



Rep. Kevin A. McCarthy

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1 AMENDMENT TO SENATE BILL 3538

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 3538, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Illinois Pension Code is amended by  
6 changing Sections 1-113.2, 3-111, 3-111.1, 3-112, 3-125,  
7 4-109, 4-109.1, 4-114, 4-118, 5-167.1, 5-168, 6-164, 6-165, and  
8 7-142.1 and by adding Sections 1-113.4a, 1-165, 5-238, and  
9 6-229 as follows:

10 (40 ILCS 5/1-113.2)

11 Sec. 1-113.2. List of permitted investments for all Article  
12 3 or 4 pension funds. Any pension fund established under  
13 Article 3 or 4 may invest in the following items:

14 (1) Interest bearing direct obligations of the United  
15 States of America.

16 (2) Interest bearing obligations to the extent that they

1 are fully guaranteed or insured as to payment of principal and  
2 interest by the United States of America.

3 (3) Interest bearing bonds, notes, debentures, or other  
4 similar obligations of agencies of the United States of  
5 America. For the purposes of this Section, "agencies of the  
6 United States of America" includes: (i) the Federal National  
7 Mortgage Association and the Student Loan Marketing  
8 Association; (ii) federal land banks, federal intermediate  
9 credit banks, federal farm credit banks, and any other entity  
10 authorized to issue direct debt obligations of the United  
11 States of America under the Farm Credit Act of 1971 or  
12 amendments to that Act; (iii) federal home loan banks and the  
13 Federal Home Loan Mortgage Corporation; and (iv) any agency  
14 created by Act of Congress that is authorized to issue direct  
15 debt obligations of the United States of America.

16 (4) Interest bearing savings accounts or certificates of  
17 deposit, issued by federally chartered banks or savings and  
18 loan associations, to the extent that the deposits are insured  
19 by agencies or instrumentalities of the federal government.

20 (5) Interest bearing savings accounts or certificates of  
21 deposit, issued by State of Illinois chartered banks or savings  
22 and loan associations, to the extent that the deposits are  
23 insured by agencies or instrumentalities of the federal  
24 government.

25 (6) Investments in credit unions, to the extent that the  
26 investments are insured by agencies or instrumentalities of the

1 federal government.

2 (7) Interest bearing bonds of the State of Illinois.

3 (8) Pooled interest bearing accounts managed by the  
4 Illinois Public Treasurer's Investment Pool in accordance with  
5 the Deposit of State Moneys Act, ~~and~~ interest bearing funds or  
6 pooled accounts of the Illinois Metropolitan Investment Funds,  
7 and interest bearing funds or pooled accounts managed,  
8 operated, and administered by banks, subsidiaries of banks, or  
9 subsidiaries of bank holding companies in accordance with the  
10 laws of the State of Illinois.

11 (9) Interest bearing bonds or tax anticipation warrants of  
12 any county, township, or municipal corporation of the State of  
13 Illinois.

14 (10) Direct obligations of the State of Israel, subject to  
15 the conditions and limitations of item (5.1) of Section 1-113.

16 (11) Money market mutual funds managed by investment  
17 companies that are registered under the federal Investment  
18 Company Act of 1940 and the Illinois Securities Law of 1953 and  
19 are diversified, open-ended management investment companies;  
20 provided that the portfolio of the money market mutual fund is  
21 limited to the following:

22 (i) bonds, notes, certificates of indebtedness,  
23 treasury bills, or other securities that are guaranteed by  
24 the full faith and credit of the United States of America  
25 as to principal and interest;

26 (ii) bonds, notes, debentures, or other similar

1 obligations of the United States of America or its  
2 agencies; and

3 (iii) short term obligations of corporations organized  
4 in the United States with assets exceeding \$400,000,000,  
5 provided that (A) the obligations mature no later than 180  
6 days from the date of purchase, (B) at the time of  
7 purchase, the obligations are rated by at least 2 standard  
8 national rating services at one of their 3 highest  
9 classifications, and (C) the obligations held by the mutual  
10 fund do not exceed 10% of the corporation's outstanding  
11 obligations.

12 (12) General accounts of life insurance companies  
13 authorized to transact business in Illinois.

14 (13) Any combination of the following, not to exceed 10% of  
15 the pension fund's net assets:

16 (i) separate accounts that are managed by life  
17 insurance companies authorized to transact business in  
18 Illinois and are comprised of diversified portfolios  
19 consisting of common or preferred stocks, bonds, or money  
20 market instruments;

21 (ii) separate accounts that are managed by insurance  
22 companies authorized to transact business in Illinois, and  
23 are comprised of real estate or loans upon real estate  
24 secured by first or second mortgages; and

25 (iii) mutual funds that meet the following  
26 requirements:

1 (A) the mutual fund is managed by an investment  
2 company as defined and registered under the federal  
3 Investment Company Act of 1940 and registered under the  
4 Illinois Securities Law of 1953;

5 (B) the mutual fund has been in operation for at  
6 least 5 years;

7 (C) the mutual fund has total net assets of \$250  
8 million or more; and

9 (D) the mutual fund is comprised of diversified  
10 portfolios of common or preferred stocks, bonds, or  
11 money market instruments.

12 (14) Corporate bonds managed through an investment advisor  
13 must meet all of the following requirements:

14 (1) The bonds must be rated as investment grade by one  
15 of the 2 largest rating services at the time of purchase.

16 (2) If subsequently downgraded below investment grade,  
17 the bonds must be liquidated from the portfolio within 90  
18 days after being downgraded by the manager.

19 (Source: P.A. 90-507, eff. 8-22-97; 91-887, eff. 7-6-00.)

20 (40 ILCS 5/1-113.4a new)

21 Sec. 1-113.4a. List of additional permitted investments  
22 for Article 3 and 4 pension funds with net assets of  
23 \$10,000,000 or more.

24 (a) In addition to the items in Sections 1-113.2 and  
25 1-113.3, a pension fund established under Article 3 or 4 that

1 has net assets of at least \$10,000,000 and has appointed an  
2 investment adviser, as defined under Sections 1-101.4 and  
3 1-113.5, may, through that investment adviser, invest an  
4 additional portion of its assets in common and preferred stocks  
5 and mutual funds.

6 (b) The stocks must meet all of the following requirements:

7 (1) The common stocks must be listed on a national  
8 securities exchange or board of trade (as defined in the  
9 Federal Securities Exchange Act of 1934 and set forth in  
10 paragraph G of Section 3 of the Illinois Securities Law of  
11 1953) or quoted in the National Association of Securities  
12 Dealers Automated Quotation System National Market System.

13 (2) The securities must be of a corporation in  
14 existence for at least 5 years.

15 (3) The market value of stock in any one corporation  
16 may not exceed 5% of the cash and invested assets of the  
17 pension fund, and the investments in the stock of any one  
18 corporation may not exceed 5% of the total outstanding  
19 stock of that corporation.

20 (4) The straight preferred stocks or convertible  
21 preferred stocks must be issued or guaranteed by a  
22 corporation whose common stock qualifies for investment by  
23 the board.

24 (c) The mutual funds must meet the following requirements:

25 (1) The mutual fund must be managed by an investment  
26 company registered under the Federal Investment Company

1 Act of 1940 and registered under the Illinois Securities  
2 Law of 1953.

3 (2) The mutual fund must have been in operation for at  
4 least 5 years.

5 (3) The mutual fund must have total net assets of  
6 \$250,000,000 or more.

7 (4) The mutual fund must be comprised of a diversified  
8 portfolio of common or preferred stocks, bonds, or money  
9 market instruments.

10 (d) A pension fund's total investment in the items  
11 authorized under this Section and Section 1-113.3 shall not  
12 exceed 50% effective July 1, 2011 and 55% effective July 1,  
13 2012 of the market value of the pension fund's net present  
14 assets stated in its most recent annual report on file with the  
15 Department of Insurance.

16 (e) A pension fund that invests funds under this Section  
17 shall electronically file with the Division any reports of its  
18 investment activities that the Division may require, at the  
19 time and in the format required by the Division.

20 (40 ILCS 5/1-165 new)

21 Sec. 1-165. Commission on Government Forecasting and  
22 Accountability study. The Commission on Government Forecasting  
23 and Accountability shall conduct a study on the feasibility of:

24 (1) the creation of an investment pool to supplement  
25 and enhance the investment opportunities available to

1       boards of trustees of the pension funds organized under  
2       Articles 3 and 4 of this Code; the study shall include an  
3       analysis on any cost or cost savings associated with  
4       establishing the system and transferring assets for  
5       management under the investment pool; and

6       (2) enacting a contribution cost-share component  
7       wherein employing municipalities and members of funds  
8       established under Articles 3 and 4 of this Code each  
9       contribute 50% of the normal cost of the defined-benefit  
10       plan.

11       The Commission shall issue a report on its findings on or  
12       before December 31, 2011.

13       (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)

14       Sec. 3-111. Pension.

15       (a) A police officer age 50 or more with 20 or more years  
16       of creditable service, who is not a participant in the  
17       self-managed plan under Section 3-109.3 and who is no longer in  
18       service as a police officer, shall receive a pension of 1/2 of  
19       the salary attached to the rank held by the officer on the  
20       police force for one year immediately prior to retirement or,  
21       beginning July 1, 1987 for persons terminating service on or  
22       after that date, the salary attached to the rank held on the  
23       last day of service or for one year prior to the last day,  
24       whichever is greater. The pension shall be increased by 2.5% of  
25       such salary for each additional year of service over 20 years



1 of service through 30 years of service, to a maximum of 75% of  
2 such salary.

