

HB5557



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5557

by Rep. Joseph M. Lyons

SYNOPSIS AS INTRODUCED:

40 ILCS 5/11-134.3

from Ch. 108 1/2, par. 11-134.3

Amends the Chicago Laborer Article of the Illinois Pension Code. Provides that, when all annuitants receiving certain post-retirement increases have died, any balance remaining in the Supplementary Payment Reserve must be transferred to the Prior Service Reserve. Effective immediately.

LRB095 19138 AMC 45351 b

PENSION IMPACT
NOTE ACT MAY
APPLY

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 11-134.3 as follows:

6 (40 ILCS 5/11-134.3) (from Ch. 108 1/2, par. 11-134.3)

7 Sec. 11-134.3. Automatic increases in annuity for certain
8 heretofore retired participants. A retired employee who (a) is
9 receiving annuity based on a service credit of 20 or more years
10 regardless of age at retirement or based on a service credit of
11 15 or more years with retirement at age 55 or over, and (b)
12 does not qualify for the automatic increases in annuity
13 provided for in Section 11-134.1 of this Article, and (c)
14 elects to make a contribution to the Fund at a time and manner
15 prescribed by the Retirement Board, of a sum equal to 1% of the
16 amount of final monthly salary times the number of full years
17 of service on which the annuity was based in those cases where
18 the annuity was computed on the money purchase formula, and in
19 those cases in which the annuity was computed under the minimum
20 annuity formula provisions of this Article a sum equal to 1% of
21 the average monthly salary on which the annuity was based times
22 such number of full years of service, shall have his original
23 fixed and payable monthly amount of annuity increased in

1 January of the year following the year in which he attains the
2 age of 65 years, if such age of 65 years is attained in the year
3 1969 or later, by an amount equal to 1 1/2%, and by an equal
4 additional 1 1/2% in January of each year thereafter. Beginning
5 with January of the year 1972, such increases shall be at the
6 rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning
7 January, 1984, such increases shall be at the rate of 3%.
8 Beginning in January of 1999, such increases shall be at the
9 rate of 3% of the currently payable monthly annuity, including
10 any increases previously granted under this Article.

11 In those cases in which the retired employee receiving
12 annuity has attained the age of 66 or more years in the year
13 1969, he shall have such annuity increased in January of the
14 year 1970 by an amount equal to 1 1/2% multiplied by the number
15 equal to the number of months of January elapsing from and
16 including January of the year immediately following the year he
17 attained the age of 65 years if retired at or prior to age 65,
18 or from and including January of the year immediately following
19 the year of retirement if retired at an age greater than 65
20 years, to and including January of the year 1970, and by an
21 equal additional 1 1/2% in January of each year thereafter.
22 Beginning with January of the year 1972, such increases shall
23 be at the rate of 2% in lieu of the aforesaid specified 1 1/2%.
24 Beginning January, 1984, such increases shall be at the rate of
25 3%. Beginning in January of 1999, such increases shall be at
26 the rate of 3% of the currently payable monthly annuity,

1 including any increases previously granted under this Article.

2 To defray the annual cost of such increases, the annual
3 interest income of the Fund, accruing from investments held by
4 the Fund, exclusive of gains or losses on sales or exchanges of
5 assets during the year, over and above 4% a year, shall be used
6 to the extent necessary and available to finance the cost of
7 such increases for the following year, and such amount shall be
8 transferred as of the end of each year, beginning with the year
9 1969, to a Fund account designated as the Supplementary Payment
10 Reserve from the Investment and Interest Reserve set forth in
11 Sec. 11-210. The sums contributed by annuitants as provided for
12 in this Section shall also be placed in the aforesaid
13 Supplementary Payment Reserve and shall be applied for and used
14 for the purposes of such Fund account, together with the
15 aforesaid interest.

16 In the event the monies in the Supplementary Payment
17 Reserve in any year arising from: (1) the available interest
18 income as defined hereinbefore and accruing in the preceding
19 year above 4% a year and (2) the contributions by retired
20 persons, as set forth hereinbefore, are insufficient to make
21 the total payments to all persons estimated to be entitled to
22 the annuity increases specified hereinbefore, then (3) any
23 interest earnings over 4% a year beginning with the year 1969
24 which were not previously used to finance such increases and
25 which were transferred to the Prior Service Annuity Reserve may
26 be used to the extent necessary and available to provide

1 sufficient funds to finance such increases for the current
2 year, and such sums shall be transferred from the Prior Service
3 Annuity Reserve.

4 In the event the total monies available in the
5 Supplementary Payment Reserve from the preceding indicated
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 monies
9 available to the total of the total payments for that year
10 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, as specified
14 herein, are available.

15 When all annuitants receiving post-retirement increases
16 under this Section have died, any balance remaining in the
17 Supplementary Payment Reserve must be transferred to the Prior
18 Service Reserve.

19 (Source: P.A. 90-766, eff. 8-14-98.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.