

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 6-150, 6-152, 6-158, 6-164, 6-166, 6-167, and 6-229 as
6 follows:

7 (40 ILCS 5/6-150) (from Ch. 108 1/2, par. 6-150)

8 Sec. 6-150. Death benefit.

9 (a) Effective January 1, 1962, an ordinary death benefit
10 shall be payable on account of any fireman in service and in
11 receipt of salary on or after such date, which benefit shall be
12 in addition to all other annuities and benefits herein
13 provided. This benefit shall be payable upon death of a
14 fireman:

15 (1) occurring in active service while in receipt of
16 salary;

17 (2) on an authorized and approved leave of absence,
18 without salary, beginning on or after January 1, 1962, if
19 the death occurs within 60 days from the date the fireman
20 was in receipt of salary;

21 (3) receiving duty, occupational disease, or ordinary
22 disability benefit;

23 (4) occurring within 60 days from the date of

1 termination of duty disability, occupational disease
2 disability or ordinary disability benefit payments if
3 re-entry into service had not occurred; or

4 (5) occurring on retirement and while in receipt of an
5 age and service annuity, prior service annuity, Tier 2
6 monthly retirement annuity, or minimum annuity; provided

7 (a) retirement on such annuity occurred on or after January
8 1, 1962, and (b) such separation from service was effective
9 on or after the fireman's attainment of age 50, and (c)
10 application for such annuity was made within 60 days after
11 separation from service.

12 (b) The ordinary death benefit shall be payable to such
13 beneficiary or beneficiaries as the fireman has nominated by
14 written direction duly signed and acknowledged before an
15 officer authorized to take acknowledgments, and filed with the
16 board. If no such written direction has been filed or if the
17 designated beneficiaries do not survive the fireman, payment of
18 the benefit shall be made to his estate.

19 (c) Beginning July 1, 1983, if death occurs prior to
20 retirement on annuity and before the fireman's attainment of
21 age 50, the amount of the benefit payable shall be \$12,000.
22 Beginning July 1, 1983, if death occurs prior to retirement, at
23 age 50 or over, the benefit of \$12,000 shall be reduced \$400
24 for each year (commencing on the fireman's attainment of age 50
25 and thereafter on each succeeding birth date) that the
26 fireman's age, at date of death, is more than age 49, but in no

1 event below the amount of \$6,000.

2 Beginning July 1, 1983, if the fireman's death occurs while
3 he is in receipt of an annuity, the benefit shall be \$6,000.

4 (Source: P.A. 83-152.)

5 (40 ILCS 5/6-152) (from Ch. 108 1/2, par. 6-152)

6 Sec. 6-152. Ordinary disability benefits. Any fireman who
7 is not eligible for minimum annuity or Tier 2 monthly
8 retirement annuity, and who becomes disabled after the
9 effective date as the result of any cause other than the
10 performance of an act or acts of duty, shall have a right to
11 receive ordinary disability benefit during any period or
12 periods of such disability, after the first 30 days of
13 disability. Payment of such benefits shall not exceed, in the
14 aggregate, throughout the entire service of the fireman, a
15 period equal to 1/2 of the total service rendered by him prior
16 to the time he became disabled, but not to exceed 5 years. In
17 computing such period of service, the time that the fireman
18 received ordinary disability benefit shall not be included.

19 The first payment of the benefit shall be made not later
20 than one month after the benefit is granted and each subsequent
21 payment shall be made not later than one month after the time
22 when the latest payment was made.

23 When a disabled fireman becomes eligible for minimum
24 annuity or Tier 2 monthly retirement annuity, the disability
25 benefit shall cease and he shall thereafter receive such

1 annuity or annuities as are provided for him in accordance with
2 other provisions of this Article.

3 Ordinary disability benefit shall be 50% of the fireman's
4 salary at the time the disability occurs. Before any payment is
5 made, a sum ordinarily deducted from the fireman's salary for
6 annuity purposes during a period of time equal to that for
7 which such payment of ordinary disability benefit is to be made
8 shall be deducted from such payment and credited to him as a
9 deduction from his salary for such period. The sums so credited
10 shall be regarded, for annuity and refund purposes, as sums
11 contributed by the fireman.

12 (Source: P.A. 84-11.)