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

11 (a-5) No pension in effect on or granted after June 30,  
12 1973 shall be less than \$200 per month. Beginning July 1, 1987,  
13 the minimum retirement pension for a police officer having at  
14 least 20 years of creditable service shall be \$400 per month,  
15 without regard to whether or not retirement occurred prior to  
16 that date. If the minimum pension established in Section  
17 3-113.1 is greater than the minimum provided in this  
18 subsection, the Section 3-113.1 minimum controls.

19 (b) A police officer mandatorily retired from service due  
20 to age by operation of law, having at least 8 but less than 20  
21 years of creditable service, shall receive a pension equal to 2  
22 1/2% of the salary attached to the rank he or she held on the  
23 police force for one year immediately prior to retirement or,  
24 beginning July 1, 1987 for persons terminating service on or  
25 after that date, the salary attached to the rank held on the  
26 last day of service or for one year prior to the last day,

1       whichever is greater, for each year of creditable service.

2           A police officer who retires or is separated from service  
3       having at least 8 years but less than 20 years of creditable  
4       service, who is not mandatorily retired due to age by operation  
5       of law, and who does not apply for a refund of contributions at  
6       his or her last separation from police service, shall receive a  
7       pension upon attaining age 60 equal to 2.5% of the salary  
8       attached to the rank held by the police officer on the police  
9       force for one year immediately prior to retirement or,  
10       beginning July 1, 1987 for persons terminating service on or  
11       after that date, the salary attached to the rank held on the  
12       last day of service or for one year prior to the last day,  
13       whichever is greater, for each year of creditable service.

14           (c) A police officer no longer in service who has at least  
15       one but less than 8 years of creditable service in a police  
16       pension fund but meets the requirements of this subsection (c)  
17       shall be eligible to receive a pension from that fund equal to  
18       2.5% of the salary attached to the rank held on the last day of  
19       service under that fund or for one year prior to that last day,  
20       whichever is greater, for each year of creditable service in  
21       that fund. The pension shall begin no earlier than upon  
22       attainment of age 60 (or upon mandatory retirement from the  
23       fund by operation of law due to age, if that occurs before age  
24       60) and in no event before the effective date of this  
25       amendatory Act of 1997.

26           In order to be eligible for a pension under this subsection

1 (c), the police officer must have at least 8 years of  
2 creditable service in a second police pension fund under this  
3 Article and be receiving a pension under subsection (a) or (b)  
4 of this Section from that second fund. The police officer need  
5 not be in service on or after the effective date of this  
6 amendatory Act of 1997.

7 (d) Notwithstanding any other provision of this Article,  
8 the provisions of this subsection (d) apply to a person who is  
9 not a participant in the self-managed plan under Section  
10 3-109.3 and who first becomes a police officer under this  
11 Article on or after January 1, 2011.

12 A police officer 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 police officer  
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 police officer 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 police officer's age is under age 55.

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

23 For the purposes of this subsection (d), "final average  
24 salary" means the average monthly salary obtained by dividing  
25 the total salary of the police officer during the 96  
26 consecutive months of service within the last 120 months of

1 service in which the total salary was the highest by the number  
2 of months of service in that period.

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

14 (Source: P.A. 90-460, eff. 8-17-97; 91-939, eff. 2-1-01.)

15 (40 ILCS 5/3-111.1) (from Ch. 108 1/2, par. 3-111.1)

16 Sec. 3-111.1. Increase in pension.

17 (a) Except as provided in subsection (e), the monthly  
18 pension of a police officer who retires after July 1, 1971, and  
19 prior to January 1, 1986, shall be increased, upon either the  
20 first of the month following the first anniversary of the date  
21 of retirement if the officer is 60 years of age or over at  
22 retirement date, or upon the first day of the month following  
23 attainment of age 60 if it occurs after the first anniversary  
24 of retirement, by 3% of the originally granted pension and by  
25 an additional 3% of the originally granted pension in January

1 of each year thereafter.

2 (b) The monthly pension of a police officer who retired  
3 from service with 20 or more years of service, on or before  
4 July 1, 1971, shall be increased in January of the year  
5 following the year of attaining age 65 or in January of 1972,  
6 if then over age 65, by 3% of the originally granted pension  
7 for each year the police officer received pension payments. In  
8 each January thereafter, he or she shall receive an additional  
9 increase of 3% of the original pension.

10 (c) The monthly pension of a police officer who retires on  
11 disability or is retired for disability shall be increased in  
12 January of the year following the year of attaining age 60, by  
13 3% of the original grant of pension for each year he or she  
14 received pension payments. In each January thereafter, the  
15 police officer shall receive an additional increase of 3% of  
16 the original pension.

17 (d) The monthly pension of a police officer who retires  
18 after January 1, 1986, shall be increased, upon either the  
19 first of the month following the first anniversary of the date  
20 of retirement if the officer is 55 years of age or over, or  
21 upon the first day of the month following attainment of age 55  
22 if it occurs after the first anniversary of retirement, by 1/12  
23 of 3% of the originally granted pension for each full month  
24 that has elapsed since the pension began, and by an additional  
25 3% of the originally granted pension in January of each year  
26 thereafter.

1           The changes made to this subsection (d) by this amendatory  
2 Act of the 91st General Assembly apply to all initial increases  
3 that become payable under this subsection on or after January  
4 1, 1999. All initial increases that became payable under this  
5 subsection on or after January 1, 1999 and before the effective  
6 date of this amendatory Act shall be recalculated and the  
7 additional amount accruing for that period, if any, shall be  
8 payable to the pensioner in a lump sum.

9           (e) Notwithstanding the provisions of subsection (a), upon  
10 the first day of the month following (1) the first anniversary  
11 of the date of retirement, or (2) the attainment of age 55, or  
12 (3) July 1, 1987, whichever occurs latest, the monthly pension  
13 of a police officer who retired on or after January 1, 1977 and  
14 on or before January 1, 1986, and did not receive an increase  
15 under subsection (a) before July 1, 1987, shall be increased by  
16 3% of the originally granted monthly pension for each full year  
17 that has elapsed since the pension began, and by an additional  
18 3% of the originally granted pension in each January  
19 thereafter. The increases provided under this subsection are in  
20 lieu of the increases provided in subsection (a).

21           (f) Notwithstanding the other provisions of this Section,  
22 beginning with increases granted on or after July 1, 1993, the  
23 second and all subsequent automatic annual increases granted  
24 under subsection (a), (b), (d), or (e) of this Section shall be  
25 calculated as 3% of the amount of pension payable at the time  
26 of the increase, including any increases previously granted

1 under this Section, rather than 3% of the originally granted  
2 pension amount. Section 1-103.1 does not apply to this  
3 subsection (f).

4 (g) Notwithstanding any other provision of this Article,  
5 the monthly pension of a person who first becomes a police  
6 officer under this Article on or after January 1, 2011 shall be  
7 increased on the January 1 occurring either on or after the  
8 attainment of age 60 or the first anniversary of the pension  
9 start date, whichever is later. Each annual increase shall be  
10 calculated at 3% or one-half the annual unadjusted percentage  
11 increase (but not less than zero) in the consumer price index-u  
12 for the 12 months ending with the September preceding each  
13 November 1, whichever is less, of the originally granted  
14 pension. If the annual unadjusted percentage change in the  
15 consumer price index-u for a 12-month period ending in  
16 September is zero or, when compared with the preceding period,  
17 decreases, then the pension shall not be 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 (Source: P.A. 91-939, eff. 2-1-01.)

2 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112)

3 Sec. 3-112. Pension to survivors.

4 (a) Upon the death of a police officer entitled to a  
5 pension under Section 3-111, the surviving spouse shall be  
6 entitled to the pension to which the police officer was then  
7 entitled. Upon the death of the surviving spouse, or upon the  
8 remarriage of the surviving spouse if that remarriage  
9 terminates the surviving spouse's eligibility under Section  
10 3-121, the police officer's unmarried children who are under  
11 age 18 or who are dependent because of physical or mental  
12 disability shall be entitled to equal shares of such pension.  
13 If there is no eligible surviving spouse and no eligible child,  
14 the dependent parent or parents of the officer shall be  
15 entitled to receive or share such pension until their death or  
16 marriage or remarriage after the death of the police officer.

17 Notwithstanding any other provision of this Article, for a  
18 person who first becomes a police officer under this Article on  
19 or after January 1, 2011, the pension to which the surviving  
20 spouse, children, or parents are entitled under this subsection  
21 (a) shall be in the amount of 66 2/3% of the police officer's  
22 earned pension at the date of death. Nothing in this subsection  
23 (a) shall act to diminish the survivor's benefits described in  
24 subsection (e) of this Section.

25 Notwithstanding any other provision of this Article, the



1 monthly pension of a survivor of a person who first becomes a  
2 police officer under this Article on or after January 1, 2011  
3 shall be increased on the January 1 after attainment of age 60  
4 by the recipient of the survivor's pension and each January 1  
5 thereafter by 3% or one-half the annual unadjusted percentage  
6 increase (but not less than zero) in the consumer price index-u  
7 for the 12 months ending with the September preceding each  
8 November 1, whichever is less, of the originally granted  
9 survivor's pension. If the annual unadjusted percentage change  
10 in the consumer price index-u for a 12-month period ending in  
11 September is zero or, when compared with the preceding period,  
12 decreases, then the survivor's pension shall not be increased.

