



Sen. John G. Mulroe

Filed: 4/18/2016

09900SB0440sam001

LRB099 03101 EFG 47764 a

1 AMENDMENT TO SENATE BILL 440

2 AMENDMENT NO. _____. Amend Senate Bill 440 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 6-150, 6-152, 6-158, 6-164, 6-166, 6-167, and
6 6-229 as follows:

7 (40 ILCS 5/6-150) (from Ch. 108 1/2, par. 6-150)

8 Sec. 6-150. Death benefit.

9 (a) Effective January 1, 1962, an ordinary death benefit
10 shall be payable on account of any fireman in service and in
11 receipt of salary on or after such date, which benefit shall be
12 in addition to all other annuities and benefits herein
13 provided. This benefit shall be payable upon death of a
14 fireman:

15 (1) occurring in active service while in receipt of
16 salary;

1 (2) on an authorized and approved leave of absence,
2 without salary, beginning on or after January 1, 1962, if
3 the death occurs within 60 days from the date the fireman
4 was in receipt of salary;

5 (3) receiving duty, occupational disease, or ordinary
6 disability benefit;

7 (4) occurring within 60 days from the date of
8 termination of duty disability, occupational disease
9 disability or ordinary disability benefit payments if
10 re-entry into service had not occurred; or

11 (5) occurring on retirement and while in receipt of an
12 age and service annuity, prior service annuity, Tier 2
13 monthly retirement annuity, or minimum annuity; provided

14 (a) retirement on such annuity occurred on or after January
15 1, 1962, and (b) such separation from service was effective
16 on or after the fireman's attainment of age 50, and (c)
17 application for such annuity was made within 60 days after
18 separation from service.

19 (b) The ordinary death benefit shall be payable to such
20 beneficiary or beneficiaries as the fireman has nominated by
21 written direction duly signed and acknowledged before an
22 officer authorized to take acknowledgments, and filed with the
23 board. If no such written direction has been filed or if the
24 designated beneficiaries do not survive the fireman, payment of
25 the benefit shall be made to his estate.

26 (c) Beginning July 1, 1983, if death occurs prior to

1 retirement on annuity and before the fireman's attainment of
2 age 50, the amount of the benefit payable shall be \$12,000.
3 Beginning July 1, 1983, if death occurs prior to retirement, at
4 age 50 or over, the benefit of \$12,000 shall be reduced \$400
5 for each year (commencing on the fireman's attainment of age 50
6 and thereafter on each succeeding birth date) that the
7 fireman's age, at date of death, is more than age 49, but in no
8 event below the amount of \$6,000.

9 Beginning July 1, 1983, if the fireman's death occurs while
10 he is in receipt of an annuity, the benefit shall be \$6,000.

11 (Source: P.A. 83-152.)

12 (40 ILCS 5/6-152) (from Ch. 108 1/2, par. 6-152)

13 Sec. 6-152. Ordinary disability benefits. Any fireman who
14 is not eligible for minimum annuity or Tier 2 monthly
15 retirement annuity, and who becomes disabled after the
16 effective date as the result of any cause other than the
17 performance of an act or acts of duty, shall have a right to
18 receive ordinary disability benefit during any period or
19 periods of such disability, after the first 30 days of
20 disability. Payment of such benefits shall not exceed, in the
21 aggregate, throughout the entire service of the fireman, a
22 period equal to 1/2 of the total service rendered by him prior
23 to the time he became disabled, but not to exceed 5 years. In
24 computing such period of service, the time that the fireman
25 received ordinary disability benefit shall not be included.

1 The first payment of the benefit shall be made not later
2 than one month after the benefit is granted and each subsequent
3 payment shall be made not later than one month after the time
4 when the latest payment was made.

5 When a disabled fireman becomes eligible for minimum
6 annuity or Tier 2 monthly retirement annuity, the disability
7 benefit shall cease and he shall thereafter receive such
8 annuity or annuities as are provided for him in accordance with
9 other provisions of this Article.

10 Ordinary disability benefit shall be 50% of the fireman's
11 salary at the time the disability occurs. Before any payment is
12 made, a sum ordinarily deducted from the fireman's salary for
13 annuity purposes during a period of time equal to that for
14 which such payment of ordinary disability benefit is to be made
15 shall be deducted from such payment and credited to him as a
16 deduction from his salary for such period. The sums so credited
17 shall be regarded, for annuity and refund purposes, as sums
18 contributed by the fireman.

19 (Source: P.A. 84-11.)

