



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB5562

Introduced 01/27/06, by Rep. Kevin Joyce

SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-164

from Ch. 108 1/2, par. 6-164

30 ILCS 805/8.30 new

Amends the Chicago Firefighter Article of the Illinois Pension Code. Increases the required employee contribution by 0.5% of salary. Compounds the 3% automatic annual increase in retirement annuity for members who have paid the increased contribution for at least one year. Allows certain persons no longer in service to elect to pay an additional contribution and thereby qualify for the compounding. For firemen born on or after January 1, 1955 and before January 1, 1965, increases the automatic annual increase in retirement annuity to 3%, removes the 30% maximum, and permits the initial increase at age 55. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 17418 AMC 52713 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 6-164 as follows:

6 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

7 Sec. 6-164. Automatic annual increase; retirement after
8 September 1, 1959.

9 (a) A fireman qualifying for a minimum annuity who retires
10 from service after September 1, 1959 shall, upon either the
11 first of the month following the first anniversary of his date
12 of retirement if he is age 60 (age 55 if born before January 1,
13 1965 ~~1955~~) or over on that anniversary date, or upon the first
14 of the month following his attainment of age 60 (age 55 if born
15 before January 1, 1965 ~~1955~~) if that 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 July 1, 1982 for firemen
21 born before January 1, 1930, and beginning January 1, 1990 for
22 firemen born after December 31, 1929 and before January 1,
23 1940, and beginning January 1, 1996 for firemen born after
24 December 31, 1939 but before January 1, 1945, and beginning
25 January 1, 2004~~7~~ for firemen born after December 31, 1944 but
26 before January 1, 1955, and beginning January 1, 2007 for
27 firemen born after December 31, 1954 but before January 1,
28 1965, such increases shall be 3% and such firemen shall not be
29 subject to the 30% maximum increase. For a fireman born before
30 January 1, 1965 who has made the contribution required under
31 subsection (c) for at least one year at the 7/8 of 1% rate,
32 such increases shall be 3% of the total amount of annuity

1 payable at the time of the increase, including any previous
2 increases under this Article, and the fireman shall not be
3 subject to the 30% maximum increase.

4 Any fireman born before January 1, 1945 who qualifies for a
5 minimum annuity and retires after September 1, 1967 but has not
6 received the initial increase under this subsection before
7 January 1, 1996 is entitled to receive the initial increase
8 under this subsection on (1) January 1, 1996, (2) the first
9 anniversary of the date of retirement, or (3) attainment of age
10 55, whichever occurs last. The changes to this Section made by
11 this amendatory Act of 1995 apply beginning January 1, 1996 and
12 apply without regard to whether the fireman or annuitant
13 terminated service before the effective date of this amendatory
14 Act of 1995.

15 Any fireman born before January 1, 1955 who qualifies for a
16 minimum annuity and retires after September 1, 1967 but has not
17 received the initial increase under this subsection before
18 January 1, 2004 is entitled to receive the initial increase
19 under this subsection on (1) January 1, 2004, (2) the first
20 anniversary of the date of retirement, or (3) attainment of age
21 55, whichever occurs last. The changes to this Section made by
22 Public Act 93-654 ~~this amendatory Act of the 93rd General~~
23 ~~Assembly~~ apply without regard to whether the fireman or
24 annuitant terminated service before the effective date of this
25 amendatory Act.

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

28 (c) To help defray the cost of such increases in annuity,
29 there shall be deducted, beginning September 1, 1959, from each
30 payment of salary to a fireman, 1/8 of 1% of each such salary
31 payment and an additional 1/8 of 1% beginning on September 1,
32 1961, and September 1, 1963, respectively, concurrently with
33 and in addition to the salary deductions otherwise made for
34 annuity purposes. Beginning January 1, 2007, the deduction from
35 salary under this subsection (c) shall be 7/8 of 1%.

36 (d) A fireman born before January 1, 1965 who terminates

1 service without having made the contribution required under
2 subsection (c) for at least one year at the 7/8 of 1% rate may
3 elect to pay to the Fund an additional contribution in an
4 amount to be calculated by the Board, equal to 7/8 of 1% of his
5 or her annual salary at the time of termination of service,
6 less the amount, if any, contributed under subsection (c)
7 during the last year of service.

8 A fireman who has paid the additional contribution under
9 this subsection shall be entitled to have any increases
10 thereafter payable under subsection (a) calculated at the rate
11 of 3% of the total amount of annuity payable at the time of the
12 increase, including any previous increases under this Article.

13 This subsection (d) and the other changes to this Section
14 made by this amendatory Act of the 94th General Assembly apply
15 without regard to whether the fireman terminated service before
16 the effective date of this amendatory Act.

17 (e) Each ~~such additional 1/8 of 1%~~ deduction from salary
18 under subsection (c) and any additional contribution received
19 under subsection (d) ~~which shall, on September 1, 1963, result~~
20 ~~in a total increase of 3/8 of 1% of salary,~~ shall be credited
21 to the Automatic Increase Reserve, to be used, together with
22 city contributions as provided in this Article, to defray the
23 cost of the ~~1-1/2%~~ annuity increments provided under this
24 Section ~~herein specified~~. Any balance in such reserve as of the
25 beginning of each calendar year shall be credited with interest
26 at the rate of 3% per annum.

27 (f) The salary deductions provided in this Section are not
28 subject to refund, except to the fireman himself, in any case
29 in which a fireman withdraws prior to qualification for minimum
30 annuity and applies for refund, or applies for annuity, and
31 also where a term annuity becomes payable. In such cases, the
32 total of such salary deductions shall be refunded to the
33 fireman, without interest, and charged to the aforementioned
34 reserve.

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

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.30 as follows:

3 (30 ILCS 805/8.30 new)

4 Sec. 8.30. 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 94th General Assembly.

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