13 For the purposes of this subsection (a), "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 pension funds.

22 (b) Upon the death of a police officer while in service,  
23 having at least 20 years of creditable service, or upon the  
24 death of a police officer who retired from service with at  
25 least 20 years of creditable service, whether death occurs  
26 before or after attainment of age 50, the pension earned by the

1 police officer as of the date of death as provided in Section  
2 3-111 shall be paid to the survivors in the sequence provided  
3 in subsection (a) of this Section.

4 (c) Upon the death of a police officer while in service,  
5 having at least 10 but less than 20 years of service, a pension  
6 of 1/2 of the salary attached to the rank or ranks held by the  
7 officer for one year immediately prior to death shall be  
8 payable to the survivors in the sequence provided in subsection  
9 (a) of this Section. If death occurs as a result of the  
10 performance of duty, the 10 year requirement shall not apply  
11 and the pension to survivors shall be payable after any period  
12 of service.

13 (d) Beginning July 1, 1987, a minimum pension of \$400 per  
14 month shall be paid to all surviving spouses, without regard to  
15 the fact that the death of the police officer occurred prior to  
16 that date. If the minimum pension established in Section  
17 3-113.1 is greater than the minimum provided in this  
18 subsection, the Section 3-113.1 minimum controls.

19 (e) The pension of the surviving spouse of a police officer  
20 who dies (i) on or after January 1, 2001, (ii) without having  
21 begun to receive either a retirement pension payable under  
22 Section 3-111 or a disability pension payable under Section  
23 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of  
24 sickness, accident, or injury incurred in or resulting from the  
25 performance of an act of duty shall not be less than 100% of  
26 the salary attached to the rank held by the deceased police

1 officer on the last day of service, notwithstanding any  
2 provision in this Article to the contrary.

3 (Source: P.A. 91-939, eff. 2-1-01.)

4 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

5 Sec. 3-125. Financing.

6 (a) The city council or the board of trustees of the  
7 municipality shall annually levy a tax upon all the taxable  
8 property of the municipality at the rate on the dollar which  
9 will produce an amount which, when added to the deductions from  
10 the salaries or wages of police officers, and revenues  
11 available from other sources, will equal a sum sufficient to  
12 meet the annual requirements of the police pension fund. The  
13 annual requirements to be provided by such tax levy are equal  
14 to (1) the normal cost of the pension fund for the year  
15 involved, plus (2) an the amount sufficient to bring the total  
16 assets of the pension fund up to 90% of the total actuarial  
17 liabilities of the pension fund by the end of municipal fiscal  
18 year 2040, as annually updated and determined by an enrolled  
19 actuary employed by the Illinois Department of Insurance or by  
20 an enrolled actuary retained by the pension fund or the  
21 municipality. In making these determinations, the required  
22 minimum employer contribution shall be calculated each year as  
23 a level percentage of payroll over the years remaining up to  
24 and including fiscal year 2040 and shall be determined under  
25 the projected unit credit actuarial cost method ~~necessary to~~

1 ~~amortize the fund's unfunded accrued liabilities as provided in~~  
2 ~~Section 3-127.~~ The tax shall be levied and collected in the  
3 same manner as the general taxes of the municipality, and in  
4 addition to all other taxes now or hereafter authorized to be  
5 levied upon all property within the municipality, and shall be  
6 in addition to the amount authorized to be levied for general  
7 purposes as provided by Section 8-3-1 of the Illinois Municipal  
8 Code, approved May 29, 1961, as amended. The tax shall be  
9 forwarded directly to the treasurer of the board within 30  
10 business days after receipt by the county.

11 (b) For purposes of determining the required employer  
12 contribution to a pension fund, the value of the pension fund's  
13 assets shall be equal to the actuarial value of the pension  
14 fund's assets, which shall be calculated as follows:

15 (1) On March 30, 2011, the actuarial value of a pension  
16 fund's assets shall be equal to the market value of the  
17 assets as of that date.

18 (2) In determining the actuarial value of the System's  
19 assets for fiscal years after March 30, 2011, any actuarial  
20 gains or losses from investment return incurred in a fiscal  
21 year shall be recognized in equal annual amounts over the  
22 5-year period following that fiscal year.

23 (c) If a participating municipality fails to transmit to  
24 the fund contributions required of it under this Article for  
25 more than 90 days after the payment of those contributions is  
26 due, the fund may, after giving notice to the municipality,

1 certify to the State Comptroller the amounts of the delinquent  
2 payments, and the Comptroller must, beginning in fiscal year  
3 2016, deduct and deposit into the fund the certified amounts or  
4 a portion of those amounts from the following proportions of  
5 grants of State funds to the municipality:

6 (1) in fiscal year 2016, one-third of the total amount  
7 of any grants of State funds to the municipality;

8 (2) in fiscal year 2017, two-thirds of the total amount  
9 of any grants of State funds to the municipality; and

10 (3) in fiscal year 2018 and each fiscal year  
11 thereafter, the total amount of any grants of State funds  
12 to the municipality.

13 The State Comptroller may not deduct from any grants of  
14 State funds to the municipality more than the amount of  
15 delinquent payments certified to the State Comptroller by the  
16 fund.

17 (d) The police pension fund shall consist of the following  
18 moneys which shall be set apart by the treasurer of the  
19 municipality:

20 (1) All moneys derived from the taxes levied hereunder;

21 (2) Contributions by police officers under Section  
22 3-125.1;

23 (3) All moneys accumulated by the municipality under  
24 any previous legislation establishing a fund for the  
25 benefit of disabled or retired police officers;

26 (4) Donations, gifts or other transfers authorized by

1 this Article.

2 (e) The Commission on Government Forecasting and  
3 Accountability shall conduct a study of all funds established  
4 under this Article and shall report its findings to the General  
5 Assembly on or before January 1, 2013. To the fullest extent  
6 possible, the study shall include, but not be limited to, the  
7 following:

8 (1) fund balances;

9 (2) historical employer contribution rates for each  
10 fund;

11 (3) the actuarial formulas used as a basis for employer  
12 contributions, including the actual assumed rate of return  
13 for each year, for each fund;

14 (4) available contribution funding sources;

15 (5) the impact of any revenue limitations caused by  
16 PTELL and employer home rule or non-home rule status; and

17 (6) existing statutory funding compliance procedures  
18 and funding enforcement mechanisms for all municipal  
19 pension funds.

20 (Source: P.A. 95-530, eff. 8-28-07.)

21 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

22 Sec. 4-109. Pension.

23 (a) A firefighter age 50 or more with 20 or more years of  
24 creditable service, who is no longer in service as a  
25 firefighter, shall receive a monthly pension of 1/2 the monthly

1 salary attached to the rank held by him or her in the fire  
2 service at the date of retirement.

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

7 The changes made to this subsection (a) by this amendatory  
8 Act of the 91st General Assembly apply to all pensions that  
9 become payable under this subsection on or after January 1,  
10 1999. All pensions payable under this subsection that began on  
11 or after January 1, 1999 and before the effective date of this  
12 amendatory Act shall be recalculated, and the amount of the  
13 increase accruing for that period shall be payable to the  
14 pensioner in a lump sum.

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 average monthly salary obtained by dividing  
25 the total salary of the firefighter during the 96 consecutive  
26 months of service within the last 120 months of service in



1 which the total salary was the highest by the number of months  
2 of service in that period.

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

14 (Source: P.A. 91-466, eff. 8-6-99.)

15 (40 ILCS 5/4-109.1) (from Ch. 108 1/2, par. 4-109.1)

16 Sec. 4-109.1. Increase in pension.

17 (a) Except as provided in subsection (e), the monthly  
18 pension of a firefighter who retires after July 1, 1971 and  
19 prior to January 1, 1986, shall, upon either the first of the  
20 month following the first anniversary of the date of retirement  
21 if 60 years of age or over at retirement date, or upon the  
22 first day of the month following attainment of age 60 if it  
23 occurs after the first anniversary of retirement, be increased  
24 by 2% of the originally granted monthly pension and by an  
25 additional 2% in each January thereafter. Effective January

1 1976, the rate of the annual increase shall be 3% of the  
2 originally granted monthly pension.

3 (b) The monthly pension of a firefighter who retired from  
4 service with 20 or more years of service, on or before July 1,  
5 1971, shall be increased, in January of the year following the  
6 year of attaining age 65 or in January 1972, if then over age  
7 65, by 2% of the originally granted monthly pension, for each  
8 year the firefighter received pension payments. In each January  
9 thereafter, he or she shall receive an additional increase of  
10 2% of the original monthly pension. Effective January 1976, the  
11 rate of the annual increase shall be 3%.

12 (c) The monthly pension of a firefighter who is receiving a  
13 disability pension under this Article shall be increased, in  
14 January of the year following the year the firefighter attains  
15 age 60, or in January 1974, if then over age 60, by 2% of the  
16 originally granted monthly pension for each year he or she  
17 received pension payments. In each January thereafter, the  
18 firefighter shall receive an additional increase of 2% of the  
19 original monthly pension. Effective January 1976, the rate of  
20 the annual increase shall be 3%.

