



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB0363

Introduced 2/15/2005, by Sen. James A. DeLeo

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1	from Ch. 108 1/2, par. 5-167.1
40 ILCS 5/5-167.2	from Ch. 108 1/2, par. 5-167.2
30 ILCS 805/8.29 new	

Amends the Chicago Police Article of the Illinois Pension Code. Compounds the automatic annual increase in retirement annuity. Also increases it to 3%, reduces the minimum age to 55, and removes the 30% maximum increase limitation for all annuitants. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 08988 AMC 39209 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 changing
5 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 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, 1950) 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, 1950) 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
24 born on or after January 1, 1940 but before January 1, 1945,
25 and beginning January 1, 2000 for policemen born on or after
26 January 1, 1945 but before January 1, 1950, such increases
27 shall be 3% and such policemen shall not be subject to the 30%
28 maximum increase.

29 Beginning January 1, 2006, regardless of the policeman's
30 date of birth, all annual increases under this subsection shall
31 be at the rate of 3% of the current amount of the annuity,
32 including any previous increases granted under this Article,

1 and the 30% maximum no longer applies.

2 Notwithstanding the other provisions of this subsection,
3 any policeman who qualifies for a minimum annuity and retires
4 after September 1, 1967 but has not received the initial
5 increase under this subsection before January 1, 2006 is
6 entitled to receive the initial increase under this subsection
7 on (1) January 1, 2006, (2) the first anniversary of the date
8 of retirement, or (3) attainment of age 55, whichever occurs
9 last. The changes to this Section made by this amendatory Act
10 of the 94th General Assembly apply without regard to whether
11 the policeman or annuitant terminated service before the
12 effective date of this amendatory Act.

13 Any policeman born before January 1, 1945 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, 1996 is entitled to receive the initial increase
17 under this subsection on (1) January 1, 1996, (2) the first
18 anniversary of the date of retirement, or (3) attainment of age
19 55, whichever occurs last. The changes to this Section made by
20 Public Act 89-12 apply beginning January 1, 1996 and without
21 regard to whether the policeman or annuitant terminated service
22 before the effective date of that Act.

23 Any policeman born before January 1, 1950 who qualifies for
24 a minimum annuity and retires after September 1, 1967 but has
25 not received the initial increase under this subsection before
26 January 1, 2000 is entitled to receive the initial increase
27 under this subsection on (1) January 1, 2000, (2) the first
28 anniversary of the date of retirement, or (3) attainment of age
29 55, whichever occurs last. The changes to this Section made by
30 this amendatory Act of the 92nd General Assembly apply without
31 regard to whether the policeman or annuitant terminated service
32 before the effective date of this amendatory Act.

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

35 (c) To help defray the cost of such increases in annuity,
36 there shall be deducted, beginning September 1, 1967, from each

1 payment of salary to a policeman, 1/2 of 1% of each salary
2 payment concurrently with and in addition to the salary
3 deductions otherwise made for annuity purposes.

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

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

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

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

25 (Source: P.A. 92-52, eff. 7-12-01.)

26 (40 ILCS 5/5-167.2) (from Ch. 108 1/2, par. 5-167.2)

27 Sec. 5-167.2. Retirement before September 1, 1967. A
28 retired policeman, qualifying for minimum annuity or who
29 retired from service with 20 or more years of service, before
30 September 1, 1967, shall, in January of the year following the
31 year he attains the age of 65, or in January of the year 1970,
32 if then more than 65 years of age, have his then fixed and
33 payable monthly annuity increased by an amount equal to 2% of
34 the original grant of annuity, for each year the policeman was
35 in receipt of annuity payments after the year in which he

1 attains, or did attain the age of 63. An additional 2% increase
2 in such then fixed and payable original granted annuity shall
3 accrue in each January thereafter. Beginning January 1, 1986,
4 the rate of such increase shall be 3% instead of 2%. Beginning
5 January 1, 2006, all annual increases under this paragraph
6 shall be at the rate of 3% of the current amount of the
7 annuity, including any previous increases granted under this
8 Article. The change made to this Section by this amendatory Act
9 of the 94th General Assembly is not limited to persons in
10 service on or after its effective date.

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

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

26 Beginning with the monthly annuity payment due on January
27 1, 1986, the fixed and granted monthly annuity payment for any
28 policeman who retired from the service before January 1, 1986,
29 at age 50 or over with 20 or more years of service, or any
30 policeman who retired from service due to termination of
31 disability and who is entitled to an annuity on January 1,
32 1986, shall be not less than \$475.

33 Beginning with the monthly annuity payment due on January
34 1, 1992, the fixed and granted monthly annuity payment for any
35 policeman who retired from the service before January 1, 1992,
36 at age 50 or over with 20 or more years of service, and for any

1 policeman who retired from service due to termination of
2 disability and who is entitled to an annuity on January 1,
3 1992, shall be not less than \$650.

4 Beginning with the monthly annuity payment due on January
5 1, 1993, the fixed and granted monthly annuity payment for any
6 policeman who retired from the service before January 1, 1993,
7 at age 50 or over with 20 or more years of service, and for any
8 policeman who retired from service due to termination of
9 disability and who is entitled to an annuity on January 1,
10 1993, shall be not less than \$750.

11 Beginning with the monthly annuity payment due on January
12 1, 1994, the fixed and granted monthly annuity payment for any
13 policeman who retired from the service before January 1, 1994,
14 at age 50 or over with 20 or more years of service, and for any
15 policeman who retired from service due to termination of
16 disability and who is entitled to an annuity on January 1,
17 1994, shall be not less than \$850.

18 Beginning with the monthly annuity payment due on January
19 1, 2004, the fixed and granted monthly annuity payment for any
20 policeman who retired from the service before January 1, 2004,
21 at age 50 or over with 20 or more years of service, and for any
22 policeman who retired from service due to termination of
23 disability and who is entitled to an annuity on January 1,
24 2004, shall be not less than \$950.

25 Beginning with the monthly annuity payment due on January
26 1, 2005, the fixed and granted monthly annuity payment for any
27 policeman who retired from the service before January 1, 2005,
28 at age 50 or over with 20 or more years of service, and for any
29 policeman who retired from service due to termination of
30 disability and who is entitled to an annuity on January 1,
31 2005, shall be not less than \$1,050.

32 The difference in amount between the original fixed and
33 granted monthly annuity of any such policeman on the date of
34 his retirement from the service and the monthly annuity
35 provided for in the immediately preceding paragraph shall be
36 paid as a supplement in the manner set forth in the immediately

1 following paragraph.

2 To defray the annual cost of the increases indicated in the
3 preceding part of this Section, the annual interest income
4 accruing from investments held by this Fund, exclusive of gains
5 or losses on sales or exchanges of assets during the year, over
6 and above 4% a year shall be used to the extent necessary and
7 available to finance the cost of such increases for the
8 following year and such amount shall be transferred as of the
9 end of each year beginning with the year 1969 to a Fund account
10 designated as the Supplementary Payment Reserve from the
11 Interest and Investment Reserve set forth in Section 5-207.

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

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

33 (Source: P.A. 93-654, eff. 1-16-04.)

34 Section 90. The State Mandates Act is amended by adding
35 Section 8.29 as follows:

1 (30 ILCS 805/8.29 new)

2 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 94th General Assembly.

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