



## 101ST GENERAL ASSEMBLY

### State of Illinois

### 2019 and 2020

### SB3051

Introduced 2/5/2020, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1 from Ch. 108 1/2, par. 5-167.1  
40 ILCS 5/5-238  
30 ILCS 805/8.44 new

Amends the Chicago Police Article of the Illinois Pension Code. Removes a birthdate restriction on eligibility at age 55 for a 3% automatic annual increase in retirement annuity that is not subject to a maximum increase of 30%. Provides that for Tier 2 policemen, "final average salary" is the greater of: (i) the average monthly salary obtained by dividing the total salary of the policeman during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest; or (ii) the average monthly salary obtained by dividing the total salary of the policeman during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest. Provides that the Tier 2 limitation on salary shall annually be increased by the lesser of 3% or the annual (instead of one-half of the annual) unadjusted percentage increase in the consumer price index-u. Provides that the surviving spouse's annuity for certain Tier 2 policemen shall be 54% of the policeman's monthly salary. Makes changes to the benefits paid to the guardian or surviving spouse of a deceased Tier 2 policeman if the policeman was the parent of a child. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 19783 RPS 69294 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 Sections 5-167.1 and 5-238 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 55 ~~60 (age 55 if born~~  
13 ~~before January 1, 1966)~~ or over on that anniversary date, or  
14 upon the first of the month following his attainment of age 55  
15 ~~60 (age 55 if born before January 1, 1966)~~ if it occurs after  
16 the first anniversary of his retirement date, have his then  
17 fixed and payable monthly annuity increased by 3% ~~4 1/2%~~ and  
18 such first fixed annuity as granted at retirement increased by  
19 an additional 3% ~~4 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 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 Any policeman born before January 1, 1945 who qualifies for  
10 a minimum annuity and retires after September 1, 1967 but has  
11 not received the initial increase under this subsection before  
12 January 1, 1996 is entitled to receive the initial increase  
13 under this subsection on (1) January 1, 1996, (2) the first  
14 anniversary of the date of retirement, or (3) attainment of age  
15 55, whichever occurs last. The changes to this Section made by  
16 Public Act 89-12 apply beginning January 1, 1996 and without  
17 regard to whether the policeman or annuitant terminated service  
18 before the effective date of that Act.

19 Any policeman born before January 1, 1950 who qualifies for  
20 a minimum annuity and retires after September 1, 1967 but has  
21 not received the initial increase under this subsection before  
22 January 1, 2000 is entitled to receive the initial increase  
23 under this subsection on (1) January 1, 2000, (2) the first  
24 anniversary of the date of retirement, or (3) attainment of age  
25 55, whichever occurs last. The changes to this Section made by  
26 this amendatory Act of the 92nd General Assembly apply without

1 regard to whether the policeman or annuitant terminated service  
2 before the effective date of this amendatory Act.

3 Any policeman born before January 1, 1955 who qualifies for  
4 a minimum annuity and retires after September 1, 1967 but has  
5 not received the initial increase under this subsection before  
6 January 1, 2005 is entitled to receive the initial increase  
7 under this subsection on (1) January 1, 2005, (2) the first  
8 anniversary of the date of retirement, or (3) attainment of age  
9 55, whichever occurs last. The changes to this Section made by  
10 this amendatory Act of the 94th General Assembly apply without  
11 regard to whether the policeman or annuitant terminated service  
12 before the effective date of this amendatory Act.

13 Any policeman born before January 1, 1966 who qualifies for  
14 a minimum annuity and retires after September 1, 1967 but has  
15 not received the initial increase under this subsection before  
16 January 1, 2017 is entitled to receive an initial increase  
17 under this subsection on (1) January 1, 2017, (2) the first  
18 anniversary of the date of retirement, or (3) attainment of age  
19 55, whichever occurs last, in an amount equal to 3% for each  
20 complete year following the date of retirement or attainment of  
21 age 55, whichever occurs later. The changes to this subsection  
22 made by this amendatory Act of the 99th General Assembly apply  
23 without regard to whether the policeman or annuitant terminated  
24 service before the effective date of this amendatory Act.

