



Rep. Elaine Nekritz

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1 AMENDMENT TO HOUSE BILL 705

2 AMENDMENT NO. _____. Amend House Bill 705 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 8-173, 8-189, 8-190, 8-191, and 8-243.2 and
6 by adding Section 8-173.2 as follows:

7 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

8 (Text of Section WITHOUT the changes made by P.A. 98-641,
9 which has been held unconstitutional)

10 Sec. 8-173. Financing; required annual contributions; tax
11 levy.

12 (a) Except as provided in subsection (f) of this Section,
13 the city council of the city shall levy a tax annually upon all
14 taxable property in the city at a rate that will produce a sum
15 which, when added to the amounts deducted from the salaries of
16 the employees or otherwise contributed by them and the amounts

1 deposited under subsection (f), will be sufficient for the
2 requirements of this Article, but which when extended will
3 produce an amount not to exceed the greater of the following:

4 (a) the sum obtained by the levy of a tax of .1093% of the
5 value, as equalized or assessed by the Department of Revenue,
6 of all taxable property within such city, or (b) the sum of
7 \$12,000,000. However any city in which a Fund has been
8 established and in operation under this Article for more than 3
9 years prior to 1970 shall levy for the year 1970 a tax at a rate
10 on the dollar of assessed valuation of all taxable property
11 that will produce, when extended, an amount not to exceed 1.2
12 times the total amount of contributions made by employees to
13 the Fund for annuity purposes in the calendar year 1968, and,
14 for the year 1971 and 1972 such levy that will produce, when
15 extended, an amount not to exceed 1.3 times the total amount of
16 contributions made by employees to the Fund for annuity
17 purposes in the calendar years 1969 and 1970, respectively; and
18 for the year 1973 an amount not to exceed 1.365 times such
19 total amount of contributions made by employees for annuity
20 purposes in the calendar year 1971; and for the year 1974 an
21 amount not to exceed 1.430 times such total amount of
22 contributions made by employees for annuity purposes in the
23 calendar year 1972; and for the year 1975 an amount not to
24 exceed 1.495 times such total amount of contributions made by
25 employees for annuity purposes in the calendar year 1973; and
26 for the year 1976 an amount not to exceed 1.560 times such

1 total amount of contributions made by employees for annuity
2 purposes in the calendar year 1974; and for the year 1977 an
3 amount not to exceed 1.625 times such total amount of
4 contributions made by employees for annuity purposes in the
5 calendar year 1975; and for the year 1978 and each year
6 thereafter, such levy as will produce, when extended, an amount
7 not to exceed the total amount of contributions made by or on
8 behalf of employees to the Fund for annuity purposes in the
9 calendar year 2 years prior to the year for which the annual
10 applicable tax is levied, multiplied by 1.690 for the years
11 1978 through 1998 and by 1.250 for the years year 1999 through
12 2014, and by 1.85 for the year 2015. Beginning in levy year
13 2016, and in each year thereafter, the levy shall not exceed
14 the amount of the city's total required contribution to the
15 Fund for the next payment year, as determined under subsection
16 (a-5). For the purposes of this Section, the payment year is
17 the year immediately following the levy year and for each year
18 thereafter.

19 The tax shall be levied and collected in like manner with
20 the general taxes of the city, and shall be exclusive of and in
21 addition to the amount of tax the city is now or may hereafter
22 be authorized to levy for general purposes under any laws which
23 may limit the amount of tax which the city may levy for general
24 purposes. The county clerk of the county in which the city is
25 located, in reducing tax levies under the provisions of any Act
26 concerning the levy and extension of taxes, shall not consider

1 the tax herein provided for as a part of the general tax levy
2 for city purposes, and shall not include the same within any
3 limitation of the percent of the assessed valuation upon which
4 taxes are required to be extended for such city.

5 Revenues derived from such tax shall be paid to the city
6 treasurer of the city as collected and held by him for the
7 benefit of the fund.

8 If the payments on account of taxes are insufficient during
9 any year to meet the requirements of this Article, the city may
10 issue tax anticipation warrants against the current tax levy.
11 The city may continue to use other lawfully available funds in
12 addition to or in lieu of all or part of the levy, as provided
13 under subsection (f) of this Section.

