benefit has  
22 been payable. On July 1, 2005, July 1, 2006, July 1, 2007, and  
23 July 1, 2008, every pension payable to or on behalf of a minor  
24 or disabled surviving child that is payable under Section 4-114  
25 shall be increased by 3% of the amount of the pension then  
26 being paid, including any previous increases received under

1 this Article. These increases are not subject to any limitation  
2 on the maximum benefit amount included in Section 4-114.

3 (d) The monthly pension of a firefighter who retires after  
4 January 1, 1986, shall, upon either the first of the month  
5 following the first anniversary of the date of retirement if 55  
6 years of age or over, or upon the first day of the month  
7 following attainment of age 55 if it occurs after the first  
8 anniversary of retirement, be increased by 1/12 of 3% of the  
9 originally granted monthly pension for each full month that has  
10 elapsed since the pension began, and by an additional 3% in  
11 each January thereafter.

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

20 (e) Notwithstanding the provisions of subsection (a), upon  
21 the first day of the month following (1) the first anniversary  
22 of the date of retirement, or (2) the attainment of age 55, or  
23 (3) July 1, 1987, whichever occurs latest, the monthly pension  
24 of a firefighter who retired on or after January 1, 1977 and on  
25 or before January 1, 1986 and did not receive an increase under  
26 subsection (a) before July 1, 1987, shall be increased by 3% of

1 the originally granted monthly pension for each full year that  
2 has elapsed since the pension began, and by an additional 3% in  
3 each January thereafter. The increases provided under this  
4 subsection are in lieu of the increases provided in subsection  
5 (a).

6 (f) In July 2009, the monthly pension of a firefighter who  
7 retired before July 1, 1977 shall be recalculated and increased  
8 to reflect the amount that the firefighter would have received  
9 in July 2009 had the firefighter been receiving a 3% compounded  
10 increase for each year he or she received pension payments  
11 after January 1, 1986, plus any increases in pension received  
12 for each year prior to January 1, 1986. In each January  
13 thereafter, he or she shall receive an additional increase of  
14 3% of the amount of the pension then being paid. The changes  
15 made to this Section by this amendatory Act of the 96th General  
16 Assembly apply without regard to whether the firefighter was in  
17 service on or after its effective date.

18 (g) Notwithstanding any other provision of this Article,  
19 the monthly pension of a person who first becomes a firefighter  
20 under this Article on or after January 1, 2011 shall be  
21 increased on the January 1 occurring either on or after the  
22 attainment of age 60 or the first anniversary of the pension  
23 start date, whichever is later. Each annual increase shall be  
24 calculated at 3% or one-half the annual unadjusted percentage  
25 increase (but not less than zero) in the consumer price index-u  
26 for the 12 months ending with the September preceding each



1 November 1, whichever is less, of the originally granted  
2 pension. If the annual unadjusted percentage change in the  
3 consumer price index-u for a 12-month period ending in  
4 September is zero or, when compared with the preceding period,  
5 decreases, then the pension shall not be increased.

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

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

16 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

17 Sec. 4-114. Pension to survivors. If a firefighter who is  
18 not receiving a disability pension under Section 4-110 or  
19 4-110.1 dies (1) as a result of any illness or accident, or (2)  
20 from any cause while in receipt of a disability pension under  
21 this Article, or (3) during retirement after 20 years service,  
22 or (4) while vested for or in receipt of a pension payable  
23 under subsection (b) of Section 4-109, or (5) while a deferred  
24 pensioner, having made all required contributions, a pension  
25 shall be paid to his or her survivors, based on the monthly

1 salary attached to the firefighter's rank on the last day of  
2 service in the fire department, as follows:

3 (a) (1) To the surviving spouse, a monthly pension of  
4 40% of the monthly salary, and to the guardian of any minor  
5 child or children including a child which has been  
6 conceived but not yet born, 12% of such monthly salary for  
7 each such child until attainment of age 18 or until the  
8 child's marriage, whichever occurs first. Beginning July  
9 1, 1993, the monthly pension to the surviving spouse shall  
10 be 54% of the monthly salary for all persons receiving a  
11 surviving spouse pension under this Article, regardless of  
12 whether the deceased firefighter was in service on or after  
13 the effective date of this amendatory Act of 1993.

14 (2) Beginning July 1, 2004, unless the amount provided  
15 under paragraph (1) of this subsection (a) is greater, the  
16 total monthly pension payable under this paragraph (a),  
17 including any amount payable on account of children, to the  
18 surviving spouse of a firefighter who died (i) while  
19 receiving a retirement pension, (ii) while he or she was a  
20 deferred pensioner with at least 20 years of creditable  
21 service, or (iii) while he or she was in active service  
22 having at least 20 years of creditable service, regardless  
23 of age, shall be no less than 100% of the monthly  
24 retirement pension earned by the deceased firefighter at  
25 the time of death, regardless of whether death occurs  
26 before or after attainment of age 50, including any

1 increases under Section 4-109.1. This minimum applies to  
2 all such surviving spouses who are eligible to receive a  
3 surviving spouse pension, regardless of whether the  
4 deceased firefighter was in service on or after the  
5 effective date of this amendatory Act of the 93rd General  
6 Assembly, and notwithstanding any limitation on maximum  
7 pension under paragraph (d) or any other provision of this  
8 Article.

