



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB2907

by Rep. Robert Martwick

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-229  
30 ILCS 805/8.43 new

Amends the Chicago Firefighter Article of the Illinois Pension Code. Provides that the limit on salary for all purposes under the Code for Tier 2 firemen shall annually be increased by the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u (instead of the lesser of 3% or one-half the annual unadjusted percentage increase in the consumer price index-u) for the 12 months ending with the September preceding each November 1, including all previous adjustments. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 09101 RPS 54194 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 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15 (b) A fireman who has withdrawn from service, has attained  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 average monthly salary obtained by dividing  
8 the total salary of the fireman during the 96 consecutive  
9 months of service within the last 120 months of service in  
10 which the total salary was the highest by the number of months  
11 of service in that period.

12 Beginning on January 1, 2011, for all purposes under this  
13 Code (including without limitation the calculation of benefits  
14 and employee contributions), the annual salary based on the  
15 plan year of a member or participant to whom this Section  
16 applies shall not exceed \$106,800; however, until 2020, that  
17 amount shall annually thereafter be increased by the lesser of  
18 (i) 3% of that amount, including all previous adjustments, or  
19 (ii) one-half the annual unadjusted percentage increase (but  
20 not less than zero) in the consumer price index-u for the 12  
21 months ending with the September preceding each November 1,  
22 including all previous adjustments; however, beginning in  
23 2021, that amount shall annually thereafter be increased by the  
24 annual unadjusted percentage increase (but not less than zero)  
25 in the consumer price index-u for the 12 months ending with the  
26 September preceding each November 1, including all previous

1 adjustments.

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

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

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

1 annuity is in lieu of the widow's annuity determined under  
2 any other Section of this Article and is subject to the  
3 requirements of Section 6-143.2.

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

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

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

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

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

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

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

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

1 subdivision (A), (B), (C), or (D) of this paragraph  
2 (1), that Tier 2 surviving spouse's annuity shall not  
3 be less than the amount of the minimum widow's annuity  
4 established from time to time under Section 6-128.4.

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

21 (3) Surviving parents of a deceased fireman subject to  
22 this Section who would otherwise meet the eligibility  
23 requirements for a parent's annuity set forth in Section  
24 6-149 shall be deemed qualified to receive a Tier 2  
25 parent's annuity under this subsection (c), which shall be  
26 in lieu of, but in the same amount and paid in the same



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

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

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

1 effective date of Public Act 96-1495) and, for the purposes of  
2 Section 1-103.1 of this Code, they apply without regard to  
3 whether the relevant fireman was in service on or after the  
4 effective date of this amendatory Act of the 99th General  
5 Assembly.

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

7 Section 90. The State Mandates Act is amended by adding  
8 Section 8.43 as follows:

9 (30 ILCS 805/8.43 new)

10 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8  
11 of this Act, no reimbursement by the State is required for the  
12 implementation of any mandate created by this amendatory Act of  
13 the 101st General Assembly.

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