AN ACT concerning public employee benefits.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Findings. It is the intention of the General Assembly to address an immediate funding crisis that threatens the solvency and sustainability of the public pension systems ("Pension Funds") serving employees of the City of Chicago ("City"). The Pension Funds include the Municipal Employees' Annuity and Benefit Fund of Chicago ("MEABF") and the Laborers' and Retirement Board Employees' Annuity Benefit Fund of Chicago ("LABF"). The General Assembly observes that both the pension benefits provided by these Pension Funds and the City's obligation to contribute to these Pension Funds are established by State law. The General Assembly further observes that the City has continuously made the required contributions to these Pension Funds. After reviewing the condition of the Pension Funds, potential sources of funding, and assessing the need for reform thereof, the General Assembly finds and declares that:

1. The overall financial condition of these two City pension funds is so dire, even under the most optimistic assumptions, a balanced increase in funding, both from the City and from its employees, combined with a modification of annual adjustments for both current and future retirees, is necessary to stabilize and fund the pension funds.
2. While considering the combined unfunded liabilities of the MEABF and LABF, as well as other pension funding that ultimately relies on funds from the City's property tax base, a combination of modifications to employee contribution rates and annual adjustments and increased revenues are necessary to keep the City funds solvent. The City, even as a home rule unit, lacks the ability and flexibility to raise sufficient revenues to fund the current level of pension benefits of these Pension Funds while at the same time providing important public services essential to the public welfare.

3. The General Assembly has been advised by the City that the City cannot feasibly reduce its other expenses to address this serious problem without an unprecedented reduction in basic City services. Personnel costs constitute approximately 75% of the non-disciplinary appropriations for the City. As such, reductions in City expenditures to fund pensions would necessarily result in substantial cuts to City personnel, including in key services areas such as public safety, sanitation, and construction.

4. In sum, the crisis confronting the City and its Funds is so large and immediate that it cannot be addressed through increased funding alone, without modifying employee contribution rates and annual adjustments for current and future retirees. The consequences to the City of attempting to do so would be draconian. Accordingly, the General Assembly concludes that, unless reforms are enacted, the benefits
currently promised by the Pension Funds are at risk.

Section 10. The Illinois Pension Code is amended by changing Sections 1-160, 8-137, 8-137.1, 8-173, 8-174, 11-134.1, 11-134.3, 11-169, and 11-170 and by adding Sections 8-173.1, 8-174.2, 11-169.1, and 11-179.1 as follows:

(40 ILCS 5/1-160)

(Text of Section before amendment by P.A. 98-622)

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

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The
changes made to this Section by Public Act 98-596 this amendatory Act of the 98th General Assembly are a clarification of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

(1) In Article 7 (except for service as sheriff's law enforcement employees), "final rate of earnings".

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

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

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

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

(b-5) Beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not exceed $106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

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

(c) A member or participant is entitled to a retirement annuity upon written application if he or she has attained age 67 and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article.
A member or participant who has attained age 62 and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article may elect to receive the lower retirement annuity provided in subsection (d) of this Section.

(d) The retirement annuity of a member or participant who is retiring after attaining age 62 with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 67.

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

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the
retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

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

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after
January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of $1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

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

(Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596, eff. 11-19-13; revised 1-23-14.)

(Text of Section after amendment by P.A. 98-622)
Sec. 1-160. Provisions applicable to new hires.
(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 this amendatory Act of the 98th General Assembly are a clarification of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10
years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

(1) In Article 7 (except for service as sheriff's law enforcement employees), "final rate of earnings".

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

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

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

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

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

(b-5) Beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not exceed $106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted
percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

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

(c) A member or participant is entitled to a retirement annuity upon written application if he or she has attained age 67 (beginning January 1, 2015, age 65 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article.

A member or participant who has attained age 62 (beginning January 1, 2015, age 60 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article may elect to receive the lower retirement annuity provided in subsection (d) of this Section.
(d) The retirement annuity of a member or participant who is retiring after attaining age 62 (beginning January 1, 2015, age 60 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 67 (beginning January 1, 2015, age 65 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section).

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (beginning January 1, 2015, age 65 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) or the first anniversary (the second anniversary with respect to service under Article 8 or 11) of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

Notwithstanding any provision of this Section to the
contrary, with respect to service under Article 8 or 11 of this Code that is subject to this Section, no annual increase under this subsection shall be paid or accrue to any person in year 2025. In all other years, the Fund shall continue to pay annual increases as provided in this Section.

Notwithstanding Section 1-103.1 of this Code, the changes in this amendatory Act of the 98th General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 98th General Assembly.

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement
annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

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

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit
such notification shall be guilty of a Class A misdemeanor and required to pay a fine of $1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

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

(Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596, eff. 11-19-13; 98-622, eff. 6-1-14; revised 1-23-14.)

(40 ILCS 5/8-137) (from Ch. 108 1/2, par. 8-137)
Sec. 8-137. Automatic increase in annuity.

(a) An employee who retired or retires from service after December 31, 1959 and before January 1, 1987, having attained age 60 or more, shall, in January of the year after the year in which the first anniversary of retirement occurs, have the amount of his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement increased by a further 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%, and beginning with January of the year 1984 such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the
currently payable monthly annuity, including any increases previously granted under this Article. An employee who retires on annuity after December 31, 1959 and before January 1, 1987, but before age 60, shall receive such increases beginning in January of the year after the year in which he attains age 60.

An employee who retires from service on or after January 1, 1987 shall, upon the first annuity payment date following the first anniversary of the date of retirement, or upon the first annuity payment date following attainment of age 60, whichever occurs later, have his then fixed and payable monthly annuity increased by 3%, and such annuity shall be increased by an additional 3% of the original fixed annuity on the same date each year thereafter. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

(a-5) Notwithstanding the provisions of subsection (a), upon the first annuity payment date following (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002, whichever occurs latest, the monthly annuity of an employee who retires on annuity prior to the attainment of age 60 and has not received an increase under subsection (a) shall be increased by 3%, and the annuity shall be increased by an additional 3% of the current payable monthly annuity, including any increases previously granted under this Article, on the same date each year thereafter. The increases provided
under this subsection are in lieu of the increases provided in subsection (a).