14 Beginning in payment year 2017 the city shall pay to the
15 fund the required annual contribution as stated in subsection
16 (a-5). For payment years 2017 through 2020, the required annual
17 contribution as determined under paragraph (1) of subsection
18 (a-5) shall be adjusted as specified in items (A) through (D)
19 of that subsection. In any payment year, the city may pay more
20 than the required annual contribution calculated under
21 subsection (a-5) for that payment year.

22 (a-5) Beginning in payment year 2017, the city's required
23 annual contribution to the fund shall be an amount determined
24 by an enrolled actuary retained by the fund, in accordance with
25 this subsection (a-5). The contributions shall be determined
26 under the entry age normal actuarial cost method.

1 (1) For payment years 2017 through 2055, the city's
2 required annual contribution shall be equal to the sum of
3 (i) the city's portion of the projected normal cost for the
4 fiscal year, plus (ii) an annual amount determined on a
5 level percentage of applicable employee payroll basis
6 (reflecting any limits on individual participants' pay
7 that apply for benefit and contribution purposes under this
8 fund) that is sufficient to bring the total actuarial
9 assets of the fund up to 90% of the total actuarial
10 liabilities of the fund by the end of fiscal year 2055;
11 except that the required annual contributions in years 2017
12 through 2020 shall be reduced as follows:

13 (A) The required contribution for payment year
14 2017 shall be 60% of the amount otherwise calculated
15 for that year under this paragraph (1).

16 (B) The required contribution for payment year
17 2018 shall be 70% of the amount otherwise calculated
18 for that year under this paragraph (1).

19 (C) The required contribution for payment year
20 2019 shall be 80% of the amount otherwise calculated
21 for that year under this paragraph (1).

22 (D) The required contribution for payment year
23 2020 shall be 90% of the amount otherwise calculated
24 for that year under this paragraph (1).

25 (2) Beginning in payment year 2056, the city's required
26 contribution in that year and each year thereafter shall be

1 an annual amount that is equal to (i) the city's portion of
2 the projected normal cost for the fiscal year, plus (ii)
3 the annual amount needed to bring the total actuarial
4 assets of the fund up to 90% of the total actuarial
5 liabilities of the fund as of the end of that year.

6 (a-7) The city's required annual contribution to the fund
7 may be paid with any available funds and shall be paid by the
8 city to the fund for the benefit of the fund in the same manner
9 as applicable tax receipts.

10 (a-10) If the city fails to transmit to the fund
11 contributions required of it under this Article by December
12 31st of the year in which such contributions are due, the fund
13 may, after giving notice to the city, certify to the State
14 Comptroller the amounts of the delinquent payments in
15 accordance with any applicable rules of the Comptroller, and
16 the Comptroller must, beginning in 2017, deduct and remit to
17 the fund the certified amounts from payments of State funds to
18 the city. The State Comptroller may not deduct from any
19 payments of State funds to the city more than the amount of
20 delinquent payments certified to the State Comptroller by the
21 fund.

22 (b) On or before July 1, annually, the board shall provide
23 to the city council the projected annual amount required under
24 this Article, for which a tax, if chosen to be levied by the
25 city, would be levied in the following year. The board shall
26 compute the amounts necessary to be credited to the reserves

1 established and maintained as herein provided, and shall make
2 an annual determination of the amount of the required city
3 contributions, once certified by an enrolled actuary retained
4 by the fund, which the results thereof will be provided to the
5 city council. ~~On or before January 10, annually, the board~~
6 ~~shall notify the city council of the requirements of this~~
7 ~~Article that the tax herein provided shall be levied for that~~
8 ~~current year. The board shall compute the amounts necessary to~~
9 ~~be credited to the reserves established and maintained as~~
10 ~~herein provided, and shall make an annual determination of the~~
11 ~~amount of the required city contributions, and certify the~~
12 ~~results thereof to the city council.~~

13 (c) In respect to employees of the city who are transferred
14 to the employment of a park district by virtue of the "Exchange
15 of Functions Act of 1957", the corporate authorities of the
16 park district shall annually levy a tax upon all the taxable
17 property in the park district at such rate per cent of the
18 value of such property, as equalized or assessed by the
19 Department of Revenue, as shall be sufficient, when added to
20 the amounts deducted from their salaries and otherwise
21 contributed by them to provide the benefits to which they and
22 their dependents and beneficiaries are entitled under this
23 Article. The city shall not levy a tax hereunder in respect to
24 such employees.