13 (40 ILCS 5/6-158) (from Ch. 108 1/2, par. 6-158)

14 Sec. 6-158. Refund - General.

15 (a) A fireman who withdraws before age 50 and a fireman
16 with less than 10 years of service who withdraws before age 57,
17 or any fireman who withdraws and enters the service of another
18 department of the city, has a right to a refund of the entire
19 amount to his credit as of the date of withdrawal for age and
20 service annuity or Tier 2 monthly retirement annuity, for
21 automatic annual increase in annuity as provided in Section
22 6-164, and for widow's annuity or Tier 2 surviving spouse's
23 annuity, from deductions from salary.

24 (b) Any such fireman shall be entitled to refund until he
25 re-enters service or until his annuity is fixed.

1 (c) A fireman who receives a refund forfeits all rights to
2 any annuity or benefit from the fund, for himself and for any
3 other person who might benefit through him because of his
4 service, provided he shall retain the right to credit for any
5 such service, for the purpose of computing his total service if
6 he re-enters service before age 57, becomes a beneficiary of
7 the fund and makes repayment of the refund with interest.

8 (d) A fireman completing 10 years of service who does not
9 receive a refund, may receive an annuity as provided in this
10 Article.

11 (e) A fireman completing less than 10 years who does not
12 receive a refund has a right to have all amounts to his credit
13 for annuity purposes on the date of withdrawal improved by
14 interest while he is out of service until age 57 only, for his
15 benefit and the benefit of any person who may have any right to
16 annuity through him, if he subsequently reenters service and
17 attains a right to annuity.

18 (Source: Laws 1965, p. 2464.)

19 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

20 Sec. 6-164. Automatic annual increase; retirement after
21 September 1, 1959.

22 (a) A fireman qualifying for a minimum annuity who retires
23 from service after September 1, 1959 shall, upon either the
24 first of the month following the first anniversary of his date
25 of retirement if he is age 60 (age 55 if born before January 1,

1 1955) or over on that anniversary date, or upon the first of
2 the month following his attainment of age 60 (age 55 if born
3 before January 1, 1955) if that occurs after the first
4 anniversary of his retirement date, have his then fixed and
5 payable monthly annuity increased by 1 1/2%, and such first
6 fixed annuity as granted at retirement increased by an
7 additional 1 1/2% in January of each year thereafter up to a
8 maximum increase of 30%. Beginning July 1, 1982 for firemen
9 born before January 1, 1930, and beginning January 1, 1990 for
10 firemen born after December 31, 1929 and before January 1,
11 1940, and beginning January 1, 1996 for firemen born after
12 December 31, 1939 but before January 1, 1945, and beginning
13 January 1, 2004, for firemen born after December 31, 1944 but
14 before January 1, 1955, such increases shall be 3% and such
15 firemen shall not be subject to the 30% maximum increase.

16 Any fireman born before January 1, 1945 who qualifies for a
17 minimum annuity and retires after September 1, 1967 but has not
18 received the initial increase under this subsection before
19 January 1, 1996 is entitled to receive the initial increase
20 under this subsection on (1) January 1, 1996, (2) the first
21 anniversary of the date of retirement, or (3) attainment of age
22 55, whichever occurs last. The changes to this Section made by
23 this amendatory Act of 1995 apply beginning January 1, 1996 and
24 apply without regard to whether the fireman or annuitant
25 terminated service before the effective date of this amendatory
26 Act of 1995.

1 Any fireman born before January 1, 1955 who qualifies for a
2 minimum annuity and retires after September 1, 1967 but has not
3 received the initial increase under this subsection before
4 January 1, 2004 is entitled to receive the initial increase
5 under this subsection on (1) January 1, 2004, (2) the first
6 anniversary of the date of retirement, or (3) attainment of age
7 55, whichever occurs last. The changes to this Section made by
8 this amendatory Act of the 93rd General Assembly apply without
9 regard to whether the fireman or annuitant terminated service
10 before the effective date of this amendatory Act.

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

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

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

1 year shall be credited with interest at the rate of 3% per
2 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: (i) the a fireman withdraws prior to qualification
6 for minimum annuity or Tier 2 monthly retirement annuity and
7 applies for refund, (ii) the fireman or applies for an annuity
8 of a type that is not subject to annual increases under this
9 Section, or (iii), and also where a term annuity becomes
10 payable. In such cases, the total of such salary deductions
11 shall be refunded to the fireman, without interest, and charged
12 to the aforementioned reserve.

