



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1725

Introduced 2/5/2025, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-167.1	from Ch. 108 1/2, par. 5-167.1
40 ILCS 5/5-238	
40 ILCS 5/6-164	from Ch. 108 1/2, par. 6-164
40 ILCS 5/6-229	
30 ILCS 805/8.49 new	

Amends the Chicago Police and Chicago Firefighter Articles of the Illinois Pension Code. Provides that the Tier 2 monthly retirement annuity shall be increased on the January 1 occurring either on or after (i) the attainment of age 55 (instead of age 60) or (ii) the first anniversary of the annuity start date, whichever is later. Provides that each annual increase shall be calculated at 3% (instead of 3% or one-half the annual unadjusted percentage increase in the consumer price index-u, whichever is less) of the originally granted retirement annuity. In a provision specifying an annuity reduction factor for each year a retiring Tier 2 policeman or fireman is under the age of 55, provides that the retirement annuity of a policeman or fireman who is retiring after attaining age 50 with 20 or more years of service shall not be reduced. Makes a conforming change. Amends the State Mandates Act to require implementation without reimbursement.

LRB104 10677 RPS 20756 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
5 changing Sections 5-167.1, 5-238, 6-164, and 6-229 as follows:

6 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

7 Sec. 5-167.1. Automatic increase in annuity; retirement
8 from service after September 1, 1967.

9 (a) A policeman who retires from service after September
10 1, 1967 with at least 20 years of service credit shall, upon
11 either the first of the month following the first anniversary
12 of his date of retirement if he is age 55 or over on that
13 anniversary date, or upon the first of the month following his
14 attainment of age 55 if it occurs after the first anniversary
15 of his retirement date, have his then fixed and payable
16 monthly annuity increased by 3% and such first fixed annuity
17 as granted at retirement increased by an additional 3% in
18 January of each year thereafter.

19 Any policeman born before January 1, 1945 who qualifies
20 for a minimum annuity and retires after September 1, 1967 but
21 has not received the initial increase under this subsection
22 before January 1, 1996 is entitled to receive the initial
23 increase under this subsection on (1) January 1, 1996, (2) the

1 first anniversary of the date of retirement, or (3) attainment
2 of age 55, whichever occurs last. The changes to this Section
3 made by Public Act 89-12 apply beginning January 1, 1996 and
4 without regard to whether the policeman or annuitant
5 terminated service before the effective date of that Act.

6 Any policeman born before January 1, 1950 who qualifies
7 for a minimum annuity and retires after September 1, 1967 but
8 has not received the initial increase under this subsection
9 before January 1, 2000 is entitled to receive the initial
10 increase under this subsection on (1) January 1, 2000, (2) the
11 first anniversary of the date of retirement, or (3) attainment
12 of age 55, whichever occurs last. The changes to this Section
13 made by this amendatory Act of the 92nd General Assembly apply
14 without regard to whether the policeman or annuitant
15 terminated service before the effective date of this
16 amendatory Act.

17 Any policeman born before January 1, 1955 who qualifies
18 for a minimum annuity and retires after September 1, 1967 but
19 has not received the initial increase under this subsection
20 before January 1, 2005 is entitled to receive the initial
21 increase under this subsection on (1) January 1, 2005, (2) the
22 first anniversary of the date of retirement, or (3) attainment
23 of age 55, whichever occurs last. The changes to this Section
24 made by this amendatory Act of the 94th General Assembly apply
25 without regard to whether the policeman or annuitant
26 terminated service before the effective date of this

1 amendatory Act.

2 Any policeman born before January 1, 1966 who qualifies
3 for a minimum annuity and retires after September 1, 1967 but
4 has not received the initial increase under this subsection
5 before January 1, 2017 is entitled to receive an initial
6 increase under this subsection on (1) January 1, 2017, (2) the
7 first anniversary of the date of retirement, or (3) attainment
8 of age 55, whichever occurs last, in an amount equal to 3% for
9 each complete year following the date of retirement or
10 attainment of age 55, whichever occurs later. The changes to
11 this subsection made by this amendatory Act of the 99th
12 General Assembly apply without regard to whether the policeman
13 or annuitant terminated service before the effective date of
14 this amendatory Act.