25 Any policeman born after January 1, 1966 who qualifies for  
26 a minimum annuity and retires after September 1, 1967 but has

1 not received the initial increase under this subsection before  
2 January 1, 2020 is entitled to receive the initial increase  
3 under this subsection on (1) January 1, 2020, (2) the first  
4 anniversary of the date of retirement, or (3) attainment of age  
5 55, whichever occurs last. The changes to this Section made by  
6 this amendatory Act of the 101st General Assembly apply without  
7 regard to whether the policeman or annuitant terminated service  
8 before the effective date of this amendatory Act.

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

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

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

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

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

3           The salary deductions provided in this Section are not  
4 subject to refund, except to the policeman himself, in any case  
5 in which: (i) the policeman withdraws prior to qualification  
6 for minimum annuity or Tier 2 monthly retirement annuity and  
7 applies for refund, (ii) the policeman applies for an annuity  
8 of a type that is not subject to annual increases under this  
9 Section, or (iii) a term annuity becomes payable. In such  
10 cases, the total of such salary deductions shall be refunded to  
11 the policeman, without interest, and charged to the Automatic  
12 Increase 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 policeman under this Article on or after the  
16 effective date of this amendatory Act of the 97th General  
17 Assembly shall be increased on the January 1 occurring either  
18 on or after (i) the attainment of age 60 or (ii) the first  
19 anniversary of the annuity start date, whichever is later. Each  
20 annual increase shall be calculated at 3% or one-half the  
21 annual unadjusted percentage increase (but not less than zero)  
22 in the consumer price index-u for the 12 months ending with the  
23 September preceding each November 1, whichever is less, of the  
24 originally granted retirement annuity. If the annual  
25 unadjusted percentage change in the consumer price index-u for  
26 a 12-month period ending in September is zero or, when compared

1 with the preceding period, decreases, then the annuity shall  
2 not be increased.

3 For the purposes of this subsection (d), "consumer price  
4 index-u" means the index published by the Bureau of Labor  
5 Statistics of the United States Department of Labor that  
6 measures the average change in prices of goods and services  
7 purchased by all urban consumers, United States city average,  
8 all items, 1982-84 = 100. The new amount resulting from each  
9 annual adjustment shall be determined by the Public Pension  
10 Division of the Department of Insurance and made available to  
11 the boards of the pension funds by November 1 of each year.  
12 (Source: P.A. 99-905, eff. 11-29-16.)

13 (40 ILCS 5/5-238)

14 Sec. 5-238. Provisions applicable to new hires; Tier 2.

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

22 (b) A policeman who has withdrawn from service, has  
23 attained age 50 or more, and has 10 or more years of service in  
24 that capacity shall be entitled, upon proper application being  
25 received by the Fund, to receive a Tier 2 monthly retirement

1 annuity for his service as a police officer. The Tier 2 monthly  
2 retirement annuity shall be computed by multiplying 2.5% for  
3 each year of such service by his or her final average salary,  
4 subject to an annuity reduction factor of one-half of 1% for  
5 each month that the police officer's age at retirement is under  
6 age 55. The Tier 2 monthly retirement annuity is in lieu of any  
7 age and service annuity or other form of retirement annuity  
8 under this Article.

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

11 For the purposes of this subsection (b), "final average  
12 salary" means the greater of: (i) the average monthly salary  
13 obtained by dividing the total salary of the policeman during  
14 the 96 consecutive months of service within the last 120 months  
15 of service in which the total salary was the highest by the  
16 number of months of service in that period; or (ii) the average  
17 monthly salary obtained by dividing the total salary of the  
18 policeman during the 48 consecutive months of service within  
19 the last 60 months of service in which the total salary was the  
20 highest by the number of months of service in that period.