(a-6) Notwithstanding the provisions of subsections (a) and (a-5), for all calendar years following the year in which this amendatory Act of the 93rd General Assembly takes effect, an increase in annuity under this Section that would otherwise take effect at any time during the year shall instead take effect in January of that year.

(b) Subsections (a), (a-5), and (a-6) are not applicable to an employee retiring and receiving a term annuity, as herein defined, nor to any otherwise qualified employee who retires before he makes employee contributions (at the 1/2 of 1% rate as provided in this Act) for this additional annuity for not less than the equivalent of one full year. Such employee, however, shall make arrangement to pay to the fund a balance of such 1/2 of 1% contributions, based on his final salary, as will bring such 1/2 of 1% contributions, computed without interest, to the equivalent of or completion of one year's contributions.

Beginning with January, 1960, each employee shall contribute by means of salary deductions 1/2 of 1% of each salary payment, concurrently with and in addition to the employee contributions otherwise made for annuity purposes.

Each such additional contribution shall be credited to an account in the prior service annuity reserve, to be used, together with city contributions, to defray the cost of the
specified annuity increments. Any balance in such account at the beginning of each calendar year shall be credited with interest at the rate of 3% per annum.

Such additional employee contributions are not refundable, except to an employee who withdraws and applies for refund under this Article, and in cases where a term annuity becomes payable. In such cases his contributions shall be refunded, without interest, and charged to such account in the prior service annuity reserve.

(b-5) Notwithstanding any provision of this Section to the contrary:

(1) A person retiring after the effective date of this amendatory Act of the 98th General Assembly shall not be eligible for an annual increase under this Section until one full year after the date on which such annual increase otherwise would take effect under this Section.

(2) Except for persons eligible under subdivision (4) of this subsection for a minimum annual increase, there shall be no annual increase under this Section in years 2017, 2019, and 2025.

(3) In all other years, beginning January 1, 2015, the Fund shall pay an annual increase to persons eligible to receive one under this Section, in lieu of any other annual increase provided under this Section (but subject to the minimum increase under subdivision (4) of this subsection, if applicable) in an amount equal to the lesser of 3% or
one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1 of the person's last annual annuity amount prior to January 1, 2015, or if the person was not yet receiving an annuity on that date, then this calculation shall be based on his or her originally granted annual annuity amount.

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100.

(4) A person is eligible under this subdivision (4) to receive a minimum annual increase in a particular year if: (i) the person is otherwise eligible to receive an annual increase under subdivision (3) of this subsection, and (ii) the annual amount of the annuity payable at the time of the increase, including all increases previously received, is less than $22,000.

Beginning January 1, 2015, for a person who is eligible under this subdivision (4) to receive a minimum annual increase in the year 2017, 2019, or 2025, the annual increase shall be 1% of the person's last annual annuity amount prior to January 1, 2015, or if the person was not yet receiving an annuity on that date, then 1% of his or
her originally granted annual annuity amount.

Beginning January 1, 2015, for any other year in which a person is eligible under this subdivision (4) to receive a minimum annual increase, the annual increase shall be as specified under subdivision (3), but not less than 1% of the person's last annual annuity amount prior to January 1, 2015 or, if the person was not yet receiving an annuity on that date, then not less than 1% of his or her originally granted annual annuity amount.

For the purposes of Section 1-103.1, this subsection (b-5) is applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 98th General Assembly. This subsection (b-5) applies to any former employee who on or after the effective date of this amendatory Act of the 98th General Assembly is receiving a retirement annuity and is eligible for an automatic annual increase under this Section.

(Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02; 93-654, eff. 1-16-04.)

Sec. 8-137.1. Automatic increases in annuity for certain heretofore retired participants.

(a) A retired municipal employee who (i) (a) is receiving annuity based on a service credit of 20 or more years regardless of age at retirement or based on a service credit of
15 or more years with retirement at age 55 or over, and (ii) does not qualify for the automatic increases in annuity provided for in Section 8-137 of this Article, and (iii) elects to make a contribution to the Fund at a time and manner prescribed by the Retirement Board, of a sum equal to 1% of the amount of final monthly salary times the number of full years of service on which the annuity was based in those cases where the annuity was computed on the money purchase formula and in those cases in which the annuity was computed under the minimum annuity formula provisions of this Article a sum equal to 1% of the average monthly salary on which the annuity was based times such number of full years of service, shall have his original fixed and payable monthly amount of annuity increased in January of the year following the year in which he attains the age of 65 years, if such age of 65 years is attained in the year 1969 or later, by an amount equal to 1-1/2%, and by an equal additional 1-1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%, and beginning January of the year 1984 such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

Whenever the retired municipal employee receiving annuity has attained the age of 66 or more in 1969, he shall have such
annuity increased in January, 1970 by an amount equal to 1-1/2% multiplied by the number equal to the number of months of January elapsing from and including January of the year immediately following the year he attained the age of 65 if retired at or before age 65, or from and including January of the year immediately following the year of retirement if retired at an age greater than 65, to and including January, 1970, and by an equal additional 1-1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%, and beginning January of the year 1984 such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

(b) To defray the annual cost of such increases, the annual interest income of the Fund, accruing from investments held by the Fund, exclusive of gains or losses on sales or exchanges of assets during the year, over and above 4% a year, shall be used to the extent necessary and available to finance the cost of such increases for the following year, and such amount shall be transferred as of the end of each year, beginning with the year 1969, to a Fund account designated as the Supplementary Payment Reserve from the Investment and Interest Reserve set forth in Section 8-221. The sums contributed by annuitants as provided for in this Section shall also be placed in the aforesaid
Supplementary Payment Reserve and shall be applied and used for the purposes of such Fund account, together with the aforesaid interest.

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

In the event the total monies available in the Supplementary Payment Reserve from the preceding indicated sources are insufficient to make the total payments to all persons entitled to such increases for the year, a proportionate amount computed as the ratio of the monies available to the total of the total payments for that year shall be paid to each person for that year.

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

(b-5) Notwithstanding any provision of this Section to the contrary:

(1) Except for persons eligible under subdivision (3) of this subsection for a minimum annual increase, there shall be no annual increase under this Section in years 2017, 2019, and 2025.

