

# Illinois Department of Insurance

## The Siren



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### Bulletin

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**TO :** Retirement Systems & Pension Funds established under the Illinois Pension Code

**FROM :** Department of Insurance Public Pension Division

**DATE :** November 1, 2012

**RE :** Annual Salary Maximum for Pension and Annuity Purposes, and Annual Cost of Living Allowance (COLA) for New Hires on or after January 1, 2011

In accordance with Public Act 96-0889, Public Act 96-1490 and Public Act 96-1495, the Illinois Pension Code (Code) requires that the Department of Insurance annually determine the annual salary maximum to be used for pension and annuity purposes and the retirement COLA to be applied for participants who first became participants on or after January 1, 2011. These individuals are more commonly known as Tier II employees. The Department is required to determine these amounts by November 1 of each year to all Retirement Systems and Pension Funds operating under the Code.

The annual increase to be used in determining the annual salary maximum and the COLA is derived from the change in the Consumer Price Index-Urban (CPI-U) for the 12 months ending with the September preceding each November 1.

**CPI-U**, September 2012, unadjusted change in the CPI-U over the prior 12 months: **2.0%**  
*Source: US Bureau of Labor Statistics.*

For the General Assembly Retirement System (Article 2) and the Judges Retirement System (Article 18), the annuity COLA and the increase in the annual salary maximum equals the lesser of 3% or the full CPI-U. For these systems, the 2013 COLA to be applied to the Tier II annuity benefits will be 2% and the 2013 annual salary maximum for annuity purposes will be \$112,204.08 as shown in Table 1 below :

**Table 1:**

<u>Calendar Year</u>	<u>Prior Year CPI-U</u>	<u>COLA, or Annuity Increase</u>	<u>Annual Earnings, Salary or Wages Maximum</u>
2011		3.00%	\$106,800.00
2012	3.90%	3.00%	\$110,004.00

2013	2.00%	2.00%	\$112,204.08
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For the Retirement Systems and Pension Funds established under the Code other than the General Assembly Retirement System and the Judges Retirement System (see list below), the annuitant COLA and the increase in the annual salary maximum equals the lesser of 3% or ½ the CPI-U. The 2013 COLA applied to Tier II annuitant benefits will be 1% and the 2013 annual salary maximum for pension and annuity purposes will be \$109,971.43.08 as shown in Table 2 below :

**Table 2:**

<u>Calendar Year</u>	<u>Prior Year CPI-U</u>	<u>½ CPI-U</u>	<u>COLA, or Annuity Increase</u>	<u>Annual Earnings, Salary or Wages Maximum</u>
2011			3.00%	\$106,800.00
2012	3.90%	1.95%	1.95%	\$108,882.60
2013	2.00%	1.00%	1.00%	\$109,971.43

The following is a list of the Retirement Systems and Pension Funds for which the limits provided in Table 2 apply:

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| <ul style="list-style-type: none"> <li>State Employee Retirement System</li> <li>State University Retirement System</li> <li>Illinois Teachers Retirement System</li> <li>Illinois Municipal Retirement Fund</li> <li>Suburban &amp; Downstate Police</li> <li>Suburban &amp; Downstate Fire</li> <li>Municipal Employees of Chicago</li> <li>Employees and Officers of Cook County</li> </ul> | <ul style="list-style-type: none"> <li>Metropolitan Water Reclamation District</li> <li>Forest Preserve of Cook County</li> <li>Chicago Laborers Retirement Fund</li> <li>Chicago Fire Retirement Fund</li> <li>Chicago Police Retirement Fund</li> <li>Chicago Park Employees Retirement Fund</li> <li>Chicago Teachers Retirement Fund</li> <li>Chicago Transit Authority Retirement Fund</li> </ul> |
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If you have any questions regarding this bulletin, please contact the Public Pension Division of the Department of Insurance at (800) 207-6958.