



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3052

Introduced 2/23/2011, by Rep. Joseph M. Lyons

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1 from Ch. 108 1/2, par. 5-167.1
40 ILCS 5/5-169.1 new
30 ILCS 805/8.35 new

Amends the Chicago Police Article of the Illinois Pension Code. Provides that, beginning on January 1, 2012, policemen who do not receive 3% annual increases may irrevocably elect to receive annual increases at that rate by contributing an additional 1% of salary to the fund. Makes changes concerning annual increases to the monthly annuities of persons who first become policemen on or after the effective date of the amendatory Act. Deletes repetitive language concerning annual increases in survivor's annuities for new hires. Amends the State Mandates Act to require implementation without reimbursement.

LRB097 09735 JDS 49872 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 5-167.1 and by adding Section 5-169.1 as follows:

6 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

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

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

1 born on or after January 1, 1940 but before January 1, 1945,
2 and beginning January 1, 2000 for policemen born on or after
3 January 1, 1945 but before January 1, 1950, and beginning
4 January 1, 2005 for policemen born on or after January 1, 1950
5 but before January 1, 1955, and, for a policeman who makes an
6 irrevocable election under Section 5-169.1, beginning on the
7 January 1 immediately following that election and each January
8 1 thereafter, such increases shall be 3% and such policemen
9 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 the monthly annuity of a person who first becomes a policeman
18 under this Article on or after the effective date of this
19 amendatory Act of the 97th General Assembly shall be increased
20 on the January 1 occurring either on or after the attainment of
21 age 60 or the first anniversary of the annuity start date,
22 whichever is later. Each annual increase shall be calculated at
23 3% or one-half the annual unadjusted percentage increase (but
24 not less than zero) in the consumer price index-u for the 12
25 months ending with the September preceding each November 1,
26 whichever is less, of the originally granted retirement

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

5 ~~Notwithstanding any other provision of this Article, for a~~
6 ~~person who first becomes a policeman under this Article on or~~
7 ~~after January 1, 2011, the annuity to which the survivor is~~
8 ~~entitled under this subsection (d) shall be in the amount of 66~~
9 ~~2/3% of the policeman's earned annuity at the date of death.~~
10 ~~Nothing in this subsection (d) shall act to diminish the~~
11 ~~survivor's benefits described in this Section.~~

12 ~~Notwithstanding any other provision of this Article, the~~
13 ~~monthly annuity of a survivor of a person who first becomes a~~
14 ~~policeman under this Article on or after January 1, 2011 shall~~
15 ~~be increased on the January 1 after attainment of age 60 by the~~
16 ~~recipient of the survivor's annuity and each January 1~~
17 ~~thereafter by 3% or one half the annual unadjusted percentage~~
18 ~~increase (but not less than zero) in the consumer price index u~~
19 ~~for the 12 months ending with the September preceding each~~
20 ~~November 1, whichever is less, of the originally granted~~
21 ~~annuity. If the annual unadjusted percentage change in the~~
22 ~~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 annuity shall not be increased.~~

25 For the purposes of this subsection (d), "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 (Source: P.A. 96-1495, eff. 1-1-11.)

9 (40 ILCS 5/5-169.1 new)

10 Sec. 5-169.1. Contributions for persons electing to
11 receive 3% annual increases. Beginning January 1, 2012, each
12 present employee who is not entitled to 3% annual increases
13 under Section 5-167.1 may make an irrevocable election to have
14 an additional 1% of each payment of his or her salary deducted
15 and contributed to the fund in exchange for the 3% annual
16 increase under subsection (a) of Section 5-167.1. These
17 deductions shall be made from each payment of salary and shall
18 continue while the employee is in service. The fund may, by
19 rule, establish any procedures and forms that are necessary to
20 implement this Section.

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.35 as follows:

23 (30 ILCS 805/8.35 new)

1 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
2 of this Act, no reimbursement by the State is required for the
3 implementation of any mandate created by this amendatory Act of
4 the 97th General Assembly.