

1 AN ACT concerning public employee benefits.

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

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

19 1. The overall financial condition of these two City  
20 pension funds is so dire, even under the most optimistic  
21 assumptions, a balanced increase in funding, both from the City  
22 and from its employees, combined with a modification of annual  
23 adjustments for both current and future retirees, is necessary  
24 to stabilize and fund the pension funds.

1           2. While considering the combined unfunded liabilities of  
2 the MEABF and LABF, as well as other pension funding that  
3 ultimately relies on funds from the City's property tax base, a  
4 combination of modifications to employee contribution rates  
5 and annual adjustments and increased revenues are necessary to  
6 keep the City funds solvent. The City, even as a home rule  
7 unit, lacks the ability and flexibility to raise sufficient  
8 revenues to fund the current level of pension benefits of these  
9 Pension Funds while at the same time providing important public  
10 services essential to the public welfare.

11           3. The General Assembly has been advised by the City that  
12 the City cannot feasibly reduce its other expenses to address  
13 this serious problem without an unprecedented reduction in  
14 basic City services. Personnel costs constitute approximately  
15 75% of the non-discretionary appropriations for the City. As  
16 such, reductions in City expenditures to fund pensions would  
17 necessarily result in substantial cuts to City personnel,  
18 including in key services areas such as public safety,  
19 sanitation, and construction.

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

1 currently promised by the Pension Funds are at risk.

2 Section 10. The Illinois Pension Code is amended by  
3 changing Sections 1-160, 8-137, 8-137.1, 8-173, 8-174,  
4 11-134.1, 11-134.3, 11-169, and 11-170 and by adding Sections  
5 8-173.1, 8-174.2, 11-169.1, and 11-179.1 as follows:

6 (40 ILCS 5/1-160)

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

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

9 (a) The provisions of this Section apply to a person who,  
10 on or after January 1, 2011, first becomes a member or a  
11 participant under any reciprocal retirement system or pension  
12 fund established under this Code, other than a retirement  
13 system or pension fund established under Article 2, 3, 4, 5, 6,  
14 15 or 18 of this Code, notwithstanding any other provision of  
15 this Code to the contrary, but do not apply to any self-managed  
16 plan established under this Code, to any person with respect to  
17 service as a sheriff's law enforcement employee under Article  
18 7, or to any participant of the retirement plan established  
19 under Section 22-101. Notwithstanding anything to the contrary  
20 in this Section, for purposes of this Section, a person who  
21 participated in a retirement system under Article 15 prior to  
22 January 1, 2011 shall be deemed a person who first became a  
23 member or participant prior to January 1, 2011 under any  
24 retirement system or pension fund subject to this Section. The

1 changes made to this Section by Public Act 98-596 ~~this~~  
2 ~~amendatory Act of the 98th General Assembly~~ are a clarification  
3 of existing law and are intended to be retroactive to the  
4 effective date of Public Act 96-889, notwithstanding the  
5 provisions of Section 1-103.1 of this Code.

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

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

20 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
21 annual salary for any 4 consecutive years within the last  
22 10 years of service immediately preceding the date of  
23 withdrawal".

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

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

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

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

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

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

23          (c) A member or participant is entitled to a retirement  
24          annuity upon written application if he or she has attained age  
25          67 and has at least 10 years of service credit and is otherwise  
26          eligible under the requirements of the applicable Article.

1           A member or participant who has attained age 62 and has at  
2           least 10 years of service credit and is otherwise eligible  
3           under the requirements of the applicable Article may elect to  
4           receive the lower retirement annuity provided in subsection (d)  
5           of this Section.

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

10          (e) Any retirement annuity or supplemental annuity shall be  
11          subject to annual increases on the January 1 occurring either  
12          on or after the attainment of age 67 or the first anniversary  
13          of the annuity start date, whichever is later. Each annual  
14          increase shall be calculated at 3% or one-half the annual  
15          unadjusted percentage increase (but not less than zero) in the  
16          consumer price index-u for the 12 months ending with the  
17          September preceding each November 1, whichever is less, of the  
18          originally granted retirement annuity. If the annual  
19          unadjusted percentage change in the consumer price index-u for  
20          the 12 months ending with the September preceding each November  
21          1 is zero or there is a decrease, then the annuity shall not be  
22          increased.

23          (f) The initial survivor's or widow's annuity of an  
24          otherwise eligible survivor or widow of a retired member or  
25          participant who first became a member or participant on or  
26          after January 1, 2011 shall be in the amount of 66 2/3% of the

1 retired member's or participant's retirement annuity at the  
2 date of death. In the case of the death of a member or  
3 participant who has not retired and who first became a member  
4 or participant on or after January 1, 2011, eligibility for a  
5 survivor's or widow's annuity shall be determined by the  
6 applicable Article of this Code. The initial benefit shall be  
7 66 2/3% of the earned annuity without a reduction due to age. A  
8 child's annuity of an otherwise eligible child shall be in the  
9 amount prescribed under each Article if applicable. Any  
10 survivor's or widow's annuity shall be increased (1) on each  
11 January 1 occurring on or after the commencement of the annuity  
12 if the deceased member died while receiving a retirement  
13 annuity or (2) in other cases, on each January 1 occurring  
14 after the first anniversary of the commencement of the annuity.  
15 Each annual increase shall be calculated at 3% or one-half the  
16 annual unadjusted percentage increase (but not less than zero)  
17 in the consumer price index-u for the 12 months ending with the  
18 September preceding each November 1, whichever is less, of the  
19 originally granted survivor's annuity. If the annual  
20 unadjusted percentage change in the consumer price index-u for  
21 the 12 months ending with the September preceding each November  
22 1 is zero or there is a decrease, then the annuity shall not be  
23 increased.

24 (g) The benefits in Section 14-110 apply only if the person  
25 is a State policeman, a fire fighter in the fire protection  
26 service of a department, or a security employee of the

1 Department of Corrections or the Department of Juvenile  
2 Justice, as those terms are defined in subsection (b) of  
3 Section 14-110. A person who meets the requirements of this  
4 Section is entitled to an annuity calculated under the  
5 provisions of Section 14-110, in lieu of the regular or minimum  
6 retirement annuity, only if the person has withdrawn from  
7 service with not less than 20 years of eligible creditable  
8 service and has attained age 60, regardless of whether the  
9 attainment of age 60 occurs while the person is still in  
10 service.

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

25 If a person who first becomes a member of a retirement  
26 system or pension fund subject to this Section on or after



1 January 1, 2012 and is receiving a retirement annuity or  
2 retirement pension under that system or fund and accepts on a  
3 contractual basis a position to provide services to a  
4 governmental entity from which he or she has retired, then that  
5 person's annuity or retirement pension earned as an active  
6 employee of the employer shall be suspended during that  
7 contractual service. A person receiving an annuity or  
8 retirement pension under this Code shall notify the pension  
9 fund or retirement system from which he or she is receiving an  
10 annuity or retirement pension, as well as his or her  
11 contractual employer, of his or her retirement status before  
12 accepting contractual employment. A person who fails to submit  
13 such notification shall be guilty of a Class A misdemeanor and  
14 required to pay a fine of \$1,000. Upon termination of that  
15 contractual employment, the person's retirement annuity or  
16 retirement pension payments shall resume and, if appropriate,  
17 be recalculated under the applicable provisions of this Code.

