HB4384

LRB104 16797 RPS 30206 b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4384

Introduced 1/14/2026, by Rep. John M. Cabello

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-142.1	from Ch. 108 1/2, par. 7-142.1
30 ILCS 805/8.50 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Provides that the amendatory Act may be referred to as the Pension Equity Act. Provides that, beginning on January 1, 2027, for all purposes under the Code (including, without limitation, the calculation of benefits and employee contributions), the annual earnings of a Tier 2 sheriff's law enforcement employee shall not include overtime and shall not exceed $145,649.97 (instead of $108,600, as adjusted annually beginning in 2011) plus the lesser of (i) 3% of that amount or (ii) the annual unadjusted percentage increase (instead of one-half the annual unadjusted percentage increase) in the consumer price index-u for the 12 months ending with September 2026. Provides that, beginning on January 1, 2028, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) the annual unadjusted percentage increase (instead of one-half the annual percentage increase) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

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A BILL FOR

AN ACT concerning public employee benefits.

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

Section 1. This Act may be referred to as the Pension Equity Act.

Section 5. The Illinois Pension Code is amended by changing Section 7-142.1 as follows:

(40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

Sec. 7-142.1. Sheriff's law enforcement employees.

(a) In lieu of the retirement annuity provided by subparagraph 1 of paragraph (a) of Section 7-142:

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service prior to January 1, 1988 shall be entitled at his option to receive a monthly retirement annuity for his service as a sheriff's law enforcement employee computed by multiplying 2% for each year of such service up to 10 years, 2 1/4% for each year of such service above 10 years and up to 20 years, and 2 1/2% for each year of such service above 20 years, by his annual final rate of earnings and dividing by 12.

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service on or after January 1, 1988 and before July 1, 2004 shall be entitled at his option to receive a monthly retirement annuity for his service as a sheriff's law enforcement employee computed by multiplying 2.5% for each year of such service up to 20 years, 2% for each year of such service above 20 years and up to 30 years, and 1% for each year of such service above 30 years, by his annual final rate of earnings and dividing by 12.

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service on or after July 1, 2004 shall be entitled at his or her option to receive a monthly retirement annuity for service as a sheriff's law enforcement employee computed by multiplying 2.5% for each year of such service by his annual final rate of earnings and dividing by 12.

If a sheriff's law enforcement employee has service in any other capacity, his retirement annuity for service as a sheriff's law enforcement employee may be computed under this Section and the retirement annuity for his other service under Section 7-142.

In no case shall the total monthly retirement annuity for persons who retire before July 1, 2004 exceed 75% of the monthly final rate of earnings. In no case shall the total monthly retirement annuity for persons who retire on or after July 1, 2004 exceed 80% of the monthly final rate of earnings.

(b) Whenever continued group insurance coverage is elected in accordance with the provisions of Section 367h of the Illinois Insurance Code, as now or hereafter amended, the total monthly premium for such continued group insurance coverage or such portion thereof as is not paid by the municipality shall, upon request of the person electing such continued group insurance coverage, be deducted from any monthly pension benefit otherwise payable to such person pursuant to this Section, to be remitted by the Fund to the insurance company or other entity providing the group insurance coverage.

(c) A sheriff's law enforcement employee who began service in that capacity prior to the effective date of this amendatory Act of the 97th General Assembly and who has service in any other capacity may convert up to 10 years of that service into service as a sheriff's law enforcement employee by paying to the Fund an amount equal to (1) the additional employee contribution required under Section 7-173.1, plus (2) the additional employer contribution required under Section 7-172, plus (3) interest on items (1) and (2) at the prescribed rate from the date of the service to the date of payment. Application must be received by the Board while the employee is an active participant in the Fund. Payment must be received while the member is an active participant, except that one payment will be permitted after termination of participation.

(d) The changes to subsections (a) and (b) of this Section made by this amendatory Act of the 94th General Assembly apply only to persons in service on or after July 1, 2004. In the case of such a person who begins to receive a retirement annuity before the effective date of this amendatory Act of the 94th General Assembly, the annuity shall be recalculated prospectively to reflect those changes, with the resulting increase beginning to accrue on the first annuity payment date following the effective date of this amendatory Act.

(e) Any elected county officer who was entitled to receive a stipend from the State on or after July 1, 2009 and on or before June 30, 2010 may establish earnings credit for the amount of stipend not received, if the elected county official applies in writing to the fund within 6 months after the effective date of this amendatory Act of the 96th General Assembly and pays to the fund an amount equal to (i) employee contributions on the amount of stipend not received, (ii) employer contributions determined by the Board equal to the employer's normal cost of the benefit on the amount of stipend not received, plus (iii) interest on items (i) and (ii) at the actuarially assumed rate.

(f) Notwithstanding any other provision of this Article, the provisions of this subsection (f) apply to a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011.

A sheriff's law enforcement employee age 55 or more who has 10 or more years of service in that capacity shall be entitled at his option to receive a monthly retirement annuity for his or her service as a sheriff's law enforcement employee computed by multiplying 2.5% for each year of such service by his or her final rate of earnings.

The retirement annuity of a sheriff's law enforcement employee who is retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by one-half of 1% for each month that the sheriff's law enforcement employee's age is under age 55.

The maximum retirement annuity under this subsection (f) shall be 75% of final rate of earnings.

For the purposes of this subsection (f), "final rate of earnings" means the average monthly earnings obtained by dividing the total salary of the sheriff's law enforcement employee during the 96 consecutive months of service within the last 120 months of service in which the total earnings was the highest by the number of months of service in that period.

Notwithstanding any other provision of this Article, beginning on January 1, 2011 and until January 1, 2027, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings of a sheriff's law enforcement employee to whom this Section applies shall not include overtime and 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.

<u>Notwithstanding any other provision of this Article, beginning on January 1, 2027, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings of a sheriff's law enforcement employee to whom this Section applies shall not include overtime and shall not exceed $145,649.97 plus the lesser of (i) 3% of that amount or (ii) the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with September 2026; however, beginning on January 1 2028, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) 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.</u>

(g) Notwithstanding any other provision of this Article, the monthly annuity of a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011 shall be increased on the January 1 occurring either on or after the attainment of age 60 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 a 12-month period ending in September is zero or, when compared with the preceding period, decreases, then the annuity shall not be increased.

(h) Notwithstanding any other provision of this Article, for a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011, the annuity to which the surviving spouse, children, or parents are entitled under this subsection (h) shall be in the amount of 66 2/3% of the sheriff's law enforcement employee's earned annuity at the date of death.

(i) Notwithstanding any other provision of this Article, the monthly annuity of a survivor of a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011 shall be increased on the January 1 after attainment of age 60 by the recipient of the survivor's annuity and each January 1 thereafter by 3% or one-half the annual unadjusted percentage increase 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 pension. If the annual unadjusted percentage change in the consumer price index-u for a 12-month period ending in September is zero or, when compared with the preceding period, decreases, then the annuity shall not be increased.

(j) 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 pension funds.

(Source: P.A. 100-148, eff. 8-18-17.)

Section 90. The State Mandates Act is amended by adding Section 8.50 as follows:

(30 ILCS 805/8.50 new)

Sec. 8.50. 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 104th General Assembly.

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