



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2796

Introduced 2/6/2025, by Rep. Janet Yang Rohr

SYNOPSIS AS INTRODUCED:

40 ILCS 5/4-105e new	
40 ILCS 5/4-109	from Ch. 108 1/2, par. 4-109
40 ILCS 5/4-109.1	from Ch. 108 1/2, par. 4-109.1
40 ILCS 5/4-109.4 new	
30 ILCS 805/8.49 new	

Amends the Downstate Firefighter Article of the Pension Code. Provides for a Deferred Retirement Option Plan, under which a firefighter who is at least age 50 with 20 years of service may continue in active service for up to 3 years while having his or her retirement pension paid into a special account, to be distributed to the firefighter upon retirement. Bases the retirement pension on the firefighter's service and salary at the time of joining the DROP plan. Requires termination of service at the end of the DROP plan participation period. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB104 11487 RPS 21576 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by adding
5 Sections 4-105e and 4-109.4 and changing Sections 4-109 and
6 4-109.1 as follows:

7 (40 ILCS 5/4-105e new)

8 Sec. 4-105e. Deferred Retirement Option Plan. "Deferred
9 Retirement Option Plan" or "DROP plan" means the Deferred
10 Retirement Option Plan established under Section 4-109.3.

11 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

12 Sec. 4-109. Pension.

13 (a) A firefighter age 50 or more with 20 or more years of
14 creditable service, who is no longer in service as a
15 firefighter, shall receive a monthly pension of 1/2 the
16 monthly salary attached to the rank held by him or her in the
17 fire service at the date of retirement.

18 The monthly pension shall be increased by 1/12 of 2.5% of
19 such monthly salary for each additional month over 20 years of
20 service through 30 years of service, to a maximum of 75% of
21 such monthly salary.

22 The changes made to this subsection (a) by this amendatory

1 Act of the 91st General Assembly apply to all pensions that
2 become payable under this subsection on or after January 1,
3 1999. All pensions payable under this subsection that began on
4 or after January 1, 1999 and before the effective date of this
5 amendatory Act shall be recalculated, and the amount of the
6 increase accruing for that period shall be payable to the
7 pensioner in a lump sum.

8 For a firefighter who retires at the conclusion of
9 participation in the DROP plan, calculation of the amount of
10 the retirement pension shall be based on the firefighter's
11 salary and accumulated service on the date he or she began
12 participation in the DROP plan and shall include any annual
13 increases that would have accrued under Section 4-109.1 if the
14 firefighter had retired on that date.

15 (b) A firefighter who retires or is separated from service
16 having at least 10 but less than 20 years of creditable
17 service, who is not entitled to receive a disability pension,
18 and who did not apply for a refund of contributions at his or
19 her last separation from service shall receive a monthly
20 pension upon attainment of age 60 based on the monthly salary
21 attached to his or her rank in the fire service on the date of
22 retirement or separation from service according to the
23 following schedule:

24 For 10 years of service, 15% of salary;

25 For 11 years of service, 17.6% of salary;

26 For 12 years of service, 20.4% of salary;

1 For 13 years of service, 23.4% of salary;
2 For 14 years of service, 26.6% of salary;
3 For 15 years of service, 30% of salary;
4 For 16 years of service, 33.6% of salary;
5 For 17 years of service, 37.4% of salary;
6 For 18 years of service, 41.4% of salary;
7 For 19 years of service, 45.6% of salary.

8 (c) Notwithstanding any other provision of this Article,
9 the provisions of this subsection (c) apply to a person who
10 first becomes a firefighter under this Article on or after
11 January 1, 2011.

12 A firefighter age 55 or more who has 10 or more years of
13 service in that capacity shall be entitled at his option to
14 receive a monthly pension for his service as a firefighter
15 computed by multiplying 2.5% for each year of such service by
16 his or her final average salary.

17 The pension of a firefighter who is retiring after
18 attaining age 50 with 10 or more years of creditable service
19 shall be reduced by one-half of 1% for each month that the
20 firefighter's age is under age 55.

21 The maximum pension under this subsection (c) shall be 75%
22 of final average salary.

23 For the purposes of this subsection (c), "final average
24 salary" means the greater of: (i) the average monthly salary
25 obtained by dividing the total salary of the firefighter
26 during the 48 consecutive months of service within the last 60

1 months of service in which the total salary was the highest by
2 the number of months of service in that period; or (ii) the
3 average monthly salary obtained by dividing the total salary
4 of the firefighter during the 96 consecutive months of service
5 within the last 120 months of service in which the total salary
6 was the highest by the number of months of service in that
7 period.

