



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5377

Introduced 2/15/2012, by Rep. Michael W. Tryon

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
40 ILCS 5/14-114	from Ch. 108 1/2, par. 14-114
40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
40 ILCS 5/16-133.1	from Ch. 108 1/2, par. 16-133.1
40 ILCS 5/16-136.1	from Ch. 108 1/2, par. 16-136.1
40 ILCS 5/18-125.1	from Ch. 108 1/2, par. 18-125.1

Amends the Illinois Pension Code in relation to the 5 State-funded retirement systems. Decreases annual increases (COLAs) for certain persons who first became participants before January 1, 2011 and did not begin to receive a retirement annuity before the effective date of this amendatory Act. Provides that the automatic annual increases shall be (1) 3% of the first \$50,000 of the annual total annuity payable at the time of the increase, and (2) if the annual total annuity payable at the time of the increase exceeds \$50,000, a percentage of that excess equal to the lesser of 3% or one-half of the annual unadjusted percentage increase (but not less than zero) in the Consumer Price Index for All Urban Consumers.

LRB097 18801 EFG 64038 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 Sections 2-119.1, 14-114, 15-136, 16-133.1, 16-136.1, and
6 18-125.1 as follows:

7 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

8 Sec. 2-119.1. Automatic increase in retirement annuity.

9 (a) A participant who retires after June 30, 1967, and who
10 has not received an initial increase under this Section before
11 the effective date of this amendatory Act of 1991, shall, in
12 January or July next following the first anniversary of
13 retirement, whichever occurs first, and in the same month of
14 each year thereafter, but in no event prior to age 60, have the
15 amount of the originally granted retirement annuity increased
16 as follows: for each year through 1971, 1 1/2%; for each year
17 from 1972 through 1979, 2%; and for 1980 and each year
18 thereafter, 3%. Annuitants who have received an initial
19 increase under this subsection prior to the effective date of
20 this amendatory Act of 1991 shall continue to receive their
21 annual increases in the same month as the initial increase.

22 (b) Beginning January 1, 1990, for eligible participants
23 who remain in service after attaining 20 years of creditable

1 service, the 3% increases provided under subsection (a) shall
2 begin to accrue on the January 1 next following the date upon
3 which the participant (1) attains age 55, or (2) attains 20
4 years of creditable service, whichever occurs later, and shall
5 continue to accrue while the participant remains in service;
6 such increases shall become payable on January 1 or July 1,
7 whichever occurs first, next following the first anniversary of
8 retirement. For any person who has service credit in the System
9 for the entire period from January 15, 1969 through December
10 31, 1992, regardless of the date of termination of service, the
11 reference to age 55 in clause (1) of this subsection (b) shall
12 be deemed to mean age 50.

13 This subsection (b) does not apply to any person who first
14 becomes a member of the System after the effective date of this
15 amendatory Act of the 93rd General Assembly.

16 (b-5) Notwithstanding any other provision of this Article,
17 a participant who first becomes a participant on or after
18 January 1, 2011 (the effective date of Public Act 96-889)
19 shall, in January or July next following the first anniversary
20 of retirement, whichever occurs first, and in the same month of
21 each year thereafter, but in no event prior to age 67, have the
22 amount of the retirement annuity then being paid increased by
23 3% or the annual unadjusted percentage increase in the Consumer
24 Price Index for All Urban Consumers as determined by the Public
25 Pension Division of the Department of Insurance under
26 subsection (a) of Section 2-108.1, whichever is less.

1 (b-10) Notwithstanding any other provision of this
2 Article, for a person who first became a participant of this
3 System before January 1, 2011 and who did not begin to receive
4 a retirement annuity from the System before the effective date
5 of this amendatory Act of the 97th General Assembly, the
6 automatic annual increases payable under this Section shall be
7 calculated as follows: (1) 3% of the first \$50,000 of the
8 annual total annuity payable at the time of the increase, and
9 (2) if the annual total annuity payable at the time of the
10 increase exceeds \$50,000, a percentage of that excess equal to
11 the lesser of 3% or one-half of the annual unadjusted
12 percentage increase (but not less than zero) in the Consumer
13 Price Index for All Urban Consumers (United States city
14 average, all items, 1982-84 = 100) for the 12 months ending
15 with the previous September, as determined by the Public
16 Pension Division of the Department of Insurance.

17 (c) The foregoing provisions relating to automatic
18 increases are not applicable to a participant who retires
19 before having made contributions (at the rate prescribed in
20 Section 2-126) for automatic increases for less than the
21 equivalent of one full year. However, in order to be eligible
22 for the automatic increases, such a participant may make
23 arrangements to pay to the system the amount required to bring
24 the total contributions for the automatic increase to the
25 equivalent of one year's contributions based upon his or her
26 last salary.

