

Dear Members -

This evening the House of Representatives passed SB 3538 as amended. You may view the full text here –

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

**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." (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. 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 60<sup>th</sup> 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 coalition 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 will continue to work with the Senate leadership to minimize any additional adverse impact for new employees.

The legislation is now in the Senate for concurrence. We anticipate that the Senate will act on this bill in the next 24 to 48 hours.

James McNamee  
President IPPFA

Illinois Public Pension Fund Association  
455 Kehoe, Suite 106  
Carol Stream, IL 60188  
Office telephone: 630-784-0406  
Fax: 630-784-0416  
Mailto: [james.mcnamee@ippfa.org](mailto:james.mcnamee@ippfa.org)