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

17 The pension to the surviving spouse shall terminate in  
18 the event of the surviving spouse's remarriage prior to  
19 July 1, 1993; remarriage on or after that date does not  
20 affect the surviving spouse's pension, regardless of  
21 whether the deceased firefighter was in service on or after  
22 the effective date of this amendatory Act of 1993.

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

25 (b) Upon the death of the surviving spouse leaving one  
26 or more minor children, to the duly appointed guardian of

1 each such child, for support and maintenance of each such  
2 child until the child reaches age 18 or marries, whichever  
3 occurs first, a monthly pension of 20% of the monthly  
4 salary.

5 (c) If a deceased firefighter leaves no surviving  
6 spouse or unmarried minor children under age 18, but leaves  
7 a dependent father or mother, to each dependent parent a  
8 monthly pension of 18% of the monthly salary. To qualify  
9 for the pension, a dependent parent must furnish  
10 satisfactory proof that the deceased firefighter was at the  
11 time of his or her death the sole supporter of the parent  
12 or that the parent was the deceased's dependent for federal  
13 income tax purposes.

14 (d) The total pension provided under paragraphs (a),  
15 (b) and (c) of this Section shall not exceed 75% of the  
16 monthly salary of the deceased firefighter (1) when paid to  
17 the survivor of a firefighter who has attained 20 or more  
18 years of service credit and who receives or is eligible to  
19 receive a retirement pension under this Article, or (2)  
20 when paid to the survivor of a firefighter who dies as a  
21 result of illness or accident, or (3) when paid to the  
22 survivor of a firefighter who dies from any cause while in  
23 receipt of a disability pension under this Article, or (4)  
24 when paid to the survivor of a deferred pensioner. For all  
25 other survivors of deceased firefighters, the total  
26 pension provided under paragraphs (a), (b) and (c) of this

1 Section shall not exceed 50% of the retirement annuity the  
2 firefighter would have received on the date of death.

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

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

12 (f) (Blank).

13 (g) If a judgment of dissolution of marriage between a  
14 firefighter and spouse is judicially set aside subsequent  
15 to the firefighter's death, the surviving spouse is  
16 eligible for the pension provided in paragraph (a) only if  
17 the judicial proceedings are filed within 2 years after the  
18 date of the dissolution of marriage and within one year  
19 after the firefighter's death and the board is made a party  
20 to the proceedings. In such case the pension shall be  
21 payable only from the date of the court's order setting  
22 aside the judgment of dissolution of marriage.

23 (h) Benefits payable on account of a child under this  
24 Section shall not be reduced or terminated by reason of the  
25 child's attainment of age 18 if he or she is then dependent  
26 by reason of a physical or mental disability but shall

1 continue to be paid as long as such dependency continues.  
2 Individuals over the age of 18 and adjudged as a disabled  
3 person pursuant to Article XIa of the Probate Act of 1975,  
4 except for persons receiving benefits under Article III of  
5 the Illinois Public Aid Code, shall be eligible to receive  
6 benefits under this Act.

7 (i) Beginning January 1, 2000, the pension of the  
8 surviving spouse of a firefighter who dies on or after  
9 January 1, 1994 as a result of sickness, accident, or  
10 injury incurred in or resulting from the performance of an  
11 act of duty or from the cumulative effects of acts of duty  
12 shall not be less than 100% of the salary attached to the  
13 rank held by the deceased firefighter on the last day of  
14 service, notwithstanding subsection (d) or any other  
15 provision of this Article.

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

25 Notwithstanding any other provision of this Article, if a  
26 person who first becomes a firefighter under this Article on or

1 after January 1, 2011 and who is not receiving a disability  
2 pension under Section 4-110 or 4-110.1 dies (1) as a result of  
3 any illness or accident, (2) from any cause while in receipt of  
4 a disability pension under this Article, (3) during retirement  
5 after 20 years service, (4) while vested for or in receipt of a  
6 pension payable under subsection (b) of Section 4-109, or (5)  
7 while a deferred pensioner, having made all required  
8 contributions, then a pension shall be paid to his or her  
9 survivors in the amount of 66 2/3% of the firefighter's earned  
10 pension at the date of death. Nothing in this Section shall act  
11 to diminish the survivor's benefits described in subsection (j)  
12 of this Section.

13 Notwithstanding any other provision of this Article, the  
14 monthly pension of a survivor of a person who first becomes a  
15 firefighter under this Article on or after January 1, 2011  
16 shall be increased on the January 1 after commencement of the  
17 pension and each January 1 thereafter by 3% or one-half the  
18 annual unadjusted percentage increase in the consumer price  
19 index-u for the 12 months ending with the September preceding  
20 each November 1, whichever is less, of the originally granted  
21 survivor's pension. If the annual unadjusted percentage change  
22 in the consumer price index-u for a 12-month period ending in  
23 September is zero or, when compared with the preceding period,  
24 decreases, then the survivor's pension shall not be increased.

