



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB5063

Introduced 2/7/2012, by Rep. Raymond Poe

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160  
30 ILCS 805/8.36 new

Amends the General Provisions Article of the Illinois Pension Code. In provisions that are applicable to certain new hires: (i) reduces the minimum age at which a participant is entitled to an unreduced retirement annuity and the annual increases in retirement annuity from 67 to 62, and (ii) removes provisions concerning entitlement to a reduced retirement annuity at age 62. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 16780 EFG 61960 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 1-160 as follows:

6 (40 ILCS 5/1-160)

7 Sec. 1-160. Provisions applicable to new hires.

8 (a) The provisions of this Section apply to a person who,  
9 on or after January 1, 2011, first becomes a member or a  
10 participant under any reciprocal retirement system or pension  
11 fund established under this Code, other than a retirement  
12 system or pension fund established under Article 2, 3, 4, 5, 6,  
13 or 18 of this Code, notwithstanding any other provision of this  
14 Code to the contrary, but do not apply to any self-managed plan  
15 established under this Code, to any person with respect to  
16 service as a sheriff's law enforcement employee under Article  
17 7, or to any participant of the retirement plan established  
18 under Section 22-101.

19 (b) "Final average salary" means the average monthly (or  
20 annual) salary obtained by dividing the total salary or  
21 earnings calculated under the Article applicable to the member  
22 or participant during the 96 consecutive months (or 8  
23 consecutive years) of service within the last 120 months (or 10

1 years) of service in which the total salary or earnings  
2 calculated under the applicable Article was the highest by the  
3 number of months (or years) of service in that period. For the  
4 purposes of a person who first becomes a member or participant  
5 of any retirement system or pension fund to which this Section  
6 applies on or after January 1, 2011, in this Code, "final  
7 average salary" shall be substituted for the following:

8 (1) In Articles 7 (except for service as sheriff's law  
9 enforcement employees) and 15, "final rate of earnings".

10 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
11 annual salary for any 4 consecutive years within the last  
12 10 years of service immediately preceding the date of  
13 withdrawal".

14 (3) In Article 13, "average final salary".

15 (4) In Article 14, "final average compensation".

16 (5) In Article 17, "average salary".

17 (6) In Section 22-207, "wages or salary received by him  
18 at the date of retirement or discharge".

19 (b-5) Beginning on January 1, 2011, for all purposes under  
20 this Code (including without limitation the calculation of  
21 benefits and employee contributions), the annual earnings,  
22 salary, or wages (based on the plan year) of a member or  
23 participant to whom this Section applies shall not exceed  
24 \$106,800; however, that amount shall annually thereafter be  
25 increased by the lesser of (i) 3% of that amount, including all  
26 previous adjustments, or (ii) one-half the annual unadjusted

1 percentage increase (but not less than zero) in the consumer  
2 price index-u for the 12 months ending with the September  
3 preceding each November 1, including all previous adjustments.

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

13 (c) A member or participant is entitled to a retirement  
14 annuity upon written application if he or she has attained age  
15 62 ~~67~~ and has at least 10 years of service credit and is  
16 otherwise eligible under the requirements of the applicable  
17 Article.

18 ~~A member or participant who has attained age 62 and has at~~  
19 ~~least 10 years of service credit and is otherwise eligible~~  
20 ~~under the requirements of the applicable Article may elect to~~  
21 ~~receive the lower retirement annuity provided in subsection (d)~~  
22 ~~of this Section.~~

23 (d) (Blank). ~~The retirement annuity of a member or~~  
24 ~~participant who is retiring after attaining age 62 with at~~  
25 ~~least 10 years of service credit shall be reduced by one-half~~  
26 ~~of 1% for each full month that the member's age is under age~~

1 ~~67.~~

2 (e) Any retirement annuity or supplemental annuity shall be  
3 subject to annual increases on the January 1 occurring either  
4 on or after the attainment of age 62 ~~67~~ or the first  
5 anniversary of the annuity start date, whichever is later. Each  
6 annual increase shall be calculated at 3% or one-half the  
7 annual unadjusted percentage increase (but not less than zero)  
8 in the consumer price index-u for the 12 months ending with the  
9 September preceding each November 1, whichever is less, of the  
10 originally granted retirement annuity. If the annual  
11 unadjusted percentage change in the consumer price index-u for  
12 the 12 months ending with the September preceding each November  
13 1 is zero or there is a decrease, then the annuity shall not be  
14 increased.