21 (c-1) On January 1, 1998, every child's disability benefit  
22 payable on that date under Section 4-110 or 4-110.1 shall be  
23 increased by an amount equal to 1/12 of 3% of the amount of the  
24 benefit, multiplied by the number of months for which the  
25 benefit has been payable. On each January 1 thereafter, every  
26 child's disability benefit payable under Section 4-110 or

1 4-110.1 shall be increased by 3% of the amount of the benefit  
2 then being paid, including any previous increases received  
3 under this Article. These increases are not subject to any  
4 limitation on the maximum benefit amount included in Section  
5 4-110 or 4-110.1.

6 (c-2) On July 1, 2004, every pension payable to or on  
7 behalf of a minor or disabled surviving child that is payable  
8 on that date under Section 4-114 shall be increased by an  
9 amount equal to  $1/12$  of 3% of the amount of the pension,  
10 multiplied by the number of months for which the benefit has  
11 been payable. On July 1, 2005, July 1, 2006, July 1, 2007, and  
12 July 1, 2008, every pension payable to or on behalf of a minor  
13 or disabled surviving child that is payable under Section 4-114  
14 shall be increased by 3% of the amount of the pension then  
15 being paid, including any previous increases received under  
16 this Article. These increases are not subject to any limitation  
17 on the maximum benefit amount included in Section 4-114.

18 (d) The monthly pension of a firefighter who retires after  
19 January 1, 1986, shall, upon either the first of the month  
20 following the first anniversary of the date of retirement if 55  
21 years of age or over, or upon the first day of the month  
22 following attainment of age 55 if it occurs after the first  
23 anniversary of retirement, be increased by  $1/12$  of 3% of the  
24 originally granted monthly pension for each full month that has  
25 elapsed since the pension began, and by an additional 3% in  
26 each January thereafter.

1           The changes made to this subsection (d) by this amendatory  
2 Act of the 91st General Assembly apply to all initial increases  
3 that become payable under this subsection on or after January  
4 1, 1999. All initial increases that became payable under this  
5 subsection on or after January 1, 1999 and before the effective  
6 date of this amendatory Act shall be recalculated and the  
7 additional amount accruing for that period, if any, shall be  
8 payable to the pensioner in a lump sum.

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

21           (f) In July 2009, the monthly pension of a firefighter who  
22 retired before July 1, 1977 shall be recalculated and increased  
23 to reflect the amount that the firefighter would have received  
24 in July 2009 had the firefighter been receiving a 3% compounded  
25 increase for each year he or she received pension payments  
26 after January 1, 1986, plus any increases in pension received

1 for each year prior to January 1, 1986. In each January  
2 thereafter, he or she shall receive an additional increase of  
3 3% of the amount of the pension then being paid. The changes  
4 made to this Section by this amendatory Act of the 96th General  
5 Assembly apply without regard to whether the firefighter was in  
6 service on or after its effective date.

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

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

1 annual adjustment shall be determined by the Public Pension  
2 Division of the Department of Insurance and made available to  
3 the boards of the pension funds.

4 (Source: P.A. 96-775, eff. 8-28-09.)

5 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

6 Sec. 4-114. Pension to survivors. If a firefighter who is  
7 not receiving a disability pension under Section 4-110 or  
8 4-110.1 dies (1) as a result of any illness or accident, or (2)  
9 from any cause while in receipt of a disability pension under  
10 this Article, or (3) during retirement after 20 years service,  
11 or (4) while vested for or in receipt of a pension payable  
12 under subsection (b) of Section 4-109, or (5) while a deferred  
13 pensioner, having made all required contributions, a pension  
14 shall be paid to his or her survivors, based on the monthly  
15 salary attached to the firefighter's rank on the last day of  
16 service in the fire department, as follows:

17 (a)(1) To the surviving spouse, a monthly pension of  
18 40% of the monthly salary, and to the guardian of any minor  
19 child or children including a child which has been  
20 conceived but not yet born, 12% of such monthly salary for  
21 each such child until attainment of age 18 or until the  
22 child's marriage, whichever occurs first. Beginning July  
23 1, 1993, the monthly pension to the surviving spouse shall  
24 be 54% of the monthly salary for all persons receiving a  
25 surviving spouse pension under this Article, regardless of

1           whether the deceased firefighter was in service on or after  
2           the effective date of this amendatory Act of 1993.

3           (2) Beginning July 1, 2004, unless the amount provided  
4           under paragraph (1) of this subsection (a) is greater, the  
5           total monthly pension payable under this paragraph (a),  
6           including any amount payable on account of children, to the  
7           surviving spouse of a firefighter who died (i) while  
8           receiving a retirement pension, (ii) while he or she was a  
9           deferred pensioner with at least 20 years of creditable  
10          service, or (iii) while he or she was in active service  
11          having at least 20 years of creditable service, regardless  
12          of age, shall be no less than 100% of the monthly  
13          retirement pension earned by the deceased firefighter at  
14          the time of death, regardless of whether death occurs  
15          before or after attainment of age 50, including any  
16          increases under Section 4-109.1. This minimum applies to  
17          all such surviving spouses who are eligible to receive a  
18          surviving spouse pension, regardless of whether the  
19          deceased firefighter was in service on or after the  
20          effective date of this amendatory Act of the 93rd General  
21          Assembly, and notwithstanding any limitation on maximum  
22          pension under paragraph (d) or any other provision of this  
23          Article.

24          (3) If the pension paid on and after July 1, 2004 to  
25          the surviving spouse of a firefighter who died on or after  
26          July 1, 2004 and before the effective date of this

1       amendatory Act of the 93rd General Assembly was less than  
2       the minimum pension payable under paragraph (1) or (2) of  
3       this subsection (a), the fund shall pay a lump sum equal to  
4       the difference within 90 days after the effective date of  
5       this amendatory Act of the 93rd General Assembly.

6       The pension to the surviving spouse shall terminate in  
7       the event of the surviving spouse's remarriage prior to  
8       July 1, 1993; remarriage on or after that date does not  
9       affect the surviving spouse's pension, regardless of  
10      whether the deceased firefighter was in service on or after  
11      the effective date of this amendatory Act of 1993.

12      The surviving spouse's pension shall be subject to the  
13      minimum established in Section 4-109.2.

14      (b) Upon the death of the surviving spouse leaving one  
15      or more minor children, to the duly appointed guardian of  
16      each such child, for support and maintenance of each such  
17      child until the child reaches age 18 or marries, whichever  
18      occurs first, a monthly pension of 20% of the monthly  
19      salary.

20      (c) If a deceased firefighter leaves no surviving  
21      spouse or unmarried minor children under age 18, but leaves  
22      a dependent father or mother, to each dependent parent a  
23      monthly pension of 18% of the monthly salary. To qualify  
24      for the pension, a dependent parent must furnish  
25      satisfactory proof that the deceased firefighter was at the  
26      time of his or her death the sole supporter of the parent



1 or that the parent was the deceased's dependent for federal  
2 income tax purposes.

3 (d) The total pension provided under paragraphs (a),  
4 (b) and (c) of this Section shall not exceed 75% of the  
5 monthly salary of the deceased firefighter (1) when paid to  
6 the survivor of a firefighter who has attained 20 or more  
7 years of service credit and who receives or is eligible to  
8 receive a retirement pension under this Article, or (2)  
9 when paid to the survivor of a firefighter who dies as a  
10 result of illness or accident, or (3) when paid to the  
11 survivor of a firefighter who dies from any cause while in  
12 receipt of a disability pension under this Article, or (4)  
13 when paid to the survivor of a deferred pensioner. For all  
14 other survivors of deceased firefighters, the total  
15 pension provided under paragraphs (a), (b) and (c) of this  
16 Section shall not exceed 50% of the retirement annuity the  
17 firefighter would have received on the date of death.

18 The maximum pension limitations in this paragraph (d)  
19 do not control over any contrary provision of this Article  
20 explicitly establishing a minimum amount of pension or  
21 granting a one-time or annual increase in pension.

22 (e) If a firefighter leaves no eligible survivors under  
23 paragraphs (a), (b) and (c), the board shall refund to the  
24 firefighter's estate the amount of his or her accumulated  
25 contributions, less the amount of pension payments, if any,  
26 made to the firefighter while living.

1 (f) (Blank).

2 (g) If a judgment of dissolution of marriage between a  
3 firefighter and spouse is judicially set aside subsequent  
4 to the firefighter's death, the surviving spouse is  
5 eligible for the pension provided in paragraph (a) only if  
6 the judicial proceedings are filed within 2 years after the  
7 date of the dissolution of marriage and within one year  
8 after the firefighter's death and the board is made a party  
9 to the proceedings. In such case the pension shall be  
10 payable only from the date of the court's order setting  
11 aside the judgment of dissolution of marriage.

12 (h) Benefits payable on account of a child under this  
13 Section shall not be reduced or terminated by reason of the  
14 child's attainment of age 18 if he or she is then dependent  
15 by reason of a physical or mental disability but shall  
16 continue to be paid as long as such dependency continues.  
17 Individuals over the age of 18 and adjudged as a disabled  
18 person pursuant to Article XIa of the Probate Act of 1975,  
19 except for persons receiving benefits under Article III of  
20 the Illinois Public Aid Code, shall be eligible to receive  
21 benefits under this Act.