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

19 For a firefighter who retires at the conclusion of
20 participation in the DROP plan, calculation of the amount of
21 the retirement pension shall be based on the firefighter's
22 salary and accumulated service on the date he or she began
23 participation in the DROP plan and shall include any annual
24 increases that would have accrued under Section 4-109.1 if the
25 firefighter had retired on that date.

26 Nothing in this amendatory Act of the 101st General

1 Assembly shall cause or otherwise result in any retroactive
2 adjustment of any employee contributions.

3 (Source: P.A. 101-610, eff. 1-1-20.)

4 (40 ILCS 5/4-109.1) (from Ch. 108 1/2, par. 4-109.1)

5 Sec. 4-109.1. Increase in pension.

6 (a) Except as provided in subsection (e), the monthly
7 pension of a firefighter who retires after July 1, 1971 and
8 prior to January 1, 1986, shall, upon either the first of the
9 month following the first anniversary of the date of
10 retirement if 60 years of age or over at retirement date, or
11 upon the first day of the month following attainment of age 60
12 if it occurs after the first anniversary of retirement, be
13 increased by 2% of the originally granted monthly pension and
14 by an additional 2% in each January thereafter. Effective
15 January 1976, the rate of the annual increase shall be 3% of
16 the originally granted monthly pension.

17 (b) The monthly pension of a firefighter who retired from
18 service with 20 or more years of service, on or before July 1,
19 1971, shall be increased, in January of the year following the
20 year of attaining age 65 or in January 1972, if then over age
21 65, by 2% of the originally granted monthly pension, for each
22 year the firefighter received pension payments. In each
23 January thereafter, he or she shall receive an additional
24 increase of 2% of the original monthly pension. Effective
25 January 1976, the rate of the annual increase shall be 3%.

1 (c) The monthly pension of a firefighter who is receiving
2 a disability pension under this Article shall be increased, in
3 January of the year following the year the firefighter attains
4 age 60, or in January 1974, if then over age 60, by 2% of the
5 originally granted monthly pension for each year he or she
6 received pension payments. In each January thereafter, the
7 firefighter shall receive an additional increase of 2% of the
8 original monthly pension. Effective January 1976, the rate of
9 the annual increase shall be 3%.

10 (c-1) On January 1, 1998, every child's disability benefit
11 payable on that date under Section 4-110 or 4-110.1 shall be
12 increased by an amount equal to 1/12 of 3% of the amount of the
13 benefit, multiplied by the number of months for which the
14 benefit has been payable. On each January 1 thereafter, every
15 child's disability benefit payable under Section 4-110 or
16 4-110.1 shall be increased by 3% of the amount of the benefit
17 then being paid, including any previous increases received
18 under this Article. These increases are not subject to any
19 limitation on the maximum benefit amount included in Section
20 4-110 or 4-110.1.

21 (c-2) On July 1, 2004, every pension payable to or on
22 behalf of a minor or disabled surviving child that is payable
23 on that date under Section 4-114 shall be increased by an
24 amount equal to 1/12 of 3% of the amount of the pension,
25 multiplied by the number of months for which the benefit has
26 been payable. On July 1, 2005, July 1, 2006, July 1, 2007, and

1 July 1, 2008, every pension payable to or on behalf of a minor
2 or disabled surviving child that is payable under Section
3 4-114 shall be increased by 3% of the amount of the pension
4 then being paid, including any previous increases received
5 under this Article. These increases are not subject to any
6 limitation on the maximum benefit amount included in Section
7 4-114.

8 (d) The monthly pension of a firefighter who retires after
9 January 1, 1986, shall, upon either the first of the month
10 following the first anniversary of the date of retirement if
11 55 years of age or over, or upon the first day of the month
12 following attainment of age 55 if it occurs after the first
13 anniversary of retirement, be increased by 1/12 of 3% of the
14 originally granted monthly pension for each full month that
15 has elapsed since the pension began, and by an additional 3% in
16 each January thereafter.

17 The changes made to this subsection (d) by this amendatory
18 Act of the 91st General Assembly apply to all initial
19 increases that become payable under this subsection on or
20 after January 1, 1999. All initial increases that became
21 payable under this subsection on or after January 1, 1999 and
22 before the effective date of this amendatory Act shall be
23 recalculated and the additional amount accruing for that
24 period, if any, shall be payable to the pensioner in a lump
25 sum.