13 (d) Notwithstanding any other provision of this Article,
14 the Tier 2 monthly retirement annuity of a person who first
15 becomes a fireman under this Article on or after January 1,
16 2011 shall be increased on the January 1 occurring either on or
17 after (i) the attainment of age 60 or (ii) the first
18 anniversary of the annuity start date, whichever is later. Each
19 annual increase shall be calculated at 3% or one-half the
20 annual unadjusted percentage increase (but not less than zero)
21 in the consumer price index-u for the 12 months ending with the
22 September preceding each November 1, whichever is less, of the
23 originally granted retirement annuity. If the annual
24 unadjusted percentage change in the consumer price index-u for
25 a 12-month period ending in September is zero or, when compared
26 with the preceding period, decreases, then the annuity shall

1 not be increased.

2 For the purposes of this subsection (d), "consumer price
3 index-u" means the index published by the Bureau of Labor
4 Statistics of the United States Department of Labor that
5 measures the average change in prices of goods and services
6 purchased by all urban consumers, United States city average,
7 all items, 1982-84 = 100. The new amount resulting from each
8 annual adjustment shall be determined by the Public Pension
9 Division of the Department of Insurance and made available to
10 the boards of the pension funds by November 1 of each year.

11 (Source: P.A. 96-1495, eff. 1-1-11.)

12 (40 ILCS 5/6-166) (from Ch. 108 1/2, par. 6-166)

13 Sec. 6-166. Contributions for age and service annuities or
14 Tier 2 monthly retirement annuities for present employees and
15 future entrants.

16 (a) After the effective date and prior to July 1, 1953, 3
17 1/2%, and after June 30, 1953, and prior to September 1, 1959,
18 6%, and beginning September 1, 1959, 7 1/8% of each payment of
19 the salary of each present employee and future entrant shall be
20 deducted and contributed to the fund for age and service
21 annuity or Tier 2 monthly retirement annuity. The deductions
22 shall be made at the time payments of salary are payable and
23 shall continue while the employee is in service.

24 Concurrently with each such contribution, the city shall
25 contribute 8 1/2% of each payment of salary, but the city

1 contributions shall cease for all employees upon their
2 attainment of age 63.

3 (b) Each contribution by the employee and the city shall be
4 allocated to the account of and credited to the employee, and
5 shall be improved by interest at the applicable rate during the
6 time he is in service until the age and service annuity is
7 fixed. Any accretion, by way of interest or otherwise, upon
8 such sum or any deduction from salary made after the annuity is
9 fixed for a present employee or after attainment of age 63 by a
10 future entrant who first becomes a fireman under this Article
11 before January 1, 2011 shall not be credited to the employee
12 for age and service annuity.

13 (Source: P.A. 76-1668.)

14 (40 ILCS 5/6-167) (from Ch. 108 1/2, par. 6-167)

15 Sec. 6-167. Contributions for widow's annuity and Tier 2
16 surviving spouse's annuity. Beginning on the effective date and
17 prior to September 1, 1957, 1% of each payment of salary of not
18 more than \$3,000 of each employee and beginning September 1,
19 1957, 1% of each payment of salary of not more than \$6,000 of
20 each present employee and future entrant shall be deducted and
21 contributed to the fund for widow's annuity. After September 1,
22 1967 and prior to January 1, 1976, 1%, and beginning January 1,
23 1976, 1 1/2% of salary without limitation shall be deducted
24 from the pay of each present employee and future entrant and
25 contributed to the fund for widow's annuity or Tier 2 surviving

1 spouse's annuity. The deduction shall be made at the time the
2 payments of salary are payable and shall continue during the
3 service of the employee.

4 Concurrently with each contribution, the city shall
5 contribute 2% of each payment of salary.

6 Each contribution by the employee and the city shall be
7 allocated to the accounts of and credited to the employee for
8 widow's annuity or Tier 2 surviving spouse's annuity.

9 (Source: P.A. 79-633.)

10 (40 ILCS 5/6-229)

11 Sec. 6-229. Provisions applicable to new hires; Tier 2.

12 (a) Notwithstanding any other provision of this Article,
13 the provisions of this Section apply to a person who first
14 becomes a fireman under this Article on or after January 1,
15 2011, and to certain qualified survivors of such a fireman.
16 Such persons, and the benefits and restrictions that apply
17 specifically to them under this Article, may be referred to as
18 "Tier 2".