18 (i) (Blank).

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

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

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

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

1           (a) The provisions of this Section apply to a person who,  
2 on or after January 1, 2011, first becomes a member or a  
3 participant under any reciprocal retirement system or pension  
4 fund established under this Code, other than a retirement  
5 system or pension fund established under Article 2, 3, 4, 5, 6,  
6 15 or 18 of this Code, notwithstanding any other provision of  
7 this Code to the contrary, but do not apply to any self-managed  
8 plan established under this Code, to any person with respect to  
9 service as a sheriff's law enforcement employee under Article  
10 7, or to any participant of the retirement plan established  
11 under Section 22-101. Notwithstanding anything to the contrary  
12 in this Section, for purposes of this Section, a person who  
13 participated in a retirement system under Article 15 prior to  
14 January 1, 2011 shall be deemed a person who first became a  
15 member or participant prior to January 1, 2011 under any  
16 retirement system or pension fund subject to this Section. The  
17 changes made to this Section by Public Act 98-596 ~~this~~  
18 ~~amendatory Act of the 98th General Assembly~~ are a clarification  
19 of existing law and are intended to be retroactive to the  
20 effective date of Public Act 96-889, notwithstanding the  
21 provisions of Section 1-103.1 of this Code.

22           (b) "Final average salary" means the average monthly (or  
23 annual) salary obtained by dividing the total salary or  
24 earnings calculated under the Article applicable to the member  
25 or participant during the 96 consecutive months (or 8  
26 consecutive years) of service within the last 120 months (or 10

1 years) of service in which the total salary or earnings  
2 calculated under the applicable Article was the highest by the  
3 number of months (or years) of service in that period. For the  
4 purposes of a person who first becomes a member or participant  
5 of any retirement system or pension fund to which this Section  
6 applies on or after January 1, 2011, in this Code, "final  
7 average salary" shall be substituted for the following:

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

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

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

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

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

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

19 (b-5) Beginning on January 1, 2011, for all purposes under  
20 this Code (including without limitation the calculation of  
21 benefits and employee contributions), the annual earnings,  
22 salary, or wages (based on the plan year) of a member or  
23 participant to whom this Section applies shall not exceed  
24 \$106,800; however, that amount shall annually thereafter be  
25 increased by the lesser of (i) 3% of that amount, including all  
26 previous adjustments, or (ii) one-half the annual unadjusted

1 percentage increase (but not less than zero) in the consumer  
2 price index-u for the 12 months ending with the September  
3 preceding each November 1, including all previous adjustments.

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

13 (c) A member or participant is entitled to a retirement  
14 annuity upon written application if he or she has attained age  
15 67 (beginning January 1, 2015, age 65 with respect to service  
16 under Article 8, 11, or 12 of this Code that is subject to this  
17 Section) and has at least 10 years of service credit and is  
18 otherwise eligible under the requirements of the applicable  
19 Article.

20 A member or participant who has attained age 62 (beginning  
21 January 1, 2015, age 60 with respect to service under Article  
22 8, 11, or 12 of this Code that is subject to this Section) and  
23 has at least 10 years of service credit and is otherwise  
24 eligible under the requirements of the applicable Article may  
25 elect to receive the lower retirement annuity provided in  
26 subsection (d) of this Section.

1 (d) The retirement annuity of a member or participant who  
2 is retiring after attaining age 62 (beginning January 1, 2015,  
3 age 60 with respect to service under Article 8, 11, or 12 of  
4 this Code that is subject to this Section) with at least 10  
5 years of service credit shall be reduced by one-half of 1% for  
6 each full month that the member's age is under age 67  
7 (beginning January 1, 2015, age 65 with respect to service  
8 under Article 8, 11, or 12 of this Code that is subject to this  
9 Section).

10 (e) Any retirement annuity or supplemental annuity shall be  
11 subject to annual increases on the January 1 occurring either  
12 on or after the attainment of age 67 (beginning January 1,  
13 2015, age 65 with respect to service under Article 8, 11, or 12  
14 of this Code that is subject to this Section) or the first  
15 anniversary (the second anniversary with respect to service  
16 under Article 8 or 11) of the annuity start date, whichever is  
17 later. Each annual increase shall be calculated at 3% or  
18 one-half the annual unadjusted percentage increase (but not  
19 less than zero) in the consumer price index-u for the 12 months  
20 ending with the September preceding each November 1, whichever  
21 is less, of the originally granted retirement annuity. If the  
22 annual unadjusted percentage change in the consumer price  
23 index-u for the 12 months ending with the September preceding  
24 each November 1 is zero or there is a decrease, then the  
25 annuity shall not be increased.

26 Notwithstanding any provision of this Section to the

1 contrary, with respect to service under Article 8 or 11 of this  
2 Code that is subject to this Section, no annual increase under  
3 this subsection shall be paid or accrue to any person in year  
4 2025. In all other years, the Fund shall continue to pay annual  
5 increases as provided in this Section.

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

11 (f) The initial survivor's or widow's annuity of an  
12 otherwise eligible survivor or widow of a retired member or  
13 participant who first became a member or participant on or  
14 after January 1, 2011 shall be in the amount of 66 2/3% of the  
15 retired member's or participant's retirement annuity at the  
16 date of death. In the case of the death of a member or  
17 participant who has not retired and who first became a member  
18 or participant on or after January 1, 2011, eligibility for a  
19 survivor's or widow's annuity shall be determined by the  
20 applicable Article of this Code. The initial benefit shall be  
21 66 2/3% of the earned annuity without a reduction due to age. A  
22 child's annuity of an otherwise eligible child shall be in the  
23 amount prescribed under each Article if applicable. Any  
24 survivor's or widow's annuity shall be increased (1) on each  
25 January 1 occurring on or after the commencement of the annuity  
26 if the deceased member died while receiving a retirement

1 annuity or (2) in other cases, on each January 1 occurring  
2 after the first anniversary of the commencement of the annuity.  
3 Each annual increase shall be calculated at 3% or one-half the  
4 annual unadjusted percentage increase (but not less than zero)  
5 in the consumer price index-u for the 12 months ending with the  
6 September preceding each November 1, whichever is less, of the  
7 originally granted survivor's annuity. If the annual  
8 unadjusted percentage change in the consumer price index-u for  
9 the 12 months ending with the September preceding each November  
10 1 is zero or there is a decrease, then the annuity shall not be  
11 increased.

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

25 (h) If a person who first becomes a member or a participant  
26 of a retirement system or pension fund subject to this Section

1 on or after January 1, 2011 is receiving a retirement annuity  
2 or retirement pension under that system or fund and becomes a  
3 member or participant under any other system or fund created by  
4 this Code and is employed on a full-time basis, except for  
5 those members or participants exempted from the provisions of  
6 this Section under subsection (a) of this Section, then the  
7 person's retirement annuity or retirement pension under that  
8 system or fund shall be suspended during that employment. Upon  
9 termination of that employment, the person's retirement  
10 annuity or retirement pension payments shall resume and be  
11 recalculated if recalculation is provided for under the  
12 applicable Article of this Code.

