



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3196

Introduced 2/15/2018, by Sen. John G. Mulroe

SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-229
30 ILCS 805/8.42 new

Amends the Chicago Firefighter Article of the Illinois Pension Code. Provides that for Tier 2 firemen, final average salary is the greater of (1) the average monthly salary obtained by dividing the total salary of the fireman during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period or (2) the average monthly salary obtained by dividing the total salary of the fireman during the 48 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period (currently, the final average salary is the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period). Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB100 20732 RPS 36210 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 6-229 as follows:

6 (40 ILCS 5/6-229)

7 Sec. 6-229. Provisions applicable to new hires; Tier 2.

8 (a) Notwithstanding any other provision of this Article,
9 the provisions of this Section apply to a person who first
10 becomes a fireman under this Article on or after January 1,
11 2011, and to certain qualified survivors of such a fireman.
12 Such persons, and the benefits and restrictions that apply
13 specifically to them under this Article, may be referred to as
14 "Tier 2".

15 (b) A fireman who has withdrawn from service, has attained
16 age 50 or more, and has 10 or more years of service in that
17 capacity shall be entitled, upon proper application being
18 received by the Fund, to receive a Tier 2 monthly retirement
19 annuity for his service as a fireman. The Tier 2 monthly
20 retirement annuity shall be computed by multiplying 2.5% for
21 each year of such service by his or her final average salary,
22 subject to an annuity reduction factor of one-half of 1% for
23 each month that the fireman's age at retirement is under age

1 55. The Tier 2 monthly retirement annuity is in lieu of any age
2 and service annuity or other form of retirement annuity under
3 this Article.

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

6 For the purposes of this subsection (b), "final average
7 salary" means the greater of (1) the average monthly salary
8 obtained by dividing the total salary of the fireman during the
9 96 consecutive months of service within the last 120 months of
10 service in which the total salary was the highest by the number
11 of months of service in that period or (2) the average monthly
12 salary obtained by dividing the total salary of the fireman
13 during the 48 consecutive months of service within the last 120
14 months of service in which the total salary was the highest by
15 the number of months of service in that period.

16 Beginning on January 1, 2011, for all purposes under this
17 Code (including without limitation the calculation of benefits
18 and employee contributions), the annual salary based on the
19 plan year of a member or participant to whom this Section
20 applies shall not exceed \$106,800; however, that amount shall
21 annually thereafter be increased by the lesser of (i) 3% of
22 that amount, including all previous adjustments, or (ii)
23 one-half the annual unadjusted percentage increase (but not
24 less than zero) in the consumer price index-u for the 12 months
25 ending with the September preceding each November 1, including
26 all previous adjustments.

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

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

17 (1) The surviving spouse of a deceased fireman to whom
18 this Section applies shall be deemed qualified to receive a
19 Tier 2 surviving spouse's annuity under this paragraph (1)
20 if: (i) the deceased fireman meets the requirements
21 specified under subdivision (A), (B), (C), or (D) of this
22 paragraph (1); and (ii) the surviving spouse would not
23 otherwise be excluded from receiving a widow's annuity
24 under the eligibility requirements for a widow's annuity
25 set forth in Section 6-142. The Tier 2 surviving spouse's
26 annuity is in lieu of the widow's annuity determined under

1 any other Section of this Article and is subject to the
2 requirements of Section 6-143.2.

3 As used in this subsection (c), "earned pension" means
4 a Tier 2 monthly retirement annuity determined under
5 subsection (b) of this Section, including any increases the
6 fireman had received pursuant to Section 6-164.

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

12 (B) If the deceased fireman was not receiving an
13 earned pension but had at least 10 years of service at
14 the time of death, the Tier 2 surviving spouse's
15 annuity under this paragraph (1) shall be the greater
16 of: (i) 30% of the salary attached to the rank of first
17 class firefighter in the classified career service at
18 the time of the fireman's death; or (ii) 66 2/3% of the
19 Tier 2 monthly retirement annuity that the deceased
20 fireman would have been eligible to receive under
21 subsection (b) of this Section, based upon the actual
22 service accrued through the day before the fireman's
23 death, but determined as though the fireman was at
24 least age 55 on the day before his or her death and
25 retired on that day.

26 (C) If the deceased fireman was an active fireman

1 with at least 1 1/2 but less than 10 years of service
2 at the time of death, the Tier 2 surviving spouse's
3 annuity under this paragraph (1) shall be in the amount
4 of 30% of the salary attached to the rank of first
5 class firefighter in the classified career service at
6 the time of the fireman's death.