25 The tax so levied by the park district shall be in addition
26 to and exclusive of all other taxes authorized to be levied by

1 the park district for corporate, annuity fund, or other
2 purposes. The county clerk of the county in which the park
3 district is located, in reducing any tax levied under the
4 provisions of any act concerning the levy and extension of
5 taxes shall not consider such tax as part of the general tax
6 levy for park purposes, and shall not include the same in any
7 limitation of the per cent of the assessed valuation upon which
8 taxes are required to be extended for the park district. The
9 proceeds of the tax levied by the park district, upon receipt
10 by the district, shall be immediately paid over to the city
11 treasurer of the city for the uses and purposes of the fund.

12 The various sums to be contributed by the city and park
13 district and allocated for the purposes of this Article, and
14 any interest to be contributed by the city, shall be derived
15 from the revenue from the taxes authorized in this Section or
16 otherwise as expressly provided in this Section.

17 If it is not possible or practicable for the city to make
18 contributions for age and service annuity and widow's annuity
19 at the same time that employee contributions are made for such
20 purposes, such city contributions shall be construed to be due
21 and payable as of the end of the fiscal year for which the tax
22 is levied and shall accrue thereafter with interest at the
23 effective rate until paid.

24 (d) With respect to employees whose wages are funded as
25 participants under the Comprehensive Employment and Training
26 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.

1 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
2 subsequent to October 1, 1978, and in instances where the board
3 has elected to establish a manpower program reserve, the board
4 shall compute the amounts necessary to be credited to the
5 manpower program reserves established and maintained as herein
6 provided, and shall make a periodic determination of the amount
7 of required contributions from the City to the reserve to be
8 reimbursed by the federal government in accordance with rules
9 and regulations established by the Secretary of the United
10 States Department of Labor or his designee, and certify the
11 results thereof to the City Council. Any such amounts shall
12 become a credit to the City and will be used to reduce the
13 amount which the City would otherwise contribute during
14 succeeding years for all employees.

15 (e) In lieu of establishing a manpower program reserve with
16 respect to employees whose wages are funded as participants
17 under the Comprehensive Employment and Training Act of 1973, as
18 authorized by subsection (d), the board may elect to establish
19 a special municipality contribution rate for all such
20 employees. If this option is elected, the City shall contribute
21 to the Fund from federal funds provided under the Comprehensive
22 Employment and Training Act program at the special rate so
23 established and such contributions shall become a credit to the
24 City and be used to reduce the amount which the City would
25 otherwise contribute during succeeding years for all
26 employees.

1 (f) In lieu of levying all or a portion of the tax required
2 under this Section in any year, the city may deposit with the
3 city treasurer no later than March 1 of that year for the
4 benefit of the fund, to be held in accordance with this
5 Article, an amount that, together with the taxes levied under
6 this Section for that year, is not less than the amount of the
7 city contributions for that year as certified by the board to
8 the city council. The deposit may be derived from any source
9 legally available for that purpose, including, but not limited
10 to, the proceeds of city borrowings. The making of a deposit
11 shall satisfy fully the requirements of this Section for that
12 year to the extent of the amounts so deposited. Amounts
13 deposited under this subsection may be used by the fund for any
14 of the purposes for which the proceeds of the tax levied by the
15 city under this Section may be used, including the payment of
16 any amount that is otherwise required by this Article to be
17 paid from the proceeds of that tax.

18 (Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98;
19 90-766, eff. 8-14-98.)