13 If a person who first becomes a member of a retirement  
14 system or pension fund subject to this Section on or after  
15 January 1, 2012 and is receiving a retirement annuity or  
16 retirement pension under that system or fund and accepts on a  
17 contractual basis a position to provide services to a  
18 governmental entity from which he or she has retired, then that  
19 person's annuity or retirement pension earned as an active  
20 employee of the employer shall be suspended during that  
21 contractual service. A person receiving an annuity or  
22 retirement pension under this Code shall notify the pension  
23 fund or retirement system from which he or she is receiving an  
24 annuity or retirement pension, as well as his or her  
25 contractual employer, of his or her retirement status before  
26 accepting contractual employment. A person who fails to submit



1 such notification shall be guilty of a Class A misdemeanor and  
2 required to pay a fine of \$1,000. Upon termination of that  
3 contractual employment, the person's retirement annuity or  
4 retirement pension payments shall resume and, if appropriate,  
5 be recalculated under the applicable provisions of this Code.

6 (i) (Blank).

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

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

12 (40 ILCS 5/8-137) (from Ch. 108 1/2, par. 8-137)

13 Sec. 8-137. Automatic increase in annuity.

14 (a) An employee who retired or retires from service after  
15 December 31, 1959 and before January 1, 1987, having attained  
16 age 60 or more, shall, in January of the year after the year in  
17 which the first anniversary of retirement occurs, have the  
18 amount of his then fixed and payable monthly annuity increased  
19 by 1 1/2%, and such first fixed annuity as granted at  
20 retirement increased by a further 1 1/2% in January of each  
21 year thereafter. Beginning with January of the year 1972, such  
22 increases shall be at the rate of 2% in lieu of the aforesaid  
23 specified 1 1/2%, and beginning with January of the year 1984  
24 such increases shall be at the rate of 3%. Beginning in January  
25 of 1999, such increases shall be at the rate of 3% of the

1 currently payable monthly annuity, including any increases  
2 previously granted under this Article. An employee who retires  
3 on annuity after December 31, 1959 and before January 1, 1987,  
4 but before age 60, shall receive such increases beginning in  
5 January of the year after the year in which he attains age 60.

6 An employee who retires from service on or after January 1,  
7 1987 shall, upon the first annuity payment date following the  
8 first anniversary of the date of retirement, or upon the first  
9 annuity payment date following attainment of age 60, whichever  
10 occurs later, have his then fixed and payable monthly annuity  
11 increased by 3%, and such annuity shall be increased by an  
12 additional 3% of the original fixed annuity on the same date  
13 each year thereafter. Beginning in January of 1999, such  
14 increases shall be at the rate of 3% of the currently payable  
15 monthly annuity, including any increases previously granted  
16 under this Article.

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

1 under this subsection are in lieu of the increases provided in  
2 subsection (a).

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

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

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

24 Each such additional contribution shall be credited to an  
25 account in the prior service annuity reserve, to be used,  
26 together with city contributions, to defray the cost of the

1 specified annuity increments. Any balance in such account at  
2 the beginning of each calendar year shall be credited with  
3 interest at the rate of 3% per annum.

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

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

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

17 (2) Except for persons eligible under subdivision (4)  
18 of this subsection for a minimum annual increase, there  
19 shall be no annual increase under this Section in years  
20 2017, 2019, and 2025.

21 (3) In all other years, beginning January 1, 2015, the  
22 Fund shall pay an annual increase to persons eligible to  
23 receive one under this Section, in lieu of any other annual  
24 increase provided under this Section (but subject to the  
25 minimum increase under subdivision (4) of this subsection,  
26 if applicable) in an amount equal to the lesser of 3% or

1 one-half the annual unadjusted percentage increase (but  
2 not less than zero) in the consumer price index-u for the  
3 12 months ending with the September preceding each November  
4 1 of the person's last annual annuity amount prior to  
5 January 1, 2015, or if the person was not yet receiving an  
6 annuity on that date, then this calculation shall be based  
7 on his or her originally granted annual annuity amount.

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

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

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

1 her originally granted annual annuity amount.

2 Beginning January 1, 2015, for any other year in which  
3 a person is eligible under this subdivision (4) to receive  
4 a minimum annual increase, the annual increase shall be as  
5 specified under subdivision (3), but not less than 1% of  
6 the person's last annual annuity amount prior to January 1,  
7 2015 or, if the person was not yet receiving an annuity on  
8 that date, then not less than 1% of his or her originally  
9 granted annual annuity amount.

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

18 (Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02;  
19 93-654, eff. 1-16-04.)

20 (40 ILCS 5/8-137.1) (from Ch. 108 1/2, par. 8-137.1)

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

23 (a) A retired municipal employee who (i) ~~(a)~~ is receiving  
24 annuity based on a service credit of 20 or more years  
25 regardless of age at retirement or based on a service credit of

1 15 or more years with retirement at age 55 or over, and (ii)  
2 ~~(b)~~ does not qualify for the automatic increases in annuity  
3 provided for in Section 8-137 of this Article, and (iii) ~~(c)~~  
4 elects to make a contribution to the Fund at a time and manner  
5 prescribed by the Retirement Board, of a sum equal to 1% of the  
6 amount of final monthly salary times the number of full years  
7 of service on which the annuity was based in those cases where  
8 the annuity was computed on the money purchase formula and in  
9 those cases in which the annuity was computed under the minimum  
10 annuity formula provisions of this Article a sum equal to 1% of  
11 the average monthly salary on which the annuity was based times  
12 such number of full years of service, shall have his original  
13 fixed and payable monthly amount of annuity increased in  
14 January of the year following the year in which he attains the  
15 age of 65 years, if such age of 65 years is attained in the year  
16 1969 or later, by an amount equal to 1-1/2%, and by an equal  
17 additional 1-1/2% in January of each year thereafter. Beginning  
18 with January of the year 1972, such increases shall be at the  
19 rate of 2% in lieu of the aforesaid specified 1 1/2%, and  
20 beginning January of the year 1984 such increases shall be at  
21 the rate of 3%. Beginning in January of 1999, such increases  
22 shall be at the rate of 3% of the currently payable monthly  
23 annuity, including any increases previously granted under this  
24 Article.

25 Whenever the retired municipal employee receiving annuity  
26 has attained the age of 66 or more in 1969, he shall have such

1 annuity increased in January, 1970 by an amount equal to 1-1/2%  
2 multiplied by the number equal to the number of months of  
3 January elapsing from and including January of the year  
4 immediately following the year he attained the age of 65 if  
5 retired at or before age 65, or from and including January of  
6 the year immediately following the year of retirement if  
7 retired at an age greater than 65, to and including January,  
8 1970, and by an equal additional 1-1/2% in January of each year  
9 thereafter. Beginning with January of the year 1972, such  
10 increases shall be at the rate of 2% in lieu of the aforesaid  
11 specified 1 1/2%, and beginning January of the year 1984 such  
12 increases shall be at the rate of 3%. Beginning in January of  
13 1999, such increases shall be at the rate of 3% of the  
14 currently payable monthly annuity, including any increases  
15 previously granted under this Article.