1 (d) A participant who terminated service prior to July 1,
2 1967, with at least 14 years of service is entitled to an
3 increase in retirement annuity beginning January, 1976, and to
4 additional increases in January of each year thereafter.

5 The initial increase shall be 1 1/2% of the originally
6 granted retirement annuity multiplied by the number of full
7 years that the annuitant was in receipt of such annuity prior
8 to January 1, 1972, plus 2% of the originally granted
9 retirement annuity for each year after that date. The
10 subsequent annual increases shall be at the rate of 2% of the
11 originally granted retirement annuity for each year through
12 1979 and at the rate of 3% for 1980 and thereafter.

13 (e) Beginning January 1, 1990, and except as provided in
14 subsections (b-5) and (b-10), all automatic annual increases
15 payable under this Section shall be calculated as a percentage
16 of the total annuity payable at the time of the increase,
17 including previous increases granted under this Article.

18 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

19 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

20 Sec. 14-114. Automatic increase in retirement annuity.

21 (a) Any person receiving a retirement annuity under this
22 Article who retires having attained age 60, or who retires
23 before age 60 having at least 35 years of creditable service,
24 or who retires on or after January 1, 2001 at an age which,
25 when added to the number of years of his or her creditable

1 service, equals at least 85, shall, on January 1 next following
2 the first full year of retirement, have the amount of the then
3 fixed and payable monthly retirement annuity increased 3%. Any
4 person receiving a retirement annuity under this Article who
5 retires before attainment of age 60 and with less than (i) 35
6 years of creditable service if retirement is before January 1,
7 2001, or (ii) the number of years of creditable service which,
8 when added to the member's age, would equal 85, if retirement
9 is on or after January 1, 2001, shall have the amount of the
10 fixed and payable retirement annuity increased by 3% on the
11 January 1 occurring on or next following (1) attainment of age
12 60, or (2) the first anniversary of retirement, whichever
13 occurs later. However, for persons who receive the alternative
14 retirement annuity under Section 14-110, references in this
15 subsection (a) to attainment of age 60 shall be deemed to refer
16 to attainment of age 55. For a person receiving early
17 retirement incentives under Section 14-108.3 whose retirement
18 annuity began after January 1, 1992 pursuant to an extension
19 granted under subsection (e) of that Section, the first
20 anniversary of retirement shall be deemed to be January 1,
21 1993. For a person who retires on or after June 28, 2001 and on
22 or before October 1, 2001, and whose retirement annuity is
23 calculated, in whole or in part, under Section 14-110 or
24 subsection (g) or (h) of Section 14-108, the first anniversary
25 of retirement shall be deemed to be January 1, 2002.

26 On each January 1 following the date of the initial

1 increase under this subsection, the employee's monthly
2 retirement annuity shall be increased by an additional 3%.

3 Beginning January 1, 1990, and except as provided in
4 subsection (a-5) all automatic annual increases payable under
5 this Section shall be calculated as a percentage of the total
6 annuity payable at the time of the increase, including previous
7 increases granted under this Article.

8 (a-5) Notwithstanding any other provision of this Article,
9 for a person who first became a participant of this System
10 before January 1, 2011 and who did not begin to receive a
11 retirement annuity from the System before the effective date of
12 this amendatory Act of the 97th General Assembly, the automatic
13 annual increases payable under this Section shall be calculated
14 as follows: (1) 3% of the first \$50,000 of the annual total
15 annuity payable at the time of the increase, and (2) if the
16 annual total annuity payable at the time of the increase
17 exceeds \$50,000, a percentage of that excess equal to the
18 lesser of 3% or one-half of the annual unadjusted percentage
19 increase (but not less than zero) in the Consumer Price Index
20 for All Urban Consumers (United States city average, all items,
21 1982-84 = 100) for the 12 months ending with the previous
22 September, as determined by the Public Pension Division of the
23 Department of Insurance.

24 (b) The provisions of subsection (a) of this Section shall
25 be applicable to an employee only if the employee makes the
26 additional contributions required after December 31, 1969 for

1 the purpose of the automatic increases for not less than the
2 equivalent of one full year. If an employee becomes an
3 annuitant before his additional contributions equal one full
4 year's contributions based on his salary at the date of
5 retirement, the employee may pay the necessary balance of the
6 contributions to the system, without interest, and be eligible
7 for the increasing annuity authorized by this Section.

8 (c) The provisions of subsection (a) of this Section shall
9 not be applicable to any annuitant who is on retirement on
10 December 31, 1969, and thereafter returns to State service,
11 unless the member has established at least one year of
12 additional creditable service following reentry into service.

