

Pension Reform Legislation

On April 14, 2010, the Illinois governor signed Senate Bill 1946 (Public Act 96-0889). The legislation created a “Second Tier” of pension benefits applicable to public employees hired on or after January 1, 2011. The law does not change benefits for members hired prior to December 31, 2010 and current annuitants.

The flowing chart compares the first Tier of pension benefits with the Second Tier.

	First Tier	Second Tier
Eligibility	Members hired prior to 12/31/2010 and current annuitants	Employees hired for the first time after 1/1/2011
Pension Benefits	Eligible for a benefit at age 50 with at least 30 years of service, at age 55 with at least 20 years of service, and age 60 with at least 10 years of service	Eligible for a benefit at age 67 with at least 10 years of service or a reduced benefit at age 62 with at least 10 years of service
Final Average Salary	Average of highest 4 consecutive years within the last 10 years of service	Average of highest 8 consecutive years within the last 10 years of service
Average Salary Limit	None	\$106,800 in 2011; amount increased annually by 3% or by one-half of the annual increase in the Consumer Price Index-Urban (CPI-U), whichever is lower
Cost of Living Adjustment (Cola)	3% of the current monthly annuity	Either 3% or one-half of the annual increase in the CPI-U, whichever is lower. Applied to the original annuity amount.
COLA Eligibility	The January of the year of the first payment date following the earlier of <ol style="list-style-type: none"> 1. the later of the third anniversary of retirement and age 53, and 2. the later of the first anniversary of retirement and age 60. 	The January following the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

	First Tier	Second Tier
Spousal Annuity	50% of the annuity the member had earned at the date of death	66 2/3% of the pension the member earned at the date of death
Child's Annuity	\$220 a month when there is an eligible surviving spouse or \$250 a month when there is no eligible surviving spouse	\$220 a month when there is an eligible surviving spouse or \$250 a month when there is no eligible surviving spouse
Refund	May take a refund if he or she withdraws from service and are under the age of 55 (with any length of service) or withdraws between the ages of 55 and 60 with less than 10 years of service.	May take a refund if he or she withdraws from service before the age of 62 (with any length of service) or withdraws with less than 10 years of service regardless of age.

For the complete text of Public Act 096-0889, please see the Illinois General Assembly website by clicking [here](#).