15 (f) The initial survivor's or widow's annuity of an  
16 otherwise eligible survivor or widow of a retired member or  
17 participant who first became a member or participant on or  
18 after January 1, 2011 shall be in the amount of 66 2/3% of the  
19 retired member's or participant's retirement annuity at the  
20 date of death. In the case of the death of a member or  
21 participant who has not retired and who first became a member  
22 or participant on or after January 1, 2011, eligibility for a  
23 survivor's or widow's annuity shall be determined by the  
24 applicable Article of this Code. The initial benefit shall be  
25 66 2/3% of the earned annuity without a reduction due to age. A  
26 child's annuity of an otherwise eligible child shall be in the

1 amount prescribed under each Article if applicable. Any  
2 survivor's or widow's annuity shall be increased (1) on each  
3 January 1 occurring on or after the commencement of the annuity  
4 if the deceased member died while receiving a retirement  
5 annuity or (2) in other cases, on each January 1 occurring  
6 after the first anniversary of the commencement of the annuity.  
7 Each annual increase shall be calculated at 3% or one-half the  
8 annual unadjusted percentage increase (but not less than zero)  
9 in the consumer price index-u for the 12 months ending with the  
10 September preceding each November 1, whichever is less, of the  
11 originally granted survivor's annuity. If the annual  
12 unadjusted percentage change in the consumer price index-u for  
13 the 12 months ending with the September preceding each November  
14 1 is zero or there is a decrease, then the annuity shall not be  
15 increased.

16 (g) The benefits in Section 14-110 apply only if the person  
17 is a State policeman, a fire fighter in the fire protection  
18 service of a department, or a security employee of the  
19 Department of Corrections or the Department of Juvenile  
20 Justice, as those terms are defined in subsection (b) of  
21 Section 14-110. A person who meets the requirements of this  
22 Section is entitled to an annuity calculated under the  
23 provisions of Section 14-110, in lieu of the regular or minimum  
24 retirement annuity, only if the person has withdrawn from  
25 service with not less than 20 years of eligible creditable  
26 service and has attained age 60, regardless of whether the

1 attainment of age 60 occurs while the person is still in  
2 service.

3 (h) If a person who first becomes a member or a participant  
4 of a retirement system or pension fund subject to this Section  
5 on or after January 1, 2011 is receiving a retirement annuity  
6 or retirement pension under that system or fund and becomes a  
7 member or participant under any other system or fund created by  
8 this Code and is employed on a full-time basis, except for  
9 those members or participants exempted from the provisions of  
10 this Section under subsection (a) of this Section, then the  
11 person's retirement annuity or retirement pension under that  
12 system or fund shall be suspended during that employment. Upon  
13 termination of that employment, the person's retirement  
14 annuity or retirement pension payments shall resume and be  
15 recalculated if recalculation is provided for under the  
16 applicable Article of this Code.

17 If a person who first becomes a member of a retirement  
18 system or pension fund subject to this Section on or after  
19 January 1, 2012 and is receiving a retirement annuity or  
20 retirement pension under that system or fund and accepts on a  
21 contractual basis a position to provide services to a  
22 governmental entity from which he or she has retired, then that  
23 person's annuity or retirement pension earned as an active  
24 employee of the employer shall be suspended during that  
25 contractual service. A person receiving an annuity or  
26 retirement pension under this Code shall notify the pension

1 fund or retirement system from which he or she is receiving an  
2 annuity or retirement pension, as well as his or her  
3 contractual employer, of his or her retirement status before  
4 accepting contractual employment. A person who fails to submit  
5 such notification shall be guilty of a Class A misdemeanor and  
6 required to pay a fine of \$1,000. Upon termination of that  
7 contractual employment, the person's retirement annuity or  
8 retirement pension payments shall resume and, if appropriate,  
9 be recalculated under the applicable provisions of this Code.

10 (i) Notwithstanding any other provision of this Section, a  
11 person who first becomes a participant of the retirement system  
12 established under Article 15 on or after January 1, 2011 shall  
13 have the option to enroll in the self-managed plan created  
14 under Section 15-158.2 of this Code.

15 (j) In the case of a conflict between the provisions of  
16 this Section and any other provision of this Code, the  
17 provisions of this Section shall control.

18 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;  
19 97-609, eff. 1-1-12.)

20 Section 90. The State Mandates Act is amended by adding  
21 Section 8.36 as follows:

22 (30 ILCS 805/8.36 new)

23 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8  
24 of this Act, no reimbursement by the State is required for the



1 implementation of any mandate created by this amendatory Act of  
2 the 97th General Assembly.

3 Section 99. Effective date. This Act takes effect upon  
4 becoming law.