



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3322

Introduced 2/24/2011, by Rep. Michael P. McAuliffe

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, for policemen born on or after January 1, 1955, beginning on January 1, 2012, automatic annual increases shall be 3% and such policemen shall not be subject to the 30% maximum increase. Increases employee contributions by 1% in exchange for that benefit enhancement. Makes changes concerning annual increases to the monthly annuities of persons who first become a policeman on or after the effective date of the amendatory Act and deletes repetitive language concerning annual increases in survivor's annuities for new hires. Amends the State Mandates Act to require implementation without reimbursement.

LRB097 10951 JDS 51544 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 beginning January 1, 2012 for
6 policemen born on or after January 1, 1955, such increases
7 shall be 3% and such policemen shall not be subject to the 30%
8 maximum increase.

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

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

1 regard to whether the policeman or annuitant terminated service
2 before the effective date of this amendatory Act.

3 Any policeman born before January 1, 1955 who qualifies for
4 a minimum annuity and retires after September 1, 1967 but has
5 not received the initial increase under this subsection before
6 January 1, 2005 is entitled to receive the initial increase
7 under this subsection on (1) January 1, 2005, (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 94th General Assembly apply without
11 regard to whether the policeman or annuitant terminated service
12 before the effective date of this amendatory Act.

13 Any policeman who qualifies for a minimum annuity and
14 retires after September 1, 1967 but has not received the
15 initial increase under this subsection before January 1, 2012
16 is entitled to receive the initial increase under this
17 subsection on (1) January 1, 2012, (2) the first anniversary of
18 the date of retirement, or (3) attainment of age 55, whichever
19 occurs last. The changes to this Section made by this
20 amendatory Act of the 97th General Assembly apply without
21 regard to whether the policeman or annuitant terminated service
22 before the effective date of this amendatory Act.

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

25 (c) To help defray the cost of such increases in annuity,
26 there shall be deducted, beginning September 1, 1967, from each

1 payment of salary to a policeman, 1/2 of 1% of each salary
2 payment concurrently with and in addition to the salary
3 deductions otherwise made for annuity purposes.

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

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

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

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

25 (d) Notwithstanding any other provision of this Article,
26 the monthly annuity of a person who first becomes a policeman

1 under this Article on or after the effective date of this
2 amendatory Act of the 97th General Assembly shall be increased
3 on the January 1 occurring either on or after the attainment of
4 age 60 or the first anniversary of the annuity start date,
5 whichever is later. Each annual increase shall be calculated at
6 3% or one-half the annual unadjusted percentage increase (but
7 not less than zero) in the consumer price index-u for the 12
8 months ending with the September preceding each November 1,
9 whichever is less, of the originally granted retirement
10 annuity. If the annual unadjusted percentage change in the
11 consumer price index-u for a 12-month period ending in
12 September is zero or, when compared with the preceding period,
13 decreases, then the annuity shall not be increased.

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

21 ~~Notwithstanding any other provision of this Article, the~~
22 ~~monthly annuity of a survivor of a person who first becomes a~~
23 ~~policeman under this Article on or after January 1, 2011 shall~~
24 ~~be increased on the January 1 after attainment of age 60 by the~~
25 ~~recipient of the survivor's annuity and each January 1~~
26 ~~thereafter by 3% or one half the annual unadjusted percentage~~

1 ~~increase (but not less than zero) in the consumer price index u~~
2 ~~for the 12 months ending with the September preceding each~~
3 ~~November 1, whichever is less, of the originally granted~~
4 ~~annuity. If the annual unadjusted percentage change in the~~
5 ~~consumer price index u for a 12 month period ending in~~
6 ~~September is zero or, when compared with the preceding period,~~
7 ~~decreases, then the annuity shall not be increased.~~

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

17 (Source: P.A. 96-1495, eff. 1-1-11.)

18 (40 ILCS 5/5-169.1 new)

19 Sec. 5-169.1. Contributions for expanding the 3% annual
20 increases to plan participants born on or after January 1,
21 1955. Beginning January 1, 2012, an additional 1% of each
22 payment of the salary of each present employee shall be
23 deducted and contributed to the fund in exchange for extending
24 the 3% annual increases under Section 5-167.1 to all plan
25 participants born on or after January 1, 1955. The deductions

1 shall be made from each payment of salary and shall continue
2 while the employee is in service.

3 Section 90. The State Mandates Act is amended by adding
4 Section 8.35 as follows:

5 (30 ILCS 805/8.35 new)

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