

AN ACT concerning public employee benefits.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Pension Code is amended by changing Section 5-167.1 as follows:

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

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

(a) A policeman who retires from service after September 1, 1967 with at least 20 years of service credit shall, upon either the first of the month following the first anniversary of his date of retirement if he is age 60 (age 55 if born before January 1, 1955) or over on that anniversary date, or upon the first of the month following his attainment of age 60 (age 55 if born before January 1, 1955) if it occurs after the first anniversary of his retirement date, have his then fixed and payable monthly annuity increased by 1 1/2% and such first fixed annuity as granted at retirement increased by an additional 1 1/2% in January of each year thereafter up to a maximum increase of 30%. Beginning January 1, 1983 for policemen born before January 1, 1930, and beginning January 1, 1988 for policemen born on or after January 1, 1930 but before January 1, 1940, and beginning January 1, 1996 for policemen

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

Any policeman born before January 1, 1945 who qualifies for a minimum annuity and retires after September 1, 1967 but has not received the initial increase under this subsection before January 1, 1996 is entitled to receive the initial increase under this subsection on (1) January 1, 1996, (2) the first anniversary of the date of retirement, or (3) attainment of age 55, whichever occurs last. The changes to this Section made by Public Act 89-12 apply beginning January 1, 1996 and without regard to whether the policeman or annuitant terminated service before the effective date of that Act.

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

Any policeman born before January 1, 1955 who qualifies for a minimum annuity and retires after September 1, 1967 but has not received the initial increase under this subsection before January 1, 2005 is entitled to receive the initial increase under this subsection on (1) January 1, 2005, (2) the first anniversary of the date of retirement, or (3) attainment of age 55, whichever occurs last. The changes to this Section made by this amendatory Act of the 94th General Assembly apply without regard to whether the policeman or annuitant terminated service before the effective date of this amendatory Act.

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

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

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

Each such 1/2 of 1% deduction from salary and each such contribution by the city of 1/2 of 1% of salary shall be credited to the Automatic Increase Reserve, to be used to defray the cost of the 1 1/2% annuity increase provided by this Section. Any balance in such reserve as of the beginning of

each calendar year shall be credited with interest at the rate of 3% per annum.

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

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

(d) Notwithstanding any other provision of this Article, the monthly annuity of a person who first becomes a policeman under this Article on or after the effective date of this amendatory Act of the 97th General Assembly shall be increased on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for a 12-month period ending in September is zero or, when compared with the preceding period,

decreases, then the annuity shall not be increased.

~~Notwithstanding any other provision of this Article, for a person who first becomes a policeman under this Article on or after January 1, 2011, the annuity to which the survivor is entitled under this subsection (d) shall be in the amount of 66 2/3% of the policeman's earned annuity at the date of death. Nothing in this subsection (d) shall act to diminish the survivor's benefits described in this Section.~~

~~Notwithstanding any other provision of this Article, the monthly annuity of a survivor of a person who first becomes a policeman under this Article on or after January 1, 2011 shall be increased on the January 1 after attainment of age 60 by the recipient of the survivor's annuity and each January 1 thereafter by 3% or one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted annuity. If the annual unadjusted percentage change in the consumer price index u for a 12 month period ending in September is zero or, when compared with the preceding period, decreases, then the annuity shall not be increased.~~

For the purposes of this subsection (d), "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average,

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all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the pension funds.

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

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