25 For the purposes of this Section, "consumer price index-u"  
26 means the index published by the Bureau of Labor Statistics of

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

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

9 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

10 Sec. 4-118. Financing.

11 (a) The city council or the board of trustees of the  
12 municipality shall annually levy a tax upon all the taxable  
13 property of the municipality at the rate on the dollar which  
14 will produce an amount which, when added to the deductions from  
15 the salaries or wages of firefighters and revenues available  
16 from other sources, will equal a sum sufficient to meet the  
17 annual actuarial requirements of the pension fund, as  
18 determined by an enrolled actuary employed by the Illinois  
19 Department of Insurance or by an enrolled actuary retained by  
20 the pension fund or municipality. For the purposes of this  
21 Section, the annual actuarial requirements of the pension fund  
22 are equal to (1) the normal cost of the pension fund, or 17.5%  
23 of the salaries and wages to be paid to firefighters for the  
24 year involved, whichever is greater, plus (2) an ~~the~~ annual  
25 amount sufficient to bring the total assets of the pension fund



1 up to 90% of the total actuarial liabilities of the pension  
2 fund by the end of municipal fiscal year 2040, as annually  
3 updated and determined by an enrolled actuary employed by the  
4 Illinois Department of Insurance or by an enrolled actuary  
5 retained by the pension fund or the municipality. In making  
6 these determinations, the required minimum employer  
7 contribution shall be calculated each year as a level  
8 percentage of payroll over the years remaining up to and  
9 including fiscal year 2040 and shall be determined under the  
10 projected unit credit actuarial cost method necessary to  
11 amortize the fund's unfunded accrued liabilities over a period  
12 of 40 years from July 1, 1993, as annually updated and  
13 determined by an enrolled actuary employed by the Illinois  
14 Department of Insurance or by an enrolled actuary retained by  
15 the pension fund or the municipality. The amount to be applied  
16 towards the amortization of the unfunded accrued liability in  
17 any year shall not be less than the annual amount required to  
18 amortize the unfunded accrued liability, including interest,  
19 as a level percentage of payroll over the number of years  
20 remaining in the 40 year amortization period.

21 (a-5) For purposes of determining the required employer  
22 contribution to a pension fund, the value of the pension fund's  
23 assets shall be equal to the actuarial value of the pension  
24 fund's assets, which shall be calculated as follows:

25 (1) On March 30, 2011, the actuarial value of a pension  
26 fund's assets shall be equal to the market value of the

1       assets as of that date.

2           (2) In determining the actuarial value of the pension  
3       fund's assets for fiscal years after March 30, 2011, any  
4       actuarial gains or losses from investment return incurred  
5       in a fiscal year shall be recognized in equal annual  
6       amounts over the 5-year period following that fiscal year.

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

20      (b-5) If a participating municipality fails to transmit to  
21      the fund contributions required of it under this Article for  
22      more than 90 days after the payment of those contributions is  
23      due, the fund may, after giving notice to the municipality,  
24      certify to the State Comptroller the amounts of the delinquent  
25      payments, and the Comptroller must, beginning in fiscal year  
26      2016, deduct and deposit into the fund the certified amounts or

1 a portion of those amounts from the following proportions of  
2 grants of State funds to the municipality:

3 (1) in fiscal year 2016, one-third of the total amount  
4 of any grants of State funds to the municipality;

5 (2) in fiscal year 2017, two-thirds of the total amount  
6 of any grants of State funds to the municipality; and

7 (3) in fiscal year 2018 and each fiscal year  
8 thereafter, the total amount of any grants of State funds  
9 to the municipality.

10 The State Comptroller may not deduct from any grants of  
11 State funds to the municipality more than the amount of  
12 delinquent payments certified to the State Comptroller by the  
13 fund.

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

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

1 awards; and (4) any money, real estate or personal property  
2 received by the board.

3 (e) For the purposes of this Section, "enrolled actuary"  
4 means an actuary: (1) who is a member of the Society of  
5 Actuaries or the American Academy of Actuaries; and (2) who is  
6 enrolled under Subtitle C of Title III of the Employee  
7 Retirement Income Security Act of 1974, or who has been engaged  
8 in providing actuarial services to one or more public  
9 retirement systems for a period of at least 3 years as of July  
10 1, 1983.

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

18 (g) The Commission on Government Forecasting and  
19 Accountability shall conduct a study of all funds established  
20 under this Article and shall report its findings to the General  
21 Assembly on or before January 1, 2013. To the fullest extent  
22 possible, the study shall include, but not be limited to, the  
23 following:

24 (1) fund balances;

25 (2) historical employer contribution rates for each

26 fund;

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

4           (4) available contribution funding sources;

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

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

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

11           (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

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

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

1 policemen born before January 1, 1930, and beginning January 1,  
2 1988 for policemen born on or after January 1, 1930 but before  
3 January 1, 1940, and beginning January 1, 1996 for policemen  
4 born on or after January 1, 1940 but before January 1, 1945,  
5 and beginning January 1, 2000 for policemen born on or after  
6 January 1, 1945 but before January 1, 1950, and beginning  
7 January 1, 2005 for policemen born on or after January 1, 1950  
8 but before January 1, 1955, such increases shall be 3% and such  
9 policemen shall not be subject to the 30% maximum increase.

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

20 Any policeman born before January 1, 1950 who qualifies for  
21 a minimum annuity and retires after September 1, 1967 but has  
22 not received the initial increase under this subsection before  
23 January 1, 2000 is entitled to receive the initial increase  
24 under this subsection on (1) January 1, 2000, (2) the first  
25 anniversary of the date of retirement, or (3) attainment of age  
26 55, whichever occurs last. The changes to this Section made by

1 this amendatory Act of the 92nd General Assembly apply without  
2 regard to whether the policeman or annuitant terminated service  
3 before the effective date of this amendatory Act.