26 For the purpose of calculating eligibility for increases

1 under this Section, the date of retirement of a firefighter
2 who retires at the conclusion of participation in the DROP
3 plan shall be deemed to be the date he or she began
4 participation in the DROP plan.

5 (e) Notwithstanding the provisions of subsection (a), upon
6 the first day of the month following (1) the first anniversary
7 of the date of retirement, or (2) the attainment of age 55, or
8 (3) July 1, 1987, whichever occurs latest, the monthly pension
9 of a firefighter who retired on or after January 1, 1977 and on
10 or before January 1, 1986 and did not receive an increase under
11 subsection (a) before July 1, 1987, shall be increased by 3% of
12 the originally granted monthly pension for each full year that
13 has elapsed since the pension began, and by an additional 3% in
14 each January thereafter. The increases provided under this
15 subsection are in lieu of the increases provided in subsection
16 (a).

17 (f) In July 2009, the monthly pension of a firefighter who
18 retired before July 1, 1977 shall be recalculated and
19 increased to reflect the amount that the firefighter would
20 have received in July 2009 had the firefighter been receiving
21 a 3% compounded increase for each year he or she received
22 pension payments after January 1, 1986, plus any increases in
23 pension received for each year prior to January 1, 1986. In
24 each January thereafter, he or she shall receive an additional
25 increase of 3% of the amount of the pension then being paid.
26 The changes made to this Section by this amendatory Act of the

1 96th General Assembly apply without regard to whether the
2 firefighter was in service on or after its effective date.

3 (g) Notwithstanding any other provision of this Article,
4 the monthly pension of a person who first becomes a
5 firefighter under this Article on or after January 1, 2011
6 shall be increased on the January 1 occurring either on or
7 after the attainment of age 60 or the first anniversary of the
8 pension start date, whichever is later. Each annual increase
9 shall be calculated at 3% or one-half the annual unadjusted
10 percentage increase (but not less than zero) in the consumer
11 price index-u for the 12 months ending with the September
12 preceding each November 1, whichever is less, of the
13 originally granted pension. If the annual unadjusted
14 percentage change in the consumer price index-u for a 12-month
15 period ending in September is zero or, when compared with the
16 preceding period, decreases, then the pension shall not be
17 increased.

18 For the purposes of this subsection (g), "consumer price
19 index-u" means the index published by the Bureau of Labor
20 Statistics of the United States Department of Labor that
21 measures the average change in prices of goods and services
22 purchased by all urban consumers, United States city average,
23 all items, 1982-84 = 100. The new amount resulting from each
24 annual adjustment shall be determined by the Public Pension
25 Division of the Department of Insurance and made available to
26 the boards of the pension funds.

1 For the purpose of calculating eligibility for increases
2 under this Section, the date of retirement of a firefighter
3 who retires at the conclusion of participation in the DROP
4 plan shall be deemed to be the date he or she began
5 participation in the DROP plan.

6 (Source: P.A. 96-775, eff. 8-28-09; 96-1495, eff. 1-1-11.)

7 (40 ILCS 5/4-109.4 new)

8 Sec. 4-109.4. Deferred Retirement Option Plan.

9 (a) The Deferred Retirement Option Plan created by this
10 Section shall first become available to eligible firefighters
11 on January 1, 2026.

12 (b) To be eligible to participate in the DROP plan, a
13 firefighter must (i) be in active service, (ii) have attained
14 age 50, and (iii) have at least 20 years of creditable service
15 in the fund. A firefighter may participate in the DROP plan
16 only once.

17 (c) An election to participate in the DROP plan must be
18 made within 3 years after becoming eligible under subsection
19 (b).

20 The election to participate in the DROP plan shall be made
21 in writing on forms provided for that purpose by the Board and
22 shall be filed with the Board. The application must indicate
23 the date upon which participation in the DROP plan is to begin,
24 which shall be the first day of a calendar month and not less
25 than 30 days nor more than 90 days after the date of filing the

1 application.

2 As a part of the application, the firefighter must file
3 with the Board and with his or her employer an irrevocable
4 letter of resignation from employment, effective on the date
5 of termination of the firefighter's participation in the DROP
6 plan (unless that termination results from acceptance of a
7 disability benefit).

8 (d) A firefighter's participation in the DROP plan shall
9 commence on the date specified in the application and shall
10 end upon (i) termination of service, (ii) death of the
11 firefighter, (iii) disability for which the firefighter
12 receives a benefit under Section 4-110, 4-110.1, or 4-111, or
13 (iv) expiration of 3 years from the date the firefighter's
14 participation in the DROP plan began, whichever occurs first.