20 (40 ILCS 5/8-173.2 new)

21 Sec. 8-173.2. Funding obligation.

22 (a) Beginning January 1, 2017, the city shall be obligated
23 to contribute to the fund in each fiscal year an amount not
24 less than the amount determined annually under subsection (a-5)
25 of Section 8-173 of this Code. Notwithstanding any other

1 provision of law, if the city fails to pay the amount
2 guaranteed under this Section on or before December 31 of the
3 year in which such amount is due, the retirement board may
4 bring a mandamus action in the Circuit Court of Cook County to
5 compel the city to make the required payment, irrespective of
6 other remedies that may be available to the fund. The
7 obligations and causes of action created under this Section
8 shall be in addition to any other right or remedy otherwise
9 accorded by common law or State or federal law, and nothing in
10 this Section shall be construed to deny, abrogate, impair, or
11 wave any such common law or statutory right or remedy.

12 (b) In ordering the city to make the required payment, the
13 court may order a reasonable payment schedule to enable the
14 city to make the required payment without significantly
15 imperiling the public health, safety, or welfare.

16 (40 ILCS 5/8-189) (from Ch. 108 1/2, par. 8-189)

17 Sec. 8-189. Contributions by city for prior service
18 annuities and pensions under former acts, and for other
19 purposes.

20 The city shall contribute annually, from the sum produced
21 by the required annual contributions ~~tax levy herein~~
22 ~~authorized~~, all sums required for the purposes of this Article
23 other than those stated in this Section.

24 The balance of the sum produced by the required annual
25 contributions ~~tax levy~~ shall be applied for the following

1 purposes:

2 (a) The city shall make contributions to provide prior
3 service and widow's prior service annuities, and other
4 annuities, pensions and benefits which have been or shall be
5 allowed or granted under any of the following Acts or in accord
6 with the following described provisions:

7 1. The Municipal pension fund Act as defined in Section
8 8-123 of this Article with further reference to Section
9 8-238; Public School Employees' Pension Act of 1903,
10 Sections 8-107 and 8-239; Court and Law Department
11 Employees' Annuity Act, Sections 8-105 and 8-240; Board of
12 Election Commissioners Employees' Annuity Act, Sections
13 8-106 and 8-240; Public Library Employees' Pension Act,
14 Sections 8-107.1 and 8-240.1; House of Correction
15 Employees' Pension Act, Sections 8-107.2 and 8-240.2.

16 2. To meet such part of any minimum annuity as shall be
17 in excess of the age and service annuity and prior service
18 annuity; and such part of any minimum annuity for widows as
19 shall be in excess of the widow's annuities and widow's
20 prior service annuity; also for the purpose of providing
21 the city cost of automatic increases in annuity after
22 retirement in accord with Section 8-137, and for any other
23 purpose for which moneys are not otherwise provided in this
24 Article.

25 3. To provide a sufficient balance in the investment
26 and interest reserve to permit a transfer from that reserve

1 to other reserves of the fund;

2 4. To credit to the city contribution reserve such
3 amounts required from the city but not contributed by it
4 for age and service and prior service annuities, and
5 widows' annuities and widows' prior service annuities.

6 (b) All such contributions shall be credited to the prior
7 service annuity reserve. When the balance of this reserve
8 equals its liabilities (including in addition to all other
9 liabilities, the present values of all annuities, present or
10 prospective, according to the applicable mortality tables and
11 rates of interest), the city shall cease to contribute the sum
12 stated in this section.

13 Whenever the balance of the investment and interest reserve
14 is not sufficient to permit a transfer from that reserve to any
15 other reserve, the city shall contribute sums sufficient to
16 make possible such transfer; provided, that if annexation of
17 territory and the employment by the city of any employee of any
18 such territory at the time of annexation, after the city has
19 ceased to contribute as herein provided, results in additional
20 liabilities for prior service annuity and widow's prior service
21 annuity for any such employee, contributions by the city for
22 such purposes shall be resumed.

23 (Source: P.A. 76-1301.)

24 (40 ILCS 5/8-190) (from Ch. 108 1/2, par. 8-190)

25 Sec. 8-190. Contribution by city for administration costs.

1 The city shall contribute from revenue derived from required
2 annual contributions ~~taxes herein authorized,~~ the amount
3 necessary to defray costs of administration of the fund.
4 Beginning July 1, 1987, the board shall estimate and approve a
5 budget for the entire cost of administration of the fund
6 required each year to be contributed by the city by its regular
7 January meeting for the current fiscal year.

8 (Source: P.A. 85-964.)