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

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

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

21 The city, in addition to the contributions otherwise made  
22 by it for annuity purposes under other provisions of this  
23 Article, shall make matching contributions concurrently with  
24 such salary deductions.

25 Each such 1/2 of 1% deduction from salary and each such  
26 contribution by the city of 1/2 of 1% of salary shall be

1 credited to the Automatic Increase Reserve, to be used to  
2 defray the cost of the 1 1/2% annuity increase provided by this  
3 Section. Any balance in such reserve as of the beginning of  
4 each calendar year shall be credited with interest at the rate  
5 of 3% per annum.

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

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

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

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



1 and each January 1 thereafter by 3% or one-half the annual  
2 unadjusted percentage increase (but not less than zero) in the  
3 consumer price index-u for the 12 months ending with the  
4 September preceding each November 1, whichever is less, of the  
5 originally granted annuity. If the annual unadjusted  
6 percentage change in the consumer price index-u for a 12-month  
7 period ending in September is zero or, when compared with the  
8 preceding period, decreases, then the annuity shall not be  
9 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. 94-719, eff. 1-6-06.)

20 (40 ILCS 5/5-168) (from Ch. 108 1/2, par. 5-168)

21 Sec. 5-168. Financing.

22 (a) Except as expressly provided in this Section, the city  
23 shall levy a tax annually upon all taxable property therein for  
24 the purpose of providing revenue for the fund.

25 The tax shall be at a rate that will produce a sum which,

1 when added to the amounts deducted from the policemen's  
2 salaries and the amounts deposited in accordance with  
3 subsection (g), is sufficient for the purposes of the fund.

4 For the years 1968 and 1969, the city council shall levy a  
5 tax annually at a rate on the dollar of the assessed valuation  
6 of all taxable property that will produce, when extended, not  
7 to exceed \$9,700,000. Beginning with the year 1970 and through  
8 2014, each year thereafter the city council shall levy a tax  
9 annually at a rate on the dollar of the assessed valuation of  
10 all taxable property that will produce when extended an amount  
11 not to exceed the total amount of contributions by the  
12 policemen to the Fund made in the calendar year 2 years before  
13 the year for which the applicable annual tax is levied,  
14 multiplied by 1.40 for the tax levy year 1970; by 1.50 for the  
15 year 1971; by 1.65 for 1972; by 1.85 for 1973; by 1.90 for  
16 1974; by 1.97 for 1975 through 1981; by 2.00 for 1982 and for  
17 each year through 2014 thereafter. Beginning in 2015, the city  
18 council shall levy a tax annually at a rate on the dollar of  
19 the assessed valuation of all taxable property that will  
20 produce when extended an annual amount that is equal to (1) the  
21 normal cost to the Fund, plus (2) an annual amount sufficient  
22 to bring the total assets of the Fund up to 90% of the total  
23 actuarial liabilities of the Fund by the end of fiscal year  
24 2040, as annually updated and determined by an enrolled actuary  
25 employed by the Illinois Department of Insurance or by an  
26 enrolled actuary retained by the Fund or the city. In making

1 these determinations, the required minimum employer  
2 contribution shall be calculated each year as a level  
3 percentage of payroll over the years remaining up to and  
4 including fiscal year 2040 and shall be determined under the  
5 projected unit credit actuarial cost method. For the purposes  
6 of this subsection (a), contributions by the policeman to the  
7 Fund shall not include payments made by a policeman to  
8 establish credit under Section 5-214.2 of this Code.

9 (a-5) For purposes of determining the required employer  
10 contribution to the Fund, the value of the Fund's assets shall  
11 be equal to the actuarial value of the Fund's assets, which  
12 shall be calculated as follows:

13 (1) On March 30, 2011, the actuarial value of the  
14 Fund's assets shall be equal to the market value of the  
15 assets as of that date.

16 (2) In determining the actuarial value of the Fund's  
17 assets for fiscal years after March 30, 2011, any actuarial  
18 gains or losses from investment return incurred in a fiscal  
19 year shall be recognized in equal annual amounts over the  
20 5-year period following that fiscal year.

21 (a-7) If the city fails to transmit to the Fund  
22 contributions required of it under this Article for more than  
23 90 days after the payment of those contributions is due, the  
24 Fund may, after giving notice to the city, certify to the State  
25 Comptroller the amounts of the delinquent payments, and the  
26 Comptroller must, beginning in fiscal year 2016, deduct and

1 deposit into the Fund the certified amounts or a portion of  
2 those amounts from the following proportions of grants of State  
3 funds to the city:

4 (1) in fiscal year 2016, one-third of the total amount  
5 of any grants of State funds to the city;

6 (2) in fiscal year 2017, two-thirds of the total amount  
7 of any grants of State funds to the city; and

8 (3) in fiscal year 2018 and each fiscal year  
9 thereafter, the total amount of any grants of State funds  
10 to the city.

11 The State Comptroller may not deduct from any grants of  
12 State funds to the city more than the amount of delinquent  
13 payments certified to the State Comptroller by the Fund.