13 (d) In addition to other increases which may be provided by
14 this Section, on January 1, 1981 any annuitant who was
15 receiving a retirement annuity on or before January 1, 1971
16 shall have his retirement annuity then being paid increased \$1
17 per month for each year of creditable service. On January 1,
18 1982, any annuitant who began receiving a retirement annuity on
19 or before January 1, 1977, shall have his retirement annuity
20 then being paid increased \$1 per month for each year of
21 creditable service.

22 On January 1, 1987, any annuitant who began receiving a
23 retirement annuity on or before January 1, 1977, shall have the
24 monthly retirement annuity increased by an amount equal to 8¢
25 per year of creditable service times the number of years that
26 have elapsed since the annuity began.

1 (e) Every person who receives the alternative retirement
2 annuity under Section 14-110 and who is eligible to receive the
3 3% increase under subsection (a) on January 1, 1986, shall also
4 receive on that date a one-time increase in retirement annuity
5 equal to the difference between (1) his actual retirement
6 annuity on that date, including any increases received under
7 subsection (a), and (2) the amount of retirement annuity he
8 would have received on that date if the amendments to
9 subsection (a) made by Public Act 84-162 had been in effect
10 since the date of his retirement.

11 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
12 92-651, eff. 7-11-02.)

13 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

14 Sec. 15-136. Retirement annuities - Amount. The provisions
15 of this Section 15-136 apply only to those participants who are
16 participating in the traditional benefit package or the
17 portable benefit package and do not apply to participants who
18 are participating in the self-managed plan.

19 (a) The amount of a participant's retirement annuity,
20 expressed in the form of a single-life annuity, shall be
21 determined by whichever of the following rules is applicable
22 and provides the largest annuity:

23 Rule 1: The retirement annuity shall be 1.67% of final rate
24 of earnings for each of the first 10 years of service, 1.90%
25 for each of the next 10 years of service, 2.10% for each year

1 of service in excess of 20 but not exceeding 30, and 2.30% for
2 each year in excess of 30; or for persons who retire on or
3 after January 1, 1998, 2.2% of the final rate of earnings for
4 each year of service.

5 Rule 2: The retirement annuity shall be the sum of the
6 following, determined from amounts credited to the participant
7 in accordance with the actuarial tables and the prescribed rate
8 of interest in effect at the time the retirement annuity
9 begins:

10 (i) the normal annuity which can be provided on an
11 actuarially equivalent basis, by the accumulated normal
12 contributions as of the date the annuity begins;

13 (ii) an annuity from employer contributions of an
14 amount equal to that which can be provided on an
15 actuarially equivalent basis from the accumulated normal
16 contributions made by the participant under Section
17 15-113.6 and Section 15-113.7 plus 1.4 times all other
18 accumulated normal contributions made by the participant;
19 and

20 (iii) the annuity that can be provided on an
21 actuarially equivalent basis from the entire contribution
22 made by the participant under Section 15-113.3.

23 With respect to a police officer or firefighter who retires
24 on or after August 14, 1998, the accumulated normal
25 contributions taken into account under clauses (i) and (ii) of
26 this Rule 2 shall include the additional normal contributions

1 made by the police officer or firefighter under Section
2 15-157(a).

3 The amount of a retirement annuity calculated under this
4 Rule 2 shall be computed solely on the basis of the
5 participant's accumulated normal contributions, as specified
6 in this Rule and defined in Section 15-116. Neither an employee
7 or employer contribution for early retirement under Section
8 15-136.2 nor any other employer contribution shall be used in
9 the calculation of the amount of a retirement annuity under
10 this Rule 2.

11 This amendatory Act of the 91st General Assembly is a
12 clarification of existing law and applies to every participant
13 and annuitant without regard to whether status as an employee
14 terminates before the effective date of this amendatory Act.

15 This Rule 2 does not apply to a person who first becomes an
16 employee under this Article on or after July 1, 2005.

17 Rule 3: The retirement annuity of a participant who is
18 employed at least one-half time during the period on which his
19 or her final rate of earnings is based, shall be equal to the
20 participant's years of service not to exceed 30, multiplied by
21 (1) \$96 if the participant's final rate of earnings is less
22 than \$3,500, (2) \$108 if the final rate of earnings is at least
23 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
24 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
25 the final rate of earnings is at least \$5,500 but less than
26 \$6,500, (5) \$144 if the final rate of earnings is at least

1 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
2 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
3 the final rate of earnings is at least \$8,500 but less than
4 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
5 more, except that the annuity for those persons having made an
6 election under Section 15-154(a-1) shall be calculated and
7 payable under the portable retirement benefit program pursuant
8 to the provisions of Section 15-136.4.

