

CHANGES TO PENSION BENEFITS FOR NEW EMPLOYEES NOW IN EFFECT

The Illinois legislature recently adopted a different set of pension vesting requirements for CTPF members who join the fund on or after January 1, 2011. Members who joined the fund or a qualified reciprocal system prior to this date are considered Tier 1. Members who join the fund after January 1, 2011, are considered Tier 2.

Tier 1 v. Tier 2 Pensions

The pension calculation for both tiers remains the same but the retirement age and method for calculating the final average salary have been changed. In addition, the salary used in the calculation of a pension has been capped for Tier 2. **These changes do not apply to members who earned service credit before January 1, 2011.**

This chart summarizes the differences in calculating benefits for Tier 1 or Tier 2 employees:

Benefit	Tier 1: Members who joined CTPF or a qualified reciprocal system before 01/01/2011	Tier 2: Members who join CTPF on or after 01/01/2011
Retirement age for a pension without a reduction	62 with 5 years of service 60 with at least 20 years of service 55 with at least 33.95 years of service	67 with 10 years of service
Retirement age for a reduced pension	55 with 20 years of service	62 with 10 years of service
Final Average Salary calculation	Average of 4 highest years in the 10 preceding retirement	Average of 8 highest years in the 10 preceding retirement
Pensionable Earnings Cap	None	Final average salary used to calculate pensions capped at \$106,800 in 2011. The cap increases by 3% or one-half of the increase in Consumer Price Index (CPI) for the preceding year
Cost of Living Increase	3% of pension compounded annually, beginning the later of 1 year after retirement or age 61.	3% increase or one-half of the CPI, whichever is lower, calculated on amount of initial pension
Surviving Spouse Annuity	50% of the retired member's retirement annuity; surviving spouse must be age 50 or have surviving minor children	66 ² / ₃ % of the retired member's pension at date of death 66 ² / ₃ % of the earned annuity of the unretired member; no age reduction.