



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5461

Introduced 2/15/2012, by Rep. Joseph M. Lyons

SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-164

from Ch. 108 1/2, par. 6-164

30 ILCS 805/8.36 new

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

LRB097 18862 EFG 64100 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 6-164 as follows:

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

7 Sec. 6-164. Automatic annual increase; retirement after
8 September 1, 1959.

9 (a) A fireman qualifying for a minimum annuity who retires
10 from service after September 1, 1959 shall, upon either the
11 first of the month following the first anniversary of his date
12 of retirement if he is age 60 (age 55 if born before January 1,
13 1955) or over on that anniversary date, or upon the first of
14 the month following his attainment of age 60 (age 55 if born
15 before January 1, 1955) if that 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 July 1, 1982 for firemen
21 born before January 1, 1930, and beginning January 1, 1990 for
22 firemen born after December 31, 1929 and before January 1,
23 1940, and beginning January 1, 1996 for firemen born after

1 December 31, 1939 but before January 1, 1945, and beginning
2 January 1, 2004, for firemen born after December 31, 1944 but
3 before January 1, 1955, and beginning January 1, 2012 for
4 firemen born on or after January 1, 1955, such increases shall
5 be 3% and such firemen shall not be subject to the 30% maximum
6 increase.

7 Any fireman born before January 1, 1945 who qualifies for a
8 minimum annuity and retires after September 1, 1967 but has not
9 received the initial increase under this subsection before
10 January 1, 1996 is entitled to receive the initial increase
11 under this subsection on (1) January 1, 1996, (2) the first
12 anniversary of the date of retirement, or (3) attainment of age
13 55, whichever occurs last. The changes to this Section made by
14 this amendatory Act of 1995 apply beginning January 1, 1996 and
15 apply without regard to whether the fireman or annuitant
16 terminated service before the effective date of this amendatory
17 Act of 1995.

18 Any fireman born before January 1, 1955 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, 2004 is entitled to receive the initial increase
22 under this subsection on (1) January 1, 2004, (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 the 93rd General Assembly apply without
26 regard to whether the fireman or annuitant terminated service

1 before the effective date of this amendatory Act.

2 Any fireman born on or after January 1, 1955 who qualifies
3 for a minimum annuity and retires after September 1, 1967 but
4 has not received the initial increase under this subsection
5 before January 1, 2012 is entitled to receive the initial
6 increase under this subsection on (1) January 1, 2012, (2) the
7 first anniversary of the date of retirement, or (3) attainment
8 of age 55, whichever occurs last. The changes to this Section
9 made by this amendatory Act of the 97th General Assembly apply
10 without regard to whether the fireman or annuitant terminated
11 service before the effective date of this amendatory Act.

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

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

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

1 reserve as of the beginning of each calendar year shall be
2 credited with interest at the rate of 3% per annum.

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

11 (d) Notwithstanding any other provision of this Article,
12 the monthly annuity of a person who first becomes a fireman
13 under this Article on or after January 1, 2011 shall be
14 increased on the January 1 occurring either on or after the
15 attainment of age 60 or the first anniversary of the annuity
16 start date, whichever is later. Each annual increase shall be
17 calculated at 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 retirement annuity. 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 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 Section 90. The State Mandates Act is amended by adding
10 Section 8.36 as follows:

11 (30 ILCS 805/8.36 new)

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

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.