9 Rule 4: A participant who is at least age 50 and has 25 or
10 more years of service as a police officer or firefighter, and a
11 participant who is age 55 or over and has at least 20 but less
12 than 25 years of service as a police officer or firefighter,
13 shall be entitled to a retirement annuity of 2 1/4% of the
14 final rate of earnings for each of the first 10 years of
15 service as a police officer or firefighter, 2 1/2% for each of
16 the next 10 years of service as a police officer or
17 firefighter, and 2 3/4% for each year of service as a police
18 officer or firefighter in excess of 20. The retirement annuity
19 for all other service shall be computed under Rule 1.

20 For purposes of this Rule 4, a participant's service as a
21 firefighter shall also include the following:

22 (i) service that is performed while the person is an
23 employee under subsection (h) of Section 15-107; and

24 (ii) in the case of an individual who was a
25 participating employee employed in the fire department of
26 the University of Illinois's Champaign-Urbana campus

1 immediately prior to the elimination of that fire
2 department and who immediately after the elimination of
3 that fire department transferred to another job with the
4 University of Illinois, service performed as an employee of
5 the University of Illinois in a position other than police
6 officer or firefighter, from the date of that transfer
7 until the employee's next termination of service with the
8 University of Illinois.

9 Rule 5: The retirement annuity of a participant who elected
10 early retirement under the provisions of Section 15-136.2 and
11 who, on or before February 16, 1995, brought administrative
12 proceedings pursuant to the administrative rules adopted by the
13 System to challenge the calculation of his or her retirement
14 annuity shall be the sum of the following, determined from
15 amounts credited to the participant in accordance with the
16 actuarial tables and the prescribed rate of interest in effect
17 at the time the retirement annuity begins:

18 (i) the normal annuity which can be provided on an
19 actuarially equivalent basis, by the accumulated normal
20 contributions as of the date the annuity begins; and

21 (ii) an annuity from employer contributions of an
22 amount equal to that which can be provided on an
23 actuarially equivalent basis from the accumulated normal
24 contributions made by the participant under Section
25 15-113.6 and Section 15-113.7 plus 1.4 times all other
26 accumulated normal contributions made by the participant;

1 and

2 (iii) an annuity which can be provided on an
3 actuarially equivalent basis from the employee
4 contribution for early retirement under Section 15-136.2,
5 and an annuity from employer contributions of an amount
6 equal to that which can be provided on an actuarially
7 equivalent basis from the employee contribution for early
8 retirement under Section 15-136.2.

9 In no event shall a retirement annuity under this Rule 5 be
10 lower than the amount obtained by adding (1) the monthly amount
11 obtained by dividing the combined employee and employer
12 contributions made under Section 15-136.2 by the System's
13 annuity factor for the age of the participant at the beginning
14 of the annuity payment period and (2) the amount equal to the
15 participant's annuity if calculated under Rule 1, reduced under
16 Section 15-136(b) as if no contributions had been made under
17 Section 15-136.2.

18 With respect to a participant who is qualified for a
19 retirement annuity under this Rule 5 whose retirement annuity
20 began before the effective date of this amendatory Act of the
21 91st General Assembly, and for whom an employee contribution
22 was made under Section 15-136.2, the System shall recalculate
23 the retirement annuity under this Rule 5 and shall pay any
24 additional amounts due in the manner provided in Section
25 15-186.1 for benefits mistakenly set too low.

26 The amount of a retirement annuity calculated under this

1 Rule 5 shall be computed solely on the basis of those
2 contributions specifically set forth in this Rule 5. Except as
3 provided in clause (iii) of this Rule 5, neither an employee
4 nor employer contribution for early retirement under Section
5 15-136.2, nor any other employer contribution, shall be used in
6 the calculation of the amount of a retirement annuity under
7 this Rule 5.

8 The General Assembly has adopted the changes set forth in
9 Section 25 of this amendatory Act of the 91st General Assembly
10 in recognition that the decision of the Appellate Court for the
11 Fourth District in *Mattis v. State Universities Retirement*
12 *System et al.* might be deemed to give some right to the
13 plaintiff in that case. The changes made by Section 25 of this
14 amendatory Act of the 91st General Assembly are a legislative
15 implementation of the decision of the Appellate Court for the
16 Fourth District in *Mattis v. State Universities Retirement*
17 *System et al.* with respect to that plaintiff.

18 The changes made by Section 25 of this amendatory Act of
19 the 91st General Assembly apply without regard to whether the
20 person is in service as an employee on or after its effective
21 date.