22 (i) Beginning January 1, 2000, the pension of the  
23 surviving spouse of a firefighter who dies on or after  
24 January 1, 1994 as a result of sickness, accident, or  
25 injury incurred in or resulting from the performance of an  
26 act of duty or from the cumulative effects of acts of duty

1 shall not be less than 100% of the salary attached to the  
2 rank held by the deceased firefighter on the last day of  
3 service, notwithstanding subsection (d) or any other  
4 provision of this Article.

5 (j) Beginning July 1, 2004, the pension of the  
6 surviving spouse of a firefighter who dies on or after  
7 January 1, 1988 as a result of sickness, accident, or  
8 injury incurred in or resulting from the performance of an  
9 act of duty or from the cumulative effects of acts of duty  
10 shall not be less than 100% of the salary attached to the  
11 rank held by the deceased firefighter on the last day of  
12 service, notwithstanding subsection (d) or any other  
13 provision of this Article.

14 Notwithstanding any other provision of this Article, if a  
15 person who first becomes a firefighter under this Article on or  
16 after January 1, 2011 and who is not receiving a disability  
17 pension under Section 4-110 or 4-110.1 dies (1) as a result of  
18 any illness or accident, (2) from any cause while in receipt of  
19 a disability pension under this Article, (3) during retirement  
20 after 20 years service, (4) while vested for or in receipt of a  
21 pension payable under subsection (b) of Section 4-109, or (5)  
22 while a deferred pensioner, having made all required  
23 contributions, then a pension shall be paid to his or her  
24 survivors in the amount of 66 2/3% of the firefighter's earned  
25 pension at the date of death. Nothing in this Section shall act  
26 to diminish the survivor's benefits described in subsection (j)

1 of this Section.

2 Notwithstanding any other provision of this Article, the  
3 monthly pension of a survivor of a person who first becomes a  
4 firefighter under this Article on or after January 1, 2011  
5 shall be increased on the January 1 after attainment of age 60  
6 by the recipient of the survivor's pension and each January 1  
7 thereafter by 3% or one-half the annual unadjusted percentage  
8 increase in the consumer price index-u for the 12 months ending  
9 with the September preceding each November 1, whichever is  
10 less, of the originally granted survivor's pension. If the  
11 annual unadjusted percentage change in the consumer price  
12 index-u for a 12-month period ending in September is zero or,  
13 when compared with the preceding period, decreases, then the  
14 survivor's pension shall not be increased.

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

24 (Source: P.A. 95-279, eff. 1-1-08.)

1           Sec. 4-118. Financing.

2           (a) The city council or the board of trustees of the  
3 municipality shall annually levy a tax upon all the taxable  
4 property of the municipality at the rate on the dollar which  
5 will produce an amount which, when added to the deductions from  
6 the salaries or wages of firefighters and revenues available  
7 from other sources, will equal a sum sufficient to meet the  
8 annual actuarial requirements of the pension fund, as  
9 determined by an enrolled actuary employed by the Illinois  
10 Department of Insurance or by an enrolled actuary retained by  
11 the pension fund or municipality. For the purposes of this  
12 Section, the annual actuarial requirements of the pension fund  
13 are equal to (1) the normal cost of the pension fund, or 17.5%  
14 of the salaries and wages to be paid to firefighters for the  
15 year involved, whichever is greater, plus (2) an the annual  
16 amount sufficient to bring the total assets of the pension fund  
17 up to 90% of the total actuarial liabilities of the pension  
18 fund by the end of municipal fiscal year 2040, as annually  
19 updated and determined by an enrolled actuary employed by the  
20 Illinois Department of Insurance or by an enrolled actuary  
21 retained by the pension fund or the municipality. In making  
22 these determinations, the required minimum employer  
23 contribution shall be calculated each year as a level  
24 percentage of payroll over the years remaining up to and  
25 including fiscal year 2040 and shall be determined under the  
26 projected unit credit actuarial cost method ~~necessary to~~

1 ~~amortize the fund's unfunded accrued liabilities over a period~~  
2 ~~of 40 years from July 1, 1993, as annually updated and~~  
3 ~~determined by an enrolled actuary employed by the Illinois~~  
4 ~~Department of Insurance or by an enrolled actuary retained by~~  
5 ~~the pension fund or the municipality.~~ The amount to be applied  
6 towards the amortization of the unfunded accrued liability in  
7 any year shall not be less than the annual amount required to  
8 amortize the unfunded accrued liability, including interest,  
9 as a level percentage of payroll over the number of years  
10 remaining in the 40 year amortization period.

11 (a-5) For purposes of determining the required employer  
12 contribution to a pension fund, the value of the pension fund's  
13 assets shall be equal to the actuarial value of the pension  
14 fund's assets, which shall be calculated as follows:

15 (1) On March 30, 2011, the actuarial value of a pension  
16 fund's assets shall be equal to the market value of the  
17 assets as of that date.

18 (2) In determining the actuarial value of the pension  
19 fund's assets for fiscal years after March 30, 2011, any  
20 actuarial gains or losses from investment return incurred  
21 in a fiscal year shall be recognized in equal annual  
22 amounts over the 5-year period following that fiscal year.

23 (b) The tax shall be levied and collected in the same  
24 manner as the general taxes of the municipality, and shall be  
25 in addition to all other taxes now or hereafter authorized to  
26 be levied upon all property within the municipality, and in

1 addition to the amount authorized to be levied for general  
2 purposes, under Section 8-3-1 of the Illinois Municipal Code or  
3 under Section 14 of the Fire Protection District Act. The tax  
4 shall be forwarded directly to the treasurer of the board  
5 within 30 business days of receipt by the county (or, in the  
6 case of amounts added to the tax levy under subsection (f),  
7 used by the municipality to pay the employer contributions  
8 required under subsection (b-1) of Section 15-155 of this  
9 Code).

10 (b-5) If a participating municipality fails to transmit to  
11 the fund contributions required of it under this Article for  
12 more than 90 days after the payment of those contributions is  
13 due, the fund may, after giving notice to the municipality,  
14 certify to the State Comptroller the amounts of the delinquent  
15 payments, and the Comptroller must, beginning in fiscal year  
16 2016, deduct and deposit into the fund the certified amounts or  
17 a portion of those amounts from the following proportions of  
18 grants of State funds to the municipality:

19 (1) in fiscal year 2016, one-third of the total amount  
20 of any grants of State funds to the municipality;

21 (2) in fiscal year 2017, two-thirds of the total amount  
22 of any grants of State funds to the municipality; and

23 (3) in fiscal year 2018 and each fiscal year  
24 thereafter, the total amount of any grants of State funds  
25 to the municipality.

26 The State Comptroller may not deduct from any grants of

1 State funds to the municipality more than the amount of  
2 delinquent payments certified to the State Comptroller by the  
3 fund.

4 (c) The board shall make available to the membership and  
5 the general public for inspection and copying at reasonable  
6 times the most recent Actuarial Valuation Balance Sheet and Tax  
7 Levy Requirement issued to the fund by the Department of  
8 Insurance.

9 (d) The firefighters' pension fund shall consist of the  
10 following moneys which shall be set apart by the treasurer of  
11 the municipality: (1) all moneys derived from the taxes levied  
12 hereunder; (2) contributions by firefighters as provided under  
13 Section 4-118.1; (3) all rewards in money, fees, gifts, and  
14 emoluments that may be paid or given for or on account of  
15 extraordinary service by the fire department or any member  
16 thereof, except when allowed to be retained by competitive  
17 awards; and (4) any money, real estate or personal property  
18 received by the board.

19 (e) For the purposes of this Section, "enrolled actuary"  
20 means an actuary: (1) who is a member of the Society of  
21 Actuaries or the American Academy of Actuaries; and (2) who is  
22 enrolled under Subtitle C of Title III of the Employee  
23 Retirement Income Security Act of 1974, or who has been engaged  
24 in providing actuarial services to one or more public  
25 retirement systems for a period of at least 3 years as of July  
26 1, 1983.



1 (f) The corporate authorities of a municipality that  
2 employs a person who is described in subdivision (d) of Section  
3 4-106 may add to the tax levy otherwise provided for in this  
4 Section an amount equal to the projected cost of the employer  
5 contributions required to be paid by the municipality to the  
6 State Universities Retirement System under subsection (b-1) of  
7 Section 15-155 of this Code.

8 (g) The Commission on Government Forecasting and  
9 Accountability shall conduct a study of all funds established  
10 under this Article and shall report its findings to the General  
11 Assembly on or before January 1, 2013. To the fullest extent  
12 possible, the study shall include, but not be limited to, the  
13 following:

14 (1) fund balances;

15 (2) historical employer contribution rates for each  
16 fund;

17 (3) the actuarial formulas used as a basis for employer  
18 contributions, including the actual assumed rate of return  
19 for each year, for each fund;

20 (4) available contribution funding sources;

21 (5) the impact of any revenue limitations caused by  
22 PTELL and employer home rule or non-home rule status; and

23 (6) existing statutory funding compliance procedures  
24 and funding enforcement mechanisms for all municipal  
25 pension funds.

26 (Source: P.A. 94-859, eff. 6-15-06.)

