

AN ACT in relation to public employee benefits.

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

Section 5. The Illinois Pension Code is amended by
changing Section 2-119.1 as follows:

(40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

Sec. 2-119.1. Automatic increase in retirement annuity.

(a) A participant who retires after June 30, 1967, and who has not received an initial increase under this Section before the effective date of this amendatory Act of 1991, shall, in January or July next following the first anniversary of retirement, whichever occurs first, and in the same month of each year thereafter, but in no event prior to age 60, have the amount of the originally granted retirement annuity increased as follows: for each year through 1971, 1 1/2%; for each year from 1972 through 1979, 2%; and for 1980 and each year thereafter, 3%. Annuitants who have received an initial increase under this subsection prior to the effective date of this amendatory Act of 1991 shall continue to receive their annual increases in the same month as the initial increase.

(b) Beginning January 1, 1990, for eligible participants who remain in service after attaining 20 years of creditable service, the 3% increases provided under subsection (a) shall begin to accrue on the January 1 next following the date upon which the participant (1) attains age 55, or (2) attains 20 years of creditable service, whichever occurs later, and shall continue to accrue while the participant remains in service; such increases shall become payable on January 1 or July 1, whichever occurs first, next following the first anniversary of retirement. For any person who has service

credit in the System for the entire period from January 15, 1969 through December 31, 1992, regardless of the date of termination of service, the reference to age 55 in clause (1) of this subsection (b) shall be deemed to mean age 50.

This subsection (b) does not apply to any person who first becomes a member of the System after the effective date of this amendatory Act of the 93rd General Assembly.

(c) The foregoing provisions relating to automatic increases are not applicable to a participant who retires before having made contributions (at the rate prescribed in Section 2-126) for automatic increases for less than the equivalent of one full year. However, in order to be eligible for the automatic increases, such a participant may make arrangements to pay to the system the amount required to bring the total contributions for the automatic increase to the equivalent of one year's contributions based upon his or her last salary.

(d) A participant who terminated service prior to July 1, 1967, with at least 14 years of service is entitled to an increase in retirement annuity beginning January, 1976, and to additional increases in January of each year thereafter.

The initial increase shall be 1 1/2% of the originally granted retirement annuity multiplied by the number of full years that the annuitant was in receipt of such annuity prior to January 1, 1972, plus 2% of the originally granted retirement annuity for each year after that date. The subsequent annual increases shall be at the rate of 2% of the originally granted retirement annuity for each year through 1979 and at the rate of 3% for 1980 and thereafter.

(e) Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including previous increases granted under this Article.

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(Source: P.A. 86-273; 87-794; 87-1265.)

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