22 (b) The retirement annuity provided under Rules 1 and 3
23 above shall be reduced by 1/2 of 1% for each month the
24 participant is under age 60 at the time of retirement. However,
25 this reduction shall not apply in the following cases:

26 (1) For a disabled participant whose disability

1 benefits have been discontinued because he or she has
2 exhausted eligibility for disability benefits under clause
3 (6) of Section 15-152;

4 (2) For a participant who has at least the number of
5 years of service required to retire at any age under
6 subsection (a) of Section 15-135; or

7 (3) For that portion of a retirement annuity which has
8 been provided on account of service of the participant
9 during periods when he or she performed the duties of a
10 police officer or firefighter, if these duties were
11 performed for at least 5 years immediately preceding the
12 date the retirement annuity is to begin.

13 (c) The maximum retirement annuity provided under Rules 1,
14 2, 4, and 5 shall be the lesser of (1) the annual limit of
15 benefits as specified in Section 415 of the Internal Revenue
16 Code of 1986, as such Section may be amended from time to time
17 and as such benefit limits shall be adjusted by the
18 Commissioner of Internal Revenue, and (2) 80% of final rate of
19 earnings.

20 (d) An annuitant whose status as an employee terminates
21 after August 14, 1969 shall receive automatic increases in his
22 or her retirement annuity as follows:

23 Effective January 1 immediately following the date the
24 retirement annuity begins, the annuitant shall receive an
25 increase in his or her monthly retirement annuity of 0.125% of
26 the monthly retirement annuity provided under Rule 1, Rule 2,

1 Rule 3, Rule 4, or Rule 5, contained in this Section,
2 multiplied by the number of full months which elapsed from the
3 date the retirement annuity payments began to January 1, 1972,
4 plus 0.1667% of such annuity, multiplied by the number of full
5 months which elapsed from January 1, 1972, or the date the
6 retirement annuity payments began, whichever is later, to
7 January 1, 1978, plus 0.25% of such annuity multiplied by the
8 number of full months which elapsed from January 1, 1978, or
9 the date the retirement annuity payments began, whichever is
10 later, to the effective date of the increase.

11 The annuitant shall receive an increase in his or her
12 monthly retirement annuity on each January 1 thereafter during
13 the annuitant's life of 3% of the monthly annuity provided
14 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
15 this Section. The change made under this subsection by P.A.
16 81-970 is effective January 1, 1980 and applies to each
17 annuitant whose status as an employee terminates before or
18 after that date.

19 Beginning January 1, 1990, and except as provided in
20 subsection (d-5), all automatic annual increases payable under
21 this Section shall be calculated as a percentage of the total
22 annuity payable at the time of the increase, including all
23 increases previously granted under this Article.

24 The change made in this subsection by P.A. 85-1008 is
25 effective January 26, 1988, and is applicable without regard to
26 whether status as an employee terminated before that date.

1 (d-5) Notwithstanding any other provision of this Article,
2 for a person who first became a participant of this System
3 before January 1, 2011 and who did not begin to receive a
4 retirement annuity from the System before the effective date of
5 this amendatory Act of the 97th General Assembly, the automatic
6 annual increases payable under this Section shall be calculated
7 as follows: (1) 3% of the first \$50,000 of the annual total
8 annuity payable at the time of the increase, and (2) if the
9 annual total annuity payable at the time of the increase
10 exceeds \$50,000, a percentage of that excess equal to the
11 lesser of 3% or one-half of the annual unadjusted percentage
12 increase (but not less than zero) in the Consumer Price Index
13 for All Urban Consumers (United States city average, all items,
14 1982-84 = 100) for the 12 months ending with the previous
15 September, as determined by the Public Pension Division of the
16 Department of Insurance.

17 (e) If, on January 1, 1987, or the date the retirement
18 annuity payment period begins, whichever is later, the sum of
19 the retirement annuity provided under Rule 1 or Rule 2 of this
20 Section and the automatic annual increases provided under the
21 preceding subsection or Section 15-136.1, amounts to less than
22 the retirement annuity which would be provided by Rule 3, the
23 retirement annuity shall be increased as of January 1, 1987, or
24 the date the retirement annuity payment period begins,
25 whichever is later, to the amount which would be provided by
26 Rule 3 of this Section. Such increased amount shall be

1 considered as the retirement annuity in determining benefits
2 provided under other Sections of this Article. This paragraph
3 applies without regard to whether status as an employee
4 terminated before the effective date of this amendatory Act of
5 1987, provided that the annuitant was employed at least
6 one-half time during the period on which the final rate of
7 earnings was based.

8 (f) A participant is entitled to such additional annuity as
9 may be provided on an actuarially equivalent basis, by any
10 accumulated additional contributions to his or her credit.
11 However, the additional contributions made by the participant
12 toward the automatic increases in annuity provided under this
13 Section shall not be taken into account in determining the
14 amount of such additional annuity.

