

1 AN ACT in relation to 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
5 changing Sections 5-167.1 and 5-167.2 as follows:

6 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

7 Sec. 5-167.1. Automatic increase in annuity; retirement
8 from service after September 1, 1967.

9 (a) A policeman who retires from service after September
10 1, 1967 with at least 20 years of service credit shall, upon
11 either the first of the month following the first anniversary
12 of his date of retirement if he is age 60 (age 55 if born
13 before January 1, 1945) or over on that anniversary date, or
14 upon the first of the month following his attainment of age
15 60 (age 55 if born before January 1, 1945) if it occurs after
16 the first anniversary of his retirement date, have his then
17 fixed and payable monthly annuity increased by 1 1/2% and
18 such first fixed annuity as granted at retirement increased
19 by an additional 1 1/2% in January of each year thereafter up
20 to a maximum increase of 30%. Beginning January 1, 1983 for
21 policemen born before January 1, 1930, and beginning January
22 1, 1988 for policemen born on or after January 1, 1930 but
23 before January 1, 1940, and beginning January 1, 1996 for
24 policemen born on or after January 1, 1940 but before January
25 1, 1945, such increases shall be 3% and such policemen shall
26 not be subject to the 30% maximum increase.

27 Beginning January 1, 2002, regardless of the policeman's
28 date of birth, all annual increases under this subsection
29 shall be at the rate of 3% of the current amount of the
30 annuity, including any previous increases granted under this
31 Article, and the 30% maximum no longer applies.

1 Notwithstanding the other provisions of this subsection,
2 any policeman who qualifies for a minimum annuity and retires
3 after September 1, 1967 but has not received the initial
4 increase under this subsection before January 1, 2002 is
5 entitled to receive the initial increase under this
6 subsection on (1) January 1, 2002, (2) the first anniversary
7 of the date of retirement, or (3) attainment of age 55,
8 whichever occurs last. The changes to this Section made by
9 this amendatory Act of the 92nd General Assembly apply
10 without regard to whether the policeman or annuitant
11 terminated service before the effective date of this
12 amendatory Act.

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

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

26 (c) To help defray the cost of such increases in
27 annuity, there shall be deducted, beginning September 1,
28 1967, from each payment of salary to a policeman, 1/2 of 1%
29 of each salary payment concurrently with and in addition to
30 the salary deductions otherwise made for annuity purposes.

31 The city, in addition to the contributions otherwise made
32 by it for annuity purposes under other provisions of this
33 Article, shall make matching contributions concurrently with
34 such salary deductions.

1 Each such 1/2 of 1% deduction from salary and each such
2 contribution by the city of 1/2 of 1% of salary shall be
3 credited to the Automatic Increase Reserve, to be used to
4 defray the cost of the 1 1/2% annuity increase provided by
5 this Section. Any balance in such reserve as of the
6 beginning of each calendar year shall be credited with
7 interest at the rate of 3% per annum.

8 Such deductions from salary and city contributions shall
9 continue while the policeman is in service.

10 The salary deductions provided in this Section are not
11 subject to refund, except to the policeman himself, in any
12 case in which a policeman withdraws prior to qualification
13 for minimum annuity and applies for refund or applies for
14 annuity, and also where a term annuity becomes payable. In
15 such cases, the total of such salary deductions shall be
16 refunded to the policeman, without interest, and charged to
17 the Automatic Increase Reserve.

18 (Source: P.A. 89-12, eff. 4-20-95.)

19 (40 ILCS 5/5-167.2) (from Ch. 108 1/2, par. 5-167.2)

20 Sec. 5-167.2. Retirement before September 1, 1967. A
21 retired policeman, qualifying for minimum annuity or who
22 retired from service with 20 or more years of service, before
23 September 1, 1967, shall, in January of the year following
24 the year he attains the age of 65, or in January of the year
25 1970, if then more than 65 years of age, have his then fixed
26 and payable monthly annuity increased by an amount equal to
27 2% of the original grant of annuity, for each year the
28 policeman was in receipt of annuity payments after the year
29 in which he attains, or did attain the age of 63. An
30 additional 2% increase in such then fixed and payable
31 original granted annuity shall accrue in each January
32 thereafter. Beginning January 1, 1986, the rate of such
33 increase shall be 3% instead of 2%. Beginning January 1,

1 2002, all annual increases under this paragraph shall be at
2 the rate of 3% of the current amount of the annuity,
3 including any previous increases granted under this Article.
4 The change made to this Section by this amendatory Act of the
5 92nd General Assembly is not limited to persons in service on
6 or after its effective date.

