



## 97TH GENERAL ASSEMBLY

### State of Illinois

### 2011 and 2012

### HB5645

Introduced 2/15/2012, by Rep. Angelo Saviano

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-164

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

30 ILCS 805/8.36 new

Amends the Chicago Firefighter Article of the Illinois Pension Code. Provides that beginning January 1, 2012 for firemen born on or after January 1, 1955 but before January 1, 1960, the automatic annual increases in retirement annuity shall be 3% and shall not be subject to the 30% maximum increase restriction. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 18861 EFG 64099 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 1955) or over on that anniversary date, or upon the first of  
14 the month following his attainment of age 60 (age 55 if born  
15 before January 1, 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

1 December 31, 1939 but before January 1, 1945, and beginning  
2 January 1, 2004, for firemen born after December 31, 1944 but  
3 before January 1, 1955, and beginning January 1, 2012 for  
4 firemen born on or after January 1, 1955 but before January 1,  
5 1960, such increases shall be 3% and such firemen shall not be  
6 subject to the 30% maximum increase.

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

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

1 before the effective date of this amendatory Act.

2 Any fireman born on or after January 1, 1955 but before  
3 January 1, 1960 who qualifies for a minimum annuity and retires  
4 after September 1, 1967 but has not received the initial  
5 increase under this subsection before January 1, 2012 is  
6 entitled to receive the initial increase under this subsection  
7 on (1) January 1, 2012, (2) the first anniversary of the date  
8 of retirement, or (3) attainment of age 55, whichever occurs  
9 last. The changes to this Section made by this amendatory Act  
10 of the 97th General Assembly apply without regard to whether  
11 the fireman or annuitant terminated service before the  
12 effective date of this amendatory Act.

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

15 (c) To help defray the cost of such increases in annuity,  
16 there shall be deducted, beginning September 1, 1959, from each  
17 payment of salary to a fireman, 1/8 of 1% of each such salary  
18 payment and an additional 1/8 of 1% beginning on September 1,  
19 1961, and September 1, 1963, respectively, concurrently with  
20 and in addition to the salary deductions otherwise made for  
21 annuity purposes.

22 Each such additional 1/8 of 1% deduction from salary which  
23 shall, on September 1, 1963, result in a total increase of 3/8  
24 of 1% of salary, shall be credited to the Automatic Increase  
25 Reserve, to be used, together with city contributions as  
26 provided in this Article, to defray the cost of the 1 1/2%

1 annuity increments herein specified. Any balance in such  
2 reserve as of the beginning of each calendar year shall be  
3 credited with interest at the rate of 3% per annum.

4 The salary deductions provided in this Section are not  
5 subject to refund, except to the fireman himself, in any case  
6 in which a fireman withdraws prior to qualification for minimum  
7 annuity and applies for refund, or applies for annuity, and  
8 also where a term annuity becomes payable. In such cases, the  
9 total of such salary deductions shall be refunded to the  
10 fireman, without interest, and charged to the aforementioned  
11 reserve.

12 (d) Notwithstanding any other provision of this Article,  
13 the monthly annuity of a person who first becomes a fireman  
14 under this Article on or after January 1, 2011 shall be  
15 increased on the January 1 occurring either on or after the  
16 attainment of age 60 or the first anniversary of the annuity  
17 start date, whichever is later. Each annual increase shall be  
18 calculated at 3% or one-half the annual unadjusted percentage  
19 increase (but not less than zero) in the consumer price index-u  
20 for the 12 months ending with the September preceding each  
21 November 1, whichever is less, of the originally granted  
22 retirement annuity. If the annual unadjusted percentage change  
23 in the consumer price index-u for a 12-month period ending in  
24 September is zero or, when compared with the preceding period,  
25 decreases, then the annuity shall not be increased.

26 For the purposes of this subsection (d), "consumer price

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

9 (Source: P.A. 96-1495, eff. 1-1-11.)

10 Section 90. The State Mandates Act is amended by adding  
11 Section 8.36 as follows:

12 (30 ILCS 805/8.36 new)

13 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8  
14 of this Act, no reimbursement by the State is required for the  
15 implementation of any mandate created by this amendatory Act of  
16 the 97th General Assembly.

17 Section 99. Effective date. This Act takes effect upon  
18 becoming law.