15 (g) If, (1) by law, a function of a governmental unit, as
16 defined by Section 20-107 of this Code, is transferred in whole
17 or in part to an employer, and (2) a participant transfers
18 employment from such governmental unit to such employer within
19 6 months after the transfer of the function, and (3) the sum of
20 (A) the annuity payable to the participant under Rule 1, 2, or
21 3 of this Section (B) all proportional annuities payable to the
22 participant by all other retirement systems covered by Article
23 20, and (C) the initial primary insurance amount to which the
24 participant is entitled under the Social Security Act, is less
25 than the retirement annuity which would have been payable if
26 all of the participant's pension credits validated under

1 Section 20-109 had been validated under this system, a
2 supplemental annuity equal to the difference in such amounts
3 shall be payable to the participant.

4 (h) On January 1, 1981, an annuitant who was receiving a
5 retirement annuity on or before January 1, 1971 shall have his
6 or her retirement annuity then being paid increased \$1 per
7 month for each year of creditable service. On January 1, 1982,
8 an annuitant whose retirement annuity began on or before
9 January 1, 1977, shall have his or her retirement annuity then
10 being paid increased \$1 per month for each year of creditable
11 service.

12 (i) On January 1, 1987, any annuitant whose retirement
13 annuity began on or before January 1, 1977, shall have the
14 monthly retirement annuity increased by an amount equal to 8¢
15 per year of creditable service times the number of years that
16 have elapsed since the annuity began.

17 (Source: P.A. 93-347, eff. 7-24-03; 94-4, eff. 6-1-05.)

18 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

19 Sec. 16-133.1. Automatic annual increase in annuity.

20 (a) Each member with creditable service and retiring on or
21 after August 26, 1969 is entitled to the automatic annual
22 increases in annuity provided under this Section while
23 receiving a retirement annuity or disability retirement
24 annuity from the system.

25 An annuitant shall first be entitled to an initial increase

1 under this Section on the January 1 next following the first
2 anniversary of retirement, or January 1 of the year next
3 following attainment of age 61, whichever is later. At such
4 time, the system shall pay an initial increase determined as
5 follows and in accordance with subsection (a-5):

6 (1) 1.5% of the originally granted retirement annuity
7 or disability retirement annuity multiplied by the number
8 of years elapsed, if any, from the date of retirement until
9 January 1, 1972, plus

10 (2) 2% of the originally granted annuity multiplied by
11 the number of years elapsed, if any, from the date of
12 retirement or January 1, 1972, whichever is later, until
13 January 1, 1978, plus

14 (3) 3% of the originally granted annuity multiplied by
15 the number of years elapsed from the date of retirement or
16 January 1, 1978, whichever is later, until the effective
17 date of the initial increase.

18 However, the initial annual increase calculated under this
19 Section for the recipient of a disability retirement annuity
20 granted under Section 16-149.2 shall be reduced by an amount
21 equal to the total of all increases in that annuity received
22 under Section 16-149.5 (but not exceeding 100% of the amount of
23 the initial increase otherwise provided under this Section).

24 Following the initial increase, automatic annual increases
25 in annuity shall be payable on each January 1 thereafter during
26 the lifetime of the annuitant, determined as a percentage of

1 the originally granted retirement annuity or disability
2 retirement annuity for increases granted prior to January 1,
3 1990, and calculated as a percentage of the total amount of
4 annuity, including previous increases under this Section, for
5 increases granted on or after January 1, 1990, as follows: 1.5%
6 for periods prior to January 1, 1972, 2% for periods after
7 December 31, 1971 and prior to January 1, 1978, and 3% for
8 periods after December 31, 1977.

9 (a-5) Notwithstanding any other provision of this Article,
10 for a person who first became a participant of this System
11 before January 1, 2011 and who did not begin to receive a
12 retirement annuity from the System before the effective date of
13 this amendatory Act of the 97th General Assembly, the automatic
14 annual increases payable under this Section shall be calculated
15 as follows: (1) 3% of the first \$50,000 of the annual total
16 annuity payable at the time of the increase, and (2) if the
17 annual total annuity payable at the time of the increase
18 exceeds \$50,000, a percentage of that excess equal to the
19 lesser of 3% or one-half of the annual unadjusted percentage
20 increase (but not less than zero) in the Consumer Price Index
21 for All Urban Consumers (United States city average, all items,
22 1982-84 = 100) for the 12 months ending with the previous
23 September, as determined by the Public Pension Division of the
24 Department of Insurance.