16 (b) To defray the annual cost of such increases, the annual  
17 interest income of the Fund, accruing from investments held by  
18 the Fund, exclusive of gains or losses on sales or exchanges of  
19 assets during the year, over and above 4% a year, shall be used  
20 to the extent necessary and available to finance the cost of  
21 such increases for the following year, and such amount shall be  
22 transferred as of the end of each year, beginning with the year  
23 1969, to a Fund account designated as the Supplementary Payment  
24 Reserve from the Investment and Interest Reserve set forth in  
25 Section 8-221. The sums contributed by annuitants as provided  
26 for in this Section shall also be placed in the aforesaid



1 Supplementary Payment Reserve and shall be applied and used for  
2 the purposes of such Fund account, together with the aforesaid  
3 interest.

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

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

25 The Fund shall be obligated for the payment of the  
26 increases in annuity as provided for in this Section only to

1 the extent that the assets for such purpose, as specified  
2 herein, are available.

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

5 (1) Except for persons eligible under subdivision (3)  
6 of this subsection for a minimum annual increase, there  
7 shall be no annual increase under this Section in years  
8 2017, 2019, and 2025.

9 (2) In all other years, beginning January 1, 2015, the  
10 Fund shall pay an annual increase to persons eligible to  
11 receive one under this Section, in lieu of any other annual  
12 increase provided under this Section (but subject to the  
13 minimum increase under subdivision (3) of this subsection,  
14 if applicable) in an amount equal to the lesser of 3% or  
15 one-half the annual unadjusted percentage increase (but  
16 not less than zero) in the consumer price index-u for the  
17 12 months ending with the September preceding each November  
18 1 of the person's last annual annuity amount prior to  
19 January 1, 2015.

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

26 (3) A person is eligible under this subdivision (3) to

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

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

12 Beginning January 1, 2015, for any other year in which  
13 a person is eligible under this subdivision (3) to receive  
14 a minimum annual increase, the annual increase shall be as  
15 specified under subdivision (2), but not less than 1% of  
16 the person's last annual annuity amount prior to January 1,  
17 2015.

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

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

1 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

2 Sec. 8-173. Financing; tax levy.

3 (a) Except as provided in subsection (f) of this Section,  
4 the city council of the city shall levy a tax annually upon all  
5 taxable property in the city at a rate that will produce a sum  
6 which, when added to the amounts deducted from the salaries of  
7 the employees or otherwise contributed by them and the amounts  
8 deposited under subsection (f), will be sufficient for the  
9 requirements of this Article, but which when extended will  
10 produce an amount not to exceed the greater of the following:

11 (a) the sum obtained by the levy of a tax of .1093% of the  
12 value, as equalized or assessed by the Department of Revenue,  
13 of all taxable property within such city, or (b) the sum of  
14 \$12,000,000. However any city in which a Fund has been  
15 established and in operation under this Article for more than 3  
16 years prior to 1970 shall levy for the year 1970 a tax at a rate  
17 on the dollar of assessed valuation of all taxable property  
18 that will produce, when extended, an amount not to exceed 1.2  
19 times the total amount of contributions made by employees to  
20 the Fund for annuity purposes in the calendar year 1968, and,  
21 for the year 1971 and 1972 such levy that will produce, when  
22 extended, an amount not to exceed 1.3 times the total amount of  
23 contributions made by employees to the Fund for annuity  
24 purposes in the calendar years 1969 and 1970, respectively; and  
25 for the year 1973 an amount not to exceed 1.365 times such

1 total amount of contributions made by employees for annuity  
2 purposes in the calendar year 1971; and for the year 1974 an  
3 amount not to exceed 1.430 times such total amount of  
4 contributions made by employees for annuity purposes in the  
5 calendar year 1972; and for the year 1975 an amount not to  
6 exceed 1.495 times such total amount of contributions made by  
7 employees for annuity purposes in the calendar year 1973; and  
8 for the year 1976 an amount not to exceed 1.560 times such  
9 total amount of contributions made by employees for annuity  
10 purposes in the calendar year 1974; and for the year 1977 an  
11 amount not to exceed 1.625 times such total amount of  
12 contributions made by employees for annuity purposes in the  
13 calendar year 1975; and for the year 1978 and each year  
14 thereafter through levy year 2014, such levy as will produce,  
15 when extended, an amount not to exceed the total amount of  
16 contributions made by or on behalf of employees to the Fund for  
17 annuity purposes in the calendar year 2 years prior to the year  
18 for which the annual applicable tax is levied, multiplied by  
19 1.690 for the years 1978 through 1998 and by 1.250 for the year  
20 1999 and for each year thereafter through levy year 2014.  
21 Beginning in levy year 2015, and in each year thereafter, the  
22 levy shall not exceed the amount of the city's total required  
23 contribution to the Fund for the next payment year, as  
24 determined under subsection (a-5). For the purposes of this  
25 Section, the payment year is the year immediately following the  
26 levy year.

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

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

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

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

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

24           (i) (I) for payment years 2016 through 2055, the annual  
25 amount determined by the Fund to be equal to the greater of  
26 \$0, or the sum of (1) the city's portion of the projected

1 normal cost for that fiscal year, plus (2) an amount  
2 determined on a level percentage of applicable employee  
3 payroll basis (reflecting any limits on individual  
4 participants' pay that apply for benefit and contribution  
5 purposes under this plan) that is sufficient to bring the  
6 total actuarial assets of the Fund up to 90% of the total  
7 actuarial liabilities of the Fund by the end of 2055. (II)  
8 For payment years after 2055, the annual amount determined  
9 by the Fund to be equal to the amount, if any, needed to  
10 bring the total actuarial assets of the Fund up to 90% of  
11 the total actuarial liabilities of the Fund as of the end  
12 of the year. In making the determinations under both (I)  
13 and (II), the actuarial calculations shall be determined  
14 under the entry age normal actuarial cost method, and any  
15 actuarial gains or losses from investment return incurred  
16 in a fiscal year shall be recognized in equal annual  
17 amounts over the 5-year period following the fiscal year;  
18 or

19 (ii) for payment year 2016, 1.85 times the total amount  
20 of contributions made by or on behalf of employees to the  
21 Fund for annuity purposes in the calendar year 2013; for  
22 payment year 2017, 2.15 times the total amount of  
23 contributions made by or on behalf of employees to the Fund  
24 for annuity purposes in the calendar year 2014; for payment  
25 year 2018, 2.45 times the total amount of contributions  
26 made by or on behalf of employees to the Fund for annuity

1 purposes in the calendar year 2015; for payment year 2019,  
2 2.75 times the total amount of contributions made by or on  
3 behalf of employees to the Fund for annuity purposes in the  
4 calendar year 2016; for payment year 2020, 3.05 times the  
5 total amount of contributions made by or on behalf of  
6 employees to the Fund for annuity purposes in the calendar  
7 year 2017.

