

Dear IPPFA Members -

This morning the Senate passed SB 3538 as amended. The legislation has now passed both chambers and is being sent to Governor Quinn for consideration.

You may view the full text of the bill in pdf format here –

<http://www.ilga.gov/legislation/96/SB/PDF/09600SB3538ham003.pdf>

As previously reported, the benefit changes will only impact police & fire employees that are newly hired into positions covered by the pension code on or after January 1, 2011.

Current employee's benefits will not be affected by this legislation.

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.” (i.e. - best 8 of last 10 years)

Note: For IMRF-SLEP Employees hired after January 1st – overtime will no longer be included in final average salary for pension purposes.

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. Survivor's annuity benefits will be 66 2/3 of the deceased employee's salary at time of death.
6. COLAs – Both retirees and survivors will receive COLAs equal to 3% or ½ of CPI-U the year after their 60th birthday.

The bill contains authorization for future pension fund studies.

It also includes some very *important and momentous* funding compliance language that is designed to insure that our funds remain stable and solvent for all current and future public safety retirees and employees.

While the PB&PA, and our coalition partners, was opposed to some of the benefit reductions for new employees we were successful in maintaining current employees' benefits, all contribution levels, minimizing benefit reductions for new employees, and much to the disappointment of municipal employers - securing meaningful funding compliance language for all of the funds.

We are disappointed that this legislation creates a two tiered pension benefit system for all police and fire employees. However, we are extremely proud of the fact that this legislation makes significant strides in insuring continued solvency for all current, and future, employees and retirees.

The Senate will adjourn later today. Both chambers have scheduled a number of session days in January.

I will certainly update you on further developments as they arise.

Please accept my personal best wishes for a safe and happy holiday season.

James McNamee
President IPPFA

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