25 (b) The automatic annual increases in annuity provided
26 under this Section shall not be applicable unless a member has

1 made contributions toward such increases for a period
2 equivalent to one full year of creditable service. If a member
3 contributes for service performed after August 26, 1969 but the
4 member becomes an annuitant before such contributions amount to
5 one full year's contributions based on the salary at the date
6 of retirement, he or she may pay the necessary balance of the
7 contributions to the system and be eligible for the automatic
8 annual increases in annuity provided under this Section.

9 (c) Each member shall make contributions toward the cost of
10 the automatic annual increases in annuity as provided under
11 Section 16-152.

12 (d) An annuitant receiving a retirement annuity or
13 disability retirement annuity on July 1, 1969, who subsequently
14 re-enters service as a teacher is eligible for the automatic
15 annual increases in annuity provided under this Section if he
16 or she renders at least one year of creditable service
17 following the latest re-entry.

18 (e) In addition to the automatic annual increases in
19 annuity provided under this Section, an annuitant who meets the
20 service requirements of this Section and whose retirement
21 annuity or disability retirement annuity began on or before
22 January 1, 1971 shall receive, on January 1, 1981, an increase
23 in the annuity then being paid of one dollar per month for each
24 year of creditable service. On January 1, 1982, an annuitant
25 whose retirement annuity or disability retirement annuity
26 began on or before January 1, 1977 shall receive an increase in

1 the annuity then being paid of one dollar per month for each
2 year of creditable service.

3 On January 1, 1987, any annuitant whose retirement annuity
4 began on or before January 1, 1977, shall receive an increase
5 in the monthly retirement annuity equal to 8¢ per year of
6 creditable service times the number of years that have elapsed
7 since the annuity began.

8 (Source: P.A. 91-927, eff. 12-14-00.)

9 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

10 Sec. 16-136.1. Annual increase for certain annuitants. (a)
11 Any annuitant receiving a retirement annuity on June 30, 1969
12 and any member retiring after June 30, 1969 shall be eligible
13 for the annual increases provided under this Section provided
14 the annuitant is ineligible for the automatic annual increase
15 in annuity provided under Section 16-133.1, and provided
16 further that (1) retirement occurred at age 55 or over and was
17 based on 5 or more years of creditable service or (2) if
18 retirement occurred prior to age 55, the retirement annuity was
19 based on 20 or more years of creditable service.

20 (b) An annuitant entitled to increases under this Section
21 shall be entitled to the initial increase as of the later of:
22 (1) January 1 following attainment of age 65, (2) January 1
23 following the first anniversary of retirement, or (3) the first
24 day of the month following receipt of the required qualifying
25 contribution from the annuitant. The initial monthly increase

1 shall be computed on the basis of the period elapsed between
2 the later of the date of last retirement or attainment of age
3 50 and the date of qualification for the initial increase, at
4 the rate of 1 1/2% of the original monthly retirement annuity
5 per year for periods prior to September 1, 1971, and at the
6 rate of 2% per year for periods between September 1, 1971 and
7 September 1, 1978, and at the rate of 3% per year for periods
8 thereafter, subject to the provisions of subsection (b-5).

9 Subject to the provisions of subsection (b-5), an An
10 annuitant who has received an initial increase under this
11 Section, shall be entitled, on each January 1 following the
12 granting of the initial increase, to an increase of 3% of the
13 original monthly retirement annuity for increases granted
14 prior to January 1, 1990, and equal to 3% of the total annuity,
15 including previous increases under this Section, for increases
16 granted on or after January 1, 1990. The original monthly
17 retirement annuity for computations under this subsection (b)
18 shall be considered to be \$83.34 for any annuitant entitled to
19 benefits under Section 16-134. The minimum original disability
20 retirement annuity for computations under this subsection (b)
21 shall be considered to be \$33.34 per month for any annuitant
22 retired on account of disability.

23 (b-5) Notwithstanding any other provision of this Article,
24 for a person who first became a participant of this System
25 before January 1, 2011 and who did not begin to receive a
26 retirement annuity from the System before the effective date of

1 this amendatory Act of the 97th General Assembly, the automatic
2 annual increases payable under this Section shall be calculated
3 as follows: (1) 3% of the first \$50,000 of the annual total
4 annuity payable at the time of the increase, and (2) if the
5 annual total annuity payable at the time of the increase
6 exceeds \$50,000, a percentage of that excess equal to the
7 lesser of 3% or one-half of the annual unadjusted percentage
8 increase (but not less than zero) in the Consumer Price Index
9 for All Urban Consumers (United States city average, all items,
10 1982-84 = 100) for the 12 months ending with the previous
11 September, as determined by the Public Pension Division of the
12 Department of Insurance.