9 (40 ILCS 5/8-191) (from Ch. 108 1/2, par. 8-191)

10 Sec. 8-191. Estimates of sums required for certain
11 annuities and benefits.

12 The board shall estimate the amounts required each year to
13 pay for all annuities and benefits and administrative expenses.
14 The amounts shall be paid into the fund annually by the city
15 from the required annual contributions ~~prescribed tax levy~~.

16 (Source: Laws 1963, p. 161.)

17 (40 ILCS 5/8-243.2) (from Ch. 108 1/2, par. 8-243.2)

18 Sec. 8-243.2. Alternative annuity for city officers.

19 (a) For the purposes of this Section and Sections 8-243.1
20 and 8-243.3, "city officer" means the city clerk, the city
21 treasurer, or an alderman of the city elected by vote of the
22 people, while serving in that capacity or as provided in
23 subsection (f), who has elected to participate in the Fund.

24 (b) Any elected city officer, while serving in that

1 capacity or as provided in subsection (f), may elect to
2 establish alternative credits for an alternative annuity by
3 electing in writing to make additional optional contributions
4 in accordance with this Section and the procedures established
5 by the board. Such elected city officer may discontinue making
6 the additional optional contributions by notifying the Fund in
7 writing in accordance with this Section and procedures
8 established by the board.

9 Additional optional contributions for the alternative
10 annuity shall be as follows:

11 (1) For service after the option is elected, an
12 additional contribution of 3% of salary shall be
13 contributed to the Fund on the same basis and under the
14 same conditions as contributions required under Sections
15 8-174 and 8-182.

16 (2) For service before the option is elected, an
17 additional contribution of 3% of the salary for the
18 applicable period of service, plus interest at the
19 effective rate from the date of service to the date of
20 payment. All payments for past service must be paid in full
21 before credit is given. No additional optional
22 contributions may be made for any period of service for
23 which credit has been previously forfeited by acceptance of
24 a refund, unless the refund is repaid in full with interest
25 at the effective rate from the date of refund to the date
26 of repayment.

1 (c) In lieu of the retirement annuity otherwise payable
2 under this Article, any city officer elected by vote of the
3 people who (1) has elected to participate in the Fund and make
4 additional optional contributions in accordance with this
5 Section, and (2) has attained age 55 with at least 10 years of
6 service credit, or has attained age 60 with at least 8 years of
7 service credit, may elect to have his retirement annuity
8 computed as follows: 3% of the participant's salary at the time
9 of termination of service for each of the first 8 years of
10 service credit, plus 4% of such salary for each of the next 4
11 years of service credit, plus 5% of such salary for each year
12 of service credit in excess of 12 years, subject to a maximum
13 of 80% of such salary. To the extent such elected city officer
14 has made additional optional contributions with respect to only
15 a portion of his years of service credit, his retirement
16 annuity will first be determined in accordance with this
17 Section to the extent such additional optional contributions
18 were made, and then in accordance with the remaining Sections
19 of this Article to the extent of years of service credit with
20 respect to which additional optional contributions were not
21 made.

22 (d) In lieu of the disability benefits otherwise payable
23 under this Article, any city officer elected by vote of the
24 people who (1) has elected to participate in the Fund, and (2)
25 has become permanently disabled and as a consequence is unable
26 to perform the duties of his office, and (3) was making

1 optional contributions in accordance with this Section at the
2 time the disability was incurred, may elect to receive a
3 disability annuity calculated in accordance with the formula in
4 subsection (c). For the purposes of this subsection, such
5 elected city officer shall be considered permanently disabled
6 only if: (i) disability occurs while in service as an elected
7 city officer and is of such a nature as to prevent him from
8 reasonably performing the duties of his office at the time; and
9 (ii) the board has received a written certification by at least
10 2 licensed physicians appointed by it stating that such officer
11 is disabled and that the disability is likely to be permanent.

12 (e) Refunds of additional optional contributions shall be
13 made on the same basis and under the same conditions as
14 provided under Sections 8-168, 8-170 and 8-171. Interest shall
15 be credited at the effective rate on the same basis and under
16 the same conditions as for other contributions. Optional
17 contributions shall be accounted for in a separate Elected City
18 Officer Optional Contribution Reserve. Optional contributions
19 under this Section shall be included in the amount of employee
20 contributions used to compute the required annual
21 contributions tax-levy under Section 8-173, if applicable.