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

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

18 (a-10) If the city fails to transmit to the Fund  
19 contributions required of it under this Article by December  
20 31st of the year in which such contributions are due, the Fund  
21 may, after giving notice to the city, certify to the State  
22 Comptroller the amounts of the delinquent payments, and the  
23 Comptroller must, beginning in payment year 2016, deduct and  
24 deposit into the Fund the certified amounts or a portion of  
25 those amounts from the following proportions of grants of State  
26 funds to the city:



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

3           (2) in payment year 2017, two-thirds of the total  
4           amount of any grants of State funds to the city; and

5           (3) in payment year 2018 and each payment year  
6           thereafter, the total amount of any grants of State funds  
7           to the city.

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

11           (b) On or before July 1 ~~January 10~~, annually, the board  
12 shall certify to ~~notify~~ the city council the annual amounts  
13 required under ~~of the requirements of~~ this Article, for which  
14 ~~that~~ the tax herein provided may ~~shall~~ be levied for the  
15 following ~~that-current~~ year. The board shall compute the  
16 amounts necessary to be credited to the reserves established  
17 and maintained as herein provided, and shall make an annual  
18 determination of the amount of the required city contributions,  
19 and certify the results thereof to the city council.

20           (c) In respect to employees of the city who are transferred  
21 to the employment of a park district by virtue of the "Exchange  
22 of Functions Act of 1957", the corporate authorities of the  
23 park district shall annually levy a tax upon all the taxable  
24 property in the park district at such rate per cent of the  
25 value of such property, as equalized or assessed by the  
26 Department of Revenue, as shall be sufficient, when added to

1 the amounts deducted from their salaries and otherwise  
2 contributed by them to provide the benefits to which they and  
3 their dependents and beneficiaries are entitled under this  
4 Article. The city shall not levy a tax hereunder in respect to  
5 such employees.

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

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

24 If it is not possible or practicable for the city to make  
25 contributions for age and service annuity and widow's annuity  
26 at the same time that employee contributions are made for such

1 purposes, such city contributions shall be construed to be due  
2 and payable as of the end of the fiscal year for which the tax  
3 is levied and shall accrue thereafter with interest at the  
4 effective rate until paid.

5 (d) With respect to employees whose wages are funded as  
6 participants under the Comprehensive Employment and Training  
7 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
8 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
9 subsequent to October 1, 1978, and in instances where the board  
10 has elected to establish a manpower program reserve, the board  
11 shall compute the amounts necessary to be credited to the  
12 manpower program reserves established and maintained as herein  
13 provided, and shall make a periodic determination of the amount  
14 of required contributions from the City to the reserve to be  
15 reimbursed by the federal government in accordance with rules  
16 and regulations established by the Secretary of the United  
17 States Department of Labor or his designee, and certify the  
18 results thereof to the City Council. Any such amounts shall  
19 become a credit to the City and will be used to reduce the  
20 amount which the City would otherwise contribute during  
21 succeeding years for all employees.

22 (e) In lieu of establishing a manpower program reserve with  
23 respect to employees whose wages are funded as participants  
24 under the Comprehensive Employment and Training Act of 1973, as  
25 authorized by subsection (d), the board may elect to establish  
26 a special municipality contribution rate for all such

1 employees. If this option is elected, the City shall contribute  
2 to the Fund from federal funds provided under the Comprehensive  
3 Employment and Training Act program at the special rate so  
4 established and such contributions shall become a credit to the  
5 City and be used to reduce the amount which the City would  
6 otherwise contribute during succeeding years for all  
7 employees.

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

25 (Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98;  
26 90-766, eff. 8-14-98.)

1 (40 ILCS 5/8-173.1 new)

2 Sec. 8-173.1. Funding Obligation.

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

18 (b) In ordering the city to make the required payment, the  
19 court may order a reasonable payment schedule to enable the  
20 city to make the required payment without significantly  
21 imperiling the public health, safety, or welfare. Any payments  
22 required to be made by the city pursuant to this Section are  
23 expressly subordinated to the payment of the principal,  
24 interest, premium, if any, and other payments on or related to  
25 any bonded debt obligation of the city, either currently

1 outstanding or to be issued, for which the source of repayment  
2 or security thereon is derived directly or indirectly from any  
3 funds collected or received by the city or collected or  
4 received on behalf of the city. Payments on such bonded  
5 obligations include any statutory fund transfers or other  
6 prefunding mechanisms or formulas set forth, now or hereafter,  
7 in State law, city ordinance, or bond indentures, into debt  
8 service funds or accounts of the city related to such bonded  
9 obligations, consistent with the payment schedules associated  
10 with such obligations.

11 (40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

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

14 (a) Beginning on the effective date and prior to July 1,  
15 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July  
16 1, 1953, 5%; and beginning July 1, 1953, and prior to January  
17 1, 1972, 6%; and beginning January 1, 1972, 6.5%; and beginning  
18 January 1, 2015, and prior to January 1, 2016, 7.0%; and  
19 beginning January 1, 2016, and prior to January 1, 2017, 7.5%;  
20 and, beginning January 1, 2017, and prior to January 1, 2018,  
21 8.0%; and beginning January 1, 2018, and prior to January 1,  
22 2019, 8.5%; and beginning January 1, 2019, and thereafter, 9.0%  
23 ~~6-1/2%~~ of each payment of the salary of each present employee  
24 and future entrant shall be contributed to the fund as a  
25 deduction from salary for age and service annuity; provided,

1 however, that beginning with the first pay period on or after  
2 the date when the funded ratio of the Fund is first determined  
3 to have reached the 90% funding goal set forth in subsection  
4 (a-5) of Section 8-173, and each pay period thereafter for as  
5 long as the Fund maintains a funding ratio of 90% or more,  
6 employee contributions shall be 7.75% of salary for the age and  
7 service annuity. If the funding ratio falls below 90%, then  
8 employee contributions for the age and service annuity shall  
9 revert to 9.0% of salary until such time as the Fund once again  
10 is determined to have reached a funding ratio of at least 90%,  
11 at which time employee contributions of 7.75% shall resume for  
12 the age and service annuity.

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

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

1 until he attained age 65 with interest at 4% per annum for the  
2 period subsequent to his attainment of age 65. Such deductions  
3 beginning July 1, 1947 shall be made and continued for  
4 employees while in the service.

5 (b) Concurrently with each employee contribution beginning  
6 on the effective date and prior to July 1, 1947 the city shall  
7 contribute 5 3/4%; and beginning on July 1, 1947 and prior to  
8 July 1, 1953, 7%; and beginning July 1, 1953, 6% of each  
9 payment of such salary until the employee attains age 65.  
10 Notwithstanding any provision of this subsection (b) to the  
11 contrary, the city shall not make a contribution for any credit  
12 established by an employee under subsection (b) of Section  
13 8-138.4.

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

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

20 (40 ILCS 5/8-174.2 new)

21 Sec. 8-174.2. Use of contributions for health care  
22 subsidies. Except as may be required pursuant to Sections  
23 8-164.1 and 8-164.2 of this Code, the Fund shall not use any  
24 contribution received by the Fund under this Article to provide  
25 a subsidy for the cost of participation in a retiree health



1 care program.

