



## 98TH GENERAL ASSEMBLY

### State of Illinois

### 2013 and 2014

#### HB4412

by Rep. Frances Ann Hurley

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1  
30 ILCS 805/8.38 new

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

Amends the Chicago Police Article of the Illinois Pension Code. Provides that, for policemen born on or after January 1, 1955, beginning on January 1, 2015, automatic annual increases shall be 3% and such policemen shall not be subject to the 30% maximum increase. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB098 18625 RPM 53766 b

HOME RULE 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 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 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, 1955) 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, 1955) 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

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, 2015 for  
6 policemen born on or after January 1, 1955, such increases  
7 shall be 3% and such policemen shall not be subject to the 30%  
8 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 on or after January 1, 1955 who  
14 qualifies for a minimum annuity and retires after September 1,  
15 1967 but has not received the initial increase under this  
16 subsection before January 1, 2015 is entitled to receive the  
17 initial increase under this subsection on (1) January 1, 2015,  
18 (2) the first anniversary of the date of retirement, or (3)  
19 attainment of age 55, whichever occurs last. The changes to  
20 this Section made by this amendatory Act of the 98th General  
21 Assembly apply without regard to whether the policeman or  
22 annuitant terminated service before the effective date of this  
23 amendatory Act.

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

26 (c) To help defray the cost of such increases in annuity,

1 there shall be deducted, beginning September 1, 1967, from each  
2 payment of salary to a policeman, 1/2 of 1% of each salary  
3 payment concurrently with and in addition to the salary  
4 deductions otherwise made for annuity purposes.

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

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

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

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

26 (d) Notwithstanding any other provision of this Article,

1 the monthly annuity of a person who first becomes a policeman  
2 under this Article on or after the effective date of this  
3 amendatory Act of the 97th General Assembly shall be increased  
4 on the January 1 occurring either on or after the attainment of  
5 age 60 or the first anniversary of the annuity start date,  
6 whichever is later. Each annual increase shall be calculated at  
7 3% or one-half the annual unadjusted percentage increase (but  
8 not less than zero) in the consumer price index-u for the 12  
9 months ending with the September preceding each November 1,  
10 whichever is less, of the originally granted retirement  
11 annuity. If the annual unadjusted percentage change in the  
12 consumer price index-u for a 12-month period ending in  
13 September is zero or, when compared with the preceding period,  
14 decreases, then the annuity shall not be increased.

15 For the purposes of this subsection (d), "consumer price  
16 index-u" means the index published by the Bureau of Labor  
17 Statistics of the United States Department of Labor that  
18 measures the average change in prices of goods and services  
19 purchased by all urban consumers, United States city average,  
20 all items, 1982-84 = 100. The new amount resulting from each  
21 annual adjustment shall be determined by the Public Pension  
22 Division of the Department of Insurance and made available to  
23 the boards of the pension funds.

24 (Source: P.A. 96-1495, eff. 1-1-11; 97-344, eff. 8-12-11.)

25 Section 90. The State Mandates Act is amended by adding

1 Section 8.38 as follows:

2 (30 ILCS 805/8.38 new)

3 Sec. 8.38. Exempt mandate. Notwithstanding Sections 6 and 8  
4 of this Act, no reimbursement by the State is required for the  
5 implementation of any mandate created by this amendatory Act of  
6 the 98th General Assembly.

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