15 Any policeman born on or after January 1, 1966 who
16 qualifies for a minimum annuity and retires after September 1,
17 1967 but has not received the initial increase under this
18 subsection before January 1, 2023 is entitled to receive the
19 initial increase under this subsection on (1) January 1, 2023,
20 (2) the first anniversary of the date of retirement, or (3)
21 attainment of age 55, whichever occurs last. The changes to
22 this Section made by this amendatory Act of the 103rd General
23 Assembly apply without regard to whether the policeman or
24 annuitant terminated service before the effective date of this
25 amendatory Act of the 103rd General Assembly.

26 (b) Subsection (a) of this Section is not applicable to an

1 employee receiving a term annuity.

2 (c) To help defray the cost of such increases in annuity,
3 there shall be deducted, beginning September 1, 1967, from
4 each payment of salary to a policeman, 1/2 of 1% of each salary
5 payment concurrently with and in addition to the salary
6 deductions otherwise made for annuity purposes.

7 The city, in addition to the contributions otherwise made
8 by it for annuity purposes under other provisions of this
9 Article, shall make matching contributions concurrently with
10 such salary deductions.

11 Each such 1/2 of 1% deduction from salary and each such
12 contribution by the city of 1/2 of 1% of salary shall be
13 credited to the Automatic Increase Reserve, to be used to
14 defray the cost of the annuity increase provided by this
15 Section. Any balance in such reserve as of the beginning of
16 each calendar year shall be credited with interest at the rate
17 of 3% per annum.

18 Such deductions from salary and city contributions shall
19 continue while the policeman is in service.

20 The salary deductions provided in this Section are not
21 subject to refund, except to the policeman himself, in any
22 case in which: (i) the policeman withdraws prior to
23 qualification for minimum annuity or Tier 2 monthly retirement
24 annuity and applies for refund, (ii) the policeman applies for
25 an annuity of a type that is not subject to annual increases
26 under this Section, or (iii) a term annuity becomes payable.

1 In such cases, the total of such salary deductions shall be
2 refunded to the policeman, without interest, and charged to
3 the Automatic Increase Reserve.

4 (d) Notwithstanding any other provision of this Article,
5 the Tier 2 monthly retirement annuity of a person who first
6 becomes a policeman under this Article on or after the
7 effective date of this amendatory Act of the 97th General
8 Assembly shall be increased on the January 1 occurring either
9 on or after (i) the attainment of age 55 ~~60~~ or (ii) the first
10 anniversary of the annuity start date, whichever is later.
11 Each annual increase shall be calculated at 3% ~~or one-half the~~
12 ~~annual unadjusted percentage increase (but not less than zero)~~
13 ~~in the consumer price index u for the 12 months ending with the~~
14 ~~September preceding each November 1, whichever is less,~~ of the
15 originally granted retirement annuity. ~~If the annual~~
16 ~~unadjusted percentage change in the consumer price index u for~~
17 ~~a 12 month period ending in September is zero or, when~~
18 ~~compared with the preceding period, decreases, then the~~
19 ~~annuity shall not be increased.~~

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

1 ~~Division of the Department of Insurance and made available to~~
2 ~~the boards of the pension funds by November 1 of each year.~~

3 (Source: P.A. 103-582, eff. 12-8-23.)

4 (40 ILCS 5/5-238)

5 Sec. 5-238. Provisions applicable to new hires; Tier 2.

6 (a) Notwithstanding any other provision of this Article,
7 the provisions of this Section apply to a person who first
8 becomes a policeman under this Article on or after January 1,
9 2011, and to certain qualified survivors of such a policeman.
10 Such persons, and the benefits and restrictions that apply
11 specifically to them under this Article, may be referred to as
12 "Tier 2".

13 (b) A policeman who has withdrawn from service, has
14 attained age 50 or more, and has 10 or more years, but less
15 than 20 years, of service in that capacity shall be entitled,
16 upon proper application being received by the Fund, to receive
17 a Tier 2 monthly retirement annuity for his service as a police
18 officer. The Tier 2 monthly retirement annuity shall be
19 computed by multiplying 2.5% for each year of such service by
20 his or her final average salary, subject to an annuity
21 reduction factor of one-half of 1% for each month that the
22 police officer's age at retirement is under age 55. The Tier 2
23 monthly retirement annuity of a policeman who is retiring
24 after attaining age 50 with 20 or more years of creditable
25 service shall not be reduced. The Tier 2 monthly retirement

1 annuity is in lieu of any age and service annuity or other form
2 of retirement annuity under this Article.

