

# HB2821



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB2821

Introduced 2/16/2023, by

### SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1  
30 ILCS 805/8.47 new

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

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%. Makes a related change. Specifies the timing of an initial increase in retirement annuity for persons who have not received the initial increase before January 1, 2023. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB103 30881 RPS 57405 b

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

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  
5 changing 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  
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 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~~  
22 ~~1, 1988 for policemen born on or after January 1, 1930 but~~  
23 ~~before January 1, 1940, and beginning January 1, 1996 for~~

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

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

19 Any policeman born before January 1, 1950 who qualifies  
20 for a minimum annuity and retires after September 1, 1967 but  
21 has not received the initial increase under this subsection  
22 before January 1, 2000 is entitled to receive the initial  
23 increase under this subsection on (1) January 1, 2000, (2) the  
24 first anniversary of the date of retirement, or (3) attainment  
25 of age 55, whichever occurs last. The changes to this Section  
26 made by this amendatory Act of the 92nd General Assembly apply

1 without regard to whether the policeman or annuitant  
2 terminated service before the effective date of this  
3 amendatory Act.

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

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

1 this amendatory Act.

2 Any policeman born after 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, 2023 is entitled to receive the initial increase  
6 under this subsection on (1) January 1, 2023, (2) the first  
7 anniversary of the date of retirement, or (3) attainment of  
8 age 55, whichever occurs last. The changes to this Section  
9 made by this amendatory Act of the 103rd General Assembly  
10 apply without regard to whether the policeman or annuitant  
11 terminated service before the effective date of this  
12 amendatory Act of the 103rd General Assembly.

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

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

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

24 Each such 1/2 of 1% deduction from salary and each such  
25 contribution by the city of 1/2 of 1% of salary shall be  
26 credited to the Automatic Increase Reserve, to be used to

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

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

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

17 (d) Notwithstanding any other provision of this Article,  
18 the Tier 2 monthly retirement annuity of a person who first  
19 becomes a policeman under this Article on or after the  
20 effective date of this amendatory Act of the 97th General  
21 Assembly shall be increased on the January 1 occurring either  
22 on or after (i) the attainment of age 60 or (ii) the first  
23 anniversary of the annuity start date, whichever is later.  
24 Each annual increase shall be calculated at 3% or one-half the  
25 annual unadjusted percentage increase (but not less than zero)  
26 in the consumer price index-u for the 12 months ending with the

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

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

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

17 Section 90. The State Mandates Act is amended by adding  
18 Section 8.47 as follows:

19 (30 ILCS 805/8.47 new)

20 Sec. 8.47. Exempt mandate. Notwithstanding Sections 6 and  
21 8 of this Act, no reimbursement by the State is required for  
22 the implementation of any mandate created by this amendatory  
23 Act of the 103rd General Assembly.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.