21 Beginning on January 1, 2011, for all purposes under this  
22 Code (including without limitation the calculation of benefits  
23 and employee contributions), the annual salary based on the  
24 plan year of a member or participant to whom this Section  
25 applies shall not exceed \$106,800; however, that amount shall  
26 annually thereafter be increased by the lesser of (i) 3% of



1 that amount, including all previous adjustments, or (ii)  
2 ~~one-half~~ the annual unadjusted percentage increase (but not  
3 less than zero) in the consumer price index-u for the 12 months  
4 ending with the September preceding each November 1, including  
5 all previous adjustments.

6 Nothing in this amendatory Act of the 101st General  
7 Assembly shall cause or otherwise result in any retroactive  
8 adjustment of any employee contributions.

9 (c) Notwithstanding any other provision of this Article,  
10 for a person who first becomes a policeman under this Article  
11 on or after January 1, 2011, eligibility for and the amount of  
12 the annuity to which the qualified surviving spouse, children,  
13 and parents are entitled under this subsection (c) shall be  
14 determined as follows:

15 (1) The surviving spouse of a deceased policeman to  
16 whom this Section applies shall be deemed qualified to  
17 receive a Tier 2 surviving spouse's annuity under this  
18 paragraph (1) if: (i) the deceased policeman meets the  
19 requirements specified under subdivision (A), (B), (C), or  
20 (D) of this paragraph (1); and (ii) the surviving spouse  
21 would not otherwise be excluded from receiving a widow's  
22 annuity under the eligibility requirements for a widow's  
23 annuity set forth in Section 5-146. The Tier 2 surviving  
24 spouse's annuity is in lieu of the widow's annuity  
25 determined under any other Section of this Article and is  
26 subject to the requirements of Section 5-147.1.

1           As used in this subsection (c), "earned annuity" means  
2           a Tier 2 monthly retirement annuity determined under  
3           subsection (b) of this Section, including any increases the  
4           policeman had received pursuant to Section 5-167.1.

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

10           If the deceased policeman was a parent of a child  
11           or children, including any child who has been conceived  
12           but not yet born, and there is a surviving spouse, 12%  
13           of the policeman's earned annuity at the date of death  
14           shall be granted to the guardian of any such minor  
15           child or children for each such child until attainment  
16           of age 18. Upon the death of the surviving spouse  
17           leaving one or more children under the age of 18, or  
18           upon the death of a policeman leaving one or more  
19           children under the age of 18 but no surviving spouse, a  
20           monthly pension of 20% of the policeman's monthly  
21           salary at the date of death shall be granted to the  
22           duly appointed guardian of each such child for the  
23           support and maintenance of each such child until the  
24           child reaches age 18. The benefit in this paragraph is  
25           in lieu of a benefit under paragraph (2) of this  
26           subsection (c) but does not apply if the beneficiary is

1 entitled to receive a greater benefit under paragraph  
2 (2) of this subsection (c).

3 (B) If the deceased policeman was not receiving an  
4 earned annuity but had at least 10 years of service at  
5 the time of death, the Tier 2 surviving spouse's  
6 annuity under this paragraph (1) shall be the greater  
7 of: (i) 30% of the annual maximum salary attached to  
8 the classified civil service position of a first class  
9 patrolman at the time of his death; (ii) 54% of the  
10 policeman's monthly salary at the time of the  
11 policeman's death; or (iii) ~~(ii)~~ 66 2/3% of the Tier 2  
12 monthly retirement annuity that the deceased policeman  
13 would have been eligible to receive under subsection  
14 (b) of this Section, based upon the actual service  
15 accrued through the day before the policeman's death,  
16 but determined as though the policeman was at least age  
17 55 on the day before his or her death and retired on  
18 that day.

19 If the deceased policeman was a parent of a child  
20 or children, including any child who has been conceived  
21 but not yet born, and there is a surviving spouse, 12%  
22 of the policeman's monthly salary at the date of death  
23 shall be granted to the guardian of any such minor  
24 child or children for each such child until attainment  
25 of age 18. Upon the death of the surviving spouse  
26 leaving one or more children under the age of 18, or

1 upon the death of a policeman leaving one or more  
2 children under the age of 18 but no surviving spouse, a  
3 monthly pension of 20% of the policeman's monthly  
4 salary at the date of death shall be granted to the  
5 duly appointed guardian of each such child for the  
6 support and maintenance of each such child until the  
7 child reaches age 18. The benefit in this paragraph is  
8 in lieu of a benefit under paragraph (2) of this  
9 subsection (c) but does not apply if the beneficiary is  
10 entitled to receive a greater benefit under paragraph  
11 (2) of this subsection (c).