2 (40 ILCS 5/11-134.1) (from Ch. 108 1/2, par. 11-134.1)

3 Sec. 11-134.1. Automatic increase in annuity.

4 (a) An employee who retired or retires from service after  
5 December 31, 1963, and before January 1, 1987, having attained  
6 age 60 or more, shall, in the month of January of the year  
7 following the year in which the first anniversary of retirement  
8 occurs, have the amount of his then fixed and payable monthly  
9 annuity increased by 1 1/2%, and such first fixed annuity as  
10 granted at retirement increased by a further 1 1/2% in January  
11 of each year thereafter. Beginning with January of the year  
12 1972, such increases shall be at the rate of 2% in lieu of the  
13 aforesaid specified 1 1/2%. Beginning January, 1984, such  
14 increases shall be at the rate of 3%. Beginning in January of  
15 1999, such increases shall be at the rate of 3% of the  
16 currently payable monthly annuity, including any increases  
17 previously granted under this Article. An employee who retires  
18 on annuity after December 31, 1963 and before January 1, 1987,  
19 but prior to age 60, shall receive such increases beginning  
20 with January of the year immediately following the year in  
21 which he attains the age of 60 years.

22 An employee who retires from service on or after January 1,  
23 1987 shall, upon the first annuity payment date following the  
24 first anniversary of the date of retirement, or upon the first  
25 annuity payment date following attainment of age 60, whichever

1 occurs later, have his then fixed and payable monthly annuity  
2 increased by 3%, and such annuity shall be increased by an  
3 additional 3% of the original fixed annuity on the same date  
4 each year thereafter. Beginning in January of 1999, such  
5 increases shall be at the rate of 3% of the currently payable  
6 monthly annuity, including any increases previously granted  
7 under this Article.

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

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

26 (b) Subsections (a), (a-5), and (a-6) are not applicable to

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

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

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

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

25 In such cases the employee contributions shall be refunded  
26 him, without interest, and charged to the aforementioned

1 account in the prior service annuity reserve.

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

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

9 (2) Except for persons eligible under subdivision (4)  
10 of this subsection for a minimum annual increase, there  
11 shall be no annual increase under this Section in years  
12 2017, 2019, and 2025.

13 (3) In all other years, beginning January 1, 2015, the  
14 Fund shall pay an annual increase to persons eligible to  
15 receive one under this Section, in lieu of any other annual  
16 increase provided under this Section (but subject to the  
17 minimum increase under subdivision (4) of this subsection,  
18 if applicable) in an amount equal to the lesser of 3% or  
19 one-half the annual unadjusted percentage increase (but  
20 not less than zero) in the consumer price index-u for the  
21 12 months ending with the September preceding each November  
22 1 of the person's last annual annuity amount prior to  
23 January 1, 2015, or if the person was not yet receiving an  
24 annuity on that date, then this calculation shall be based  
25 on his or her originally granted annual annuity amount.

26 For the purposes of this Section, "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  
5 average, all items, 1982-84 = 100.

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

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

20 Beginning January 1, 2015, for any other year in which  
21 a person is eligible under this subdivision (4) to receive  
22 a minimum annual increase, the annual increase shall be as  
23 specified under subdivision (3), but not less than 1% of  
24 the person's last annual annuity amount prior to January 1,  
25 2015 or, if the person was not yet receiving an annuity on  
26 that date, then not less than 1% of his or her originally

1 granted annual annuity amount.

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

10 (Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02;  
11 93-654, eff. 1-16-04.)

12 (40 ILCS 5/11-134.3) (from Ch. 108 1/2, par. 11-134.3)

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

15 (a) A retired employee who (i) ~~(a)~~ is receiving annuity  
16 based on a service credit of 20 or more years regardless of age  
17 at retirement or based on a service credit of 15 or more years  
18 with retirement at age 55 or over, and (ii) ~~(b)~~ does not  
19 qualify for the automatic increases in annuity provided for in  
20 Section 11-134.1 of this Article, and (iii) ~~(c)~~ elects to make  
21 a contribution to the Fund at a time and manner prescribed by  
22 the Retirement Board, of a sum equal to 1% of the amount of  
23 final monthly salary times the number of full years of service  
24 on which the annuity was based in those cases where the annuity  
25 was computed on the money purchase formula, and in those cases

1 in which the annuity was computed under the minimum annuity  
2 formula provisions of this Article a sum equal to 1% of the  
3 average monthly salary on which the annuity was based times  
4 such number of full years of service, shall have his original  
5 fixed and payable monthly amount of annuity increased in  
6 January of the year following the year in which he attains the  
7 age of 65 years, if such age of 65 years is attained in the year  
8 1969 or later, by an amount equal to 1 1/2%, and by an equal  
9 additional 1 1/2% in January of each year thereafter. Beginning  
10 with January of the year 1972, such increases shall be at the  
11 rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning  
12 January, 1984, such increases shall be at the rate of 3%.  
13 Beginning in January of 1999, such increases shall be at the  
14 rate of 3% of the currently payable monthly annuity, including  
15 any increases previously granted under this Article.

16 In those cases in which the retired employee receiving  
17 annuity has attained the age of 66 or more years in the year  
18 1969, he shall have such annuity increased in January of the  
19 year 1970 by an amount equal to 1 1/2% multiplied by the number  
20 equal to the number of months of January elapsing from and  
21 including January of the year immediately following the year he  
22 attained the age of 65 years if retired at or prior to age 65,  
23 or from and including January of the year immediately following  
24 the year of retirement if retired at an age greater than 65  
25 years, to and including January of the year 1970, and by an  
26 equal additional 1 1/2% in January of each year thereafter.

1 Beginning with January of the year 1972, such increases shall  
2 be at the rate of 2% in lieu of the aforesaid specified 1 1/2%.  
3 Beginning January, 1984, such increases shall be at the rate of  
4 3%. Beginning in January of 1999, such increases shall be at  
5 the rate of 3% of the currently payable monthly annuity,  
6 including any increases previously granted under this Article.

7 (b) To defray the annual cost of such increases, the annual  
8 interest income of the Fund, accruing from investments held by  
9 the Fund, exclusive of gains or losses on sales or exchanges of  
10 assets during the year, over and above 4% a year, shall be used  
11 to the extent necessary and available to finance the cost of  
12 such increases for the following year, and such amount shall be  
13 transferred as of the end of each year, beginning with the year  
14 1969, to a Fund account designated as the Supplementary Payment  
15 Reserve from the Investment and Interest Reserve set forth in  
16 Sec. 11-210. The sums contributed by annuitants as provided for  
17 in this Section shall also be placed in the aforesaid  
18 Supplementary Payment Reserve and shall be applied for and used  
19 for the purposes of such Fund account, together with the  
20 aforesaid interest.

21 In the event the monies in the Supplementary Payment  
22 Reserve in any year arising from: (1) the available interest  
23 income as defined hereinbefore and accruing in the preceding  
24 year above 4% a year and (2) the contributions by retired  
25 persons, as set forth hereinbefore, are insufficient to make  
26 the total payments to all persons estimated to be entitled to



1 the annuity increases specified hereinbefore, then (3) any  
2 interest earnings over 4% a year beginning with the year 1969  
3 which were not previously used to finance such increases and  
4 which were transferred to the Prior Service Annuity Reserve may  
5 be used to the extent necessary and available to provide  
6 sufficient funds to finance such increases for the current  
7 year, and such sums shall be transferred from the Prior Service  
8 Annuity Reserve.