19 (b) A fireman who has withdrawn from service, has attained
20 age 50 ~~55~~ or more, and who has 10 or more years of service in
21 that capacity shall be entitled, upon proper application being
22 received by the Fund, at his option to receive a Tier 2 monthly
23 retirement annuity for his service as a fireman. The Tier 2
24 monthly retirement annuity shall be computed by multiplying
25 2.5% for each year of such service by his or her final average

1 salary, subject to an annuity reduction factor of. ~~The~~
2 ~~retirement annuity of a fireman who is retiring after attaining~~
3 ~~age 50 with 10 or more years of creditable service shall be~~
4 ~~reduced by~~ one-half of 1% for each month that the fireman's age
5 at retirement is under age 55. The Tier 2 monthly retirement
6 annuity is in lieu of any age and service annuity or other form
7 of retirement annuity under this Article.

8 The maximum retirement annuity under this subsection (b)
9 shall be 75% of final average salary.

10 For the purposes of this subsection (b), "final average
11 salary" means the average monthly salary obtained by dividing
12 the total salary of the fireman during the 96 consecutive
13 months of service within the last 120 months of service in
14 which the total salary was the highest by the number of months
15 of service in that period.

16 Beginning on January 1, 2011, for all purposes under this
17 Code (including without limitation the calculation of benefits
18 and employee contributions), the annual salary based on the
19 plan year of a member or participant to whom this Section
20 applies shall not exceed \$106,800; however, that amount shall
21 annually thereafter be increased by the lesser of (i) 3% of
22 that amount, including all previous adjustments, or (ii)
23 one-half the annual unadjusted percentage increase (but not
24 less than zero) in the consumer price index-u for the 12 months
25 ending with the September preceding each November 1, including
26 all previous adjustments.

1 (b-5) For the purposes of this Section, "consumer price
2 index-u" means the index published by the Bureau of Labor
3 Statistics of the United States Department of Labor that
4 measures the average change in prices of goods and services
5 purchased by all urban consumers, United States city average,
6 all items, 1982-84 = 100. The new amount resulting from each
7 annual adjustment shall be determined by the Public Pension
8 Division of the Department of Insurance and made available to
9 the boards of the retirement systems and pension funds by
10 November 1 of each year.

11 (c) Notwithstanding any other provision of this Article,
12 for a person who first becomes a fireman under this Article on
13 or after January 1, 2011, eligibility for and the amount of the
14 annuity to which the qualified surviving spouse, children, and
15 ~~or~~ parents of the fireman are entitled under this subsection

16 (c) shall be determined as follows:

17 (1) The surviving spouse of a deceased fireman to whom
18 this Section applies shall be deemed qualified to receive a
19 Tier 2 surviving spouse's annuity under this paragraph (1)
20 if: (i) the deceased fireman meets the requirements
21 specified under subdivision (A) or (B) of this paragraph
22 (1); and (ii) the surviving spouse would not otherwise be
23 excluded from receiving a widow's annuity under the
24 eligibility requirements for a widow's annuity set forth in
25 Section 6-142. The Tier 2 surviving spouse's annuity is in
26 lieu of the widow's annuity determined under any other

1 Section of this Article and is subject to the requirements
2 of Section 6-143.2.

3 As used in this subsection (c), "earned pension" means
4 a Tier 2 monthly retirement annuity determined under
5 subsection (b) of this Section, including any increases the
6 fireman had received pursuant to Section 6-164.

7 (A) If the deceased fireman was receiving an earned
8 pension at the date of his or her death, the Tier 2
9 surviving spouse's annuity under this paragraph (1)
10 shall be in the amount of 66 2/3% of the fireman's
11 earned pension at the date of death.

12 (B) If the deceased fireman was not receiving an
13 earned pension but had at least 10 years of service at
14 the time of death, the Tier 2 surviving spouse's
15 annuity under this paragraph (1) shall be in the amount
16 of 66 2/3% of the Tier 2 monthly retirement annuity
17 that the deceased fireman would have been eligible to
18 receive under subsection (b) of this Section, based
19 upon the actual service accrued through the day before
20 the fireman's death, but determined as though the
21 fireman was at least age 55 on the day before his or
22 her death and retired on that day.