3 The maximum retirement annuity under this subsection (b)
4 shall be 75% of final average salary.

5 For the purposes of this subsection (b), "final average
6 salary" means the average monthly salary obtained by dividing
7 the total salary of the policeman during the 96 consecutive
8 months of service within the last 120 months of service in
9 which the total salary was the highest by the number of months
10 of service in that period.

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

22 (c) Notwithstanding any other provision of this Article,
23 for a person who first becomes a policeman under this Article
24 on or after January 1, 2011, eligibility for and the amount of
25 the annuity to which the qualified surviving spouse, children,
26 and parents are entitled under this subsection (c) shall be

1 determined as follows:

2 (1) The surviving spouse of a deceased policeman to
3 whom this Section applies shall be deemed qualified to
4 receive a Tier 2 surviving spouse's annuity under this
5 paragraph (1) if: (i) the deceased policeman meets the
6 requirements specified under subdivision (A), (B), (C), or
7 (D) of this paragraph (1); and (ii) the surviving spouse
8 would not otherwise be excluded from receiving a widow's
9 annuity under the eligibility requirements for a widow's
10 annuity set forth in Section 5-146. The Tier 2 surviving
11 spouse's annuity is in lieu of the widow's annuity
12 determined under any other Section of this Article and is
13 subject to the requirements of Section 5-147.1.

14 As used in this subsection (c), "earned annuity" means
15 a Tier 2 monthly retirement annuity determined under
16 subsection (b) of this Section, including any increases
17 the policeman had received pursuant to Section 5-167.1.

18 (A) If the deceased policeman was receiving an
19 earned annuity at the date of his or her death, the
20 Tier 2 surviving spouse's annuity under this paragraph
21 (1) shall be in the amount of 66 2/3% of the
22 policeman's earned annuity at the date of death.

23 (B) If the deceased policeman was not receiving an
24 earned annuity but had at least 10 years of service at
25 the time of death, the Tier 2 surviving spouse's
26 annuity under this paragraph (1) shall be the greater

1 of: (i) 30% of the annual maximum salary attached to
2 the classified civil service position of a first class
3 patrolman at the time of his death; or (ii) 66 2/3% of
4 the Tier 2 monthly retirement annuity that the
5 deceased policeman would have been eligible to receive
6 under subsection (b) of this Section, based upon the
7 actual service accrued through the day before the
8 policeman's death, but determined as though the
9 policeman was at least age 55 on the day before his or
10 her death and retired on that day.

11 (C) If the deceased policeman was an active
12 policeman with at least 1 1/2 but less than 10 years of
13 service at the time of death, the Tier 2 surviving
14 spouse's annuity under this paragraph (1) shall be in
15 the amount of 30% of the annual maximum salary
16 attached to the classified civil service position of a
17 first class patrolman at the time of his death.

18 (D) If the performance of an act or acts of duty
19 results directly in the death of a policeman subject
20 to this Section, or prevents him from subsequently
21 resuming active service in the police department, and
22 if the policeman's Tier 2 surviving spouse would
23 otherwise meet the eligibility requirements for a
24 compensation annuity or supplemental annuity granted
25 under Section 5-144, then in addition to the Tier 2
26 surviving spouse's annuity provided under subdivision

1 (A), (B), or (C) of this paragraph (1), whichever
2 applies, the Tier 2 surviving spouse shall be
3 qualified to receive compensation annuity or
4 supplemental annuity, as would be provided under
5 Section 5-144, in order to bring the total benefit up
6 to the applicable 75% salary limitation provided in
7 that Section, but subject to the Tier 2 salary cap
8 provided under subsection (b) of this Section; except
9 that no such annuity shall be paid to the surviving
10 spouse of a policeman who dies while in receipt of
11 disability benefits when the policeman's death was
12 caused by an intervening illness or injury unrelated
13 to the illness or injury that had prevented him from
14 subsequently resuming active service in the police
15 department.