7 The provisions of the preceding paragraph of this Section
8 apply only to a retired policeman eligible for such increases
9 in his annuity who contributes to the Fund a sum equal to \$5
10 for each full year of credited service upon which his annuity
11 was computed. All such sums contributed shall be placed in a
12 Supplementary Payment Reserve and shall be used for the
13 purposes of such Fund account.

14 Beginning with the monthly annuity payment due in July,
15 1982, the fixed and granted monthly annuity payment for any
16 policeman who retired from the service, before September 1,
17 1976, at age 50 or over with 20 or more years of service and
18 entitled to an annuity on January 1, 1974, shall be not less
19 than \$400. It is the intent of the General Assembly that the
20 change made in this Section by this amendatory Act of 1982
21 shall apply retroactively to July 1, 1982.

22 Beginning with the monthly annuity payment due on January
23 1, 1986, the fixed and granted monthly annuity payment for
24 any policeman who retired from the service before January 1,
25 1986, at age 50 or over with 20 or more years of service, or
26 any policeman who retired from service due to termination of
27 disability and who is entitled to an annuity on January 1,
28 1986, shall be not less than \$475.

29 Beginning with the monthly annuity payment due on January
30 1, 1992, the fixed and granted monthly annuity payment for
31 any policeman who retired from the service before January 1,
32 1992, at age 50 or over with 20 or more years of service, and
33 for any policeman who retired from service due to termination
34 of disability and who is entitled to an annuity on January 1,

1 1992, shall be not less than \$650.

2 Beginning with the monthly annuity payment due on January
3 1, 1993, the fixed and granted monthly annuity payment for
4 any policeman who retired from the service before January 1,
5 1993, at age 50 or over with 20 or more years of service, and
6 for any policeman who retired from service due to termination
7 of disability and who is entitled to an annuity on January 1,
8 1993, shall be not less than \$750.

9 Beginning with the monthly annuity payment due on January
10 1, 1994, the fixed and granted monthly annuity payment for
11 any policeman who retired from the service before January 1,
12 1994, at age 50 or over with 20 or more years of service, and
13 for any policeman who retired from service due to termination
14 of disability and who is entitled to an annuity on January 1,
15 1994, shall be not less than \$850.

16 The difference in amount between the original fixed and
17 granted monthly annuity of any such policeman on the date of
18 his retirement from the service and the monthly annuity
19 provided for in the immediately preceding paragraph shall be
20 paid as a supplement in the manner set forth in the
21 immediately following paragraph.

22 To defray the annual cost of the increases indicated in
23 the preceding part of this Section, the annual interest
24 income accruing from investments held by this Fund, exclusive
25 of gains or losses on sales or exchanges of assets during the
26 year, over and above 4% a year shall be used to the extent
27 necessary and available to finance the cost of such increases
28 for the following year and such amount shall be transferred
29 as of the end of each year beginning with the year 1969 to a
30 Fund account designated as the Supplementary Payment Reserve
31 from the Interest and Investment Reserve set forth in Section
32 5-207.

33 In the event the funds in the Supplementary Payment
34 Reserve in any year arising from: (1) the interest income

1 accruing in the preceding year above 4% a year and (2) the
2 contributions by retired persons are insufficient to make the
3 total payments to all persons entitled to the annuity
4 specified in this Section and (3) any interest earnings over
5 4% a year beginning with the year 1969 which were not
6 previously used to finance such increases and which were
7 transferred to the Prior Service Annuity Reserve, may be used
8 to the extent necessary and available to provide sufficient
9 funds to finance such increases for the current year and such
10 sums shall be transferred from the Prior Service Annuity
11 Reserve. In the event the total money available in the
12 Supplementary Payment Reserve from such sources are
13 insufficient to make the total payments to all persons
14 entitled to such increases for the year, a proportionate
15 amount computed as the ratio of the money available to the
16 total of the total payments specified for that year shall be
17 paid to each person for that year.

18 The Fund shall be obligated for the payment of the
19 increases in annuity as provided for in this Section only to
20 the extent that the assets for such purpose are available.

21 (Source: P.A. 91-357, eff. 7-29-99.)

22 Section 90. The State Mandates Act is amended by adding
23 Section 8.25 as follows:

24 (30 ILCS 805/8.25 new)

25 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6
26 and 8 of this Act, no reimbursement by the State is required
27 for the implementation of any mandate created by this
28 amendatory Act of the 92nd General Assembly.

29 Section 99. Effective date. This Act takes effect upon
30 becoming law.