(2) In all other years, beginning January 1, 2015, the Fund shall pay an annual increase to persons eligible to receive one under this Section, in lieu of any other annual increase provided under this Section (but subject to the minimum increase under subdivision (3) of this subsection, if applicable) in an amount equal to the lesser of 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1 of the person's last annual annuity amount prior to January 1, 2015.

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100.

(3) A person is eligible under this subdivision (3) to
receive a minimum annual increase in a particular year if:
(i) the person is otherwise eligible to receive an annual
increase under subdivision (2) of this subsection, and (ii)
the annual amount of the annuity payable at the time of the
increase, including all increases previously received, is
less than $22,000.

Beginning January 1, 2015, for a person who is eligible
under this subdivision (3) to receive a minimum annual
increase in the year 2017, 2019, or 2025, the annual
increase shall be 1% of the person's last annual annuity
amount prior to January 1, 2015.

Beginning January 1, 2015, for any other year in which
a person is eligible under this subdivision (3) to receive
a minimum annual increase, the annual increase shall be as
specified under subdivision (2), but not less than 1% of
the person's last annual annuity amount prior to January 1,
2015.

For the purposes of Section 1-103.1, this subsection (b-5)
is applicable without regard to whether the employee was in
active service on or after the effective date of this
amendatory Act of the 98th General Assembly. This subsection
(b-5) applies to any former employee who on or after the
effective date of this amendatory Act of the 98th General
Assembly is receiving a retirement annuity and is eligible for
an automatic annual increase under this Section.
(Source: P.A. 90-766, eff. 8-14-98.)
Sec. 8-173. Financing; tax levy.

(a) Except as provided in subsection (f) of this Section, the city council of the city shall levy a tax annually upon all taxable property in the city at a rate that will produce a sum which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them and the amounts deposited under subsection (f), will be sufficient for the requirements of this Article, but which when extended will produce an amount not to exceed the greater of the following: (a) the sum obtained by the levy of a tax of .1093% of the value, as equalized or assessed by the Department of Revenue, of all taxable property within such city, or (b) the sum of $12,000,000. However any city in which a Fund has been established and in operation under this Article for more than 3 years prior to 1970 shall levy for the year 1970 a tax at a rate on the dollar of assessed valuation of all taxable property that will produce, when extended, an amount not to exceed 1.2 times the total amount of contributions made by employees to the Fund for annuity purposes in the calendar year 1968, and, for the year 1971 and 1972 such levy that will produce, when extended, an amount not to exceed 1.3 times the total amount of contributions made by employees to the Fund for annuity purposes in the calendar years 1969 and 1970, respectively; and for the year 1973 an amount not to exceed 1.365 times such
total amount of contributions made by employees for annuity purposes in the calendar year 1971; and for the year 1974 an amount not to exceed 1.430 times such total amount of contributions made by employees for annuity purposes in the calendar year 1972; and for the year 1975 an amount not to exceed 1.495 times such total amount of contributions made by employees for annuity purposes in the calendar year 1973; and for the year 1976 an amount not to exceed 1.560 times such total amount of contributions made by employees for annuity purposes in the calendar year 1974; and for the year 1977 an amount not to exceed 1.625 times such total amount of contributions made by employees for annuity purposes in the calendar year 1975; and for the year 1978 and each year thereafter through levy year 2014, such levy as will produce, when extended, an amount not to exceed the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2 years prior to the year for which the annual applicable tax is levied, multiplied by 1.690 for the years 1978 through 1998 and by 1.250 for the year 1999 and for each year thereafter through levy year 2014. Beginning in levy year 2015, and in each year thereafter, the levy shall not exceed the amount of the city's total required contribution to the Fund for the next payment year, as determined under subsection (a-5). For the purposes of this Section, the payment year is the year immediately following the levy year.
The tax shall be levied and collected in like manner with the general taxes of the city, and shall be exclusive of and in addition to the amount of tax the city is now or may hereafter be authorized to levy for general purposes under any laws which may limit the amount of tax which the city may levy for general purposes. The county clerk of the county in which the city is located, in reducing tax levies under the provisions of any Act concerning the levy and extension of taxes, shall not consider the tax herein provided for as a part of the general tax levy for city purposes, and shall not include the same within any limitation of the percent of the assessed valuation upon which taxes are required to be extended for such city.

Revenues derived from such tax shall be paid to the city treasurer of the city as collected and held by the city treasurer for the benefit of the fund.

If the payments on account of taxes are insufficient during any year to meet the requirements of this Article, the city may issue tax anticipation warrants against the current tax levy.

The city may continue to use other lawfully available funds in lieu of all or part of the levy, as provided under subsection (f) of this Section.

(a-5) Beginning in payment year 2016, the city's required annual contribution to the Fund shall be the lesser of:

(i) (I) for payment years 2016 through 2055, the annual amount determined by the Fund to be equal to the greater of $0, or the sum of (1) the city's portion of the projected
normal cost for that fiscal year, plus (2) an amount
determined on a level percentage of applicable employee
payroll basis (reflecting any limits on individual
participants' pay that apply for benefit and contribution
purposes under this plan) that is sufficient to bring the
total actuarial assets of the Fund up to 90% of the total
actuarial liabilities of the Fund by the end of 2055. (II)
For payment years after 2055, the annual amount determined
by the Fund to be equal to the amount, if any, needed to
bring the total actuarial assets of the Fund up to 90% of
the total actuarial liabilities of the Fund as of the end
of the year. In making the determinations under both (I)
and (II), the actuarial calculations shall be determined
under the entry age normal actuarial cost method, and any
actuarial gains or losses from investment return incurred
in a fiscal year shall be recognized in equal annual
amounts over the 5-year period following the fiscal year;
or
(ii) for payment year 2016, 1.85 times the total amount
of contributions made by or on behalf of employees to the
Fund for annuity purposes in the calendar year 2013; for
payment year 2017, 2.15 times the total amount of
contributions made by or on behalf of employees to the Fund
for annuity purposes in the calendar year 2014; for payment
year 2018, 2.45 times the total amount of contributions
made by or on behalf of employees to the Fund for annuity
purposes in the calendar year 2015; for payment year 2019, 2.75 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2016; for payment year 2020, 3.05 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2017.