14 (b) The tax shall be levied and collected in like manner  
15 with the general taxes of the city, and is in addition to all  
16 other taxes which the city is now or may hereafter be  
17 authorized to levy upon all taxable property therein, and is  
18 exclusive of and in addition to the amount of tax the city is  
19 now or may hereafter be authorized to levy for general purposes  
20 under any law which may limit the amount of tax which the city  
21 may levy for general purposes. The county clerk of the county  
22 in which the city is located, in reducing tax levies under  
23 Section 8-3-1 of the Illinois Municipal Code, shall not  
24 consider the tax herein authorized as a part of the general tax  
25 levy for city purposes, and shall not include the tax in any  
26 limitation of the percent of the assessed valuation upon which

1 taxes are required to be extended for the city.

2 (c) On or before January 10 of each year, the board shall  
3 notify the city council of the requirement that the tax herein  
4 authorized be levied by the city council for that current year.  
5 The board shall compute the amounts necessary for the purposes  
6 of this fund to be credited to the reserves established and  
7 maintained within the fund; shall make an annual determination  
8 of the amount of the required city contributions; and shall  
9 certify the results thereof to the city council.

10 As soon as any revenue derived from the tax is collected it  
11 shall be paid to the city treasurer of the city and shall be  
12 held by him for the benefit of the fund in accordance with this  
13 Article.

14 (d) If the funds available are insufficient during any year  
15 to meet the requirements of this Article, the city may issue  
16 tax anticipation warrants against the tax levy for the current  
17 fiscal year.

18 (e) The various sums, including interest, to be contributed  
19 by the city, shall be taken from the revenue derived from such  
20 tax or otherwise as expressly provided in this Section. Any  
21 moneys of the city derived from any source other than the tax  
22 herein authorized shall not be used for any purpose of the fund  
23 nor the cost of administration thereof, unless applied to make  
24 the deposit expressly authorized in this Section or the  
25 additional city contributions required under subsection (h).

26 (f) If it is not possible or practicable for the city to

1 make its contributions at the time that salary deductions are  
2 made, the city shall make such contributions as soon as  
3 possible thereafter, with interest thereon to the time it is  
4 made.

5 (g) In lieu of levying all or a portion of the tax required  
6 under this Section in any year, the city may deposit with the  
7 city treasurer no later than March 1 of that year for the  
8 benefit of the fund, to be held in accordance with this  
9 Article, an amount that, together with the taxes levied under  
10 this Section for that year, is not less than the amount of the  
11 city contributions for that year as certified by the board to  
12 the city council. The deposit may be derived from any source  
13 legally available for that purpose, including, but not limited  
14 to, the proceeds of city borrowings. The making of a deposit  
15 shall satisfy fully the requirements of this Section for that  
16 year to the extent of the amounts so deposited. Amounts  
17 deposited under this subsection may be used by the fund for any  
18 of the purposes for which the proceeds of the tax levied under  
19 this Section may be used, including the payment of any amount  
20 that is otherwise required by this Article to be paid from the  
21 proceeds of that tax.

22 (h) In addition to the contributions required under the  
23 other provisions of this Article, by November 1 of the  
24 following specified years, the city shall deposit with the city  
25 treasurer for the benefit of the fund, to be held and used in  
26 accordance with this Article, the following specified amounts:

1 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;  
2 \$5,040,000 in 2002; and \$4,620,000 in 2003.

3 The additional city contributions required under this  
4 subsection are intended to decrease the unfunded liability of  
5 the fund and shall not decrease the amount of the city  
6 contributions required under the other provisions of this  
7 Article. The additional city contributions made under this  
8 subsection may be used by the fund for any of its lawful  
9 purposes.

10 (Source: P.A. 95-1036, eff. 2-17-09.)

11 (40 ILCS 5/5-238 new)

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

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

17 (b) A policeman age 55 or more who has 10 or more years of  
18 service in that capacity shall be entitled at his option to  
19 receive a monthly retirement annuity for his service as a  
20 police officer computed by multiplying 2.5% for each year of  
21 such service by his or her final average salary.

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

1       The maximum retirement annuity under this subsection (b)  
2 shall be 75% of final average salary.

3       For the purposes of this subsection (b), "final average  
4 salary" means the average monthly salary obtained by dividing  
5 the total salary of the policeman during the 96 consecutive  
6 months of service within the last 120 months of service in  
7 which the total salary was the highest by the number of months  
8 of service in that period.

9       Notwithstanding any other provision of this Article,  
10 beginning on January 1, 2011, the final average salary of a  
11 policeman based on the plan year for any purposes under this  
12 Article shall not exceed \$106,800; however, that amount shall  
13 annually thereafter be increased by the lesser of (i) 3% of  
14 that amount, including all previous adjustments, or (ii)  
15 one-half the annual unadjusted percentage increase (but not  
16 less than zero) in the consumer price index-u for the 12 months  
17 ending with the September preceding each November 1, including  
18 all previous adjustments.

19       (c) Notwithstanding any other provision of this Article,  
20 for a person who first becomes a policeman under this Article  
21 on or after January 1, 2011, the annuity to which the surviving  
22 spouse, children, or parents are entitled under this subsection  
23 (c) shall be in the amount of 66 2/3% of the policeman's earned  
24 annuity at the date of death.

25       Notwithstanding any other provision of this Article, the  
26 monthly annuity of a survivor of a person who first becomes a



1 policeman under this Article on or after January 1, 2011 shall  
2 be increased on the January 1 after commencement of the annuity  
3 and each January 1 thereafter by 3% or one-half the annual  
4 unadjusted percentage increase (but not less than zero) in the  
5 consumer price index-u for the 12 months ending with the  
6 September preceding each November 1, whichever is less, of the  
7 originally granted survivor's annuity. If the unadjusted  
8 percentage change in the consumer price index-u for a 12-month  
9 period ending in September is zero or, when compared with the  
10 preceding period, decreases, then the annuity shall not be  
11 increased.