12 (C) If the deceased policeman was an active  
13 policeman with at least 1 1/2 but less than 10 years of  
14 service at the time of death, the Tier 2 surviving  
15 spouse's annuity under this paragraph (1) shall be the  
16 greater of: (i) ~~in the amount of~~ 30% of the annual  
17 maximum salary attached to the classified civil  
18 service position of a first class patrolman at the time  
19 of his death; or (ii) 54% of the policeman's monthly  
20 salary at the time of the policeman's death.

21 If the deceased policeman was a parent of a child  
22 or children, including any child who has been conceived  
23 but not yet born, and there is a surviving spouse, 12%  
24 of the policeman's monthly salary at the date of death  
25 shall be granted to the guardian of any such minor  
26 child or children for each such child until attainment

1 of age 18. Upon the death of the surviving spouse  
2 leaving one or more children under the age of 18, or  
3 upon the death of a policeman leaving one or more  
4 children under the age of 18 but no surviving spouse, a  
5 monthly pension of 20% of the policeman's monthly  
6 salary at the date of death shall be granted to the  
7 duly appointed guardian of each such child for the  
8 support and maintenance of each such child until the  
9 child reaches age 18. The benefit in this paragraph is  
10 in lieu of a benefit under paragraph (2) of this  
11 subsection (c) but does not apply if the beneficiary is  
12 entitled to receive a greater benefit under paragraph  
13 (2) of this subsection (c).

14 (D) If the performance of an act or acts of duty  
15 results directly in the death of a policeman subject to  
16 this Section, or prevents him from subsequently  
17 resuming active service in the police department, and  
18 if the policeman's Tier 2 surviving spouse would  
19 otherwise meet the eligibility requirements for a  
20 compensation annuity or supplemental annuity granted  
21 under Section 5-144, then in addition to the Tier 2  
22 surviving spouse's annuity provided under subdivision  
23 (A), (B), or (C) of this paragraph (1), whichever  
24 applies, the Tier 2 surviving spouse shall be qualified  
25 to receive compensation annuity or supplemental  
26 annuity, as would be provided under Section 5-144, in

1 order to bring the total benefit up to the applicable  
2 75% salary limitation provided in that Section, but  
3 subject to the Tier 2 salary cap provided under  
4 subsection (b) of this Section; except that no such  
5 annuity shall be paid to the surviving spouse of a  
6 policeman who dies while in receipt of disability  
7 benefits when the policeman's death was caused by an  
8 intervening illness or injury unrelated to the illness  
9 or injury that had prevented him from subsequently  
10 resuming active service in the police department.

11 (E) Notwithstanding any other provision of this  
12 Article, the monthly Tier 2 surviving spouse's annuity  
13 under subdivision (A) or (B) of this paragraph (1)  
14 shall be increased on the January 1 next occurring  
15 after (i) attainment of age 60 by the recipient of the  
16 Tier 2 surviving spouse's annuity or (ii) the first  
17 anniversary of the Tier 2 surviving spouse's annuity  
18 start date, whichever is later, and on each January 1  
19 thereafter, by 3% or one-half the annual unadjusted  
20 percentage increase (but not less than zero) in the  
21 consumer price index-u for the 12 months ending with  
22 the September preceding each November 1, whichever is  
23 less, of the originally granted Tier 2 surviving  
24 spouse's annuity. If the unadjusted percentage change  
25 in the consumer price index-u for a 12-month period  
26 ending in September is zero or, when compared with the

1 preceding period, decreases, then the annuity shall  
2 not be increased.