16 (E) Notwithstanding any other provision of this
17 Article, the monthly Tier 2 surviving spouse's annuity
18 under subdivision (A) or (B) of this paragraph (1)
19 shall be increased on the January 1 next occurring
20 after (i) attainment of age 60 by the recipient of the
21 Tier 2 surviving spouse's annuity or (ii) the first
22 anniversary of the Tier 2 surviving spouse's annuity
23 start date, whichever is later, and on each January 1
24 thereafter, by 3% or one-half the annual unadjusted
25 percentage increase (but not less than zero) in the
26 consumer price index-u for the 12 months ending with

1 the September preceding each November 1, whichever is
2 less, of the originally granted Tier 2 surviving
3 spouse's annuity. If the unadjusted percentage change
4 in the consumer price index-u for a 12-month period
5 ending in September is zero or, when compared with the
6 preceding period, decreases, then the annuity shall
7 not be increased.

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

18 (F) Notwithstanding the other provisions of this
19 paragraph (1), for a qualified surviving spouse who is
20 entitled to a Tier 2 surviving spouse's annuity under
21 subdivision (A), (B), (C), or (D) of this paragraph
22 (1), that Tier 2 surviving spouse's annuity shall not
23 be less than the amount of the minimum widow's annuity
24 established from time to time under Section 5-167.4.

25 (2) Surviving children of a deceased policeman subject
26 to this Section who would otherwise meet the eligibility

1 requirements for a child's annuity set forth in Sections
2 5-151 and 5-152 shall be deemed qualified to receive a
3 Tier 2 child's annuity under this subsection (c), which
4 shall be in lieu of, but in the same amount and paid in the
5 same manner as, the child's annuity provided under those
6 Sections; except that any salary used for computing a Tier
7 2 child's annuity shall be subject to the Tier 2 salary cap
8 provided under subsection (b) of this Section. For
9 purposes of determining any pro rata reduction in child's
10 annuities under this subsection (c), references in Section
11 5-152 to the combined annuities of the family shall be
12 deemed to refer to the combined Tier 2 surviving spouse's
13 annuity, if any, and the Tier 2 child's annuities payable
14 under this subsection (c).

15 (3) Surviving parents of a deceased policeman subject
16 to this Section who would otherwise meet the eligibility
17 requirements for a parent's annuity set forth in Section
18 5-152 shall be deemed qualified to receive a Tier 2
19 parent's annuity under this subsection (c), which shall be
20 in lieu of, but in the same amount and paid in the same
21 manner as, the parent's annuity provided under Section
22 5-152.1; except that any salary used for computing a Tier
23 2 parent's annuity shall be subject to the Tier 2 salary
24 cap provided under subsection (b) of this Section. For the
25 purposes of this Section, a reference to "annuity" in
26 Section 5-152.1 includes: (i) in the context of a widow, a

1 Tier 2 surviving spouse's annuity and (ii) in the context
2 of a child, a Tier 2 child's annuity.

3 (d) The General Assembly finds and declares that the
4 provisions of this Section, as enacted by Public Act 96-1495,
5 require clarification relating to necessary eligibility
6 standards and the manner of determining and paying the
7 intended Tier 2 benefits and contributions in order to enable
8 the Fund to unambiguously implement and administer benefits
9 for Tier 2 members. The changes to this Section and the
10 conforming changes to Sections 5-153, 5-155, 5-163, 5-167.1
11 (except for the changes to subsection (a) of that Section),
12 5-169, and 5-170 made by this amendatory Act of the 99th
13 General Assembly are enacted to clarify the provisions of this
14 Section as enacted by Public Act 96-1495, and are hereby
15 declared to represent and be consistent with the original and
16 continuing intent of this Section and Public Act 96-1495.

17 (e) The changes to Sections 5-153, 5-155, 5-163, 5-167.1
18 (except for the changes to subsection (a) of that Section),
19 5-169, and 5-170 made by this amendatory Act of the 99th
20 General Assembly are intended to be retroactive to January 1,
21 2011 (the effective date of Public Act 96-1495) and, for the
22 purposes of Section 1-103.1 of this Code, they apply without
23 regard to whether the relevant policeman was in service on or
24 after the effective date of this amendatory Act of the 99th
25 General Assembly.

26 (Source: P.A. 99-905, eff. 11-29-16.)

1 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)
2 Sec. 6-164. Automatic annual increase; retirement after
3 September 1, 1959.

