



## 100TH GENERAL ASSEMBLY

### State of Illinois

### 2017 and 2018

### SB2525

Introduced 2/6/2018, by Sen. Bill Cunningham

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1  
30 ILCS 805/8.42 new

from Ch. 108 1/2, par. 5-167.1

Amends the Chicago Police Article of the Illinois Pension Code. Provides that for a policeman who retires from service after September 1, 1967 with at least 20 years of service credit and attains age 75 on or after the effective date of the amendatory Act, any 3% automatic increase in annuity shall be compounded beginning with the increase following attainment of age 75. Specifies that for a policeman who attained age 75 before the effective date of the amendatory Act, any 3% automatic increase in annuity following the effective date of the amendatory Act shall be compounded. Provides that the changes made by the amendatory Act apply without regard to whether the policeman or annuitant terminated service before the effective date of the amendatory Act. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

LRB100 17231 RPS 32390 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 5-167.1 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 1,  
10 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 before  
13 January 1, 1966) or over on that anniversary date, or upon the  
14 first of the month following his attainment of age 60 (age 55  
15 if born before January 1, 1966) if it 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 January 1, 1983 for  
21 policemen born before January 1, 1930, and beginning January 1,  
22 1988 for policemen born on or after January 1, 1930 but before  
23 January 1, 1940, and beginning January 1, 1996 for policemen

1 born on or after January 1, 1940 but before January 1, 1945,  
2 and beginning January 1, 2000 for policemen born on or after  
3 January 1, 1945 but before January 1, 1950, and beginning  
4 January 1, 2005 for policemen born on or after January 1, 1950  
5 but before January 1, 1955, and beginning January 1, 2017 for  
6 policemen born on or after January 1, 1955 but before January  
7 1, 1966, such increases shall be 3% and such policemen shall  
8 not be subject to the 30% maximum increase.

9 Notwithstanding any other provision of this subsection,  
10 for a policeman who retires from service after September 1,  
11 1967 with at least 20 years of service credit and attains age  
12 75 on or after the effective date of this amendatory Act of the  
13 100th General Assembly, any 3% increase under this subsection  
14 shall be compounded beginning with the 3% increase following  
15 attainment of age 75. For a policeman who attained age 75  
16 before the effective date of this amendatory Act of the 100th  
17 General Assembly, any 3% increase following the effective date  
18 of this amendatory Act of the 100th General Assembly shall be  
19 compounded. The changes to this Section made by this amendatory  
20 Act of the 100th General Assembly apply without regard to  
21 whether the policeman or annuitant terminated service before  
22 the effective date of this amendatory Act of the 100th General  
23 Assembly.

24 Any policeman born before January 1, 1945 who qualifies for  
25 a minimum annuity and retires after September 1, 1967 but has  
26 not received the initial increase under this subsection before

1 January 1, 1996 is entitled to receive the initial increase  
2 under this subsection on (1) January 1, 1996, (2) the first  
3 anniversary of the date of retirement, or (3) attainment of age  
4 55, whichever occurs last. The changes to this Section made by  
5 Public Act 89-12 apply beginning January 1, 1996 and without  
6 regard to whether the policeman or annuitant terminated service  
7 before the effective date of that Act.

8 Any policeman born before January 1, 1950 who qualifies for  
9 a minimum annuity and retires after September 1, 1967 but has  
10 not received the initial increase under this subsection before  
11 January 1, 2000 is entitled to receive the initial increase  
12 under this subsection on (1) January 1, 2000, (2) the first  
13 anniversary of the date of retirement, or (3) attainment of age  
14 55, whichever occurs last. The changes to this Section made by  
15 this amendatory Act of the 92nd General Assembly apply without  
16 regard to whether the policeman or annuitant terminated service  
17 before the effective date of this amendatory Act.

18 Any policeman born before January 1, 1955 who qualifies for  
19 a minimum annuity and retires after September 1, 1967 but has  
20 not received the initial increase under this subsection before  
21 January 1, 2005 is entitled to receive the initial increase  
22 under this subsection on (1) January 1, 2005, (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 94th General Assembly apply without  
26 regard to whether the policeman or annuitant terminated service

1 before the effective date of this amendatory Act.

2 Any policeman born before January 1, 1966 who qualifies for  
3 a minimum annuity and retires after September 1, 1967 but has  
4 not received the initial increase under this subsection before  
5 January 1, 2017 is entitled to receive an initial increase  
6 under this subsection on (1) January 1, 2017, (2) the first  
7 anniversary of the date of retirement, or (3) attainment of age  
8 55, whichever occurs last, in an amount equal to 3% for each  
9 complete year following the date of retirement or attainment of  
10 age 55, whichever occurs later. The changes to this subsection  
11 made by this amendatory Act of the 99th General Assembly apply  
12 without regard to whether the policeman or annuitant terminated  
13 service before the effective date of this amendatory Act.

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

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

21 The city, in addition to the contributions otherwise made  
22 by it for annuity purposes under other provisions of this  
23 Article, shall make matching contributions concurrently with  
24 such salary deductions.

25 Each such 1/2 of 1% deduction from salary and each such  
26 contribution by the city of 1/2 of 1% of salary shall be

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

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

8 The salary deductions provided in this Section are not  
9 subject to refund, except to the policeman himself, in any case  
10 in which: (i) the policeman withdraws prior to qualification  
11 for minimum annuity or Tier 2 monthly retirement annuity and  
12 applies for refund, (ii) the policeman applies for an annuity  
13 of a type that is not subject to annual increases under this  
14 Section, or (iii) a term annuity becomes payable. In such  
15 cases, the total of such salary deductions shall be refunded to  
16 the policeman, without interest, and charged to the Automatic  
17 Increase Reserve.

18 (d) Notwithstanding any other provision of this Article,  
19 the Tier 2 monthly retirement annuity of a person who first  
20 becomes a policeman under this Article on or after the  
21 effective date of this amendatory Act of the 97th General  
22 Assembly shall be increased on the January 1 occurring either  
23 on or after (i) the attainment of age 60 or (ii) the first  
24 anniversary of the annuity start date, whichever is later. Each  
25 annual increase shall be calculated at 3% or one-half the  
26 annual unadjusted percentage increase (but not less than zero)

1 in the consumer price index-u for the 12 months ending with the  
2 September preceding each November 1, whichever is less, of the  
3 originally granted retirement annuity. If the annual  
4 unadjusted percentage change in the consumer price index-u for  
5 a 12-month period ending in September is zero or, when compared  
6 with the preceding period, decreases, then the annuity shall  
7 not be increased.

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

17 (Source: P.A. 99-905, eff. 11-29-16.)

18 Section 90. The State Mandates Act is amended by adding  
19 Section 8.42 as follows:

20 (30 ILCS 805/8.42 new)

21 Sec. 8.42. Exempt mandate. Notwithstanding Sections 6 and 8  
22 of this Act, no reimbursement by the State is required for the  
23 implementation of any mandate created by this amendatory Act of  
24 the 100th General Assembly.

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