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

21 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

22 Sec. 6-164. Automatic annual increase; retirement after  
23 September 1, 1959.

24 (a) A fireman qualifying for a minimum annuity who retires  
25 from service after September 1, 1959 shall, upon either the

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

18 Any fireman born before January 1, 1945 who qualifies for a  
19 minimum annuity and retires after September 1, 1967 but has not  
20 received the initial increase under this subsection before  
21 January 1, 1996 is entitled to receive the initial increase  
22 under this subsection on (1) January 1, 1996, (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 1995 apply beginning January 1, 1996 and  
26 apply without regard to whether the fireman or annuitant

1 terminated service before the effective date of this amendatory  
2 Act of 1995.

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

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

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

22 Each such additional 1/8 of 1% deduction from salary which  
23 shall, on September 1, 1963, result in a total increase of 3/8  
24 of 1% of salary, shall be credited to the Automatic Increase  
25 Reserve, to be used, together with city contributions as  
26 provided in this Article, to defray the cost of the 1 1/2%

1 annuity increments herein specified. Any balance in such  
2 reserve as of the beginning of each calendar year shall be  
3 credited with interest at the rate of 3% per annum.

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

12 (d) Notwithstanding any other provision of this Article,  
13 the monthly annuity of a person who first becomes a fireman  
14 under this Article on or after January 1, 2011 shall be  
15 increased on the January 1 occurring either on or after the  
16 attainment of age 60 or the first anniversary of the annuity  
17 start date, whichever is later. Each annual increase shall be  
18 calculated at 3% or one-half the annual unadjusted percentage  
19 increase (but not less than zero) in the consumer price index-u  
20 for the 12 months ending with the September preceding each  
21 November 1, whichever is less, of the originally granted  
22 retirement annuity. If the annual unadjusted percentage change  
23 in the consumer price index-u for a 12-month period ending in  
24 September is zero or, when compared with the preceding period,  
25 decreases, then the annuity shall not be increased.

26 For the purposes of this subsection (d), "consumer price

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

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

10 (40 ILCS 5/6-165) (from Ch. 108 1/2, par. 6-165)

11 Sec. 6-165. Financing; tax.

12 (a) Except as expressly provided in this Section, each city  
13 shall levy a tax annually upon all taxable property therein for  
14 the purpose of providing revenue for the fund. For the years  
15 prior to the year 1960, the tax rate shall be as provided for  
16 in the "Firemen's Annuity and Benefit Fund of the Illinois  
17 Municipal Code". The tax, from and after January 1, 1968 to and  
18 including the year 1971, shall not exceed .0863% of the value,  
19 as equalized or assessed by the Department of Revenue, of all  
20 taxable property in the city. Beginning with the year 1972 and  
21 through 2014, each year thereafter the city shall levy a tax  
22 annually at a rate on the dollar of the value, as equalized or  
23 assessed by the Department of Revenue of all taxable property  
24 within such city that will produce, when extended, not to  
25 exceed an amount equal to the total amount of contributions by

1 the employees to the fund made in the calendar year 2 years  
2 prior to the year for which the annual applicable tax is  
3 levied, multiplied by 2.23 through the calendar year 1981, and  
4 by 2.26 for the year 1982 and for each year through 2014  
5 thereafter. Beginning in 2015, the city council shall levy a  
6 tax annually at a rate on the dollar of the assessed valuation  
7 of all taxable property that will produce when extended an  
8 annual amount that is equal to (1) the normal cost to the Fund,  
9 plus (2) an annual amount sufficient to bring the total assets  
10 of the Fund up to 90% of the total actuarial liabilities of the  
11 Fund by the end of fiscal year 2040, as annually updated and  
12 determined by an enrolled actuary employed by the Illinois  
13 Department of Insurance or by an enrolled actuary retained by  
14 the Fund or the city. In making these determinations, the  
15 required minimum employer contribution shall be calculated  
16 each year as a level percentage of payroll over the years  
17 remaining up to and including fiscal year 2040 and shall be  
18 determined under the projected unit credit actuarial cost  
19 method.

20 To provide revenue for the ordinary death benefit  
21 established by Section 6-150 of this Article, in addition to  
22 the contributions by the firemen for this purpose, the city  
23 council shall for the year 1962 and each year thereafter  
24 annually levy a tax, which shall be in addition to and  
25 exclusive of the taxes authorized to be levied under the  
26 foregoing provisions of this Section, upon all taxable property

1 in the city, as equalized or assessed by the Department of  
2 Revenue, at such rate per cent of the value of such property as  
3 shall be sufficient to produce for each year the sum of  
4 \$142,000.

5 The amounts produced by the taxes levied annually, together  
6 with the deposit expressly authorized in this Section, shall be  
7 sufficient, when added to the amounts deducted from the  
8 salaries of firemen and applied to the fund, to provide for the  
9 purposes of the fund.

10 (a-5) For purposes of determining the required employer  
11 contribution to the Fund, the value of the Fund's assets shall  
12 be equal to the actuarial value of the Fund's assets, which  
13 shall be calculated as follows:

14 (1) On March 30, 2011, the actuarial value of the  
15 Fund's assets shall be equal to the market value of the  
16 assets as of that date.