4 (a) A fireman qualifying for a minimum annuity who retires
5 from service after September 1, 1959 shall, upon either the
6 first of the month following the first anniversary of his date
7 of retirement if he is age 55 or over on that anniversary date,
8 or upon the first of the month following his attainment of age
9 55 if that occurs after the first anniversary of his
10 retirement date, have his then fixed and payable monthly
11 annuity increased by 1 1/2%, and such first fixed annuity as
12 granted at retirement increased by an additional 1 1/2% in
13 January of each year thereafter up to a maximum increase of
14 30%. Beginning July 1, 1982 for firemen born before January 1,
15 1930, and beginning January 1, 1990 for firemen born after
16 December 31, 1929 and before January 1, 1940, and beginning
17 January 1, 1996 for firemen born after December 31, 1939 but
18 before January 1, 1945, and beginning January 1, 2004, for
19 firemen born after December 31, 1944 but before January 1,
20 1955, and beginning January 1, 2017, for firemen born after
21 December 31, 1954, such increases shall be 3% and such firemen
22 shall not be subject to the 30% maximum increase.

23 Any fireman born before January 1, 1945 who qualifies for
24 a minimum annuity and retires after September 1, 1967 but has
25 not received the initial increase under this subsection before

1 January 1, 1996 is entitled to receive the initial increase
2 under this subsection on (1) January 1, 1996, (2) the first
3 anniversary of the date of retirement, or (3) attainment of
4 age 55, whichever occurs last. The changes to this Section
5 made by this amendatory Act of 1995 apply beginning January 1,
6 1996 and apply without regard to whether the fireman or
7 annuitant terminated service before the effective date of this
8 amendatory Act of 1995.

9 Any fireman born before January 1, 1955 who qualifies for
10 a minimum annuity and retires after September 1, 1967 but has
11 not received the initial increase under this subsection before
12 January 1, 2004 is entitled to receive the initial increase
13 under this subsection on (1) January 1, 2004, (2) the first
14 anniversary of the date of retirement, or (3) attainment of
15 age 55, whichever occurs last. The changes to this Section
16 made by this amendatory Act of the 93rd General Assembly apply
17 without regard to whether the fireman or annuitant terminated
18 service before the effective date of this amendatory Act.

19 Any fireman born after December 31, 1954 but before
20 January 1, 1966 who qualifies for a minimum annuity and
21 retires after September 1, 1967 is entitled to receive an
22 increase under this subsection on (1) January 1, 2017, (2) the
23 first anniversary of the date of retirement, or (3) attainment
24 of age 55, whichever occurs last, in an amount equal to an
25 increase of 3% of his then fixed and payable monthly annuity
26 upon the first of the month following the first anniversary of

1 his date of retirement if he is age 55 or over on that
2 anniversary date or upon the first of the month following his
3 attainment of age 55 if that date occurs after the first
4 anniversary of his retirement date and such first fixed
5 annuity as granted at retirement shall be increased by an
6 additional 3% in January of each year thereafter. In the case
7 of a fireman born after December 31, 1954 but before January 1,
8 1966 who received an increase in any year of 1.5%, that fireman
9 shall receive an increase for any such year so that the total
10 increase is equal to 3% for each year the fireman would have
11 been otherwise eligible had the fireman not received any
12 increase. The changes to this subsection made by this
13 amendatory Act of the 99th General Assembly apply without
14 regard to whether the fireman or annuitant terminated service
15 before the effective date of this amendatory Act. The changes
16 to this subsection made by this amendatory Act of the 100th
17 General Assembly are a declaration of existing law and shall
18 not be construed as a new enactment.

19 Any fireman who qualifies for a minimum annuity and
20 retires after September 1, 1967 is entitled to receive an
21 increase under this subsection on (1) January 1, 2020, (2) the
22 first anniversary of the date of retirement, or (3) attainment
23 of age 55, whichever occurs last, in an amount equal to an
24 increase of 3% of his or her then fixed and payable monthly
25 annuity upon the first of the month following the first
26 anniversary of his or her date of retirement if he or she is

1 age 55 or over on that anniversary date or upon the first of
2 the month following his or her attainment of age 55 if that
3 date occurs after the first anniversary of his or her
4 retirement date and such first fixed annuity as granted at
5 retirement shall be increased by an additional 3% in January
6 of each year thereafter. In the case of a fireman who received
7 an increase in any year of 1.5%, that fireman shall receive an
8 increase for any such year so that the total increase is equal
9 to 3% for each year the fireman would have been otherwise
10 eligible had the fireman not received any increase. The
11 changes to this subsection made by this amendatory Act of the
12 101st General Assembly apply without regard to whether the
13 fireman or annuitant terminated service before the effective
14 date of this amendatory Act of the 101st General Assembly.

