



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4817

by Rep. Michael P. McAuliffe

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1	from Ch. 108 1/2, par. 5-167.1
40 ILCS 5/5-167.2	from Ch. 108 1/2, par. 5-167.2
30 ILCS 805/8.32 new	

Amends the Chicago Police Article of the Illinois Pension Code. Compounds the automatic annual increase in retirement annuity. Also increases it to 3% and reduces the minimum age to 55. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB095 17975 AMC 44058 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT in relation to 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 Sections 5-167.1 and 5-167.2 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, such increases shall be 3% and such
6 policemen shall not be subject to the 30% maximum increase.

7 Beginning January 1, 2009, regardless of the policeman's
8 date of birth, all annual increases under this subsection shall
9 be at the rate of 3% of the current amount of the annuity,
10 including any previous increases granted under this Article.

11 Any policeman born before January 1, 1945 who qualifies for
12 a minimum annuity and retires after September 1, 1967 but has
13 not received the initial increase under this subsection before
14 January 1, 1996 is entitled to receive the initial increase
15 under this subsection on (1) January 1, 1996, (2) the first
16 anniversary of the date of retirement, or (3) attainment of age
17 55, whichever occurs last. The changes to this Section made by
18 Public Act 89-12 apply beginning January 1, 1996 and without
19 regard to whether the policeman or annuitant terminated service
20 before the effective date of that Act.

21 Any policeman born before January 1, 1950 who qualifies for
22 a minimum annuity and retires after September 1, 1967 but has
23 not received the initial increase under this subsection before
24 January 1, 2000 is entitled to receive the initial increase
25 under this subsection on (1) January 1, 2000, (2) the first
26 anniversary of the date of retirement, or (3) attainment of age

1 55, whichever occurs last. The changes to this Section made by
2 this amendatory Act of the 92nd General Assembly apply without
3 regard to whether the policeman or annuitant terminated service
4 before the effective date of this amendatory Act.

5 Any policeman born before January 1, 1955 who qualifies for
6 a minimum annuity and retires after September 1, 1967 but has
7 not received the initial increase under this subsection before
8 January 1, 2005 is entitled to receive the initial increase
9 under this subsection on (1) January 1, 2005, (2) the first
10 anniversary of the date of retirement, or (3) attainment of age
11 55, whichever occurs last. The changes to this Section made by
12 this amendatory Act of the 94th General Assembly apply without
13 regard to whether the policeman or annuitant terminated service
14 before the effective date of this amendatory Act.

15 Notwithstanding the other provisions of this subsection,
16 any policeman who qualifies for a minimum annuity and retires
17 after September 1, 1967 but has not received the initial
18 increase under this subsection before January 1, 2009 is
19 entitled to receive the initial increase under this subsection
20 on (1) January 1, 2009, (2) the first anniversary of the date
21 of retirement, or (3) attainment of age 55, whichever occurs
22 last. The changes to this Section made by this amendatory Act
23 of the 95th General Assembly apply without regard to whether
24 the policeman or annuitant terminated service before the
25 effective date of this amendatory Act.

26 (b) Subsection (a) of this Section is not applicable to an

1 employee receiving a term annuity.

2 (c) To help defray the cost of such increases in annuity,
3 there shall be deducted, beginning September 1, 1967, from each
4 payment of salary to a policeman, 1/2 of 1% of each salary
5 payment concurrently with and in addition to the salary
6 deductions otherwise made for annuity purposes.

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

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

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

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

1 Increase Reserve.

2 (Source: P.A. 94-719, eff. 1-6-06.)

3 (40 ILCS 5/5-167.2) (from Ch. 108 1/2, par. 5-167.2)

4 Sec. 5-167.2. Retirement before September 1, 1967. A
5 retired policeman, qualifying for minimum annuity or who
6 retired from service with 20 or more years of service, before
7 September 1, 1967, shall, in January of the year following the
8 year he attains the age of 65, or in January of the year 1970,
9 if then more than 65 years of age, have his then fixed and
10 payable monthly annuity increased by an amount equal to 2% of
11 the original grant of annuity, for each year the policeman was
12 in receipt of annuity payments after the year in which he
13 attains, or did attain the age of 63. An additional 2% increase
14 in such then fixed and payable original granted annuity shall
15 accrue in each January thereafter. Beginning January 1, 1986,
16 the rate of such increase shall be 3% instead of 2%. Beginning
17 January 1, 2009, all annual increases under this paragraph
18 shall be at the rate of 3% of the current amount of the
19 annuity, including any previous increases granted under this
20 Article. The change made to this Section by this amendatory Act
21 of the 95th General Assembly is not limited to persons in
22 service on or after its effective date.

23 The provisions of the preceding paragraph of this Section
24 apply only to a retired policeman eligible for such increases
25 in his annuity who contributes to the Fund a sum equal to \$5

1 for each full year of credited service upon which his annuity
2 was computed. All such sums contributed shall be placed in a
3 Supplementary Payment Reserve and shall be used for the
4 purposes of such Fund account.

