



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB4595

Introduced 2/1/2012, by Rep. William Cunningham

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1
30 ILCS 805/8.36 new

from Ch. 108 1/2, par. 5-167.1

Amends the Chicago Police Article of the Illinois Pension Code. Provides that, beginning on January 1, 2012, for certain policemen born on or after January 1, 1955, automatic annual increases in retirement annuity shall be 3% and such policemen shall not be subject to the 30% maximum increase. Also makes a technical change. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 18955 EFG 64193 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 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) Except as provided in subsection (d), a ~~A~~ policeman who
10 retires from service after September 1, 1967 with at least 20
11 years of service credit shall, upon either the first of the
12 month following the first anniversary of his date of retirement
13 if he is age 60 (age 55 if born before January 1, 1955) or over
14 on that anniversary date, or upon the first of the month
15 following his attainment of age 60 (age 55 if born before
16 January 1, 1955) if it occurs after the first anniversary of
17 his retirement date, have his then fixed and payable monthly
18 annuity increased by 1 1/2% and such first fixed annuity as
19 granted at retirement increased by an additional 1 1/2% in
20 January of each year thereafter up to a maximum increase of
21 30%. Beginning January 1, 1983 for policemen born before
22 January 1, 1930, and beginning January 1, 1988 for policemen
23 born on or after January 1, 1930 but before January 1, 1940,

1 and beginning January 1, 1996 for policemen born on or after
2 January 1, 1940 but before January 1, 1945, and beginning
3 January 1, 2000 for policemen born on or after January 1, 1945
4 but before January 1, 1950, and beginning January 1, 2005 for
5 policemen born on or after January 1, 1950 but before January
6 1, 1955, and beginning January 1, 2012 for policemen born on or
7 after January 1, 1955, such increases shall be 3% and such
8 policemen shall not be subject to the 30% 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 Except as provided in subsection (d), any policeman who
14 qualifies for a minimum annuity and retires after September 1,
15 1967 but has not received the initial increase under this
16 subsection before January 1, 2012 is entitled to receive the
17 initial increase under this subsection on (1) January 1, 2012,
18 (2) the first anniversary of the date of retirement, or (3)
19 attainment of age 55, whichever occurs last. The changes to
20 this Section made by this amendatory Act of the 97th General
21 Assembly apply without regard to whether the policeman or
22 annuitant terminated service before the effective date of this
23 amendatory Act.

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

26 (c) To help defray the cost of such increases in annuity,

1 there shall be deducted, beginning September 1, 1967, from each
2 payment of salary to a policeman, 1/2 of 1% of each salary
3 payment concurrently with and in addition to the salary
4 deductions otherwise made for annuity purposes.

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

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

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

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

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

1 the monthly annuity of a person who first becomes a policeman
2 under this Article on or after August 12, 2011 (the effective
3 date of Public Act 97-344) ~~this amendatory Act of the 97th~~
4 ~~General Assembly~~ shall be increased on the January 1 occurring
5 either on or after the attainment of age 60 or the first
6 anniversary of the annuity start date, whichever is later. Each
7 annual increase shall be calculated at 3% or one-half the
8 annual unadjusted percentage increase (but not less than zero)
9 in the consumer price index-u for the 12 months ending with the
10 September preceding each November 1, whichever is less, of the
11 originally granted retirement annuity. If the annual
12 unadjusted percentage change in the consumer price index-u for
13 a 12-month period ending in September is zero or, when compared
14 with the preceding period, decreases, then the annuity shall
15 not be increased.

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

25 (Source: P.A. 96-1495, eff. 1-1-11; 97-344, eff. 8-12-11.)

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.36 as follows:

3 (30 ILCS 805/8.36 new)

4 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 97th General Assembly.

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.