23 (C) Notwithstanding any other provision of this
24 Article, the monthly Tier 2 surviving spouse's annuity
25 under subdivision (A) or (B) of this paragraph (1) ~~of a~~
26 survivor of a person who first becomes a fireman under

1 ~~this Article on or after January 1, 2011~~ shall be
2 increased on the January 1 next occurring after (i)
3 attainment of age 60 by the recipient of the Tier 2
4 surviving spouse's annuity or (ii) the first
5 anniversary of the Tier 2 surviving spouse's annuity
6 start date, whichever is later, ~~survivor's pension~~ and
7 on each January 1 thereafter, by 3% or one-half the
8 annual unadjusted percentage increase in the consumer
9 price index-u for the 12 months ending with September
10 preceding each November 1, whichever is less, of the
11 originally granted Tier 2 surviving spouse's
12 ~~survivor's~~ annuity. If the annual unadjusted
13 percentage change in the consumer price index-u for a
14 12-month period ending in September is zero or, when
15 compared with the preceding period, decreases, then
16 the annuity shall not be increased.

17 (D) Notwithstanding the other provisions of this
18 paragraph (1), for a qualified surviving spouse who is
19 entitled to a Tier 2 surviving spouse's annuity under
20 subdivision (A) or (B) of this paragraph (1), that Tier
21 2 surviving spouse's annuity shall not be less than the
22 amount of the minimum widow's annuity established from
23 time to time under Section 6-128.4.

24 (2) Surviving children of a deceased fireman subject to
25 this Section who would otherwise meet the eligibility
26 requirements for a child's annuity set forth in Sections

1 6-147 and 6-148 shall be deemed qualified to receive a Tier
2 2 child's annuity under this subsection (c), which shall be
3 in lieu of, but in the same amount and paid in the same
4 manner as, the child's annuity provided under those
5 Sections; except that any salary used for computing a Tier
6 2 child's annuity shall be subject to the Tier 2 salary cap
7 provided under subsection (b) of this Section. For purposes
8 of determining any pro rata reduction in child's annuities
9 under this subsection (c), references in Section 6-148 to
10 the combined annuities of the family shall be deemed to
11 refer to the combined Tier 2 surviving spouse's annuity, if
12 any, and the Tier 2 child's annuities payable under this
13 subsection (c).

14 (3) Surviving parents of a deceased fireman subject to
15 this Section who would otherwise meet the eligibility
16 requirements for a parent's annuity set forth in Section
17 6-149 shall be deemed qualified to receive a Tier 2
18 parent's annuity under this subsection (c), which shall be
19 in lieu of, but in the same amount and paid in the same
20 manner as, the parent's annuity provided under Section
21 6-149; except that any salary used for computing a Tier 2
22 parent's annuity shall be subject to the Tier 2 salary cap
23 provided under subsection (b) of this Section. For the
24 purposes of this Section, a reference to "annuity" in
25 Section 6-149 includes: (i) in the context of a widow, a
26 Tier 2 surviving spouse's annuity and (ii) in the context

1 of a child, a Tier 2 child's annuity.

2 (d) The General Assembly finds and declares that the
3 provisions of this Section, as enacted by Public Act 96-1495,
4 require clarification relating to necessary eligibility
5 standards and the manner of determining and paying the intended
6 Tier 2 benefits and contributions in order to enable the Fund
7 to unambiguously implement and administer benefits for Tier 2
8 members. The changes to this Section and the conforming changes
9 to Sections 6-150, 6-152, 6-158, 6-164, 6-166, and 6-167 made
10 by this amendatory Act of the 99th General Assembly are enacted
11 to clarify the provisions of this Section as enacted by Public
12 Act 96-1495, and are hereby declared to represent and be
13 consistent with the original and continuing intent of this
14 Section and Public Act 96-1495.

15 (e) The changes made by this amendatory Act of the 99th
16 General Assembly are intended to be retroactive to January 1,
17 2011 (the effective date of Public Act 96-1495) and, for the
18 purposes of Section 1-103.1 of this Code, they apply without
19 regard to whether the relevant fireman was in service on or
20 after the effective date of this amendatory Act of the 99th
21 General Assembly.

22 (Source: P.A. 96-1495, eff. 1-1-11.)