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

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

24 Each such additional 1/8 of 1% deduction from salary which
25 shall, on September 1, 1963, result in a total increase of 3/8
26 of 1% of salary, shall be credited to the Automatic Increase

1 Reserve, to be used, together with city contributions as
2 provided in this Article, to defray the cost of the annuity
3 increments specified in this Section. Any balance in such
4 reserve as of the beginning of each calendar year shall be
5 credited with interest at the rate of 3% per annum.

6 The salary deductions provided in this Section are not
7 subject to refund, except to the fireman himself in any case in
8 which: (i) the fireman withdraws prior to qualification for
9 minimum annuity or Tier 2 monthly retirement annuity and
10 applies for refund, (ii) the fireman applies for an annuity of
11 a type that is not subject to annual increases under this
12 Section, or (iii) a term annuity becomes payable. In such
13 cases, the total of such salary deductions shall be refunded
14 to the fireman, without interest, and charged to the
15 aforementioned reserve.

16 (d) Notwithstanding any other provision of this Article,
17 the Tier 2 monthly retirement annuity of a person who first
18 becomes a fireman under this Article on or after January 1,
19 2011 shall be increased on the January 1 occurring either on or
20 after (i) the attainment of age 55 ~~60~~ or (ii) the first
21 anniversary of the annuity start date, whichever is later.
22 Each annual increase shall be calculated at 3% ~~or one-half the~~
23 ~~annual unadjusted percentage increase (but not less than zero)~~
24 ~~in the consumer price index-u for the 12 months ending with the~~
25 ~~September preceding each November 1, whichever is less,~~ of the
26 originally granted retirement annuity. ~~If the annual~~

1 ~~unadjusted percentage change in the consumer price index u for~~
2 ~~a 12-month period ending in September is zero or, when~~
3 ~~compared with the preceding period, decreases, then the~~
4 ~~annuity shall not be increased.~~

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

14 (Source: P.A. 100-23, eff. 7-6-17; 100-539, eff. 11-7-17;
15 101-673, eff. 4-5-21.)

16 (40 ILCS 5/6-229)

17 Sec. 6-229. Provisions applicable to new hires; Tier 2.

18 (a) Notwithstanding any other provision of this Article,
19 the provisions of this Section apply to a person who first
20 becomes a fireman under this Article on or after January 1,
21 2011, and to certain qualified survivors of such a fireman.
22 Such persons, and the benefits and restrictions that apply
23 specifically to them under this Article, may be referred to as
24 "Tier 2".

25 (b) A fireman who has withdrawn from service, has attained

1 age 50 or more, and has 10 or more years, but less than 20
2 years, of service in that capacity shall be entitled, upon
3 proper application being received by the Fund, to receive a
4 Tier 2 monthly retirement annuity for his service as a
5 fireman. The Tier 2 monthly retirement annuity shall be
6 computed by multiplying 2.5% for each year of such service by
7 his or her final average salary, subject to an annuity
8 reduction factor of one-half of 1% for each month that the
9 fireman's age at retirement is under age 55. The Tier 2 monthly
10 retirement annuity of a fireman who is retiring after
11 attaining age 50 with 20 or more years of creditable service
12 shall not be reduced. The Tier 2 monthly retirement annuity is
13 in lieu of any age and service annuity or other form of
14 retirement annuity under this Article.

15 The maximum retirement annuity under this subsection (b)
16 shall be 75% of final average salary.

17 For the purposes of this subsection (b), "final average
18 salary" means the greater of (1) the average monthly salary
19 obtained by dividing the total salary of the fireman during
20 the 96 consecutive months of service within the last 120
21 months of service in which the total salary was the highest by
22 the number of months of service in that period or (2) the
23 average monthly salary obtained by dividing the total salary
24 of the fireman during the 48 consecutive months of service
25 within the last 60 months of service in which the total salary
26 was the highest by the number of months of service in that

1 period.