20 (40 ILCS 5/6-158) (from Ch. 108 1/2, par. 6-158)

21 Sec. 6-158. Refund - General.

22 (a) A fireman who withdraws before age 50 and a fireman
23 with less than 10 years of service who withdraws before age 57,
24 or any fireman who withdraws and enters the service of another
25 department of the city, has a right to a refund of the entire

1 amount to his credit as of the date of withdrawal for age and
2 service annuity or Tier 2 monthly retirement annuity, for
3 automatic annual increase in annuity as provided in Section
4 6-164, and for widow's annuity or Tier 2 surviving spouse's
5 annuity, from deductions from salary.

6 (b) Any such fireman shall be entitled to refund until he
7 re-enters service or until his annuity is fixed.

8 (c) A fireman who receives a refund forfeits all rights to
9 any annuity or benefit from the fund, for himself and for any
10 other person who might benefit through him because of his
11 service, provided he shall retain the right to credit for any
12 such service, for the purpose of computing his total service if
13 he re-enters service before age 57, becomes a beneficiary of
14 the fund and makes repayment of the refund with interest.

15 (d) A fireman completing 10 years of service who does not
16 receive a refund, may receive an annuity as provided in this
17 Article.

18 (e) A fireman completing less than 10 years who does not
19 receive a refund has a right to have all amounts to his credit
20 for annuity purposes on the date of withdrawal improved by
21 interest while he is out of service until age 57 only, for his
22 benefit and the benefit of any person who may have any right to
23 annuity through him, if he subsequently reenters service and
24 attains a right to annuity.

25 (Source: Laws 1965, p. 2464.)

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

2 Sec. 6-164. Automatic annual increase; retirement after
3 September 1, 1959.

4 (a) A fireman qualifying for a minimum annuity who retires
5 from service after September 1, 1959 shall, upon either the
6 first of the month following the first anniversary of his date
7 of retirement if he is age 60 (age 55 if born before January 1,
8 1955) or over on that anniversary date, or upon the first of
9 the month following his attainment of age 60 (age 55 if born
10 before January 1, 1955) if that occurs after the first
11 anniversary of his retirement date, have his then fixed and
12 payable monthly annuity increased by 1 1/2%, and such first
13 fixed annuity as granted at retirement increased by an
14 additional 1 1/2% in January of each year thereafter up to a
15 maximum increase of 30%. Beginning July 1, 1982 for firemen
16 born before January 1, 1930, and beginning January 1, 1990 for
17 firemen born after December 31, 1929 and before January 1,
18 1940, and beginning January 1, 1996 for firemen born after
19 December 31, 1939 but before January 1, 1945, and beginning
20 January 1, 2004, for firemen born after December 31, 1944 but
21 before January 1, 1955, such increases shall be 3% and such
22 firemen shall not be subject to the 30% maximum increase.

23 Any fireman born before January 1, 1945 who qualifies for a
24 minimum annuity and retires after September 1, 1967 but has not
25 received the initial increase under this subsection before
26 January 1, 1996 is entitled to receive the initial increase

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

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

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

20 (c) To help defray the cost of such increases in annuity,
21 there shall be deducted, beginning September 1, 1959, from each
22 payment of salary to a fireman, 1/8 of 1% of each such salary
23 payment and an additional 1/8 of 1% beginning on September 1,
24 1961, and September 1, 1963, respectively, concurrently with
25 and in addition to the salary deductions otherwise made for
26 annuity purposes.

1 Each such additional 1/8 of 1% deduction from salary which
2 shall, on September 1, 1963, result in a total increase of 3/8
3 of 1% of salary, shall be credited to the Automatic Increase
4 Reserve, to be used, together with city contributions as
5 provided in this Article, to defray the cost of the ~~1-1/2%~~
6 annuity increments ~~herein~~ specified in this Section. Any
7 balance in such reserve as of the beginning of each calendar
8 year shall be credited with interest at the rate of 3% per
9 annum.

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

20 (d) Notwithstanding any other provision of this Article,
21 the Tier 2 monthly retirement annuity of a person who first
22 becomes a fireman under this Article on or after January 1,
23 2011 shall be increased on the January 1 occurring either on or
24 after (i) the attainment of age 60 or (ii) the first
25 anniversary of the annuity start date, whichever is later. Each
26 annual increase shall be calculated at 3% or one-half the

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

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

18 (Source: P.A. 96-1495, eff. 1-1-11.)

19 (40 ILCS 5/6-166) (from Ch. 108 1/2, par. 6-166)

20 Sec. 6-166. Contributions for age and service annuities or
21 Tier 2 monthly retirement annuities for present employees and
22 future entrants.