17 (2) In determining the actuarial value of the Fund's  
18 assets for fiscal years after March 30, 2011, any actuarial  
19 gains or losses from investment return incurred in a fiscal  
20 year shall be recognized in equal annual amounts over the  
21 5-year period following that fiscal year.

22 (a-7) If the city fails to transmit to the Fund  
23 contributions required of it under this Article for more than  
24 90 days after the payment of those contributions is due, the  
25 Fund may, after giving notice to the city, certify to the State  
26 Comptroller the amounts of the delinquent payments, and the

1 Comptroller must, beginning in fiscal year 2016, deduct and  
2 deposit into the Fund the certified amounts or a portion of  
3 those amounts from the following proportions of grants of State  
4 funds to the city:

5 (1) in fiscal year 2016, one-third of the total amount  
6 of any grants of State funds to the city;

7 (2) in fiscal year 2017, two-thirds of the total amount  
8 of any grants of State funds to the city; and

9 (3) in fiscal year 2018 and each fiscal year  
10 thereafter, the total amount of any grants of State funds  
11 to the city.

12 The State Comptroller may not deduct from any grants of  
13 State funds to the city more than the amount of delinquent  
14 payments certified to the State Comptroller by the Fund.

15 (b) The taxes shall be levied and collected in like manner  
16 with the general taxes of the city, and shall be in addition to  
17 all other taxes which the city may levy upon all taxable  
18 property therein and shall be exclusive of and in addition to  
19 the amount of tax the city may levy for general purposes under  
20 Section 8-3-1 of the Illinois Municipal Code, approved May 29,  
21 1961, as amended, or under any other law or laws which may  
22 limit the amount of tax which the city may levy for general  
23 purposes.

24 (c) The amounts of the taxes to be levied in each year  
25 shall be certified to the city council by the board.

26 (d) As soon as any revenue derived from such taxes is



1 collected, it shall be paid to the city treasurer and held for  
2 the benefit of the fund, and all such revenue shall be paid  
3 into the fund in accordance with the provisions of this  
4 Article.

5 (e) If the funds available are insufficient during any year  
6 to meet the requirements of this Article, the city may issue  
7 tax anticipation warrants, against the tax levies herein  
8 authorized for the current fiscal year.

9 (f) The various sums, hereinafter stated, including  
10 interest, to be contributed by the city, shall be taken from  
11 the revenue derived from the taxes or otherwise as expressly  
12 provided in this Section. Except for defraying the cost of  
13 administration of the fund during the calendar year in which a  
14 city first attains a population of 500,000 and comes under the  
15 provisions of this Article and the first calendar year  
16 thereafter, any money of the city derived from any source other  
17 than these taxes or the sale of tax anticipation warrants shall  
18 not be used to provide revenue for the fund, nor to pay any  
19 part of the cost of administration thereof, unless applied to  
20 make the deposit expressly authorized in this Section or the  
21 additional city contributions required under subsection (h).

22 (g) In lieu of levying all or a portion of the tax required  
23 under this Section in any year, the city may deposit with the  
24 city treasurer no later than March 1 of that year for the  
25 benefit of the fund, to be held in accordance with this  
26 Article, an amount that, together with the taxes levied under

1 this Section for that year, is not less than the amount of the  
2 city contributions for that year as certified by the board to  
3 the city council. The deposit may be derived from any source  
4 legally available for that purpose, including, but not limited  
5 to, the proceeds of city borrowings. The making of a deposit  
6 shall satisfy fully the requirements of this Section for that  
7 year to the extent of the amounts so deposited. Amounts  
8 deposited under this subsection may be used by the fund for any  
9 of the purposes for which the proceeds of the taxes levied  
10 under this Section may be used, including the payment of any  
11 amount that is otherwise required by this Article to be paid  
12 from the proceeds of those taxes.

13 (h) In addition to the contributions required under the  
14 other provisions of this Article, by November 1 of the  
15 following specified years, the city shall deposit with the city  
16 treasurer for the benefit of the fund, to be held and used in  
17 accordance with this Article, the following specified amounts:  
18 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;  
19 \$5,040,000 in 2002; and \$4,620,000 in 2003.

20 The additional city contributions required under this  
21 subsection are intended to decrease the unfunded liability of  
22 the fund and shall not decrease the amount of the city  
23 contributions required under the other provisions of this  
24 Article. The additional city contributions made under this  
25 subsection may be used by the fund for any of its lawful  
26 purposes.

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

2 (40 ILCS 5/6-229 new)

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

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

8 (b) A fireman age 55 or more who has 10 or more years of  
9 service in that capacity shall be entitled at his option to  
10 receive a monthly retirement annuity for his service as a  
11 fireman computed by multiplying 2.5% for each year of such  
12 service by his or her final average salary.

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

17 The maximum retirement annuity under this subsection (b)  
18 shall be 75% of final average salary.

19 For the purposes of this subsection (b), "final average  
20 salary" means the average monthly salary obtained by dividing  
21 the total salary of the fireman during the 96 consecutive  
22 months of service within the last 120 months of service in  
23 which the total salary was the highest by the number of months  
24 of service in that period.