However, beginning in the earlier of payment year 2021 or the first payment year in which the annual contribution amount calculated under subdivision (i) is less than the contribution amount calculated under subdivision (ii), and in each year thereafter, the city's required annual contribution to the Fund shall be determined under subdivision (i).

The city's required annual contribution to the Fund may be paid with any available funds and shall be paid by the city to the city treasurer. The city treasurer shall collect and hold those funds for the benefit of the Fund.

(a-10) If the city fails to transmit to the Fund contributions required of it under this Article by December 31st of the year in which such contributions are due, the Fund may, after giving notice to the city, certify to the State Comptroller the amounts of the delinquent payments, and the Comptroller must, beginning in payment year 2016, deduct and deposit into the Fund the certified amounts or a portion of those amounts from the following proportions of grants of State funds to the city:
(1) in payment year 2016, one-third of the total amount of any grants of State funds to the city;
(2) in payment year 2017, two-thirds of the total amount of any grants of State funds to the city; and
(3) in payment year 2018 and each payment year thereafter, the total amount of any grants of State funds to the city.

The State Comptroller may not deduct from any grants of State funds to the city more than the amount of delinquent payments certified to the State Comptroller by the Fund.

(b) On or before July 1, annually, the board shall certify to notify the city council the annual amounts required under of the requirements of this Article, for which the tax herein provided may shall be levied for the following that current year. The board shall compute the amounts necessary to be credited to the reserves established and maintained as herein provided, and shall make an annual determination of the amount of the required city contributions, and certify the results thereof to the city council.

(c) In respect to employees of the city who are transferred to the employment of a park district by virtue of the "Exchange of Functions Act of 1957", the corporate authorities of the park district shall annually levy a tax upon all the taxable property in the park district at such rate per cent of the value of such property, as equalized or assessed by the Department of Revenue, as shall be sufficient, when added to
the amounts deducted from their salaries and otherwise contributed by them to provide the benefits to which they and their dependents and beneficiaries are entitled under this Article. The city shall not levy a tax hereunder in respect to such employees.

The tax so levied by the park district shall be in addition to and exclusive of all other taxes authorized to be levied by the park district for corporate, annuity fund, or other purposes. The county clerk of the county in which the park district is located, in reducing any tax levied under the provisions of any act concerning the levy and extension of taxes shall not consider such tax as part of the general tax levy for park purposes, and shall not include the same in any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for the park district. The proceeds of the tax levied by the park district, upon receipt by the district, shall be immediately paid over to the city treasurer of the city for the uses and purposes of the fund.

The various sums to be contributed by the city and park district and allocated for the purposes of this Article, and any interest to be contributed by the city, shall be derived from the revenue from the taxes authorized in this Section or otherwise as expressly provided in this Section.

If it is not possible or practicable for the city to make contributions for age and service annuity and widow's annuity at the same time that employee contributions are made for such
purposes, such city contributions shall be construed to be due and payable as of the end of the fiscal year for which the tax is levied and shall accrue thereafter with interest at the effective rate until paid.

(d) With respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L. 93-567, 88 Stat. 1845), hereinafter referred to as CETA, subsequent to October 1, 1978, and in instances where the board has elected to establish a manpower program reserve, the board shall compute the amounts necessary to be credited to the manpower program reserves established and maintained as herein provided, and shall make a periodic determination of the amount of required contributions from the City to the reserve to be reimbursed by the federal government in accordance with rules and regulations established by the Secretary of the United States Department of Labor or his designee, and certify the results thereof to the City Council. Any such amounts shall become a credit to the City and will be used to reduce the amount which the City would otherwise contribute during succeeding years for all employees.

(e) In lieu of establishing a manpower program reserve with respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as authorized by subsection (d), the board may elect to establish a special municipality contribution rate for all such
employees. If this option is elected, the City shall contribute to the Fund from federal funds provided under the Comprehensive Employment and Training Act program at the special rate so established and such contributions shall become a credit to the City and be used to reduce the amount which the City would otherwise contribute during succeeding years for all employees.

(f) In lieu of levying all or a portion of the tax required under this Section in any year, the city may deposit with the city treasurer no later than March 1 of that year for the benefit of the fund, to be held in accordance with this Article, an amount that, together with the taxes levied under this Section for that year, is not less than the amount of the city contributions for that year as certified by the board to the city council. The deposit may be derived from any source legally available for that purpose, including, but not limited to, the proceeds of city borrowings. The making of a deposit shall satisfy fully the requirements of this Section for that year to the extent of the amounts so deposited. Amounts deposited under this subsection may be used by the fund for any of the purposes for which the proceeds of the tax levied by the city under this Section may be used, including the payment of any amount that is otherwise required by this Article to be paid from the proceeds of that tax.

(Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)
Sec. 8-173.1. Funding Obligation.

(a) Beginning January 1, 2015, the city shall be obligated to contribute to the Fund in each fiscal year an amount not less than the amount determined annually under subsection (a-5) of Section 8-173 of this Code. Notwithstanding any other provision of law, if the city fails to pay the amount guaranteed under this Section on or before December 31 of the year in which such amount is due, the retirement board may bring a mandamus action in the Circuit Court of Cook County to compel the city to make the required payment, irrespective of other remedies that may be available to the Fund. The obligations and causes of action created under this Section shall be in addition to any other right or remedy otherwise accorded by common law or State or federal law, and nothing in this Section shall be construed to deny, abrogate, impair, or waive any such common law or statutory right or remedy.

(b) In ordering the city to make the required payment, the court may order a reasonable payment schedule to enable the city to make the required payment without significantly imperiling the public health, safety, or welfare. Any payments required to be made by the city pursuant to this Section are expressly subordinated to the payment of the principal, interest, premium, if any, and other payments on or related to any bonded debt obligation of the city, either currently
outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from any funds collected or received by the city or collected or received on behalf of the city. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law, city ordinance, or bond indentures, into debt service funds or accounts of the city related to such bonded obligations, consistent with the payment schedules associated with such obligations.