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

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

4 (a) A policeman who retires from service after September 1,  
5 1967 with at least 20 years of service credit shall, upon  
6 either the first of the month following the first anniversary  
7 of his date of retirement if he is age 60 (age 55 if born before  
8 January 1, 1955) or over on that anniversary date, or upon the  
9 first of the month following his attainment of age 60 (age 55  
10 if born before January 1, 1955) if it occurs after the first  
11 anniversary of his retirement date, have his then fixed and  
12 payable monthly annuity increased by 1 1/2% and such first  
13 fixed annuity as granted at retirement increased by an  
14 additional 1 1/2% in January of each year thereafter up to a  
15 maximum increase of 30%. Beginning January 1, 1983 for  
16 policemen born before January 1, 1930, and beginning January 1,  
17 1988 for policemen born on or after January 1, 1930 but before  
18 January 1, 1940, and beginning January 1, 1996 for policemen  
19 born on or after January 1, 1940 but before January 1, 1945,  
20 and beginning January 1, 2000 for policemen born on or after  
21 January 1, 1945 but before January 1, 1950, and beginning  
22 January 1, 2005 for policemen born on or after January 1, 1950  
23 but before January 1, 1955, such increases shall be 3% and such  
24 policemen shall not be subject to the 30% maximum increase.

25 Any policeman born before January 1, 1945 who qualifies for

1 a minimum annuity and retires after September 1, 1967 but has  
2 not received the initial increase under this subsection before  
3 January 1, 1996 is entitled to receive the initial increase  
4 under this subsection on (1) January 1, 1996, (2) the first  
5 anniversary of the date of retirement, or (3) attainment of age  
6 55, whichever occurs last. The changes to this Section made by  
7 Public Act 89-12 apply beginning January 1, 1996 and without  
8 regard to whether the policeman or annuitant terminated service  
9 before the effective date of that Act.

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

20 Any policeman born before January 1, 1955 who qualifies for  
21 a minimum annuity and retires after September 1, 1967 but has  
22 not received the initial increase under this subsection before  
23 January 1, 2005 is entitled to receive the initial increase  
24 under this subsection on (1) January 1, 2005, (2) the first  
25 anniversary of the date of retirement, or (3) attainment of age  
26 55, whichever occurs last. The changes to this Section made by

1 this amendatory Act of the 94th General Assembly apply without  
2 regard to whether the policeman or annuitant terminated service  
3 before the effective date of this amendatory Act.

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

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

11 The city, in addition to the contributions otherwise made  
12 by it for annuity purposes under other provisions of this  
13 Article, shall make matching contributions concurrently with  
14 such salary deductions.

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

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

24 The salary deductions provided in this Section are not  
25 subject to refund, except to the policeman himself, in any case  
26 in which a policeman withdraws prior to qualification for

1 minimum annuity and applies for refund or applies for annuity,  
2 and also where a term annuity becomes payable. In such cases,  
3 the total of such salary deductions shall be refunded to the  
4 policeman, without interest, and charged to the Automatic  
5 Increase Reserve.

6 (d) Notwithstanding any other provision of this Article,  
7 for a person who first becomes a policeman under this Article  
8 on or after January 1, 2011, the annuity to which the survivor  
9 is entitled under this subsection (d) shall be in the amount of  
10 66 2/3% of the policeman's earned annuity at the date of death.  
11 Nothing in this subsection (d) shall act to diminish the  
12 survivor's benefits described in this Section.

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

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

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

9 (Source: P.A. 94-719, eff. 1-6-06.)

10 (40 ILCS 5/5-168) (from Ch. 108 1/2, par. 5-168)

11 Sec. 5-168. Financing.

12 (a) Except as expressly provided in this Section, the city  
13 shall levy a tax annually upon all taxable property therein for  
14 the purpose of providing revenue for the fund.

15 The tax shall be at a rate that will produce a sum which,  
16 when added to the amounts deducted from the policemen's  
17 salaries and the amounts deposited in accordance with  
18 subsection (g), is sufficient for the purposes of the fund.

19 For the years 1968 and 1969, the city council shall levy a  
20 tax annually at a rate on the dollar of the assessed valuation  
21 of all taxable property that will produce, when extended, not  
22 to exceed \$9,700,000. Beginning with the year 1970 and through  
23 2014, each year thereafter the city council shall levy a tax  
24 annually at a rate on the dollar of the assessed valuation of  
25 all taxable property that will produce when extended an amount

1 not to exceed the total amount of contributions by the  
2 policemen to the Fund made in the calendar year 2 years before  
3 the year for which the applicable annual tax is levied,  
4 multiplied by 1.40 for the tax levy year 1970; by 1.50 for the  
5 year 1971; by 1.65 for 1972; by 1.85 for 1973; by 1.90 for  
6 1974; by 1.97 for 1975 through 1981; by 2.00 for 1982 and for  
7 each year through 2014 thereafter. Beginning in 2015, the city  
8 council shall levy a tax annually at a rate on the dollar of  
9 the assessed valuation of all taxable property that will  
10 produce when extended an annual amount that is equal to (1) the  
11 normal cost to the Fund, plus (2) an annual amount sufficient  
12 to bring the total assets of the Fund up to 90% of the total  
13 actuarial liabilities of the Fund by the end of fiscal year  
14 2040, as annually updated and determined by an enrolled actuary  
15 employed by the Illinois Department of Insurance or by an  
16 enrolled actuary retained by the Fund or the city. In making  
17 these determinations, the required minimum employer  
18 contribution shall be calculated each year as a level  
19 percentage of payroll over the years remaining up to and  
20 including fiscal year 2040 and shall be determined under the  
21 projected unit credit actuarial cost method. For the purposes  
22 of this subsection (a), contributions by the policeman to the  
23 Fund shall not include payments made by a policeman to  
24 establish credit under Section 5-214.2 of this Code.

25 (a-5) For purposes of determining the required employer  
26 contribution to the Fund, the value of the Fund's assets shall

1 be equal to the actuarial value of the Fund's assets, which  
2 shall be calculated as follows:

3 (1) On March 30, 2011, the actuarial value of the  
4 Fund's assets shall be equal to the market value of the  
5 assets as of that date.

6 (2) In determining the actuarial value of the Fund's  
7 assets for fiscal years after March 30, 2011, any actuarial  
8 gains or losses from investment return incurred in a fiscal  
9 year shall be recognized in equal annual amounts over the  
10 5-year period following that fiscal year.

11 (a-7) If the city fails to transmit to the Fund  
12 contributions required of it under this Article for more than  
13 90 days after the payment of those contributions is due, the  
14 Fund may, after giving notice to the city, certify to the State  
15 Comptroller the amounts of the delinquent payments, and the  
16 Comptroller must, beginning in fiscal year 2016, deduct and  
17 deposit into the Fund the certified amounts or a portion of  
18 those amounts from the following proportions of grants of State  
19 funds to the city:

20 (1) in fiscal year 2016, one-third of the total amount  
21 of any grants of State funds to the city;

22 (2) in fiscal year 2017, two-thirds of the total amount  
23 of any grants of State funds to the city; and

24 (3) in fiscal year 2018 and each fiscal year  
25 thereafter, the total amount of any grants of State funds  
26 to the city.



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

4       (b) The tax shall be levied and collected in like manner  
5       with the general taxes of the city, and is in addition to all  
6       other taxes which the city is now or may hereafter be  
7       authorized to levy upon all taxable property therein, and is  
8       exclusive of and in addition to the amount of tax the city is  
9       now or may hereafter be authorized to levy for general purposes  
10      under any law which may limit the amount of tax which the city  
11      may levy for general purposes. The county clerk of the county  
12      in which the city is located, in reducing tax levies under  
13      Section 8-3-1 of the Illinois Municipal Code, shall not  
14      consider the tax herein authorized as a part of the general tax  
15      levy for city purposes, and shall not include the tax in any  
16      limitation of the percent of the assessed valuation upon which  
17      taxes are required to be extended for the city.

18      (c) On or before January 10 of each year, the board shall  
19      notify the city council of the requirement that the tax herein  
20      authorized be levied by the city council for that current year.  
21      The board shall compute the amounts necessary for the purposes  
22      of this fund to be credited to the reserves established and  
23      maintained within the fund; shall make an annual determination  
24      of the amount of the required city contributions; and shall  
25      certify the results thereof to the city council.

26      As soon as any revenue derived from the tax is collected it

1 shall be paid to the city treasurer of the city and shall be  
2 held by him for the benefit of the fund in accordance with this  
3 Article.

4 (d) If the funds available are insufficient during any year  
5 to meet the requirements of this Article, the city may issue  
6 tax anticipation warrants against the tax levy for the current  
7 fiscal year.

8 (e) The various sums, including interest, to be contributed  
9 by the city, shall be taken from the revenue derived from such  
10 tax or otherwise as expressly provided in this Section. Any  
11 moneys of the city derived from any source other than the tax  
12 herein authorized shall not be used for any purpose of the fund  
13 nor the cost of administration thereof, unless applied to make  
14 the deposit expressly authorized in this Section or the  
15 additional city contributions required under subsection (h).

16 (f) If it is not possible or practicable for the city to  
17 make its contributions at the time that salary deductions are  
18 made, the city shall make such contributions as soon as  
19 possible thereafter, with interest thereon to the time it is  
20 made.

