



Illinois Department of Insurance

February 2, 2001`

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Legislative Update Police Pension Funds

U p d a t e U p d a t e U p d a t e U p d a t e U p d a t e U p d a t e U p d a t e

Signed by Governor George H. Ryan 02/01/01

Law becomes effective Immediately

Changes Illinois Law	
1. Self-Managed Plan	40 ILCS 5/3-105.2, 40 ILCS 5/3-109.2, 40 ILCS 5/3-109.3
2. Creditable Service	40 ILCS 5/3 - 110
3. Rate of Pension	40 ILCS 5/3 - 111
4. Pension Increase	40 ILCS 5/3 - 111.1
5. Pension to Survivors	40 ILCS 5/3 - 112
6. Benefits and Self Manage Plan	40 ILCS 5/3 - 113.1
7. Disability Pension - Line of Duty	40 ILCS 5/3 - 114.1
8. Disability Pension - Not on Duty	40 ILCS 5/3 - 114.2
9. Disability - Stroke	40 ILCS 5/3 - 114.3
10. Occupational Disease Disability Pension	40 ILCS 5/3 - 114.6
11. Marriage after retirement	40 ILCS 5/3 - 120
12. Re-entry after service	40 ILCS 5/3 - 124.1
13. Contributions	40 ILCS 5/3 - 125.1
14. Reserves	40 ILCS 5/3 - 127

3-110 Creditable service. (a-5) "Up to 3 years of time during which the police officer receives a disability pension ... shall be counted as creditable service provided that (i) the police officer returns to active service after the disability for a period at least equal to the period for which credit is to be established and (ii) the police officer makes contributions to the fund based on the rates specified in Section 3-125.1 and the salary upon which the disability pension is based. These contributions may be paid at any time prior to the commencement of a retirement pension."

- The police officer may, but need not, elect to have the contribution deducted from the disability pension or to pay them in installments on a schedule approved by the board.
- If not deducted from the disability pension, the contribution shall include interest at the rate of 6% per year, compounded annually, from the date for which service credit is being established to the date of payment.

- “If contributions are paid under this subsection (a-5) in excess of those needed to establish the credit, the excess shall be refunded.” **Eligibility:** This subsection applies to persons receiving a disability pension under Section 3-114.1, 3-114.2, 3-114.3 or 3-114.6. As well as persons who begin to receive such a disability pension after the effective date. **Effective Date:** Immediately.

3-111. Pension. (a) Allows for a Retirement Pension to be **increased by 2.5 %** of such salary for each additional year of service over 20 years of service through 30 years of service to a **maximum of 75%**. **Eligibility:** applies to all persons who are **not** a participant in the self-managed plan under Section 3-109.3 or who is receiving, or will be receiving a pension that became or will become payable under this subsection on or after **January 1, 1999**. (All pensions payable under this subsection that began on or after January 1, 1999 and before the effective date of this Amendatory Act shall be recalculated, and the amount of the increase accruing for that period shall be payable to the pensioner in a lump sum.) **(a-5)** States: “No pension in effect on or granted after June 30, 1973 shall be less than \$200 per month. Beginning July 1, 1987, the minimum retirement pension for a police officer having at least 20 years of creditable service shall be \$400 per month,” . **Changed to read** “ If the minimum pension established in Section 3-113.1 is greater than the minimum provided in this subsection, the Section 3-113.1 minimum controls. **Effective Date:** Immediately.

3-111.1. Increase in Pension (d) Removed - “at the retirement date”. “The monthly pension of a police officer who retires after January 1986, shall be increased, upon either the first of the month following the first anniversary of the date of retirement if the officer is 55 years of age or ... by **1/12 of 3%** of the originally granted pension for each full **month** that has elapsed since the pension began”. All initial increases shall be recalculated and the additional amount accruing for that period, if any, shall be payable to the pensioner in a lump sum. **Eligibility:** The changes made to this subsection (d) by the amendatory Act of the 91st. General Assembly apply to all initial increases that become payable after January 1, 1999. **Effective Date:** Immediately.

3-112 - Pension to survivors - added - (d) “If the minimum pension established in Section 3-113.1 is greater than the minimum provided in this subsection, the Section 3-113.1 minimum controls.” **(e)** “The pension of the surviving spouse of a police officer who dies (i) on or after January 1, 2001, (ii) without having begun to receive either a retirement pension payable under Section 3-111 or a disability pension payable under 3-114.1, 3114.2, 3114.3 or 3114.6 (iii) and as a result of sickness, accident, or injury incurred in or resulting from the performance of an act of duty shall not be less than 100% of the salary attached to rank held by the deceased police officer on the last day of service, ...”. **Effective Date:** Immediately.