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

13 (b-5) For the purposes of this Section, "consumer price
14 index-u" means the index published by the Bureau of Labor
15 Statistics of the United States Department of Labor that
16 measures the average change in prices of goods and services
17 purchased by all urban consumers, United States city average,
18 all items, 1982-84 = 100. The new amount resulting from each
19 annual adjustment shall be determined by the Public Pension
20 Division of the Department of Insurance and made available to
21 the boards of the retirement systems and pension funds by
22 November 1 of each year.

23 (c) Notwithstanding any other provision of this Article,
24 for a person who first becomes a fireman under this Article on
25 or after January 1, 2011, eligibility for and the amount of the
26 annuity to which the qualified surviving spouse, children, and

1 parents of the fireman are entitled under this subsection (c)
2 shall be determined as follows:

3 (1) The surviving spouse of a deceased fireman to whom
4 this Section applies shall be deemed qualified to receive
5 a Tier 2 surviving spouse's annuity under this paragraph
6 (1) if: (i) the deceased fireman meets the requirements
7 specified under subdivision (A), (B), (C), or (D) of this
8 paragraph (1); and (ii) the surviving spouse would not
9 otherwise be excluded from receiving a widow's annuity
10 under the eligibility requirements for a widow's annuity
11 set forth in Section 6-142. The Tier 2 surviving spouse's
12 annuity is in lieu of the widow's annuity determined under
13 any other Section of this Article and is subject to the
14 requirements of Section 6-143.2.

15 As used in this subsection (c), "earned pension" means
16 a Tier 2 monthly retirement annuity determined under
17 subsection (b) of this Section, including any increases
18 the fireman had received pursuant to Section 6-164.

19 (A) If the deceased fireman was receiving an
20 earned pension at the date of his or her death, the
21 Tier 2 surviving spouse's annuity under this paragraph
22 (1) shall be in the amount of 66 2/3% of the fireman's
23 earned pension at the date of death.

24 (B) If the deceased fireman was not receiving an
25 earned pension but had at least 10 years of service at
26 the time of death, the Tier 2 surviving spouse's

1 annuity under this paragraph (1) shall be the greater
2 of: (i) 30% of the salary attached to the rank of first
3 class firefighter in the classified career service at
4 the time of the fireman's death; or (ii) 66 2/3% of the
5 Tier 2 monthly retirement annuity that the deceased
6 fireman would have been eligible to receive under
7 subsection (b) of this Section, based upon the actual
8 service accrued through the day before the fireman's
9 death, but determined as though the fireman was at
10 least age 55 on the day before his or her death and
11 retired on that day.

12 (C) If the deceased fireman was an active fireman
13 with at least 1 1/2 but less than 10 years of service
14 at the time of death, the Tier 2 surviving spouse's
15 annuity under this paragraph (1) shall be in the
16 amount of 30% of the salary attached to the rank of
17 first class firefighter in the classified career
18 service at the time of the fireman's death.

19 (D) Notwithstanding subdivisions (A), (B), and (C)
20 of this paragraph (1), if the performance of an act or
21 acts of duty results directly in the death of a fireman
22 subject to this Section, or prevents him from
23 subsequently resuming active service in the fire
24 department, then a surviving spouse who would
25 otherwise meet the eligibility requirements for a
26 death in the line of duty widow's annuity granted

1 under Section 6-140 shall be deemed to be qualified
2 for a Tier 2 surviving spouse's annuity under this
3 subdivision (D); except that no such annuity shall be
4 paid to the surviving spouse of a fireman who dies
5 while in receipt of disability benefits when the
6 fireman's death was caused by an intervening illness
7 or injury unrelated to the illness or injury that had
8 prevented him from subsequently resuming active
9 service in the fire department. The Tier 2 surviving
10 spouse's annuity calculated under this subdivision (D)
11 shall be in lieu of, but in the same amount and paid in
12 the same manner as, the widow's annuity provided under
13 Section 6-140; except that the salary used for
14 computing a Tier 2 surviving spouse's annuity under
15 this subdivision (D) shall be subject to the Tier 2
16 salary cap provided under subsection (b) of this
17 Section.