23 (a) After the effective date and prior to July 1, 1953, 3
24 1/2%, and after June 30, 1953, and prior to September 1, 1959,
25 6%, and beginning September 1, 1959, 7 1/8% of each payment of

1 the salary of each present employee and future entrant shall be
2 deducted and contributed to the fund for age and service
3 annuity or Tier 2 monthly retirement annuity. The deductions
4 shall be made at the time payments of salary are payable and
5 shall continue while the employee is in service.

6 Concurrently with each such contribution, the city shall
7 contribute 8 1/2% of each payment of salary, but the city
8 contributions shall cease for all employees upon their
9 attainment of age 63.

10 (b) Each contribution by the employee and the city shall be
11 allocated to the account of and credited to the employee, and
12 shall be improved by interest at the applicable rate during the
13 time he is in service until the age and service annuity is
14 fixed. Any accretion, by way of interest or otherwise, upon
15 such sum or any deduction from salary made after the annuity is
16 fixed for a present employee or after attainment of age 63 by a
17 future entrant who first becomes a fireman under this Article
18 before January 1, 2011 shall not be credited to the employee
19 for age and service annuity.

20 (Source: P.A. 76-1668.)

21 (40 ILCS 5/6-167) (from Ch. 108 1/2, par. 6-167)

22 Sec. 6-167. Contributions for widow's annuity and Tier 2
23 surviving spouse's annuity. Beginning on the effective date and
24 prior to September 1, 1957, 1% of each payment of salary of not
25 more than \$3,000 of each employee and beginning September 1,

1 1957, 1% of each payment of salary of not more than \$6,000 of
2 each present employee and future entrant shall be deducted and
3 contributed to the fund for widow's annuity. After September 1,
4 1967 and prior to January 1, 1976, 1%, and beginning January 1,
5 1976, 1 1/2% of salary without limitation shall be deducted
6 from the pay of each present employee and future entrant and
7 contributed to the fund for widow's annuity or Tier 2 surviving
8 spouse's annuity. The deduction shall be made at the time the
9 payments of salary are payable and shall continue during the
10 service of the employee.

11 Concurrently with each contribution, the city shall
12 contribute 2% of each payment of salary.

13 Each contribution by the employee and the city shall be
14 allocated to the accounts of and credited to the employee for
15 widow's annuity or Tier 2 surviving spouse's annuity.

16 (Source: P.A. 79-633.)

17 (40 ILCS 5/6-229)

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

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

1 (b) A fireman who has withdrawn from service, has attained
2 age 50 55 or more, and who has 10 or more years of service in
3 that capacity shall be entitled, upon proper application being
4 received by the Fund, at his option to receive a Tier 2 monthly
5 retirement annuity for his service as a fireman. The Tier 2
6 monthly retirement annuity shall be computed by multiplying
7 2.5% for each year of such service by his or her final average
8 salary, subject to an annuity reduction factor of. ~~The~~
9 ~~retirement annuity of a fireman who is retiring after attaining~~
10 ~~age 50 with 10 or more years of creditable service shall be~~
11 ~~reduced by~~ one-half of 1% for each month that the fireman's age
12 at retirement is under age 55. The Tier 2 monthly retirement
13 annuity is in lieu of any age and service annuity or other form
14 of retirement annuity under this Article.

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

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

23 Beginning on January 1, 2011, for all purposes under this
24 Code (including without limitation the calculation of benefits
25 and employee contributions), the annual salary based on the
26 plan year of a member or participant to whom this Section

1 applies shall not exceed \$106,800; however, that amount shall
2 annually thereafter be increased by the lesser of (i) 3% of
3 that amount, including all previous adjustments, or (ii)
4 one-half the annual unadjusted percentage increase (but not
5 less than zero) in the consumer price index-u for the 12 months
6 ending with the September preceding each November 1, including
7 all previous adjustments.

8 (b-5) 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 average,
13 all items, 1982-84 = 100. The new amount resulting from each
14 annual adjustment shall be determined by the Public Pension
15 Division of the Department of Insurance and made available to
16 the boards of the retirement systems and pension funds by
17 November 1 of each year.

18 (c) Notwithstanding any other provision of this Article,
19 for a person who first becomes a fireman under this Article on
20 or after January 1, 2011, eligibility for and the amount of the
21 annuity to which the qualified surviving spouse, children, and
22 ~~or~~ parents of the fireman are entitled under this subsection
23 (c) shall be determined as follows:

24 (1) The surviving spouse of a deceased fireman to whom
25 this Section applies shall be deemed qualified to receive a
26 Tier 2 surviving spouse's annuity under this paragraph (1)

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

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

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

19 (B) If the deceased fireman was not receiving an
20 earned pension but had at least 10 years of service at
21 the time of death, the Tier 2 surviving spouse's
22 annuity under this paragraph (1) shall be in the amount
23 of 66 2/3% of the Tier 2 monthly retirement annuity
24 that the deceased fireman would have been eligible to
25 receive under subsection (b) of this Section, based
26 upon the actual service accrued through the day before

1 the fireman's death, but determined as though the
2 fireman was at least age 55 on the day before his or
3 her death and retired on that day.