25 Notwithstanding any other provision of this Article,

1 beginning on January 1, 2011, the final average salary of a  
2 fireman based on the plan year for any purposes under this  
3 Article shall not exceed \$106,800; however, that amount shall  
4 annually thereafter be increased by the lesser of (i) 3% of  
5 that amount, including all previous adjustments, or (ii)  
6 one-half the annual unadjusted percentage increase (but not  
7 less than zero) in the consumer price index-u for the 12 months  
8 ending with September preceding each November 1, including all  
9 previous adjustments.

10 (c) Notwithstanding any other provision of this Article,  
11 for a person who first becomes a fireman under this Article on  
12 or after January 1, 2011, the annuity to which the surviving  
13 spouse, children, or parents are entitled under this subsection  
14 (c) shall be in the amount of 66 2/3% of the fireman's earned  
15 pension at the date of death.

16 Notwithstanding any other provision of this Article, the  
17 monthly annuity of a survivor of a person who first becomes a  
18 fireman under this Article on or after January 1, 2011 shall be  
19 increased on the January 1 after commencement of the annuity  
20 and each January 1 thereafter by 3% or one-half the annual  
21 unadjusted percentage increase in the consumer price index-u  
22 for the 12 months ending with September preceding each November  
23 1, whichever is less, of the originally granted survivor's  
24 annuity. If the annual unadjusted percentage change in the  
25 consumer price index-u for a 12-month period ending in  
26 September is zero or, when compared with the preceding period,

1 decreases, then the annuity shall not be increased.

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

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

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

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

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

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

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

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

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

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

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

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

18           (e) Any elected county officer who was entitled to receive  
19 a stipend from the State on or after July 1, 2009 and on or  
20 before June 30, 2010 may establish earnings credit for the  
21 amount of stipend not received, if the elected county official  
22 applies in writing to the fund within 6 months after the  
23 effective date of this amendatory Act of the 96th General  
24 Assembly and pays to the fund an amount equal to (i) employee  
25 contributions on the amount of stipend not received, (ii)  
26 employer contributions determined by the Board equal to the

1 employer's normal cost of the benefit on the amount of stipend  
2 not received, plus (iii) interest on items (i) and (ii) at the  
3 actuarially assumed rate.

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

8 A sheriff's law enforcement employee age 55 or more who has  
9 10 or more years of service in that capacity shall be entitled  
10 at his option to receive a monthly retirement annuity for his  
11 service as a sheriff's law enforcement employee computed by  
12 multiplying 2.5% for each year of such service by his or her  
13 final average salary.

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

19 The maximum retirement annuity under this subsection (f)  
20 shall be 75% of final average salary.

21 For the purposes of this subsection (f), "final average  
22 salary" means the average monthly salary, excluding overtime,  
23 obtained by dividing the total salary of the sheriff's law  
24 enforcement employee during the 96 consecutive months of  
25 service within the last 120 months of service in which the  
26 total salary was the highest by the number of months of service



1 in that period.

2 Notwithstanding any other provision of this Article,  
3 beginning on January 1, 2011, the final average salary of a  
4 sheriff's law enforcement employee based on the plan year for  
5 any purposes under this Article shall not exceed \$106,800;  
6 however, that amount shall annually thereafter be increased by  
7 the lesser of (i) 3% of that amount, including all previous  
8 adjustments, or (ii) one-half the annual unadjusted percentage  
9 increase (but not less than zero) in the consumer price index-u  
10 for the 12 months ending with the September preceding each  
11 November 1, including all previous adjustments.

12 (g) Notwithstanding any other provision of this Article,  
13 the monthly annuity of a sheriff's law enforcement employee  
14 shall be increased on the January 1 occurring either on or  
15 after the attainment of age 60 or the first anniversary of the  
16 annuity start date, whichever is later. Each annual increase  
17 shall be calculated at 3% or one-half the annual unadjusted  
18 percentage increase (but not less than zero) in the consumer  
19 price index-u for the 12 months ending with the September  
20 preceding each November 1 whichever is less, of the originally  
21 granted retirement annuity. If the annual unadjusted  
22 percentage change in the consumer price index-u for a 12-month  
23 period ending in September is zero or, when compared with the  
24 preceding period, decreases, then the annuity shall not be  
25 increased.

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

1 for a sheriff's law enforcement employee, the annuity to which  
2 the surviving spouse, children, or parents are entitled under  
3 this subsection (h) shall be in the amount of 66 2/3% of the  
4 sheriff's law enforcement employee's earned annuity at the date  
5 of death. Nothing in this subsection (h) shall act to diminish  
6 the survivor's benefits described in this Section.

7 (i) Notwithstanding any other provision of this Article,  
8 the monthly annuity of a survivor of a person who first becomes  
9 a sheriff's law enforcement employee under this Article on or  
10 after January 1, 2011 shall be increased on the January 1 after  
11 commencement of the annuity and each January 1 thereafter by 3%  
12 or one-half the annual unadjusted percentage increase in the  
13 consumer price index-u for the 12 months ending with the  
14 September preceding each November 1, whichever is less, of the  
15 originally granted pension. If the annual unadjusted  
16 percentage change in the consumer price index-u for a 12-month  
17 period ending in September is zero or, when compared with the  
18 preceding period, decreases, then the annuity shall not be  
19 increased.

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

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

3 (Source: P.A. 96-961, eff. 7-2-10.)

4 Section 99. Effective date. This Act takes effect January  
5 1, 2011."