18 (E) Notwithstanding any other provision of this
19 Article, the monthly Tier 2 surviving spouse's annuity
20 under subdivision (A) or (B) of this paragraph (1)
21 shall be increased on the January 1 next occurring
22 after (i) attainment of age 60 by the recipient of the
23 Tier 2 surviving spouse's annuity or (ii) the first
24 anniversary of the Tier 2 surviving spouse's annuity
25 start date, whichever is later, and on each January 1
26 thereafter, by 3% or one-half the annual unadjusted

1 percentage increase in the consumer price index-u for
2 the 12 months ending with September preceding each
3 November 1, whichever is less, of the originally
4 granted Tier 2 surviving spouse's annuity. If the
5 annual unadjusted percentage change in the consumer
6 price index-u for a 12-month period ending in
7 September is zero or, when compared with the preceding
8 period, decreases, then the annuity shall not be
9 increased.

10 (F) Notwithstanding the other provisions of this
11 paragraph (1), for a qualified surviving spouse who is
12 entitled to a Tier 2 surviving spouse's annuity under
13 subdivision (A), (B), (C), or (D) of this paragraph
14 (1), that Tier 2 surviving spouse's annuity shall not
15 be less than the amount of the minimum widow's annuity
16 established from time to time under Section 6-128.4.

17 (2) Surviving children of a deceased fireman subject
18 to this Section who would otherwise meet the eligibility
19 requirements for a child's annuity set forth in Sections
20 6-147 and 6-148 shall be deemed qualified to receive a
21 Tier 2 child's annuity under this subsection (c), which
22 shall be in lieu of, but in the same amount and paid in the
23 same manner as, the child's annuity provided under those
24 Sections; except that any salary used for computing a Tier
25 2 child's annuity shall be subject to the Tier 2 salary cap
26 provided under subsection (b) of this Section. For

1 purposes of determining any pro rata reduction in child's
2 annuities under this subsection (c), references in Section
3 6-148 to the combined annuities of the family shall be
4 deemed to refer to the combined Tier 2 surviving spouse's
5 annuity, if any, and the Tier 2 child's annuities payable
6 under this subsection (c).

7 (3) Surviving parents of a deceased fireman subject to
8 this Section who would otherwise meet the eligibility
9 requirements for a parent's annuity set forth in Section
10 6-149 shall be deemed qualified to receive a Tier 2
11 parent's annuity under this subsection (c), which shall be
12 in lieu of, but in the same amount and paid in the same
13 manner as, the parent's annuity provided under Section
14 6-149; except that any salary used for computing a Tier 2
15 parent's annuity shall be subject to the Tier 2 salary cap
16 provided under subsection (b) of this Section. For the
17 purposes of this Section, a reference to "annuity" in
18 Section 6-149 includes: (i) in the context of a widow, a
19 Tier 2 surviving spouse's annuity and (ii) in the context
20 of a child, a Tier 2 child's annuity.

21 (d) The General Assembly finds and declares that the
22 provisions of this Section, as enacted by Public Act 96-1495,
23 require clarification relating to necessary eligibility
24 standards and the manner of determining and paying the
25 intended Tier 2 benefits and contributions in order to enable
26 the Fund to unambiguously implement and administer benefits

1 for Tier 2 members. The changes to this Section and the
2 conforming changes to Sections 6-150, 6-158, 6-164 (except for
3 the changes to subsection (a) of that Section), 6-166, and
4 6-167 made by this amendatory Act of the 99th General Assembly
5 are enacted to clarify the provisions of this Section as
6 enacted by Public Act 96-1495, and are hereby declared to
7 represent and be consistent with the original and continuing
8 intent of this Section and Public Act 96-1495.

9 (e) The changes to Sections 6-150, 6-158, 6-164 (except
10 for the changes to subsection (a) of that Section), 6-166, and
11 6-167 made by this amendatory Act of the 99th General Assembly
12 are intended to be retroactive to January 1, 2011 (the
13 effective date of Public Act 96-1495) and, for the purposes of
14 Section 1-103.1 of this Code, they apply without regard to
15 whether the relevant fireman was in service on or after the
16 effective date of this amendatory Act of the 99th General
17 Assembly.

18 (Source: P.A. 103-579, eff. 12-8-23.)

19 Section 90. The State Mandates Act is amended by adding
20 Section 8.49 as follows:

21 (30 ILCS 805/8.49 new)

22 Sec. 8.49. Exempt mandate. Notwithstanding Sections 6 and
23 8 of this Act, no reimbursement by the State is required for
24 the implementation of any mandate created by this amendatory

1 Act of the 104th General Assembly.