



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB6859

Introduced 4/28/2010, by Rep. Naomi D. Jakobsson

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160
30 ILCS 805/8.34 new

Amends the Illinois Pension Code. In provisions concerning annual increases for retirement or supplemental annuities, provides that the increase calculated at 3% or the annual increase in the consumer price index-u for the preceding calendar year (rather than 3% or one-half the annual increase in the consumer price index-u for the preceding calendar year), whichever is less, of the retirement annuity then being paid (rather than of the originally granted retirement annuity). Amends the State Mandates Act to require implementation without reimbursement. Effective July 1, 2011.

LRB096 22099 AMC 40662 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 1-160 as follows:

6 (40 ILCS 5/1-160)

7 (This Section may contain text from a Public Act with a
8 delayed effective date)

9 Sec. 1-160. Provisions applicable to new hires.

10 (a) The provisions of this Section apply to a person who
11 first becomes an employee and a participant under any
12 retirement system or pension fund under this Code, other than a
13 retirement system or pension fund established under Article 2,
14 3, 4, 5, 6, or 18 of this Code, on or after the effective date
15 of this amendatory Act of the 96th General Assembly
16 notwithstanding any other provision of this Code to the
17 contrary, but do not apply to any self-managed plan established
18 under this Code, to any person with respect to service as a
19 sheriff's law enforcement employee under Article 7, or to any
20 participant of the retirement plan established under Section
21 22-101.

22 (b) "Final average salary" means the average monthly salary
23 obtained by dividing the total salary of the participant during

1 the 96 consecutive months of service within the last 120 months
2 of service in which the total salary was the highest by the
3 number of months of service in that period; however, the annual
4 final average salary may not exceed \$106,800, as automatically
5 increased by the lesser of 3% or one-half of the annual
6 increase in the consumer price index-u during the preceding
7 12-month calendar year. For the purposes of a person who first
8 becomes an employee of any retirement system or pension fund to
9 which this Section applies on or after the effective date of
10 this amendatory Act of the 96th General Assembly, in this Code,
11 "final average salary" shall be substituted for the following:

12 (1) In Articles 7 (except for service as sheriff's law
13 enforcement employees) and 15, "final rate of earnings".

14 (2) In Articles 8, 9, 10, 11, and 12, "highest average
15 annual salary for any 4 consecutive years within the last
16 10 years of service immediately preceding the date of
17 withdrawal".

18 (3) In Article 13, "average final salary".

19 (4) In Article 14, "final average compensation".

20 (5) In Article 17, "average salary".

21 (6) In Section 22-207, "wages or salary received by him
22 at the date of retirement or discharge".

23 For the purposes of this Section, "consumer price index-u"
24 means the index published by the Bureau of Labor Statistics of
25 the United States Department of Labor that measures the average
26 change in prices of goods and services purchased by all urban

1 consumers, United States city average, all items, 1982-84 =
2 100. The new amount resulting from each annual adjustment shall
3 be determined by the Public Pension Division of the Department
4 of Insurance and made available to the boards of the retirement
5 systems and pension funds.

6 (c) A participant is entitled to a retirement annuity
7 beginning on the date specified by the participant in a written
8 application only if, on that specified date, he or she has
9 attained age 67 and has at least 10 years of service credit.

10 A participant who has attained age 62 and has at least 10
11 years of service credit may elect to receive the lower
12 retirement annuity provided in subsection (d) of this Section.

13 (d) The retirement annuity of a participant who is retiring
14 after attaining age 62 with at least 10 years of service credit
15 shall be reduced by one-half of 1% for each month that the
16 member's age is under age 67.

17 (e) Any retirement annuity or supplemental annuity shall be
18 subject to annual increases upon (1) attainment of age 67 or
19 (2) the first anniversary of the commencement of the annuity,
20 whichever occurs later. Each annual increase shall be
21 calculated at 3% or ~~one-half~~ the annual increase in the
22 consumer price index-u for the preceding calendar year,
23 whichever is less, of the ~~originally granted~~ retirement annuity
24 then being paid. If the increase in the consumer price index-u
25 for the preceding calendar year is zero or there is a decrease,
26 then the annuity shall not be increased.

1 (f) The initial survivor's annuity of an otherwise eligible
2 survivor of a participant who first becomes a participant on or
3 after the effective date of this amendatory Act of the 96th
4 General Assembly shall be in the amount of 66 2/3% of the
5 participant's earned retirement annuity at the date of death
6 and shall be increased (1) on each January 1 occurring on or
7 after the commencement of the annuity if the deceased member
8 died while receiving a retirement annuity or (2) in other
9 cases, on each January 1 occurring after the first anniversary
10 of the commencement of the annuity. Each annual increase shall
11 be calculated at 3% or one-half the annual increase in the
12 consumer price index-u for the preceding calendar year,
13 whichever is less, of the originally granted survivor's
14 annuity. If the increase in the consumer price index-u for the
15 preceding calendar year is zero or there is a decrease, then
16 the annuity shall not be increased.

17 (g) The benefits in Section 14-110 apply only if the person
18 is a State policeman, a fire fighter in the fire protection
19 service of a department, or a security employee of the
20 Department of Corrections or the Department of Juvenile
21 Justice, as those terms are defined in subsection (b) of
22 Section 14-110. A person who meets the requirements of this
23 Section is entitled to an annuity calculated under the
24 provisions of Section 14-110, in lieu of the regular or minimum
25 retirement annuity, only if the person has withdrawn from
26 service with not less than 20 years of eligible creditable

1 service and has attained age 60, regardless of whether the
2 attainment of age 60 occurs while the person is still in
3 service.

4 (h) If a person who first becomes a member of a retirement
5 system or pension fund subject to this Section on or after the
6 effective date of this amendatory Act of the 96th General
7 Assembly is receiving a retirement annuity or retirement
8 pension under that system or fund and accepts employment in a
9 position covered under the same Article or any other Article of
10 this Code on a full-time basis, then the person's retirement
11 annuity or retirement pension under that system or fund shall
12 be suspended during that employment. Upon termination of that
13 employment, the person's retirement annuity or retirement
14 pension payments shall resume and, if appropriate, be
15 recalculated under the applicable provisions of this Code.

16 (i) Notwithstanding any other provision of this Section, a
17 person who first becomes a participant of the retirement system
18 established under Article 15 on or after the effective date of
19 this amendatory Act of the 96th General Assembly shall have the
20 option to enroll in the self-managed plan created under Section
21 15-158.2 of this Code.

22 (j) In the case of a conflict between the provisions of
23 this Section and any other provision of this Code, the
24 provisions of this Section shall control.

25 (Source: P.A. 96-889, eff. 1-1-11.)

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.34 as follows:

3 (30 ILCS 805/8.34 new)

4 Sec. 8.34. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 96th General Assembly.

8 Section 95. No acceleration or delay. Where this Act makes
9 changes in a statute that is represented in this Act by text
10 that is not yet or no longer in effect (for example, a Section
11 represented by multiple versions), the use of that text does
12 not accelerate or delay the taking effect of (i) the changes
13 made by this Act or (ii) provisions derived from any other
14 Public Act.

15 Section 99. Effective date. This Act takes effect January
16 1, 2011.