

SB3132



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB3132

Introduced 2/7/2014, by Sen. Daniel Biss

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-119.1

from Ch. 108 1/2, par. 2-119.1

Amends the General Assembly Article of the Illinois Pension Code. Provides that the provision concerning automatic increases in retirement annuity applicable to eligible participants who remain in service after attaining 20 years of creditable service does not apply to any person who retires after the effective date of the amendatory Act. Contains a nonacceleration provision.

LRB098 16259 RPM 51318 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

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 2-119.1 as follows:

6 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

7 (Text of Section before amendment by P.A. 98-599)

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 This subsection (b) does not apply to any person who
17 retires after the effective date of this amendatory Act of the
18 98th General Assembly.

19 (b-5) Notwithstanding any other provision of this Article,
20 a participant who first becomes a participant on or after
21 January 1, 2011 (the effective date of Public Act 96-889)
22 shall, in January or July next following the first anniversary
23 of retirement, whichever occurs first, and in the same month of
24 each year thereafter, but in no event prior to age 67, have the
25 amount of the retirement annuity then being paid increased by
26 3% or the annual unadjusted percentage increase in the Consumer

1 Price Index for All Urban Consumers as determined by the Public
2 Pension Division of the Department of Insurance under
3 subsection (a) of Section 2-108.1, whichever is less.

4 (c) The foregoing provisions relating to automatic
5 increases are not applicable to a participant who retires
6 before having made contributions (at the rate prescribed in
7 Section 2-126) for automatic increases for less than the
8 equivalent of one full year. However, in order to be eligible
9 for the automatic increases, such a participant may make
10 arrangements to pay to the system the amount required to bring
11 the total contributions for the automatic increase to the
12 equivalent of one year's contributions based upon his or her
13 last salary.

14 (d) A participant who terminated service prior to July 1,
15 1967, with at least 14 years of service is entitled to an
16 increase in retirement annuity beginning January, 1976, and to
17 additional increases in January of each year thereafter.

18 The initial increase shall be 1 1/2% of the originally
19 granted retirement annuity multiplied by the number of full
20 years that the annuitant was in receipt of such annuity prior
21 to January 1, 1972, plus 2% of the originally granted
22 retirement annuity for each year after that date. The
23 subsequent annual increases shall be at the rate of 2% of the
24 originally granted retirement annuity for each year through
25 1979 and at the rate of 3% for 1980 and thereafter.

26 (e) Beginning January 1, 1990, all automatic annual

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

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

6 (Text of Section after amendment by P.A. 98-599)

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

8 (a) Except as otherwise provided in this Section, a
9 participant who retires after June 30, 1967, and who has not
10 received an initial increase under this Section before the
11 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 (a-1) Notwithstanding subsection (a), but subject to the
23 provisions of subsection (a-2), for a Tier 1 retiree, all
24 automatic increases payable under subsection (a) on or after
25 the effective date of this amendatory Act of the 98th General

1 Assembly shall be calculated as 3% of the lesser of (1) the
2 total annuity payable at the time of the increase, including
3 previous increases granted, or (2) \$1,000 multiplied by the
4 number of years of creditable service upon which the annuity is
5 based.

6 Beginning January 1, 2016, the \$1,000 referred to in item
7 (2) of this subsection (a-1) shall be increased on each January
8 1 by the annual unadjusted percentage increase (but not less
9 than zero) in the consumer price index-u for the 12 months
10 ending with the preceding September; these adjustments shall be
11 cumulative and compounded. For the purposes of this subsection
12 (a-1), "consumer price index-u" means the index published by
13 the Bureau of Labor Statistics of the United States Department
14 of Labor that measures the average change in prices of goods
15 and services purchased by all urban consumers, United States
16 city average, all items, 1982-84 = 100. The new dollar amount
17 resulting from each annual adjustment shall be determined by
18 the Public Pension Division of the Department of Insurance and
19 made available to the System by November 1 of each year.

20 This subsection (a-1) is applicable without regard to
21 whether the person is in service on or after the effective date
22 of this amendatory Act of the 98th General Assembly.