15 (e) A firefighter who is participating in the DROP plan
16 shall be considered an active firefighter for the purposes of
17 this Article, including Section 4-121, but shall be subject to
18 the special conditions of the DROP plan.

19 A firefighter shall continue to make the contributions
20 that are required for active firefighters during his or her
21 participation in the DROP plan. These contributions shall be
22 accumulated in the firefighter's DROP account and shall be
23 treated as being "picked up" within the meaning of Section
24 4-118.2 of this Code and Section 414(h)(2) of the Internal
25 Revenue Code of 1986, as amended.

26 A firefighter who is participating in the DROP plan shall

1 not receive service credit for the period of that
2 participation, and the salary earned during that period shall
3 be disregarded in calculating the firefighter's benefits under
4 this Article.

5 (f) A firefighter who participates in the DROP plan may
6 terminate service at any time during participation in the DROP
7 plan. A firefighter who participates in the DROP plan must
8 terminate service on the last day of participation in the DROP
9 plan, unless participation in the DROP plan is ended due to
10 acceptance of a disability benefit.

11 (g) A firefighter who is participating in the DROP plan
12 remains eligible to apply for a disability benefit under
13 Section 4-110, 4-110.1, or 4-111, but participation in the
14 DROP plan ceases upon acceptance of the disability benefit. If
15 participation in the DROP plan is ended due to acceptance of a
16 disability benefit, (1) the disabled firefighter shall be
17 credited with employee contributions and creditable service
18 for the period of participation in the DROP plan, (2) the
19 firefighter's letter of resignation from service that is
20 required to be filed at the time of application to participate
21 in the DROP plan is void, and (3) the amounts in the disabled
22 firefighter's DROP account are forfeited to the fund.

23 (h) The fund shall maintain a separate DROP account for
24 the benefit of each firefighter who becomes a participant in
25 the DROP plan. The fund shall pay into the firefighter's DROP
26 account:

1 (1) for each month of the firefighter's participation
2 in the DROP plan, an amount equal to the monthly
3 retirement pension that the firefighter would have been
4 eligible to receive if the firefighter had terminated
5 service and taken a retirement pension on the date his or
6 her participation in the DROP plan began, including any
7 increases in pension for which the firefighter would have
8 been eligible under Section 4-109.1;

9 (2) the employee contributions paid by the firefighter
10 during the period of participation in the DROP plan; and

11 (3) interest on the balance in the DROP account, at
12 the rate of 7% per annum, paid and compounded monthly,
13 throughout the period of participation in the DROP plan.
14 The DROP account shall cease earning interest when the
15 firefighter's participation in the DROP plan ends.

16 (i) In addition to the retirement pension under Section
17 4-109, a firefighter who terminates service and retires at the
18 conclusion of his or her participation in the DROP plan shall
19 receive, upon retirement, a DROP benefit equal to the balance
20 in the firefighter's DROP account at the time of retirement.

21 At the time of application for a retirement pension, the
22 firefighter shall elect to receive the DROP benefit in the
23 form of either a lump sum or an actuarially equivalent annuity
24 for life. If a lump sum payment is elected, it may be rolled
25 over into an individual retirement account or a qualified
26 retirement plan. A DROP benefit payable in the form of an

1 annuity shall be in a fixed amount not subject to annual or
2 other increases. A DROP benefit shall be treated as a
3 retirement benefit for the purposes of Section 1-119.

4 (j) If a firefighter receiving a DROP benefit in the form
5 of an annuity re-enters service, the DROP benefit annuity
6 payments shall be suspended until the firefighter's subsequent
7 retirement.

8 (k) If a firefighter dies while participating in the DROP
9 plan, the DROP benefit shall be paid as a lump sum to the
10 surviving spouse or other survivor of the firefighter entitled
11 to a pension under Section 4-114 or, if there is no such
12 survivor, then to the deceased firefighter's estate.

13 (l) If a retired firefighter dies while receiving a DROP
14 benefit in the form of an annuity, and the DROP account balance
15 at the time of retirement exceeds the total amount of DROP
16 benefit annuity payments received, the excess shall be
17 refunded to the surviving spouse or other survivor of the
18 firefighter entitled to a pension under Section 4-114 or, if
19 there is no such survivor, then to the deceased firefighter's
20 estate.

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.49 as follows:

23 (30 ILCS 805/8.49 new)

24 Sec. 8.49. Exempt mandate. Notwithstanding Sections 6 and

1 8 of this Act, no reimbursement by the State is required for
2 the implementation of any mandate created by this amendatory
3 Act of the 104th General Assembly.

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