3-113.1 - Minimum retirement, survivor, and disability pensions. - added to - (a), (b) and (c) Section 3-114.6 - added to - (e) “**No survivor benefits are payable to a participant in the self-managed plan.**” **Effective Date:** Immediately.

3-114.1 Disability pension - Line of Duty - added - (a) “ the police officer shall be entitled to a disability retirement pension **equal to the greatest** of **(1)** 65% of the salary attached to rank on the police force held by the officer at the date of suspension of duty or retirement, **(2) the retirement pension that the police officer would be eligible to receive if he or she retired (but not including any automatic annual increase in that retirement pension), or (3) the pension provided under subsection (d), if applicable.**” **Added to (c)** “If the minimum pension established in Section 3-113.1 is greater than the minimum provided in this subsection, the Section 3-113.1 minimum controls”. **Added to - (d)** “A disabled police officer..., shall be eligible to receive an annual non-compounded increase..., equal to 3% of the original pension”.

- Must file with the fund, within 30 days after the effective date of this amendatory act and annually thereafter while the pension remains payable, a written application for the for benefits of this subsection
- Must include an affidavit stating that the applicant has not earned any income from employment during the most recently concluded tax year.
- Must include the most recent Illinois income tax return.
- Has service credit in the Fund for at least 7 years of active duty.
- Has been receiving the pension under this section for a period which, when added to the officer’s total service credit in the Fund, equals at least 20 years.

The annual non-compounded increase “**shall accrue on each anniversary of the initial pension payment date**, for so long as the pension remains payable ... and the required annual application is made ... the annual increases ... shall cease if the disabled police officer earns income from gainful employment. The fund may take appropriate steps to verify the applicant disability and earning status ... may request from the Department of Revenue a certified copy of the applicant’s Illinois income tax return for any year for which a benefit ... is payable or has been paid.” “The fund shall pay to the disabled police officer, in a lump sum without interest, the amounts resulting from the annual increases that have been accrued retroactively.” “Upon the death of the disabled officer, the annuity payable under this Section to his or her survivors shall include any annual increases previously received, **but no additional increases shall be accrued ...** .” **Eligibility:** Applies only to a pension that is payable under this Section to a disabled police officer (rather than a survivor). **Effective Date:** Immediately.

3-114.2 Disability Pension - Not on Duty - Changed to read “ If the minimum pension established in Section 3-113.1 is greater than the minimum provided in this subsection, the Section 3-113.1 minimum controls.” **Effective Date:** Immediately.

3-114.3 Heart attack or stroke suffered in the performance of duties - Added - “stroke”. **Effective Date:** Immediately.

3-114.6 Occupational disease disability pension (c) added - “... (ii) the cancer must (and is rebuttable presumed to) arise as a result of service as an officer.” “The occupational disease

disability pension shall be **equal to the greater** of 65% of the salary attached to the rank held at the time of ... removal from payroll **or (2) the retirement pension that the police officer would be eligible to receive if he or she retired (but not including any automatic increase in that retirement pension).**” **Eligibility:** This section applies only to police officers who are employed by a municipality with a combined police and fire department and who have regular firefighting duties in addition to their law enforcement duties. **Effective Date:** Immediately.

3-120 Marriage after retirement (a) added (in bold) - “If a police officer marries subsequent to retirement on any pension under this Article **other than a pension established under Section 3-109.3**, the surviving spouse ... shall receive no pension on the death of the officer, except as provided in subsection (b).” **Effective Date:** Immediately.

3-124.1 Re-entry into active service Added (in bold) - “If a police officer **who is** receiving pension payments **other than as provided in Section 3-109.3** re-enters active service, pension payment shall be suspended while he or she is in service.” **Effective Date:** Immediately.

3-125.1 Contributions by police officers - Added (in bold) - “Each police officer shall contribute to the pension fund the following percentages of salary for the periods stated: ... beginning January 1, 1987 **and prior to January 1, 2001, 9%; and beginning January 1, 2001, 9.91%.**” “Contribution to the self managed plan shall be no less than 10% of salary.” **Effective Date:** Immediately.

3-127 Reserves - Added (in bold) - “The board shall establish and maintain a reserve to insure the payment of all obligations incurred under this Article **excluding retirement annuities established under Section 3-109.3.**” **Effective Date:** Immediately.