22 (f) The effective date of this plan of optional alternative
23 benefits and contributions shall be July 1, 1990, or the date
24 upon which approval is received from the U.S. Internal Revenue
25 Service, whichever is later.

26 The plan of optional alternative benefits and

1 contributions shall not be available to any former city officer
2 or employee receiving an annuity from the Fund on the effective
3 date of the plan, unless he re-enters service as an elected
4 city officer and renders at least 3 years of additional service
5 after the date of re-entry. However, a person who holds office
6 as a city officer on June 1, 1995 may elect to participate in
7 the plan, to transfer credits into the Fund from other Articles
8 of this Code, and to make the contributions required for prior
9 service, until 30 days after the effective date of this
10 amendatory Act of the 92nd General Assembly, notwithstanding
11 the ending of his term of office prior to that effective date;
12 in the event that the person is already receiving an annuity
13 from this Fund or any other Article of this Code at the time of
14 making this election, the annuity shall be recalculated to
15 include any increase resulting from participation in the plan,
16 with such increase taking effect on the effective date of the
17 election.

18 (Source: P.A. 92-599, eff. 6-28-02.)

19 Section 10. The Illinois Pension Code is amended by
20 re-enacting Sections 8-137, 8-137.1, and 8-174 in the form in
21 which they existed before their amendment by Public Act 98-641
22 (which has been held to be unconstitutional), as follows:

23 (40 ILCS 5/8-137) (from Ch. 108 1/2, par. 8-137)

24 (Text of Section WITHOUT the changes made by P.A. 98-641,

1 which has been held unconstitutional)

2 Sec. 8-137. Automatic increase in annuity.

3 (a) An employee who retired or retires from service after
4 December 31, 1959 and before January 1, 1987, having attained
5 age 60 or more, shall, in January of the year after the year in
6 which the first anniversary of retirement occurs, have the
7 amount of his then fixed and payable monthly annuity increased
8 by 1 1/2%, and such first fixed annuity as granted at
9 retirement increased by a further 1 1/2% in January of each
10 year thereafter. Beginning with January of the year 1972, such
11 increases shall be at the rate of 2% in lieu of the aforesaid
12 specified 1 1/2%, and beginning with January of the year 1984
13 such increases shall be at the rate of 3%. Beginning in January
14 of 1999, such increases shall be at the rate of 3% of the
15 currently payable monthly annuity, including any increases
16 previously granted under this Article. An employee who retires
17 on annuity after December 31, 1959 and before January 1, 1987,
18 but before age 60, shall receive such increases beginning in
19 January of the year after the year in which he attains age 60.

20 An employee who retires from service on or after January 1,
21 1987 shall, upon the first annuity payment date following the
22 first anniversary of the date of retirement, or upon the first
23 annuity payment date following attainment of age 60, whichever
24 occurs later, have his then fixed and payable monthly annuity
25 increased by 3%, and such annuity shall be increased by an
26 additional 3% of the original fixed annuity on the same date

1 each year thereafter. Beginning in January of 1999, such
2 increases shall be at the rate of 3% of the currently payable
3 monthly annuity, including any increases previously granted
4 under this Article.

5 (a-5) Notwithstanding the provisions of subsection (a),
6 upon the first annuity payment date following (1) the third
7 anniversary of retirement, (2) the attainment of age 53, or (3)
8 January 1, 2002, whichever occurs latest, the monthly annuity
9 of an employee who retires on annuity prior to the attainment
10 of age 60 and has not received an increase under subsection (a)
11 shall be increased by 3%, and the annuity shall be increased by
12 an additional 3% of the current payable monthly annuity,
13 including any increases previously granted under this Article,
14 on the same date each year thereafter. The increases provided
15 under this subsection are in lieu of the increases provided in
16 subsection (a).

17 (a-6) Notwithstanding the provisions of subsections (a)
18 and (a-5), for all calendar years following the year in which
19 this amendatory Act of the 93rd General Assembly takes effect,
20 an increase in annuity under this Section that would otherwise
21 take effect at any time during the year shall instead take
22 effect in January of that year.