7 (D) Notwithstanding subdivisions (A), (B), and (C)
8 of this paragraph (1), if the performance of an act or
9 acts of duty results directly in the death of a fireman
10 subject to this Section, or prevents him from
11 subsequently resuming active service in the fire
12 department, then a surviving spouse who would
13 otherwise meet the eligibility requirements for a
14 death in the line of duty widow's annuity granted under
15 Section 6-140 shall be deemed to be qualified for a
16 Tier 2 surviving spouse's annuity under this
17 subdivision (D); except that no such annuity shall be
18 paid to the surviving spouse of a fireman who dies
19 while in receipt of disability benefits when the
20 fireman's death was caused by an intervening illness or
21 injury unrelated to the illness or injury that had
22 prevented him from subsequently resuming active
23 service in the fire department. The Tier 2 surviving
24 spouse's annuity calculated under this subdivision (D)
25 shall be in lieu of, but in the same amount and paid in
26 the same manner as, the widow's annuity provided under

1 Section 6-140; except that the salary used for
2 computing a Tier 2 surviving spouse's annuity under
3 this subdivision (D) shall be subject to the Tier 2
4 salary cap provided under subsection (b) of this
5 Section.

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

23 (F) Notwithstanding the other provisions of this
24 paragraph (1), for a qualified surviving spouse who is
25 entitled to a Tier 2 surviving spouse's annuity under
26 subdivision (A), (B), (C), or (D) of this paragraph

1 (1), that Tier 2 surviving spouse's annuity shall not
2 be less than the amount of the minimum widow's annuity
3 established from time to time under Section 6-128.4.

4 (2) Surviving children of a deceased fireman subject to
5 this Section who would otherwise meet the eligibility
6 requirements for a child's annuity set forth in Sections
7 6-147 and 6-148 shall be deemed qualified to receive a Tier
8 2 child's annuity under this subsection (c), which shall be
9 in lieu of, but in the same amount and paid in the same
10 manner as, the child's annuity provided under those
11 Sections; except that any salary used for computing a Tier
12 2 child's annuity shall be subject to the Tier 2 salary cap
13 provided under subsection (b) of this Section. For purposes
14 of determining any pro rata reduction in child's annuities
15 under this subsection (c), references in Section 6-148 to
16 the combined annuities of the family shall be deemed to
17 refer to the combined Tier 2 surviving spouse's annuity, if
18 any, and the Tier 2 child's annuities payable under this
19 subsection (c).

20 (3) Surviving parents of a deceased fireman subject to
21 this Section who would otherwise meet the eligibility
22 requirements for a parent's annuity set forth in Section
23 6-149 shall be deemed qualified to receive a Tier 2
24 parent'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 parent's annuity provided under Section

1 6-149; except that any salary used for computing a Tier 2
2 parent's annuity shall be subject to the Tier 2 salary cap
3 provided under subsection (b) of this Section. For the
4 purposes of this Section, a reference to "annuity" in
5 Section 6-149 includes: (i) in the context of a widow, a
6 Tier 2 surviving spouse's annuity and (ii) in the context
7 of a child, a Tier 2 child's annuity.

8 (d) The General Assembly finds and declares that the
9 provisions of this Section, as enacted by Public Act 96-1495,
10 require clarification relating to necessary eligibility
11 standards and the manner of determining and paying the intended
12 Tier 2 benefits and contributions in order to enable the Fund
13 to unambiguously implement and administer benefits for Tier 2
14 members. The changes to this Section and the conforming changes
15 to Sections 6-150, 6-158, 6-164 (except for the changes to
16 subsection (a) of that Section), 6-166, and 6-167 made by this
17 amendatory Act of the 99th General Assembly are enacted to
18 clarify the provisions of this Section as enacted by Public Act
19 96-1495, and are hereby declared to represent and be consistent
20 with the original and continuing intent of this Section and
21 Public Act 96-1495.

22 (e) The changes to Sections 6-150, 6-158, 6-164 (except for
23 the changes to subsection (a) of that Section), 6-166, and
24 6-167 made by this amendatory Act of the 99th General Assembly
25 are intended to be retroactive to January 1, 2011 (the
26 effective date of Public Act 96-1495) and, for the purposes of

1 Section 1-103.1 of this Code, they apply without regard to
2 whether the relevant fireman was in service on or after the
3 effective date of this amendatory Act of the 99th General
4 Assembly.

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

6 Section 90. The State Mandates Act is amended by adding
7 Section 8.42 as follows:

8 (30 ILCS 805/8.42 new)

9 Sec. 8.42. Exempt mandate. Notwithstanding Sections 6 and 8
10 of this Act, no reimbursement by the State is required for the
11 implementation of any mandate created by this amendatory Act of
12 the 100th General Assembly.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.