(40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

Sec. 8-174. Contributions for age and service annuities for present employees and future entrants.

(a) Beginning on the effective date and prior to July 1, 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 5%; and beginning July 1, 1953, and prior to January 1, 1972, 6%; and beginning January 1, 1972, 6.5%; and beginning January 1, 2015, and prior to January 1, 2016, 7.0%; and beginning January 1, 2016, and prior to January 1, 2017, 7.5%; and, beginning January 1, 2017, and prior to January 1, 2018, 8.0%; and beginning January 1, 2018, and prior to January 1, 2019, 8.5%; and beginning January 1, 2019, and thereafter, 9.0% of each payment of the salary of each present employee and future entrant shall be contributed to the fund as a deduction from salary for age and service annuity; provided,
however, that beginning with the first pay period on or after the date when the funded ratio of the Fund is first determined to have reached the 90% funding goal set forth in subsection (a-5) of Section 8-173, and each pay period thereafter for as long as the Fund maintains a funding ratio of 90% or more, employee contributions shall be 7.75% of salary for the age and service annuity. If the funding ratio falls below 90%, then employee contributions for the age and service annuity shall revert to 9.0% of salary until such time as the Fund once again is determined to have reached a funding ratio of at least 90%, at which time employee contributions of 7.75% shall resume for the age and service annuity.

Notwithstanding Section 1-103.1, the changes to this Section made by this amendatory Act of the 98th General Assembly apply regardless of whether the employee was in active service on or after the effective date of this amendatory Act.

Such deductions beginning on the effective date and prior to July 1, 1947 shall be made for a future entrant while he is in the service until he attains age 65 and for a present employee while he is in the service until the amount so deducted from his salary with the amount deducted from his salary or paid by him according to law to any municipal pension fund in force on the effective date with interest on both such amounts at 4% per annum equals the sum that would have been to his credit from sums deducted from his salary if deductions at the rate herein stated had been made during his entire service
until he attained age 65 with interest at 4% per annum for the period subsequent to his attainment of age 65. Such deductions beginning July 1, 1947 shall be made and continued for employees while in the service.

(b) Concurrently with each employee contribution beginning on the effective date and prior to July 1, 1947 the city shall contribute 5 3/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of each payment of such salary until the employee attains age 65. Notwithstanding any provision of this subsection (b) to the contrary, the city shall not make a contribution for any credit established by an employee under subsection (b) of Section 8-138.4.

(c) Each employee contribution made prior to the date the age and service annuity for an employee is fixed and each corresponding city contribution shall be credited to the employee and allocated to the account of the employee for whose benefit it is made.

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

(40 ILCS 5/8-174.2 new)

Sec. 8-174.2. Use of contributions for health care subsidies. Except as may be required pursuant to Sections 8-164.1 and 8-164.2 of this Code, the Fund shall not use any contribution received by the Fund under this Article to provide a subsidy for the cost of participation in a retiree health
Sec. 11-134.1. Automatic increase in annuity.

(a) An employee who retired or retires from service after December 31, 1963, and before January 1, 1987, having attained age 60 or more, shall, in the month of January of the year following the year in which the first anniversary of retirement occurs, have the amount of his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement increased by a further 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning January, 1984, such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article. An employee who retires on annuity after December 31, 1963 and before January 1, 1987, but prior to age 60, shall receive such increases beginning with January of the year immediately following the year in which he attains the age of 60 years.

An employee who retires from service on or after January 1, 1987 shall, upon the first annuity payment date following the first anniversary of the date of retirement, or upon the first annuity payment date following attainment of age 60, whichever
occurs later, have his then fixed and payable monthly annuity increased by 3%, and such annuity shall be increased by an additional 3% of the original fixed annuity on the same date each year thereafter. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

(a-5) Notwithstanding the provisions of subsection (a), upon the first annuity payment date following (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002, whichever occurs latest, the monthly annuity of an employee who retires on annuity prior to the attainment of age 60 and has not received an increase under subsection (a) shall be increased by 3%, and the annuity shall be increased by an additional 3% of the current payable monthly annuity, including any increases previously granted under this Article, on the same date each year thereafter. The increases provided under this subsection are in lieu of the increases provided in subsection (a).

(a-6) Notwithstanding the provisions of subsections (a) and (a-5), for all calendar years following the year in which this amendatory Act of the 93rd General Assembly takes effect, an increase in annuity under this Section that would otherwise take effect at any time during the year shall instead take effect in January of that year.

(b) Subsections (a), (a-5), and (a-6) are not applicable to
an employee retiring and receiving a term annuity, as defined in this Article, nor to any otherwise qualified employee who retires before he shall have made employee contributions (at the 1/2 of 1% rate as hereinafter provided) for the purposes of this additional annuity for not less than the equivalent of one full year. Such employee, however, shall make arrangement to pay to the fund a balance of such 1/2 of 1% contributions, based on his final salary, as will bring such 1/2 of 1% contributions, computed without interest, to the equivalent of or completion of one year's contributions.

Beginning with the month of January, 1964, each employee shall contribute by means of salary deductions 1/2 of 1% of each salary payment, concurrently with and in addition to the employee contributions otherwise made for annuity purposes.

Each such additional employee contribution shall be credited to an account in the prior service annuity reserve, to be used, together with city contributions, to defray the cost of the specified annuity increments. Any balance as of the beginning of each calendar year existing in such account shall be credited with interest at the rate of 3% per annum.

Such employee contributions shall not be subject to refund, except to an employee who resigns or is discharged and applies for refund under this Article, and also in cases where a term annuity becomes payable.

In such cases the employee contributions shall be refunded him, without interest, and charged to the aforementioned
account in the prior service annuity reserve.

(b-5) Notwithstanding any provision of this Section to the contrary:

(1) A person retiring after the effective date of this amendatory Act of the 98th General Assembly shall not be eligible for an annual increase under this Section until one full year after the date on which such annual increase otherwise would take effect under this Section.

(2) Except for persons eligible under subdivision (4) of this subsection for a minimum annual increase, there shall be no annual increase under this Section in years 2017, 2019, and 2025.