23 (a-2) Notwithstanding subsections (a) and (a-1), for an
24 active or inactive Tier 1 participant who has not begun to
25 receive a retirement annuity under this Article before July 1,
26 2014:

1 (1) the second automatic annual increase payable under
2 subsection (a) shall be at the rate of 0% of the total
3 annuity payable at the time of the increase if he or she is
4 at least age 50 on the effective date of this amendatory
5 Act;

6 (2) the second, fourth, and sixth automatic annual
7 increases payable under subsection (a) shall be at the rate
8 of 0% of the total annuity payable at the time of the
9 increase if he or she is at least age 47 but less than age
10 50 on the effective date of this amendatory Act;

11 (3) the second, fourth, sixth, and eighth automatic
12 annual increases payable under subsection (a) shall be at
13 the rate of 0% of the total annuity payable at the time of
14 the increase if he or she is at least age 44 but less than
15 age 47 on the effective date of this amendatory Act; and

16 (4) the second, fourth, sixth, eighth, and tenth
17 automatic annual increases payable under subsection (a)
18 shall be at the rate of 0% of the total annuity payable at
19 the time of the increase if he or she is less than age 44 on
20 the effective date of this amendatory Act.

21 For the purposes of Section 1-103.1, this subsection (a-2)
22 is applicable without regard to whether the person is in
23 service on or after the effective date of this amendatory Act
24 of the 98th General Assembly.

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

1 service, the 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. The increases accruing under this
13 subsection (b) after the effective date of this amendatory Act
14 of the 98th General Assembly shall accrue at the rate provided
15 in subsection (a-1).

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

19 This subsection (b) does not apply to any person who
20 retires after the effective date of this amendatory Act of the
21 98th General Assembly.

22 (b-5) Notwithstanding any other provision of this Section,
23 a participant who first becomes a participant on or after
24 January 1, 2011 (the effective date of Public Act 96-889)
25 shall, in January or July next following the first anniversary
26 of retirement, whichever occurs first, and in the same month of

1 each year thereafter, but in no event prior to age 67, have the
2 amount of the retirement annuity then being paid increased by
3 an amount calculated as a percentage of the originally granted
4 retirement annuity, equal to 3% or one-half of the annual
5 unadjusted percentage increase (but not less than zero) in the
6 Consumer Price Index for All Urban Consumers for the 12 months
7 ending with the preceding September, as determined by the
8 Public Pension Division of the Department of Insurance and
9 reported to the System by November 1 of each year, whichever is
10 less.

11 The changes made to this subsection (b-5) by this
12 amendatory Act of the 98th General Assembly shall apply to
13 increases provided under this subsection on or after the
14 effective date of this amendatory Act without regard to whether
15 service terminated before that effective date.

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

26 (d) A participant who terminated service prior to July 1,

1 1967, with at least 14 years of service is entitled to an
2 increase in retirement annuity beginning January, 1976, and to
3 additional increases in January of each year thereafter.

4 The initial increase shall be 1 1/2% of the originally
5 granted retirement annuity multiplied by the number of full
6 years that the annuitant was in receipt of such annuity prior
7 to January 1, 1972, plus 2% of the originally granted
8 retirement annuity for each year after that date. The
9 subsequent annual increases shall be at the rate of 2% of the
10 originally granted retirement annuity for each year through
11 1979 and at the rate of 3% for 1980 and thereafter. The
12 increases provided under this subsection (d) on or after the
13 effective date of this amendatory Act of the 98th General
14 Assembly shall be at the rate provided in subsection (a-1),
15 notwithstanding that service terminated before that effective
16 date.

17 (e) Except as may be provided in subsection (b-5),
18 beginning January 1, 1990, all automatic annual increases
19 payable under this Section shall be calculated as a percentage
20 of the total annuity payable at the time of the increase,
21 including previous increases granted under this Article.

22 (Source: P.A. 98-599, eff. 6-1-14.)

23 Section 95. No acceleration or delay. Where this Act makes
24 changes in a statute that is represented in this Act by text
25 that is not yet or no longer in effect (for example, a Section

1 represented by multiple versions), the use of that text does
2 not accelerate or delay the taking effect of (i) the changes
3 made by this Act or (ii) provisions derived from any other
4 Public Act.