

## “Tier 2” Benefits

Illinois Public Act 96-0889 Enacted April 14, 2010

Members Impacted

- Any person who first became a contributing member under any Designated Reciprocal Fund<sup>1</sup> on or after January 1, 2011, but prior to July 6, 2017

## “Tier 3” Benefits

Illinois Public Act 100-0023 Enacted July 6, 2017

- Any person who first becomes a contributing member under any Designated Reciprocal Fund<sup>1</sup> on or after July 6, 2017 ; or
- Any Tier 2 Member who, subject to PA 100-0023, **irrevocably elects**, between October 1, 2017 and November 15, 2017, to be subject to the Tier 3 benefit structure (an “Elective Tier 3 Member”)

Benefits

### Eligibility for Employee Annuity

- Member is eligible for unreduced minimum formula annuity at age **67** with 10 years of service
- Member is eligible for reduced minimum formula annuity at age **62** with 10 years of service; reduction for early retirement equal to ½ of 1% per month for each full month below age **67**

### Employee Annuity Amount

- Annuity is 2.4% for each year of service multiplied by final average salary
- Final average salary is based on an 8-year average salary which is capped at \$112,408.42 in 2017, increased annually at the lesser of 3% or 50% of CPI-U for the 12 months ending with the September preceding each November 1
- Annual increase in annuity (commonly referred to as the “COLA”) is to be determined by statute (not compounded)<sup>2</sup>

### Eligibility for Annual Increase in Employee Annuity

- Annual increase in employee annuity starts on the January 1 occurring on or after the later of:
  - attainment of age **67**, or
  - the first anniversary of the annuity start date

### Survivor Annuity Amounts (subject to eligibility):

- Spouse annuity
  - Annuity is equal to 66⅔% of member’s earned annuity at time of death
- Annual increase in annuity (commonly referred to as the “COLA”) is to be determined by statute (not compounded)<sup>2</sup>
- Child Annuity
  - Annuity is \$220 per month if a spouse annuity is payable or \$250 per month if no spouse annuity is payable. This benefit is payable until the child turns age 18.

### Eligibility for Employee Annuity

- Member is eligible for unreduced minimum formula annuity at age **65** with 10 years of service
- Member is eligible for reduced minimum formula annuity at age **60** with 10 years of service; reduction for early retirement equal to ½ of 1% per month for each full month below age **65**

### Employee Annuity Amount

- Same as Tier 2

### Eligibility for Annual Increase in Employee Annuity

- Annual increase in employee annuity starts on the January 1 occurring on or after the later of:
  - attainment of age **65**, or
  - the first anniversary of the annuity start date

### Survivor Annuity Amounts (subject to eligibility):

- Same as Tier 2

Employee Contributions

(as percentage of capped salary)

- 8.5%

- Required Tier 3 Member
    - 11.5% beginning immediately
  - Tier 2 member who makes an **irrevocable election** into Tier 3:
    - 9.5% beginning July 6, 2017;
    - 10.5% beginning January 1, 2018; and then
    - 11.5% or normal cost (subject to 8.5% floor), whichever is less, beginning January 1, 2019
- Note: When 90% funded status is reached, employee contributions drop from 11.5% to 7.5% and remain at 7.5% unless the funded ratio falls below 75%

#### Footnotes:

1. **Designated Reciprocal Fund** shall refer to any of the following pension funds or retirement systems: (1) Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago, (2) Municipal Employees’ Annuity and Benefit Fund of Chicago, (3) Illinois Municipal Retirement Fund, (4) County Employees’ and Officers’ Annuity and Benefit Fund, (5) Forest Preserve District Employees’ Annuity and Benefit Fund, (6) Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund, (7) Metropolitan Water Reclamation District Retirement Fund, (8) State Employees’ Retirement System of Illinois, (9) State Universities Retirement System, (10) Teachers Retirement System of the State of Illinois, and (11) Public School Teachers’ Pension and Retirement Fund of Chicago
2. The Statutory increase is the lesser of 3% or 50% of CPI-U for the 12 months ending each preceding September applied to the original annuity amount.