(3) In all other years, beginning January 1, 2015, the Fund shall pay an annual increase to persons eligible to receive one under this Section, in lieu of any other annual increase provided under this Section (but subject to the minimum increase under subdivision (4) of this subsection, if applicable) in an amount equal to the lesser of 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1 of the person's last annual annuity amount prior to January 1, 2015, or if the person was not yet receiving an annuity on that date, then this calculation shall be based on his or her originally granted annual annuity amount.

For the purposes of this Section, "consumer price
index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100.

(4) A person is eligible under this subdivision (4) to receive a minimum annual increase in a particular year if:
(i) the person is otherwise eligible to receive an annual increase under subdivision (3) of this subsection, and (ii) the annual amount of the annuity payable at the time of the increase, including all increases previously received, is less than $22,000.

Beginning January 1, 2015, for a person who is eligible under this subdivision (4) to receive a minimum annual increase in the year 2017, 2019, or 2025, the annual increase shall be 1% of the person's last annual annuity amount prior to January 1, 2015, or if the person was not yet receiving an annuity on that date, then 1% of his or her originally granted annual annuity amount.

Beginning January 1, 2015, for any other year in which a person is eligible under this subdivision (4) to receive a minimum annual increase, the annual increase shall be as specified under subdivision (3), but not less than 1% of the person's last annual annuity amount prior to January 1, 2015 or, if the person was not yet receiving an annuity on that date, then not less than 1% of his or her originally granted annual annuity amount.
granted annual annuity amount.

For the purposes of Section 1-103.1, this subsection (b-5) is applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 98th General Assembly. This subsection (b-5) applies to any former employee who on or after the effective date of this amendatory Act of the 98th General Assembly is receiving a retirement annuity and is eligible for an automatic annual increase under this Section.

(Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02; 93-654, eff. 1-16-04.)

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

Sec. 11-134.3. Automatic increases in annuity for certain heretofore retired participants.

(a) A retired employee who (i) (a) is receiving annuity based on a service credit of 20 or more years regardless of age at retirement or based on a service credit of 15 or more years with retirement at age 55 or over, and (ii) (b) does not qualify for the automatic increases in annuity provided for in Section 11-134.1 of this Article, and (iii) (c) elects to make a contribution to the Fund at a time and manner prescribed by the Retirement Board, of a sum equal to 1% of the amount of final monthly salary times the number of full years of service on which the annuity was based in those cases where the annuity was computed on the money purchase formula, and in those cases
in which the annuity was computed under the minimum annuity formula provisions of this Article a sum equal to 1% of the average monthly salary on which the annuity was based times such number of full years of service, shall have his original fixed and payable monthly amount of annuity increased in January of the year following the year in which he attains the age of 65 years, if such age of 65 years is attained in the year 1969 or later, by an amount equal to 1 1/2%, and by an equal additional 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning January, 1984, such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

In those cases in which the retired employee receiving annuity has attained the age of 66 or more years in the year 1969, he shall have such annuity increased in January of the year 1970 by an amount equal to 1 1/2% multiplied by the number equal to the number of months of January elapsing from and including January of the year immediately following the year he attained the age of 65 years if retired at or prior to age 65, or from and including January of the year immediately following the year of retirement if retired at an age greater than 65 years, to and including January of the year 1970, and by an equal additional 1 1/2% in January of each year thereafter.
Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning January, 1984, such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

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

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

In the event the total monies available in the Supplementary Payment Reserve from the preceding indicated sources are insufficient to make the total payments to all persons entitled to such increases for the year, a proportionate amount computed as the ratio of the monies available to the total of the total payments for that year shall be paid to each person for that year.

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

(b-5) Notwithstanding any provision of this Section to the contrary:

(1) Except for persons eligible under subdivision (3) of this subsection for a minimum annual increase, there shall be no annual increase under this Section in years 2017, 2019, and 2025.

(2) In all other years, beginning January 1, 2015, the
Fund shall pay an annual increase to persons eligible to receive one under this Section, in lieu of any other annual increase provided under this Section (but subject to the minimum increase under subdivision (3) of this subsection, if applicable) in an amount equal to the lesser of 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1 of the person's last annual annuity amount prior to January 1, 2015.

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100.

(3) A person is eligible under this subdivision (3) to receive a minimum annual increase in a particular year if: (i) the person is otherwise eligible to receive an annual increase under subdivision (2) of this subsection, and (ii) the annual amount of the annuity payable at the time of the increase, including all increases previously received, is less than $22,000.

Beginning January 1, 2015, for a person who is eligible under this subdivision (3) to receive a minimum annual increase in the year 2017, 2019, or 2025, the annual
increase shall be 1% of the person's last annual annuity amount prior to January 1, 2015.

Beginning January 1, 2015, for any other year in which a person is eligible under this subdivision (3) to receive a minimum annual increase, the annual increase shall be as specified under subdivision (2), but not less than 1% of the person's last annual annuity amount prior to January 1, 2015.

For the purposes of Section 1-103.1, this subsection (b-5) is applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 98th General Assembly. This subsection (b-5) applies to any former employee who on or after the effective date of this amendatory Act of the 98th General Assembly is receiving a retirement annuity and is eligible for an automatic annual increase under this Section.

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

(40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)
Sec. 11-169. Financing; tax levy.

(a) Except as provided in subsection (f) of this Section, the city council of the city shall levy a tax annually upon all taxable property in the city at the rate that will produce a sum which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them and the amounts deposited under subsection (f), will be sufficient for
the requirements of this Article. For the years prior to the
year 1950 the tax rate shall be as provided for under "The 1935
Act". Beginning with the year 1950 to and including the year
1969 such tax shall be not more than .036% annually of the
value, as equalized or assessed by the Department of Revenue,
of all taxable property within such city. Beginning with the
year 1970 and each year thereafter through levy year 2014, the
city shall levy a tax annually at a rate on the dollar of the
value, as equalized or assessed by the Department of Revenue of
all taxable property within such city that will produce, when
extended, not to exceed an amount equal to the total amount of
contributions by the employees to the fund made in the calendar
year 2 years prior to the year for which the annual applicable
tax is levied, multiplied by 1.1 for the years 1970, 1971 and
1972; 1.145 for the year 1973; 1.19 for the year 1974; 1.235
for the year 1975; 1.280 for the year 1976; 1.325 for the year
1977; 1.370 for the years 1978 through 1998; and 1.000 for the
year 1999 and for each year thereafter through levy year 2014.
Beginning in levy year 2015, and in each year thereafter, the
levy shall not exceed the amount of the city's total required
contribution to the Fund for the next payment year, as
determined under subsection (a-5). For the purposes of this
Section, the payment year is the year immediately following the
levy year.