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

13 (F) Notwithstanding the other provisions of this  
14 paragraph (1), for a qualified surviving spouse who is  
15 entitled to a Tier 2 surviving spouse's annuity under  
16 subdivision (A), (B), (C), or (D) of this paragraph  
17 (1), that Tier 2 surviving spouse's annuity shall not  
18 be less than the amount of the minimum widow's annuity  
19 established from time to time under Section 5-167.4.

20 (2) Surviving children of a deceased policeman subject  
21 to this Section who would otherwise meet the eligibility  
22 requirements for a child's annuity set forth in Sections  
23 5-151 and 5-152 shall be deemed qualified to receive a Tier  
24 2 child's annuity under this subsection (c), which shall be  
25 in lieu of, but in the same amount and paid in the same  
26 manner as, the child's annuity provided under those

1 Sections; except that any salary used for computing a Tier  
2 2 child's annuity shall be subject to the Tier 2 salary cap  
3 provided under subsection (b) of this Section. For purposes  
4 of determining any pro rata reduction in child's annuities  
5 under this subsection (c), references in Section 5-152 to  
6 the combined annuities of the family shall be deemed to  
7 refer to the combined Tier 2 surviving spouse's annuity, if  
8 any, and the Tier 2 child's annuities payable under this  
9 subsection (c).

10 (3) Surviving parents of a deceased policeman subject  
11 to this Section who would otherwise meet the eligibility  
12 requirements for a parent's annuity set forth in Section  
13 5-152 shall be deemed qualified to receive a Tier 2  
14 parent's annuity under this subsection (c), which shall be  
15 in lieu of, but in the same amount and paid in the same  
16 manner as, the parent's annuity provided under Section  
17 5-152.1; except that any salary used for computing a Tier 2  
18 parent's annuity shall be subject to the Tier 2 salary cap  
19 provided under subsection (b) of this Section. For the  
20 purposes of this Section, a reference to "annuity" in  
21 Section 5-152.1 includes: (i) in the context of a widow, a  
22 Tier 2 surviving spouse's annuity and (ii) in the context  
23 of a child, a Tier 2 child's annuity.

24 Notwithstanding Section 1-103.1, the changes made to this  
25 subsection by this amendatory Act of the 101st General Assembly  
26 apply without regard to whether the deceased policeman was in



1 service on or after the effective date of this amendatory Act  
2 of the 101st General Assembly. The changes made by this  
3 amendatory Act of the 101st General Assembly shall not diminish  
4 the survivor's benefits described in this Section.

5 (d) The General Assembly finds and declares that the  
6 provisions of this Section, as enacted by Public Act 96-1495,  
7 require clarification relating to necessary eligibility  
8 standards and the manner of determining and paying the intended  
9 Tier 2 benefits and contributions in order to enable the Fund  
10 to unambiguously implement and administer benefits for Tier 2  
11 members. The changes to this Section and the conforming changes  
12 to Sections 5-153, 5-155, 5-163, 5-167.1 (except for the  
13 changes to subsection (a) of that Section), 5-169, and 5-170  
14 made by this amendatory Act of the 99th General Assembly are  
15 enacted to clarify the provisions of this Section as enacted by  
16 Public Act 96-1495, and are hereby declared to represent and be  
17 consistent with the original and continuing intent of this  
18 Section and Public Act 96-1495.

19 (e) The changes to Sections 5-153, 5-155, 5-163, 5-167.1  
20 (except for the changes to subsection (a) of that Section),  
21 5-169, and 5-170 made by this amendatory Act of the 99th  
22 General Assembly are intended to be retroactive to January 1,  
23 2011 (the effective date of Public Act 96-1495) and, for the  
24 purposes of Section 1-103.1 of this Code, they apply without  
25 regard to whether the relevant policeman was in service on or  
26 after the effective date of this amendatory Act of the 99th

1 General Assembly.

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

3 Section 90. The State Mandates Act is amended by adding  
4 Section 8.44 as follows:

5 (30 ILCS 805/8.44 new)

6 Sec. 8.44. Exempt mandate. Notwithstanding Sections 6 and 8  
7 of this Act, no reimbursement by the State is required for the  
8 implementation of any mandate created by this amendatory Act of  
9 the 101st General Assembly.

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