

On April 14, 2010, Governor Quinn signed PA 96-0889 into law. This new law modifies benefits for most Illinois public pension systems, other than the Police and Fire funds. The provisions apply to a person who first becomes an employee and a participant of any retirement system on or after January 1, 2011.

If you are current employee or retiree, this bill does not affect you or your MWRD Retirement Fund benefits.

Provision:	For all Current Members:	For Members Entering on or After 01/01/2011
The required age and service to receive a full (unreduced) retirement annuity	Either at age 60 with 5 years of service or at age 55 (50 if in service prior to 6/13/97) with 30 years of service	At age 67 with at least 10 years of service
The required age and service to receive a reduced retirement annuity	At age 55 (50 if in service prior to 6/13/97) with 10 years of service. The annuity is reduced by ½ of 1% per month for each month that the member's age is under 60 or for each month that the member's service is under 30 years, whichever yields a lesser discount	At age 62 with 10 years of service. The pension would be reduced by ½ of 1% for each month the member's age is under age 67.
Average Final Salary Calculation	The average of the highest 52 consecutive pay periods of earnings in the last 10 years preceding retirement	The average highest 96 months of earnings in the last 10 years preceding retirement.
Maximum Pensionable Earnings	The IRS requires that pensionable earnings cannot exceed \$245,000 in 2010 (for employees hired after 1/1/96).	Caps the average final salary used to calculate a pension at \$106,800; this amount automatically increases annually by 3% or by one-half of the increase in the Consumer Price Index-u, whichever is <i>lower</i> .
Computation of the Surviving Spouse's Annuity	60% plus 1% per year of service of the annuity the deceased member had been receiving or would be entitled to receive on the date of death. Maximum 85%.	66-2/3% of the annuity the deceased member had been receiving or would be entitled to receive on the date of death
Annuitant (Retiree and Surviving Spouse) Cost of Living Increase (COLA)	3% of the annuity payable at the time of the increase	3% or one-half of the increase in the Consumer Price Index, whichever is <i>lower</i> , of the original annuity
Timing of the first Retiree Annuitant COLA	On the first of the month in which the anniversary of retirement occurred	The first of the month following the attainment of age 67 or the first anniversary of the commencement of the annuity, whichever is <i>later</i>
Timing of the first Spouse Annuitant COLAs	First day of the calendar month in which there is an anniversary of the employee's retirement or date of death, whichever occurred first	January 1 st occurring on or after the commencement of the spouse annuity if the member died after retirement. For the spouse of the member who died in service, January 1 st occurring after the first anniversary of the commencement of the annuity.

Again, if you are a current employee or retiree, this bill does not affect you or your MWRD Retirement Fund benefits.

Please note that the above reflects the content of PA 96-0889 as it was signed. The Fund anticipates minor technical changes in a forthcoming bill that will be introduced in 2010. Furthermore, although administration has analyzed PA 96-0889 to the best of its ability, the effects of this law will not be completely realized until the law goes into effect.