The tax shall be levied and collected in like manner with
the general taxes of the city, and shall be exclusive of and in
addition to the amount of tax the city is now or may hereafter be authorized to levy for general purposes under any laws which may limit the amount of tax which the city may levy for general purposes. The county clerk of the county in which the city is located, in reducing tax levies under the provisions of any Act concerning the levy and extension of taxes, shall not consider the tax herein provided for as a part of the general tax levy for city purposes, and shall not include the same within any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for such city.

Revenues derived from such tax shall be paid to the city treasurer of the city as collected and held by the city treasurer for the benefit of the fund.

If the payments on account of taxes are insufficient during any year to meet the requirements of this Article, the city may issue tax anticipation warrants against the current tax levy.

The city may continue to use other lawfully available funds in lieu of all or part of the levy, as provided under subsection (f) of this Section.

(a-5) Beginning in payment year 2016, the city's required annual contribution to the Fund shall be the lesser of:

(i) The annual amount determined by the Fund to be equal to the greater of $0, or the sum of (1) the City's portion of the projected normal cost for that fiscal year, plus (2) an amount determined on a level percentage of applicable employee
payroll basis (reflecting any limits on individual participants' pay that apply for benefit and contribution purposes under this plan) that is sufficient to bring the total actuarial assets of the Fund up to 90% of the total actuarial liabilities of the Fund by the end of 2055. (II) For payment years after 2055, the annual amount determined by the Fund to be equal to the amount, if any, needed to bring the total actuarial assets of the Fund up to 90% of the total actuarial liabilities of the Fund as of the end of the year. In making the determinations under both (I) and (II), the actuarial calculations shall be determined under the entry age normal actuarial cost method, and any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following the fiscal year; or

(ii) for payment year 2016, 1.60 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2013; for payment year 2017, 1.90 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2014; for payment year 2018, 2.20 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2015; for payment year 2019, 2.50 times the total amount of contributions made by or on
behalf of employees to the Fund for annuity purposes in the calendar year 2016; for payment year 2020, 2.80 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2017.

However, beginning in the earlier of payment year 2021 or the first payment year in which the annual contribution amount calculated under subdivision (i) is less than the contribution amount calculated under subdivision (ii), and in each year thereafter, the city's required annual contribution to the Fund shall be determined under subdivision (i).

The city's required annual contribution to the Fund may be paid with any available funds and shall be paid by the city to the city treasurer. The city treasurer shall collect and hold those funds for the benefit of the Fund.

(a-10) If the city fails to transmit to the Fund contributions required of it under this Article by December 31st of the year in which such contributions are due, the Fund may, after giving notice to the city, certify to the State Comptroller the amounts of the delinquent payments, and the Comptroller must, beginning in payment year 2016, deduct and deposit into the Fund the certified amounts or a portion of those amounts from the following proportions of grants of State funds to the city:

(1) in payment year 2016, one-third of the total amount of any grants of State funds to the city;
(2) in payment year 2017, two-thirds of the total amount of any grants of State funds to the city; and
(3) in payment year 2018 and each payment year thereafter, the total amount of any grants of State funds to the city.

The State Comptroller may not deduct from any grants of State funds to the city more than the amount of delinquent payments certified to the State Comptroller by the Fund.

(b) On or before July 1 January 10, annually, the board shall certify to notify the city council the annual amounts required under of the requirement of this Article, for which that the tax herein provided may shall be levied for the following that current year. The board shall compute the amounts necessary for the purposes of this fund to be credited to the reserves established and maintained as herein provided, and shall make an annual determination of the amount of the required city contributions; and certify the results thereof to the city council.

(c) In respect to employees of the city who are transferred to the employment of a park district by virtue of "Exchange of Functions Act of 1957" the corporate authorities of the park district shall annually levy a tax upon all the taxable property in the park district at such rate per cent of the value of such property, as equalized or assessed by the Department of Revenue, as shall be sufficient, when added to the amounts deducted from their salaries and otherwise
contributed by them, to provide the benefits to which they and their dependents and beneficiaries are entitled under this Article. The city shall not levy a tax hereunder in respect to such employees.

The tax so levied by the park district shall be in addition to and exclusive of all other taxes authorized to be levied by the park district for corporate, annuity fund, or other purposes. The county clerk of the county in which the park district is located, in reducing any tax levied under the provisions of any Act concerning the levy and extension of taxes shall not consider such tax as part of the general tax levy for park purposes, and shall not include the same in any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for the park district. The proceeds of the tax levied by the park district, upon receipt by the district, shall be immediately paid over to the city treasurer of the city for the uses and purposes of the fund.

The various sums to be contributed by the city and allocated for the purposes of this Article, and any interest to be contributed by the city, shall be taken from the revenue derived from the taxes authorized in this Section, and no money of such city derived from any source other than the levy and collection of those taxes or the sale of tax anticipation warrants in accordance with the provisions of this Article shall be used to provide revenue for this Article, except as expressly provided in this Section.
If it is not possible for the city to make contributions for age and service annuity and widow's annuity concurrently with the employee's contributions made for such purposes, such city shall make such contributions as soon as possible and practicable thereafter with interest thereon at the effective rate to the time they shall be made.

(d) With respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L. 93-567, 88 Stat. 1845), hereinafter referred to as CETA, subsequent to October 1, 1978, and in instances where the board has elected to establish a manpower program reserve, the board shall compute the amounts necessary to be credited to the manpower program reserves established and maintained as herein provided, and shall make a periodic determination of the amount of required contributions from the City to the reserve to be reimbursed by the federal government in accordance with rules and regulations established by the Secretary of the United States Department of Labor or his designee, and certify the results thereof to the City Council. Any such amounts shall become a credit to the City and will be used to reduce the amount which the City would otherwise contribute during succeeding years for all employees.