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

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

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

22 (1) Except for persons eligible under subdivision (3)  
23 of this subsection for a minimum annual increase, there  
24 shall be no annual increase under this Section in years  
25 2017, 2019, and 2025.

26 (2) In all other years, beginning January 1, 2015, the

1 Fund shall pay an annual increase to persons eligible to  
2 receive one under this Section, in lieu of any other annual  
3 increase provided under this Section (but subject to the  
4 minimum increase under subdivision (3) of this subsection,  
5 if applicable) in an amount equal to the lesser of 3% or  
6 one-half the annual unadjusted percentage increase (but  
7 not less than zero) in the consumer price index-u for the  
8 12 months ending with the September preceding each November  
9 1 of the person's last annual annuity amount prior to  
10 January 1, 2015.

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

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

24 Beginning January 1, 2015, for a person who is eligible  
25 under this subdivision (3) to receive a minimum annual  
26 increase in the year 2017, 2019, or 2025, the annual

1 increase shall be 1% of the person's last annual annuity  
2 amount prior to January 1, 2015.

3 Beginning January 1, 2015, for any other year in which  
4 a person is eligible under this subdivision (3) to receive  
5 a minimum annual increase, the annual increase shall be as  
6 specified under subdivision (2), but not less than 1% of  
7 the person's last annual annuity amount prior to January 1,  
8 2015.

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

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

18 (40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

19 Sec. 11-169. Financing; tax levy.

20 (a) Except as provided in subsection (f) of this Section,  
21 the city council of the city shall levy a tax annually upon all  
22 taxable property in the city at the rate that will produce a  
23 sum which, when added to the amounts deducted from the salaries  
24 of the employees or otherwise contributed by them and the  
25 amounts deposited under subsection (f), will be sufficient for

1 the requirements of this Article. For the years prior to the  
2 year 1950 the tax rate shall be as provided for under "The 1935  
3 Act". Beginning with the year 1950 to and including the year  
4 1969 such tax shall be not more than .036% annually of the  
5 value, as equalized or assessed by the Department of Revenue,  
6 of all taxable property within such city. Beginning with the  
7 year 1970 and each year thereafter through levy year 2014, the  
8 city shall levy a tax annually at a rate on the dollar of the  
9 value, as equalized or assessed by the Department of Revenue of  
10 all taxable property within such city that will produce, when  
11 extended, not to exceed an amount equal to the total amount of  
12 contributions by the employees to the fund made in the calendar  
13 year 2 years prior to the year for which the annual applicable  
14 tax is levied, multiplied by 1.1 for the years 1970, 1971 and  
15 1972; 1.145 for the year 1973; 1.19 for the year 1974; 1.235  
16 for the year 1975; 1.280 for the year 1976; 1.325 for the year  
17 1977; 1.370 for the years 1978 through 1998; and 1.000 for the  
18 year 1999 and for each year thereafter through levy year 2014.  
19 Beginning in levy year 2015, and in each year thereafter, the  
20 levy shall not exceed the amount of the city's total required  
21 contribution to the Fund for the next payment year, as  
22 determined under subsection (a-5). For the purposes of this  
23 Section, the payment year is the year immediately following the  
24 levy year.

25 The tax shall be levied and collected in like manner with  
26 the general taxes of the city, and shall be exclusive of and in

1 addition to the amount of tax the city is now or may hereafter  
2 be authorized to levy for general purposes under any laws which  
3 may limit the amount of tax which the city may levy for general  
4 purposes. The county clerk of the county in which the city is  
5 located, in reducing tax levies under the provisions of any Act  
6 concerning the levy and extension of taxes, shall not consider  
7 the tax herein provided for as a part of the general tax levy  
8 for city purposes, and shall not include the same within any  
9 limitation of the per cent of the assessed valuation upon which  
10 taxes are required to be extended for such city.

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

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

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

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

22 (i) (I) for payment years 2016 through 2055, the annual  
23 amount determined by the Fund to be equal to the greater of  
24 \$0, or the sum of (1) the City's portion of the projected  
25 normal cost for that fiscal year, plus (2) an amount  
26 determined on a level percentage of applicable employee

1 payroll basis (reflecting any limits on individual  
2 participants' pay that apply for benefit and contribution  
3 purposes under this plan) that is sufficient to bring the  
4 total actuarial assets of the Fund up to 90% of the total  
5 actuarial liabilities of the Fund by the end of 2055. (II)  
6 For payment years after 2055, the annual amount determined  
7 by the Fund to be equal to the amount, if any, needed to  
8 bring the total actuarial assets of the Fund up to 90% of  
9 the total actuarial liabilities of the Fund as of the end  
10 of the year. In making the determinations under both (I)  
11 and (II), the actuarial calculations shall be determined  
12 under the entry age normal actuarial cost method, and any  
13 actuarial gains or losses from investment return incurred  
14 in a fiscal year shall be recognized in equal annual  
15 amounts over the 5-year period following the fiscal year;  
16 or

17 (ii) for payment year 2016, 1.60 times the total amount  
18 of contributions made by or on behalf of employees to the  
19 Fund for annuity purposes in the calendar year 2013; for  
20 payment year 2017, 1.90 times the total amount of  
21 contributions made by or on behalf of employees to the Fund  
22 for annuity purposes in the calendar year 2014; for payment  
23 year 2018, 2.20 times the total amount of contributions  
24 made by or on behalf of employees to the Fund for annuity  
25 purposes in the calendar year 2015; for payment year 2019,  
26 2.50 times the total amount of contributions made by or on

1 behalf of employees to the Fund for annuity purposes in the  
2 calendar year 2016; for payment year 2020, 2.80 times the  
3 total amount of contributions made by or on behalf of  
4 employees to the Fund for annuity purposes in the calendar  
5 year 2017.

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

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

16 (a-10) If the city fails to transmit to the Fund  
17 contributions required of it under this Article by December  
18 31st of the year in which such contributions are due, the Fund  
19 may, after giving notice to the city, certify to the State  
20 Comptroller the amounts of the delinquent payments, and the  
21 Comptroller must, beginning in payment year 2016, deduct and  
22 deposit into the Fund the certified amounts or a portion of  
23 those amounts from the following proportions of grants of State  
24 funds to the city:

25 (1) in payment year 2016, one-third of the total amount  
26 of any grants of State funds to the city;

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

3           (3) in payment year 2018 and each payment year  
4           thereafter, the total amount of any grants of State funds  
5           to the city.

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

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

19           (c) In respect to employees of the city who are transferred  
20 to the employment of a park district by virtue of "Exchange of  
21 Functions Act of 1957" the corporate authorities of the park  
22 district shall annually levy a tax upon all the taxable  
23 property in the park district at such rate per cent of the  
24 value of such property, as equalized or assessed by the  
25 Department of Revenue, as shall be sufficient, when added to  
26 the amounts deducted from their salaries and otherwise



1 contributed by them, to provide the benefits to which they and  
2 their dependents and beneficiaries are entitled under this  
3 Article. The city shall not levy a tax hereunder in respect to  
4 such employees.