5 Beginning with the monthly annuity payment due in July,
6 1982, the fixed and granted monthly annuity payment for any
7 policeman who retired from the service, before September 1,
8 1976, at age 50 or over with 20 or more years of service and
9 entitled to an annuity on January 1, 1974, shall be not less
10 than \$400. It is the intent of the General Assembly that the
11 change made in this Section by this amendatory Act of 1982
12 shall apply retroactively to July 1, 1982.

13 Beginning with the monthly annuity payment due on January
14 1, 1986, the fixed and granted monthly annuity payment for any
15 policeman who retired from the service before January 1, 1986,
16 at age 50 or over with 20 or more years of service, or any
17 policeman who retired from service due to termination of
18 disability and who is entitled to an annuity on January 1,
19 1986, shall be not less than \$475.

20 Beginning with the monthly annuity payment due on January
21 1, 1992, the fixed and granted monthly annuity payment for any
22 policeman who retired from the service before January 1, 1992,
23 at age 50 or over with 20 or more years of service, and for any
24 policeman who retired from service due to termination of
25 disability and who is entitled to an annuity on January 1,
26 1992, shall be not less than \$650.

1 Beginning with the monthly annuity payment due on January
2 1, 1993, the fixed and granted monthly annuity payment for any
3 policeman who retired from the service before January 1, 1993,
4 at age 50 or over with 20 or more years of service, and for any
5 policeman who retired from service due to termination of
6 disability and who is entitled to an annuity on January 1,
7 1993, shall be not less than \$750.

8 Beginning with the monthly annuity payment due on January
9 1, 1994, the fixed and granted monthly annuity payment for any
10 policeman who retired from the service before January 1, 1994,
11 at age 50 or over with 20 or more years of service, and for any
12 policeman who retired from service due to termination of
13 disability and who is entitled to an annuity on January 1,
14 1994, shall be not less than \$850.

15 Beginning with the monthly annuity payment due on January
16 1, 2004, the fixed and granted monthly annuity payment for any
17 policeman who retired from the service before January 1, 2004,
18 at age 50 or over with 20 or more years of service, and for any
19 policeman who retired from service due to termination of
20 disability and who is entitled to an annuity on January 1,
21 2004, shall be not less than \$950.

22 Beginning with the monthly annuity payment due on January
23 1, 2005, the fixed and granted monthly annuity payment for any
24 policeman who retired from the service before January 1, 2005,
25 at age 50 or over with 20 or more years of service, and for any
26 policeman who retired from service due to termination of

1 disability and who is entitled to an annuity on January 1,
2 2005, shall be not less than \$1,050.

3 The difference in amount between the original fixed and
4 granted monthly annuity of any such policeman on the date of
5 his retirement from the service and the monthly annuity
6 provided for in the immediately preceding paragraph shall be
7 paid as a supplement in the manner set forth in the immediately
8 following paragraph.

9 To defray the annual cost of the increases indicated in the
10 preceding part of this Section, the annual interest income
11 accruing from investments held by this Fund, exclusive of gains
12 or losses on sales or exchanges of assets during the year, over
13 and above 4% a year shall be used to the extent necessary and
14 available to finance the cost of such increases for the
15 following year and such amount shall be transferred as of the
16 end of each year beginning with the year 1969 to a Fund account
17 designated as the Supplementary Payment Reserve from the
18 Interest and Investment Reserve set forth in Section 5-207.

19 In the event the funds in the Supplementary Payment Reserve
20 in any year arising from: (1) the interest income accruing in
21 the preceding year above 4% a year and (2) the contributions by
22 retired persons are insufficient to make the total payments to
23 all persons entitled to the annuity specified in this Section
24 and (3) any interest earnings over 4% a year beginning with the
25 year 1969 which were not previously used to finance such
26 increases and which were transferred to the Prior Service

1 Annuity Reserve, may be used to the extent necessary and
2 available to provide sufficient funds to finance such increases
3 for the current year and such sums shall be transferred from
4 the Prior Service Annuity Reserve. In the event the total money
5 available in the Supplementary Payment Reserve from such
6 sources are insufficient to make the total payments to all
7 persons entitled to such increases for the year, a
8 proportionate amount computed as the ratio of the money
9 available to the total of the total payments specified for that
10 year shall be paid to each person for that year.

11 The Fund shall be obligated for the payment of the
12 increases in annuity as provided for in this Section only to
13 the extent that the assets for such purpose are available.

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

15 Section 90. The State Mandates Act is amended by adding
16 Section 8.32 as follows:

17 (30 ILCS 805/8.32 new)

18 Sec. 8.32. Exempt mandate. Notwithstanding Sections 6 and 8
19 of this Act, no reimbursement by the State is required for the
20 implementation of any mandate created by this amendatory Act of
21 the 95th General Assembly.

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.