21 (g) In lieu of levying all or a portion of the tax required  
22 under this Section in any year, the city may deposit with the  
23 city treasurer no later than March 1 of that year for the  
24 benefit of the fund, to be held in accordance with this  
25 Article, an amount that, together with the taxes levied under  
26 this Section for that year, is not less than the amount of the

1 city contributions for that year as certified by the board to  
2 the city council. The deposit may be derived from any source  
3 legally available for that purpose, including, but not limited  
4 to, the proceeds of city borrowings. The making of a deposit  
5 shall satisfy fully the requirements of this Section for that  
6 year to the extent of the amounts so deposited. Amounts  
7 deposited under this subsection may be used by the fund for any  
8 of the purposes for which the proceeds of the tax levied under  
9 this Section may be used, including the payment of any amount  
10 that is otherwise required by this Article to be paid from the  
11 proceeds of that tax.

12 (h) In addition to the contributions required under the  
13 other provisions of this Article, by November 1 of the  
14 following specified years, the city shall deposit with the city  
15 treasurer for the benefit of the fund, to be held and used in  
16 accordance with this Article, the following specified amounts:  
17 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;  
18 \$5,040,000 in 2002; and \$4,620,000 in 2003.

19 The additional city contributions required under this  
20 subsection are intended to decrease the unfunded liability of  
21 the fund and shall not decrease the amount of the city  
22 contributions required under the other provisions of this  
23 Article. The additional city contributions made under this  
24 subsection may be used by the fund for any of its lawful  
25 purposes.

26 (Source: P.A. 95-1036, eff. 2-17-09.)

1 (40 ILCS 5/5-238 new)

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

3 (a) Notwithstanding any other provision of this Article,  
4 the provisions of this Section apply to a person who first  
5 becomes a policeman under this Article on or after January 1,  
6 2011.

7 (b) A policeman age 55 or more who has 10 or more years of  
8 service in that capacity shall be entitled at his option to  
9 receive a monthly retirement annuity for his service as a  
10 police officer computed by multiplying 2.5% for each year of  
11 such service by his or her final average salary.

12 The retirement annuity of a policeman who is retiring after  
13 attaining age 50 with 10 or more years of creditable service  
14 shall be reduced by one-half of 1% for each month that the  
15 police officer's age is under age 55.

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

18 For the purposes of this subsection (b), "final average  
19 salary" means the average monthly salary obtained by dividing  
20 the total salary of the policeman during the 96 consecutive  
21 months of service within the last 120 months of service in  
22 which the total salary was the highest by the number of months  
23 of service in that period.

24 Beginning on January 1, 2011, for all purposes under this  
25 Code (including without limitation the calculation of benefits

1 and employee contributions), the annual salary based on the  
2 plan year of a member or participant to whom this Section  
3 applies shall not exceed \$106,800; however, that amount shall  
4 annually thereafter be increased by the lesser of (i) 3% of  
5 that amount, including all previous adjustments, or (ii)  
6 one-half the annual unadjusted percentage increase (but not  
7 less than zero) in the consumer price index-u for the 12 months  
8 ending with the September preceding each November 1, including  
9 all previous adjustments.

10 (c) Notwithstanding any other provision of this Article,  
11 for a person who first becomes a policeman under this Article  
12 on or after January 1, 2011, the annuity to which the surviving  
13 spouse, children, or parents are entitled under this subsection  
14 (c) shall be in the amount of 66 2/3% of the policeman's earned  
15 annuity at the date of death.

16 Notwithstanding any other provision of this Article, the  
17 monthly annuity of a survivor of a person who first becomes a  
18 policeman under this Article on or after January 1, 2011 shall  
19 be increased on the January 1 after attainment of age 60 by the  
20 recipient of the survivor's annuity and each January 1  
21 thereafter by 3% or one-half the annual unadjusted percentage  
22 increase (but not less than zero) in the consumer price index-u  
23 for the 12 months ending with the September preceding each  
24 November 1, whichever is less, of the originally granted  
25 survivor's annuity. If the unadjusted percentage change in the  
26 consumer price index-u for a 12-month period ending in

1 September is zero or, when compared with the preceding period,  
2 decreases, then the annuity shall not be increased.

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

12 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

13 Sec. 6-164. Automatic annual increase; retirement after  
14 September 1, 1959.

15 (a) A fireman qualifying for a minimum annuity who retires  
16 from service after September 1, 1959 shall, upon either the  
17 first of the month following the first anniversary of his date  
18 of retirement if he is age 60 (age 55 if born before January 1,  
19 1955) or over on that anniversary date, or upon the first of  
20 the month following his attainment of age 60 (age 55 if born  
21 before January 1, 1955) if that occurs after the first  
22 anniversary of his retirement date, have his then fixed and  
23 payable monthly annuity increased by 1 1/2%, and such first  
24 fixed annuity as granted at retirement increased by an  
25 additional 1 1/2% in January of each year thereafter up to a

1 maximum increase of 30%. Beginning July 1, 1982 for firemen  
2 born before January 1, 1930, and beginning January 1, 1990 for  
3 firemen born after December 31, 1929 and before January 1,  
4 1940, and beginning January 1, 1996 for firemen born after  
5 December 31, 1939 but before January 1, 1945, and beginning  
6 January 1, 2004, for firemen born after December 31, 1944 but  
7 before January 1, 1955, such increases shall be 3% and such  
8 firemen shall not be subject to the 30% maximum increase.

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

20 Any fireman born before January 1, 1955 who qualifies for a  
21 minimum annuity and retires after September 1, 1967 but has not  
22 received the initial increase under this subsection before  
23 January 1, 2004 is entitled to receive the initial increase  
24 under this subsection on (1) January 1, 2004, (2) the first  
25 anniversary of the date of retirement, or (3) attainment of age  
26 55, whichever occurs last. The changes to this Section made by

1 this amendatory Act of the 93rd General Assembly apply without  
2 regard to whether the fireman or annuitant terminated service  
3 before the effective date of this amendatory Act.

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

6 (c) To help defray the cost of such increases in annuity,  
7 there shall be deducted, beginning September 1, 1959, from each  
8 payment of salary to a fireman, 1/8 of 1% of each such salary  
9 payment and an additional 1/8 of 1% beginning on September 1,  
10 1961, and September 1, 1963, respectively, concurrently with  
11 and in addition to the salary deductions otherwise made for  
12 annuity purposes.

13 Each such additional 1/8 of 1% deduction from salary which  
14 shall, on September 1, 1963, result in a total increase of 3/8  
15 of 1% of salary, shall be credited to the Automatic Increase  
16 Reserve, to be used, together with city contributions as  
17 provided in this Article, to defray the cost of the 1 1/2%  
18 annuity increments herein specified. Any balance in such  
19 reserve as of the beginning of each calendar year shall be  
20 credited with interest at the rate of 3% per annum.

21 The salary deductions provided in this Section are not  
22 subject to refund, except to the fireman himself, in any case  
23 in which a fireman withdraws prior to qualification for minimum  
24 annuity and applies for refund, or applies for annuity, and  
25 also where a term annuity becomes payable. In such cases, the  
26 total of such salary deductions shall be refunded to the



1 fireman, without interest, and charged to the aforementioned  
2 reserve.

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

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

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

1 (40 ILCS 5/6-165) (from Ch. 108 1/2, par. 6-165)

2 Sec. 6-165. Financing; tax.

3 (a) Except as expressly provided in this Section, each city  
4 shall levy a tax annually upon all taxable property therein for  
5 the purpose of providing revenue for the fund. For the years  
6 prior to the year 1960, the tax rate shall be as provided for  
7 in the "Firemen's Annuity and Benefit Fund of the Illinois  
8 Municipal Code". The tax, from and after January 1, 1968 to and  
9 including the year 1971, shall not exceed .0863% of the value,  
10 as equalized or assessed by the Department of Revenue, of all  
11 taxable property in the city. Beginning with the year 1972 and  
12 through 2014, ~~each year thereafter~~ the city shall levy a tax  
13 annually at a rate on the dollar of the value, as equalized or  
14 assessed by the Department of Revenue of all taxable property  
15 within such city that will produce, when extended, not to  
16 exceed an amount equal to the total amount of contributions by  
17 the employees to the fund made in the calendar year 2 years  
18 prior to the year for which the annual applicable tax is  
19 levied, multiplied by 2.23 through the calendar year 1981, and  
20 by 2.26 for the year 1982 and for each year through 2014  
21 ~~thereafter~~. Beginning in 2015, the city council shall levy a  
22 tax annually at a rate on the dollar of the assessed valuation  
23 of all taxable property that will produce when extended an  
24 annual amount that is equal to (1) the normal cost to the Fund,  
25 plus (2) an annual amount sufficient to bring the total assets

1 of the Fund up to 90% of the total actuarial liabilities of the  
2 Fund by the end of fiscal year 2040, as annually updated and  
3 determined by an enrolled actuary employed by the Illinois  
4 Department of Insurance or by an enrolled actuary retained by  
5 the Fund or the city. In making these determinations, the  
6 required minimum employer contribution shall be calculated  
7 each year as a level percentage of payroll over the years  
8 remaining up to and including fiscal year 2040 and shall be  
9 determined under the projected unit credit actuarial cost  
10 method.

11 To provide revenue for the ordinary death benefit  
12 established by Section 6-150 of this Article, in addition to  
13 the contributions by the firemen for this purpose, the city  
14 council shall for the year 1962 and each year thereafter  
15 annually levy a tax, which shall be in addition to and  
16 exclusive of the taxes authorized to be levied under the  
17 foregoing provisions of this Section, upon all taxable property  
18 in the city, as equalized or assessed by the Department of  
19 Revenue, at such rate per cent of the value of such property as  
20 shall be sufficient to produce for each year the sum of  
21 \$142,000.