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

18 The various sums to be contributed by the city and  
19 allocated for the purposes of this Article, and any interest to  
20 be contributed by the city, shall be taken from the revenue  
21 derived from the taxes authorized in this Section, and no money  
22 of such city derived from any source other than the levy and  
23 collection of those taxes or the sale of tax anticipation  
24 warrants in accordance with the provisions of this Article  
25 shall be used to provide revenue for this Article, except as  
26 expressly provided in this Section.

1           If it is not possible for the city to make contributions  
2 for age and service annuity and widow's annuity concurrently  
3 with the employee's contributions made for such purposes, such  
4 city shall make such contributions as soon as possible and  
5 practicable thereafter with interest thereon at the effective  
6 rate to the time they shall be made.

7           (d) With respect to employees whose wages are funded as  
8 participants under the Comprehensive Employment and Training  
9 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
10 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
11 subsequent to October 1, 1978, and in instances where the board  
12 has elected to establish a manpower program reserve, the board  
13 shall compute the amounts necessary to be credited to the  
14 manpower program reserves established and maintained as herein  
15 provided, and shall make a periodic determination of the amount  
16 of required contributions from the City to the reserve to be  
17 reimbursed by the federal government in accordance with rules  
18 and regulations established by the Secretary of the United  
19 States Department of Labor or his designee, and certify the  
20 results thereof to the City Council. Any such amounts shall  
21 become a credit to the City and will be used to reduce the  
22 amount which the City would otherwise contribute during  
23 succeeding years for all employees.

24           (e) In lieu of establishing a manpower program reserve with  
25 respect to employees whose wages are funded as participants  
26 under the Comprehensive Employment and Training Act of 1973, as

1 authorized by subsection (d), the board may elect to establish  
2 a special municipality contribution rate for all such  
3 employees. If this option is elected, the City shall contribute  
4 to the Fund from federal funds provided under the Comprehensive  
5 Employment and Training Act program at the special rate so  
6 established and such contributions shall become a credit to the  
7 City and be used to reduce the amount which the City would  
8 otherwise contribute during succeeding years for all  
9 employees.

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

1 (Source: P.A. 90-31, eff. 6-27-97; 90-766, eff. 8-14-98.)

2 (40 ILCS 5/11-169.1 new)

3 Sec. 11-169.1. Funding Obligation.

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

19 (b) In ordering the city to make the required payment, the  
20 court may order a reasonable payment schedule to enable the  
21 city to make the required payment without significantly  
22 imperiling the public health, safety, or welfare. Any payments  
23 required to be made by the city pursuant to this Section are  
24 expressly subordinated to the payment of the principal,  
25 interest, premium, if any, and other payments on or related to

1 any bonded debt obligation of the city, either currently  
2 outstanding or to be issued, for which the source of repayment  
3 or security thereon is derived directly or indirectly from any  
4 funds collected or received by the city or collected or  
5 received on behalf of the city. Payments on such bonded  
6 obligations include any statutory fund transfers or other  
7 prefunding mechanisms or formulas set forth, now or hereafter,  
8 in State law, city ordinance, or bond indentures, into debt  
9 service funds or accounts of the city related to such bonded  
10 obligations, consistent with the payment schedules associated  
11 with such obligations.

12 (40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

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

15 (a) Beginning on the effective date and prior to July 1,  
16 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July  
17 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1,  
18 1972, 6%; and beginning January 1, 1972, 6.5%; and beginning  
19 January 1, 2015, and prior to January 1, 2016, 7.0%; and  
20 beginning January 1, 2016, and prior to January 1, 2017, 7.5%;  
21 and, beginning January 1, 2017, and prior to January 1, 2018,  
22 8.0%; and beginning January 1, 2018, and prior to January 1,  
23 2019, 8.5%; and beginning January 1, 2019, and thereafter, 9.0%  
24 ~~6 1/2%~~ of each payment of the salary of each present employee,  
25 future entrant and re-entrant shall be contributed to the fund

1 as a deduction from salary for age and service annuity;  
2 provided, however, that beginning with the first pay period on  
3 or after the date when the funded ratio of the Fund is first  
4 determined to have reached the 90% funding goal set forth in  
5 subsection (a-5) of Section 11-169 of this Code, and each pay  
6 period thereafter for as long as the Fund maintains a funding  
7 ratio of 90% or more, employee contributions shall be 7.75% of  
8 salary for the age and service annuity. If the funding ratio  
9 falls below 90%, then employee contributions for the age and  
10 service annuity shall revert to 9.0% of salary until such time  
11 as the Fund once again is determined to have reached a funding  
12 ratio of at least 90%, at which time employee contributions of  
13 7.75% shall resume for the age and service annuity. Such  
14 deductions beginning on the effective date and prior to June  
15 30, 1947, inclusive shall be made for a future entrant while he  
16 is in service until he attains age 65, and for a present  
17 employee while he is in service until the amount so deducted  
18 from his salary with interest at the rate of 4% per annum shall  
19 be equal to the sum which would have accumulated to his credit  
20 from sums deducted from his salary if deductions at the rate  
21 herein stated had been made during his entire service until he  
22 attained age 65 with interest at 4% per annum for the period  
23 subsequent to his attainment of age 65. Such deductions  
24 beginning July 1, 1947 shall be made and continued for  
25 employees while in the service.

26 Notwithstanding Section 1-103.1, the changes to this

1 Section made by this amendatory Act of the 98th General  
2 Assembly apply regardless of whether the employee was in active  
3 service on or after the effective date of this amendatory Act.

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

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

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

15 (40 ILCS 5/11-179.1 new)

16 Sec. 11-179.1. Use of contributions for health care  
17 subsidies. Except as may be required pursuant to Sections  
18 11-160.1 and 11-160.2 of this Code, the Fund shall not use any  
19 contribution received by the Fund under this Article to provide  
20 a subsidy for the cost of participation in a retiree health  
21 care program.

22 Section 90. The State Mandates Act is amended by adding  
23 Section 8.38 as follows:

1 (30 ILCS 805/8.38 new)

2 Sec. 8.38. Exempt mandate. Notwithstanding Sections 6 and 8  
3 of this Act, no reimbursement by the State is required for the  
4 implementation of any mandate created by this amendatory Act of  
5 the 98th General Assembly.

6 Section 93. Inseverability and severability. The  
7 provisions of this amendatory Act of 2014 set forth in Sections  
8 1-160, 8-137, 8-137.1, 8-173, 8-173.1, 8-174, 11-134.1,  
9 11-134.3, 11-169, 11-169.1, and 11-170 of the Illinois Pension  
10 Code are mutually dependent and inseverable. If any of those  
11 provisions is held invalid other than as applied to a  
12 particular person or circumstance, then all of those provisions  
13 are invalid. The remaining provisions of this Act are severable  
14 under Section 1.31 of the Statute on Statutes, and are not  
15 mutually dependent upon the provisions set forth in any other  
16 Section of this Act.

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

24 Section 99. Effective date. This Act takes effect upon



1 becoming law.