23 (b) Subsections (a), (a-5), and (a-6) are not applicable to
24 an employee retiring and receiving a term annuity, as herein
25 defined, nor to any otherwise qualified employee who retires
26 before he makes employee contributions (at the 1/2 of 1% rate

1 as provided in this Act) for this additional annuity for not
2 less than the equivalent of one full year. Such employee,
3 however, shall make arrangement to pay to the fund a balance of
4 such 1/2 of 1% contributions, based on his final salary, as
5 will bring such 1/2 of 1% contributions, computed without
6 interest, to the equivalent of or completion of one year's
7 contributions.

8 Beginning with January, 1960, each employee shall
9 contribute by means of salary deductions 1/2 of 1% of each
10 salary payment, concurrently with and in addition to the
11 employee contributions otherwise made for annuity purposes.

12 Each such additional contribution shall be credited to an
13 account in the prior service annuity reserve, to be used,
14 together with city contributions, to defray the cost of the
15 specified annuity increments. Any balance in such account at
16 the beginning of each calendar year shall be credited with
17 interest at the rate of 3% per annum.

18 Such additional employee contributions are not refundable,
19 except to an employee who withdraws and applies for refund
20 under this Article, and in cases where a term annuity becomes
21 payable. In such cases his contributions shall be refunded,
22 without interest, and charged to such account in the prior
23 service annuity reserve.

24 (Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02;
25 93-654, eff. 1-16-04.)

1 (40 ILCS 5/8-137.1) (from Ch. 108 1/2, par. 8-137.1)

2 (Text of Section WITHOUT the changes made by P.A. 98-641,
3 which has been held unconstitutional)

4 Sec. 8-137.1. Automatic increases in annuity for certain
5 heretofore retired participants. A retired municipal employee
6 who (a) is receiving annuity based on a service credit of 20 or
7 more years regardless of age at retirement or based on a
8 service credit of 15 or more years with retirement at age 55 or
9 over, and (b) does not qualify for the automatic increases in
10 annuity provided for in Section 8-137 of this Article, and (c)
11 elects to make a contribution to the Fund at a time and manner
12 prescribed by the Retirement Board, of a sum equal to 1% of the
13 amount of final monthly salary times the number of full years
14 of service on which the annuity was based in those cases where
15 the annuity was computed on the money purchase formula and in
16 those cases in which the annuity was computed under the minimum
17 annuity formula provisions of this Article a sum equal to 1% of
18 the average monthly salary on which the annuity was based times
19 such number of full years of service, shall have his original
20 fixed and payable monthly amount of annuity increased in
21 January of the year following the year in which he attains the
22 age of 65 years, if such age of 65 years is attained in the year
23 1969 or later, by an amount equal to 1-1/2%, and by an equal
24 additional 1-1/2% in January of each year thereafter. Beginning
25 with January of the year 1972, such increases shall be at the
26 rate of 2% in lieu of the aforesaid specified 1 1/2%, and

1 beginning January of the year 1984 such increases shall be at
2 the rate of 3%. Beginning in January of 1999, such increases
3 shall be at the rate of 3% of the currently payable monthly
4 annuity, including any increases previously granted under this
5 Article.

6 Whenever the retired municipal employee receiving annuity
7 has attained the age of 66 or more in 1969, he shall have such
8 annuity increased in January, 1970 by an amount equal to 1-1/2%
9 multiplied by the number equal to the number of months of
10 January elapsing from and including January of the year
11 immediately following the year he attained the age of 65 if
12 retired at or before age 65, or from and including January of
13 the year immediately following the year of retirement if
14 retired at an age greater than 65, to and including January,
15 1970, and by an equal additional 1-1/2% in January of each year
16 thereafter. Beginning with January of the year 1972, such
17 increases shall be at the rate of 2% in lieu of the aforesaid
18 specified 1 1/2%, and beginning January of the year 1984 such
19 increases shall be at the rate of 3%. Beginning in January of
20 1999, such increases shall be at the rate of 3% of the
21 currently payable monthly annuity, including any increases
22 previously granted under this Article.