13 (c) An annuitant who otherwise qualifies for annual
14 increases under this Section must make a one-time payment of 1%
15 of the monthly final average salary for each full year of the
16 creditable service forming the basis of the retirement annuity
17 or, if the retirement annuity was not computed using final
18 average salary, 1% of the original monthly retirement annuity
19 for each full year of service forming the basis of the
20 retirement annuity.

21 (d) In addition to other increases which may be provided by
22 this Section, regardless of creditable service, annuitants not
23 meeting the service requirements of Section 16-133.1 and whose
24 retirement annuity began on or before January 1, 1971 shall
25 receive, on January 1, 1981, an increase in the retirement
26 annuity then being paid of one dollar per month for each year

1 of creditable service forming the basis of the retirement
2 allowance. On January 1, 1982, annuitants whose retirement
3 annuity began on or before January 1, 1977, shall receive an
4 increase in the retirement annuity then being paid of one
5 dollar per month for each year of creditable service.

6 On January 1, 1987, any annuitant whose retirement annuity
7 began on or before January 1, 1977, shall receive an increase
8 in the monthly retirement annuity equal to 8¢ per year of
9 creditable service times the number of years that have elapsed
10 since the annuity began.

11 (Source: P.A. 86-273.)

12 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

13 Sec. 18-125.1. Automatic increase in retirement annuity.

14 (a) A participant who retires from service after June 30,
15 1969, shall, in January of the year next following the year in
16 which the first anniversary of retirement occurs, and in
17 January of each year thereafter, have the amount of his or her
18 originally granted retirement annuity increased as follows:
19 for each year up to and including 1971, 1 1/2%; for each year
20 from 1972 through 1979 inclusive, 2%; and for 1980 and each
21 year thereafter, 3%.

22 (b) Notwithstanding any other provision of this Article, a
23 retirement annuity for a participant who first serves as a
24 judge on or after January 1, 2011 (the effective date of Public
25 Act 96-889) shall be increased in January of the year next

1 following the year in which the first anniversary of retirement
2 occurs, but in no event prior to age 67, and in January of each
3 year thereafter, by an amount equal to 3% or the annual
4 percentage increase in the consumer price index-u as determined
5 by the Public Pension Division of the Department of Insurance
6 under subsection (b-5) of Section 18-125, whichever is less, of
7 the retirement annuity then being paid.

8 (c) Notwithstanding any other provision of this Article,
9 for a person who first became a participant of this System
10 before January 1, 2011 and who did not begin to receive a
11 retirement annuity from the System before the effective date of
12 this amendatory Act of the 97th General Assembly, the automatic
13 annual increases payable under this Section shall be calculated
14 as follows: (1) 3% of the first \$50,000 of the annual total
15 annuity payable at the time of the increase, and (2) if the
16 annual total annuity payable at the time of the increase
17 exceeds \$50,000, a percentage of that excess equal to the
18 lesser of 3% or one-half of the annual unadjusted percentage
19 increase (but not less than zero) in the Consumer Price Index
20 for All Urban Consumers (United States city average, all items,
21 1982-84 = 100) for the 12 months ending with the previous
22 September, as determined by the Public Pension Division of the
23 Department of Insurance.

24 (d) This Section is not applicable to a participant who
25 retires before he or she has made contributions at the rate
26 prescribed in Section 18-133 for automatic increases for not

1 less than the equivalent of one full year, unless such a
2 participant arranges to pay the system the amount required to
3 bring the total contributions for the automatic increase to the
4 equivalent of one year's contribution based upon his or her
5 last year's salary.

6 This Section is applicable to all participants in service
7 after June 30, 1969 unless a participant has elected, prior to
8 September 1, 1969, in a written direction filed with the board
9 not to be subject to the provisions of this Section. Any
10 participant in service on or after July 1, 1992 shall have the
11 option of electing prior to April 1, 1993, in a written
12 direction filed with the board, to be covered by the provisions
13 of the 1969 amendatory Act. Such participant shall be required
14 to make the aforesaid additional contributions with compound
15 interest at 4% per annum.

16 (e) Subject to the limitation in subsection (b) or (c), if
17 applicable, a ~~Any~~ participant who has become eligible to
18 receive the maximum rate of annuity and who resumes service as
19 a judge after receiving a retirement annuity under this Article
20 shall have the amount of his or her retirement annuity
21 increased by 3% of the originally granted annuity amount for
22 each year of such resumed service, beginning in January of the
23 year next following the date of such resumed service, upon
24 subsequent termination of such resumed service.

25 (f) Beginning January 1, 1990, and except as provided in
26 subsection (b) or (c), all automatic annual increases payable

1 under this Section shall be calculated as a percentage of the
2 total annuity payable at the time of the increase, including
3 previous increases granted under this Article.

4 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)