(e) In lieu of establishing a manpower program reserve with respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as
authorized by subsection (d), the board may elect to establish a special municipality contribution rate for all such employees. If this option is elected, the City shall contribute to the Fund from federal funds provided under the Comprehensive Employment and Training Act program at the special rate so established and such contributions shall become a credit to the City and be used to reduce the amount which the City would otherwise contribute during succeeding years for all employees.

(f) In lieu of levying all or a portion of the tax required under this Section in any year, the city may deposit with the city treasurer no later than March 1 of that year for the benefit of the fund, to be held in accordance with this Article, an amount that, together with the taxes levied under this Section for that year, is not less than the amount of the city contributions for that year as certified by the board to the city council. The deposit may be derived from any source legally available for that purpose, including, but not limited to, the proceeds of city borrowings. The making of a deposit shall satisfy fully the requirements of this Section for that year to the extent of the amounts so deposited. Amounts deposited under this subsection may be used by the fund for any of the purposes for which the proceeds of the tax levied by the city under this Section may be used, including the payment of any amount that is otherwise required by this Article to be paid from the proceeds of that tax.
Sec. 11-169.1. Funding Obligation.

(a) Beginning January 1, 2015, the city shall be obligated to contribute to the Fund in each fiscal year an amount not less than the amount determined annually under subsection (a-5) of Section 11-169 of this Code. Notwithstanding any other provision of law, if the city fails to pay the amount guaranteed under this Section on or before December 31 of the year in which such amount is due, the retirement board may bring a mandamus action in the Circuit Court of Cook County to compel the city to make the required payment, irrespective of other remedies that may be available to the Fund. The obligations and causes of action created under this Section shall be in addition to any other right or remedy otherwise accorded by common law or State or federal law, and nothing in this Section shall be construed to deny, abrogate, impair, or waive any such common law or statutory right or remedy.

(b) In ordering the city to make the required payment, the court may order a reasonable payment schedule to enable the city to make the required payment without significantly imperiling the public health, safety, or welfare. Any payments required to be made by the city pursuant to this Section are expressly subordinated to the payment of the principal, interest, premium, if any, and other payments on or related to
any bonded debt obligation of the city, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from any funds collected or received by the city or collected or received on behalf of the city. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law, city ordinance, or bond indentures, into debt service funds or accounts of the city related to such bonded obligations, consistent with the payment schedules associated with such obligations.

(40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

Sec. 11-170. Contributions for age and service annuities for present employees, future entrants and re-entrants.

(a) Beginning on the effective date and prior to July 1, 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1, 1972, 6%; and beginning January 1, 1972, 6.5%; and beginning January 1, 2015, and prior to January 1, 2016, 7.0%; and beginning January 1, 2016, and prior to January 1, 2017, 7.5%; and, beginning January 1, 2017, and prior to January 1, 2018, 8.0%; and beginning January 1, 2018, and prior to January 1, 2019, 8.5%; and beginning January 1, 2019, and thereafter, 9.0% 6 1/2% of each payment of the salary of each present employee, future entrant and re-entrant shall be contributed to the fund
as a deduction from salary for age and service annuity; provided, however, that beginning with the first pay period on or after the date when the funded ratio of the Fund is first determined to have reached the 90% funding goal set forth in subsection (a-5) of Section 11-169 of this Code, and each pay period thereafter for as long as the Fund maintains a funding ratio of 90% or more, employee contributions shall be 7.75% of salary for the age and service annuity. If the funding ratio falls below 90%, then employee contributions for the age and service annuity shall revert to 9.0% of salary until such time as the Fund once again is determined to have reached a funding ratio of at least 90%, at which time employee contributions of 7.75% shall resume for the age and service annuity. Such deductions beginning on the effective date and prior to June 30, 1947, inclusive shall be made for a future entrant while he is in service until he attains age 65, and for a present employee while he is in service until the amount so deducted from his salary with interest at the rate of 4% per annum shall be equal to the sum which would have accumulated to his credit from sums deducted from his salary if deductions at the rate herein stated had been made during his entire service until he attained age 65 with interest at 4% per annum for the period subsequent to his attainment of age 65. Such deductions beginning July 1, 1947 shall be made and continued for employees while in the service.

Notwithstanding Section 1-103.1, the changes to this
Section made by this amendatory Act of the 98th General Assembly apply regardless of whether the employee was in active service on or after the effective date of this amendatory Act.

(b) Concurrently with each employee contribution, the city shall contribute beginning on the effective date and prior to July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of each payment of such salary until the employee attains age 65.

(c) Each employee contribution made prior to the date age and service annuity for an employee is fixed and each corresponding city contribution shall be allocated to the account of and credited to the employee for whose benefit it is made.

(Source: P.A. 81-1536.)

(40 ILCS 5/11-179.1 new)

Sec. 11-179.1. Use of contributions for health care subsidies. Except as may be required pursuant to Sections 11-160.1 and 11-160.2 of this Code, the Fund shall not use any contribution received by the Fund under this Article to provide a subsidy for the cost of participation in a retiree health care program.

Section 90. The State Mandates Act is amended by adding Section 8.38 as follows:
Sec. 8.38. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 98th General Assembly.

Section 93. Inseverability and severability. The provisions of this amendatory Act of 2014 set forth in Sections 1-160, 8-137, 8-137.1, 8-173, 8-173.1, 8-174, 11-134.1, 11-134.3, 11-169, 11-169.1, and 11-170 of the Illinois Pension Code are mutually dependent and inseverable. If any of those provisions is held invalid other than as applied to a particular person or circumstance, then all of those provisions are invalid. The remaining provisions of this Act are severable under Section 1.31 of the Statute on Statutes, and are not mutually dependent upon the provisions set forth in any other Section of this Act.

Section 95. No acceleration or delay. Where this Act makes changes in a statute that is represented in this Act by text that is not yet or no longer in effect (for example, a Section represented by multiple versions), the use of that text does not accelerate or delay the taking effect of (i) the changes made by this Act or (ii) provisions derived from any other Public Act.

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