22 The amounts produced by the taxes levied annually, together  
23 with the deposit expressly authorized in this Section, shall be  
24 sufficient, when added to the amounts deducted from the  
25 salaries of firemen and applied to the fund, to provide for the  
26 purposes of the fund.

1       (a-5) For purposes of determining the required employer  
2 contribution to the Fund, the value of the Fund's assets shall  
3 be equal to the actuarial value of the Fund's assets, which  
4 shall be calculated as follows:

5           (1) On March 30, 2011, the actuarial value of the  
6 Fund's assets shall be equal to the market value of the  
7 assets as of that date.

8           (2) In determining the actuarial value of the Fund's  
9 assets for fiscal years after March 30, 2011, any actuarial  
10 gains or losses from investment return incurred in a fiscal  
11 year shall be recognized in equal annual amounts over the  
12 5-year period following that fiscal year.

13       (a-7) If the city fails to transmit to the Fund  
14 contributions required of it under this Article for more than  
15 90 days after the payment of those contributions is due, the  
16 Fund may, after giving notice to the city, certify to the State  
17 Comptroller the amounts of the delinquent payments, and the  
18 Comptroller must, beginning in fiscal year 2016, deduct and  
19 deposit into the Fund the certified amounts or a portion of  
20 those amounts from the following proportions of grants of State  
21 funds to the city:

22           (1) in fiscal year 2016, one-third of the total amount  
23 of any grants of State funds to the city;

24           (2) in fiscal year 2017, two-thirds of the total amount  
25 of any grants of State funds to the city; and

26           (3) in fiscal year 2018 and each fiscal year

1       thereafter, the total amount of any grants of State funds  
2       to the city.

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

6       (b) The taxes shall be levied and collected in like manner  
7       with the general taxes of the city, and shall be in addition to  
8       all other taxes which the city may levy upon all taxable  
9       property therein and shall be exclusive of and in addition to  
10      the amount of tax the city may levy for general purposes under  
11      Section 8-3-1 of the Illinois Municipal Code, approved May 29,  
12      1961, as amended, or under any other law or laws which may  
13      limit the amount of tax which the city may levy for general  
14      purposes.

15      (c) The amounts of the taxes to be levied in each year  
16      shall be certified to the city council by the board.

17      (d) As soon as any revenue derived from such taxes is  
18      collected, it shall be paid to the city treasurer and held for  
19      the benefit of the fund, and all such revenue shall be paid  
20      into the fund in accordance with the provisions of this  
21      Article.

22      (e) If the funds available are insufficient during any year  
23      to meet the requirements of this Article, the city may issue  
24      tax anticipation warrants, against the tax levies herein  
25      authorized for the current fiscal year.

26      (f) The various sums, hereinafter stated, including

1 interest, to be contributed by the city, shall be taken from  
2 the revenue derived from the taxes or otherwise as expressly  
3 provided in this Section. Except for defraying the cost of  
4 administration of the fund during the calendar year in which a  
5 city first attains a population of 500,000 and comes under the  
6 provisions of this Article and the first calendar year  
7 thereafter, any money of the city derived from any source other  
8 than these taxes or the sale of tax anticipation warrants shall  
9 not be used to provide revenue for the fund, nor to pay any  
10 part of the cost of administration thereof, unless applied to  
11 make the deposit expressly authorized in this Section or the  
12 additional city contributions required under subsection (h).

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

1 under this Section may be used, including the payment of any  
2 amount that is otherwise required by this Article to be paid  
3 from the proceeds of those taxes.

4 (h) In addition to the contributions required under the  
5 other provisions of this Article, by November 1 of the  
6 following specified years, the city shall deposit with the city  
7 treasurer for the benefit of the fund, to be held and used in  
8 accordance with this Article, the following specified amounts:  
9 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;  
10 \$5,040,000 in 2002; and \$4,620,000 in 2003.

11 The additional city contributions required under this  
12 subsection are intended to decrease the unfunded liability of  
13 the fund and shall not decrease the amount of the city  
14 contributions required under the other provisions of this  
15 Article. The additional city contributions made under this  
16 subsection may be used by the fund for any of its lawful  
17 purposes.

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

19 (40 ILCS 5/6-229 new)

20 Sec. 6-229. Provisions applicable to new hires.

21 (a) Notwithstanding any other provision of this Article,  
22 the provisions of this Section apply to a person who first  
23 becomes a fireman under this Article on or after January 1,  
24 2011.

25 (b) A fireman age 55 or more who has 10 or more years of

1 service in that capacity shall be entitled at his option to  
2 receive a monthly retirement annuity for his service as a  
3 fireman computed by multiplying 2.5% for each year of such  
4 service by his or her final average salary.

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

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

11 For the purposes of this subsection (b), "final average  
12 salary" means the average monthly salary obtained by dividing  
13 the total salary of the fireman during the 96 consecutive  
14 months of service within the last 120 months of service in  
15 which the total salary was the highest by the number of months  
16 of service in that period.

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



1 all previous adjustments.

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

8 Notwithstanding any other provision of this Article, the  
9 monthly annuity of a survivor of a person who first becomes a  
10 fireman under this Article on or after January 1, 2011 shall be  
11 increased on the January 1 after attainment of age 60 by the  
12 recipient of the survivor's pension and each January 1  
13 thereafter by 3% or one-half the annual unadjusted percentage  
14 increase in the consumer price index-u for the 12 months ending  
15 with September preceding each November 1, whichever is less, of  
16 the originally granted survivor's annuity. If the annual  
17 unadjusted percentage change in the consumer price index-u for  
18 a 12-month period ending in September is zero or, when compared  
19 with the preceding period, decreases, then the annuity shall  
20 not be increased.

21 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

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

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

25 Any sheriff's law enforcement employee who has 20 or more

1 years of service in that capacity and who terminates service  
2 prior to January 1, 1988 shall be entitled at his option to  
3 receive a monthly retirement annuity for his service as a  
4 sheriff's law enforcement employee computed by multiplying 2%  
5 for each year of such service up to 10 years, 2 1/4% for each  
6 year of such service above 10 years and up to 20 years, and 2  
7 1/2% for each year of such service above 20 years, by his  
8 annual final rate of earnings and dividing by 12.

9 Any sheriff's law enforcement employee who has 20 or more  
10 years of service in that capacity and who terminates service on  
11 or after January 1, 1988 and before July 1, 2004 shall be  
12 entitled at his option to receive a monthly retirement annuity  
13 for his service as a sheriff's law enforcement employee  
14 computed by multiplying 2.5% for each year of such service up  
15 to 20 years, 2% for each year of such service above 20 years  
16 and up to 30 years, and 1% for each year of such service above  
17 30 years, by his annual final rate of earnings and dividing by  
18 12.

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

26 If a sheriff's law enforcement employee has service in any

1 other capacity, his retirement annuity for service as a  
2 sheriff's law enforcement employee may be computed under this  
3 Section and the retirement annuity for his other service under  
4 Section 7-142.

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

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

20 (c) A sheriff's law enforcement employee who has service in  
21 any other capacity may convert up to 10 years of that service  
22 into service as a sheriff's law enforcement employee by paying  
23 to the Fund an amount equal to (1) the additional employee  
24 contribution required under Section 7-173.1, plus (2) the  
25 additional employer contribution required under Section 7-172,  
26 plus (3) interest on items (1) and (2) at the prescribed rate

1 from the date of the service to the date of payment.

2 (d) The changes to subsections (a) and (b) of this Section  
3 made by this amendatory Act of the 94th General Assembly apply  
4 only to persons in service on or after July 1, 2004. In the  
5 case of such a person who begins to receive a retirement  
6 annuity before the effective date of this amendatory Act of the  
7 94th General Assembly, the annuity shall be recalculated  
8 prospectively to reflect those changes, with the resulting  
9 increase beginning to accrue on the first annuity payment date  
10 following the effective date of this amendatory Act.

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

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

1       A sheriff's law enforcement employee age 55 or more who has  
2 10 or more years of service in that capacity shall be entitled  
3 at his option to receive a monthly retirement annuity for his  
4 or her service as a sheriff's law enforcement employee computed  
5 by multiplying 2.5% for each year of such service by his or her  
6 final rate of earnings.

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

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

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

20       Notwithstanding any other provision of this Article,  
21 beginning on January 1, 2011, for all purposes under this Code  
22 (including without limitation the calculation of benefits and  
23 employee contributions), the annual earnings of a sheriff's law  
24 enforcement employee to whom this Section applies shall not  
25 include overtime and shall not exceed \$106,800; however, that  
26 amount shall annually thereafter be increased by the lesser of

1 (i) 3% of that amount, including all previous adjustments, or  
2 (ii) one-half the annual unadjusted percentage increase (but  
3 not less than zero) in the consumer price index-u for the 12  
4 months ending with the September preceding each November 1,  
5 including all previous adjustments.

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

21 (h) Notwithstanding any other provision of this Article,  
22 for a person who first becomes a sheriff's law enforcement  
23 employee under this Article on or after January 1, 2011, the  
24 annuity to which the surviving spouse, children, or parents are  
25 entitled under this subsection (h) shall be in the amount of 66  
26 2/3% of the sheriff's law enforcement employee's earned annuity

1 at the date of death.

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

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

24 (Source: P.A. 96-961, eff. 7-2-10.)

25 Section 99. Effective date. This Act takes effect January

1 1, 2011."