23 To defray the annual cost of such increases, the annual
24 interest income of the Fund, accruing from investments held by
25 the Fund, exclusive of gains or losses on sales or exchanges of
26 assets during the year, over and above 4% a year, shall be used

1 to the extent necessary and available to finance the cost of
2 such increases for the following year, and such amount shall be
3 transferred as of the end of each year, beginning with the year
4 1969, to a Fund account designated as the Supplementary Payment
5 Reserve from the Investment and Interest Reserve set forth in
6 Section 8-221. The sums contributed by annuitants as provided
7 for in this Section shall also be placed in the aforesaid
8 Supplementary Payment Reserve and shall be applied and used for
9 the purposes of such Fund account, together with the aforesaid
10 interest.

11 In the event the monies in the Supplementary Payment
12 Reserve in any year arising from: (1) the available interest
13 income as defined hereinbefore and accruing in the preceding
14 year above 4% a year and (2) the contributions by retired
15 persons, as set forth hereinbefore, are insufficient to make
16 the total payments to all persons estimated to be entitled to
17 the annuity increases specified hereinbefore, then (3) any
18 interest earnings over 4% a year beginning with the year 1969
19 which were not previously used to finance such increases and
20 which were transferred to the Prior Service Annuity Reserve may
21 be used to the extent necessary and available to provide
22 sufficient funds to finance such increases for the current
23 year, and such sums shall be transferred from the Prior Service
24 Annuity Reserve.

25 In the event the total monies available in the
26 Supplementary Payment Reserve from the preceding indicated

1 sources are insufficient to make the total payments to all
2 persons entitled to such increases for the year, a
3 proportionate amount computed as the ratio of the monies
4 available to the total of the total payments for that year
5 shall be paid to each person for that year.

6 The Fund shall be obligated for the payment of the
7 increases in annuity as provided for in this Section only to
8 the extent that the assets for such purpose, as specified
9 herein, are available.

10 (Source: P.A. 90-766, eff. 8-14-98.)

11 (40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

12 (Text of Section WITHOUT the changes made by P.A. 98-641,
13 which has been held unconstitutional)

14 Sec. 8-174. Contributions for age and service annuities for
15 present employees and future entrants. (a) Beginning on the
16 effective date and prior to July 1, 1947, 3 1/4%; and beginning
17 on July 1, 1947 and prior to July 1, 1953, 5%; and beginning
18 July 1, 1953, and prior to January 1, 1972, 6%; and beginning
19 January 1, 1972, 6-1/2% of each payment of the salary of each
20 present employee and future entrant shall be contributed to the
21 fund as a deduction from salary for age and service annuity.

22 Such deductions beginning on the effective date and prior
23 to July 1, 1947 shall be made for a future entrant while he is
24 in the service until he attains age 65 and for a present
25 employee while he is in the service until the amount so

1 deducted from his salary with the amount deducted from his
2 salary or paid by him according to law to any municipal pension
3 fund in force on the effective date with interest on both such
4 amounts at 4% per annum equals the sum that would have been to
5 his credit from sums deducted from his salary if deductions at
6 the rate herein stated had been made during his entire service
7 until he attained age 65 with interest at 4% per annum for the
8 period subsequent to his attainment of age 65. Such deductions
9 beginning July 1, 1947 shall be made and continued for
10 employees while in the service.

11 (b) Concurrently with each employee contribution beginning
12 on the effective date and prior to July 1, 1947 the city shall
13 contribute 5 3/4%; and beginning on July 1, 1947 and prior to
14 July 1, 1953, 7%; and beginning July 1, 1953, 6% of each
15 payment of such salary until the employee attains age 65.

16 (c) Each employee contribution made prior to the date the
17 age and service annuity for an employee is fixed and each
18 corresponding city contribution shall be credited to the
19 employee and allocated to the account of the employee for whose
20 benefit it is made.

21 (Source: P.A. 93-654, eff. 1-16-04.)

22 (40 ILCS 5/8-173.1 rep.)

23 (40 ILCS 5/8-174.2 rep.)

24 Section 15. The Illinois Pension Code is amended by
25 repealing Sections 8-173.1 and 8-174.2, as added by Public Act

1 98-641 (which has been held to be unconstitutional).

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.".