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IMPROVING  
LIFE  
FOR  
OFFICERS  
&  
PEOPLE



On 12/2/10, SB3538, reforming Local Government Police and Fire Pensions, passed both houses. Included in the final bill is the funding compliance language that we fought so hard for, to insure the pension funds remain stable and solvent for all current and future public safety retirees and employees.

Current employee's benefits will not be affected by this legislation, only new employees, hired on or after January 1, 2011.

The highlights of the bill include the following elements which are standardized retirement benefits for all new public safety employees who enter the Articles 3 (downstate police), 4 (downstate fire), 5 (Chicago police), 6 (Chicago fire), and/or 7 (IMRF-SLEP) on or after 1/1/2011.

1. No change in employee contributions.
2. Maximum benefit will be 75% of final average salary\* at 30 years of service and 55 years of age.
3. Final average salary\* is defined as "the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period." (ie - best 8 of last 10 years)
4. Maximum salary for pension purposes is capped at \$106,800 for 2011. The cap will be increased each year thereafter by 3% or ½ of CPI-U whichever is less.
5. Survivors annuity benefits will be 66 2/3 of the deceased employee's salary
6. COLAs – retirees and survivors COLAs 3% or ½ of CPI-U the year at age 60
7. Authorization for future pension fund studies to review condition of pension funds and potential investment pooling.
8. Funding compliance clause which authorizes the Comptroller to redirect municipal LDGF monies directly to pension funds if necessary. Beginning in FY 2016, up to 1/3 of LDGF could be swept, up to 2/3 the next year, and 100% if noncompliant for a third year.

While the Public Safety Coalition (Police & Fire) opposed the benefit reductions for new employees, we were successful in maintaining current employees' benefits and contribution levels, minimizing benefit reductions for new employees, and securing meaningful funding compliance language for all of the funds in the face of strong opposition by the municipal lobby.