4 (C) Notwithstanding any other provision of this
5 Article, the monthly Tier 2 surviving spouse's annuity
6 under subdivision (A) or (B) of this paragraph (1) of a
7 survivor of a person who first becomes a fireman under
8 this Article on or after January 1, 2011 shall be
9 increased on the January 1 next occurring after (i)
10 attainment of age 60 by the recipient of the Tier 2
11 surviving spouse's annuity or (ii) the first
12 anniversary of the Tier 2 surviving spouse's annuity
13 start date, whichever is later, survivor's pension and
14 on each January 1 thereafter, by 3% or one-half the
15 annual unadjusted percentage increase in the consumer
16 price index-u for the 12 months ending with September
17 preceding each November 1, whichever is less, of the
18 originally granted Tier 2 surviving spouse's
19 ~~survivor's~~ annuity. If the annual unadjusted
20 percentage change in the consumer price index-u for a
21 12-month period ending in September is zero or, when
22 compared with the preceding period, decreases, then
23 the annuity shall not be increased.

24 (D) Notwithstanding the other provisions of this
25 paragraph (1), for a qualified surviving spouse who is
26 entitled to a Tier 2 surviving spouse's annuity under

1 subdivision (A) or (B) of this paragraph (1), that Tier
2 2 surviving spouse's annuity shall not be less than the
3 amount of the minimum widow's annuity established from
4 time to time under Section 6-128.4.

5 (2) Surviving children of a deceased fireman subject to
6 this Section who would otherwise meet the eligibility
7 requirements for a child's annuity set forth in Sections
8 6-147 and 6-148 shall be deemed qualified to receive a Tier
9 2 child's annuity under this subsection (c), which shall be
10 in lieu of, but in the same amount and paid in the same
11 manner as, the child's annuity provided under those
12 Sections; except that any salary used for computing a Tier
13 2 child's annuity shall be subject to the Tier 2 salary cap
14 provided under subsection (b) of this Section. For purposes
15 of determining any pro rata reduction in child's annuities
16 under this subsection (c), references in Section 6-148 to
17 the combined annuities of the family shall be deemed to
18 refer to the combined Tier 2 surviving spouse's annuity, if
19 any, and the Tier 2 child's annuities payable under this
20 subsection (c).

21 (3) Surviving parents of a deceased fireman subject to
22 this Section who would otherwise meet the eligibility
23 requirements for a parent's annuity set forth in Section
24 6-149 shall be deemed qualified to receive a Tier 2
25 parent's annuity under this subsection (c), which shall be
26 in lieu of, but in the same amount and paid in the same

1 manner as, the parent's annuity provided under Section
2 6-149; except that any salary used for computing a Tier 2
3 parent's annuity shall be subject to the Tier 2 salary cap
4 provided under subsection (b) of this Section. For the
5 purposes of this Section, a reference to "annuity" in
6 Section 6-149 includes: (i) in the context of a widow, a
7 Tier 2 surviving spouse's annuity and (ii) in the context
8 of a child, a Tier 2 child's annuity.

9 (d) The General Assembly finds and declares that the
10 provisions of this Section, as enacted by Public Act 96-1495,
11 require clarification relating to necessary eligibility
12 standards and the manner of determining and paying the intended
13 Tier 2 benefits and contributions in order to enable the Fund
14 to unambiguously implement and administer benefits for Tier 2
15 members. The changes to this Section and the conforming changes
16 to Sections 6-150, 6-152, 6-158, 6-164, 6-166, and 6-167 made
17 by this amendatory Act of the 99th General Assembly are enacted
18 to clarify the provisions of this Section as enacted by Public
19 Act 96-1495, and are hereby declared to represent and be
20 consistent with the original and continuing intent of this
21 Section and Public Act 96-1495.

22 (e) The changes made by this amendatory Act of the 99th
23 General Assembly are intended to be retroactive to January 1,
24 2011 (the effective date of Public Act 96-1495) and, for the
25 purposes of Section 1-103.1 of this Code, they apply without
26 regard to whether the relevant fireman was in service on or

1 after the effective date of this amendatory Act of the 99th
2 General Assembly.
3 (Source: P.A. 96-1495, eff. 1-1-11.)".