

FIREFIGHTERS PENSION

PLAN DESCRIPTION

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This booklet is intended to explain Firefighters Pension benefits as contained in Article 4 of the Illinois Pension Code.

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GUIDE TO THE FIREFIGHTER PENSION PLAN (DOWNSTATE)

The Illinois Firefighters Pension Plan is contained in Illinois Statutes at 40 ILCS 5/4-101 et seq., It is commonly referred to as Article 4 or the Firefighters Pension Code. The Code is a retirement plan qualified under Section 401A of the Internal Revenue Code.

The Plan is not an ERISA plan as is sometimes erroneously thought. While geared to provide retirement benefits, the Plan also provides disability benefits to its participants as well as survivor benefits. The Plan is governed solely by the Illinois Statutes and is regulated by the Department of Financial and Professional Regulation, Pension Division of the State of Illinois.

Pension Fund Authority

The Pension Fund has the exclusive authority to adjudicate and award disability benefits, retirement benefits, and survivor benefits. The Firefighters Pension Investment Fund shall not have authority to control, alter, or modify, or the ability to review or intervene in, the proceedings or decisions of the Pension Fund.

Application Eligibility

Any person appointed as a firefighter is eligible to participate in the Plan upon written application. The written application must be made within ninety days of joining the Fire Department.

Beneficiaries

In the event of death of an eligible participant, survivor's benefits are paid pursuant to Statute.

As a general rule, eligible beneficiaries under the statute are : Spouses, dependent children age 18 and younger and dependent parents.

Benefits - General

The Illinois Firefighters Pension Code provides the following types of benefits as dictated by the Statute.

1. Retirement benefits for members who have over ten years of creditable service to 19 can retire at age 60. A firefighter with 20 or more years of service can retire at age 50 at 50% of salary. Every year after 20 increases a retirement pension by 2.5% up to a maximum of 75% of salary.
2. Disability benefits are available for line of duty injuries and occupational disease disability

at 65% of salary, and for non-duty disability at 50% of salary.

3. Survivor benefits for spouses, dependent children and dependent parents.

Disability Definition

A permanent disability is any physical or mental disability that:

1. Can be expected to result in death,
2. Has lasted for a continuous period of not less than 12 months or
3. Can be expected to last for a continuous period of not less than 12 months.

Benefits-Retirement

Retirement benefits are available to participants who have as few as ten years of creditable service.

Full Retirement Benefits

Tier 1- The normal retirement age for firefighters is age fifty. Any firefighter reaching age fifty with at least twenty full years of creditable service is entitled to 50% of his/her salary at his/her last day of service or for one year prior to the last day whichever is greater. For each full year after twenty years, the pension increases by 2 ½%. At thirty years, full benefits of 75% of salary are received.

A participant having between ten years of creditable service but less than twenty years of creditable service, at age 60 is entitled to:

<u>Years of Services</u>	<u>Salary</u>
10 years	15.0%
11 years	17.6%
12 years	20.4%
13 years	23.4%
14 years	26.6%
15 years	30.0%
16 years	33.6%
17 years	37.4%
18 years	41.4%
19 years	45.6%

Tier 2 - Changes apply to firefighters hired on or after January 1, 2011. The minimum retirement age is 55 years. Minimum of 10 years service as a firefighter is required to be eligible to receive a retirement pension. The retirement pension is based upon 2.5% of “final average salary” to a maximum of 75%. One can retire after age 50 with minimum of 10 years service, but a penalty of $\frac{1}{2}$ of 1% for each month the firefighter age is under 55. Final average salary is defined as: “The average monthly salary obtained by dividing the total salary of the firefighter 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.” Meaning, the firefighter’s pension will be based upon his/her best eight consecutive years out of the last ten years of his/her service.

Tier 2 Salary Cap - Beginning January 1, 2011 a firefighters’ salary for pension purposes is capped at \$106,800, however that amount shall annually be increased by the lesser of $\frac{1}{2}$ of the annual CPI-U or 3% (but not less than zero) for the 12 months ending with the September preceding each November 1 (compounded). Cost of Living Increases - Payable at age 60 either on the January 1st after a firefighter retires or the first anniversary of pension starting date, whichever is later. Non-compounding increases will occur annually, each January thereafter. The increase will be the lesser of 3% or $\frac{1}{2}$ of CPI-U for proceeding calendar year. Meaning, if CPI-U is 0%, the retiree will receive no

increase. However, there will never be a reduction in benefits.

Tier 2 Surviving spouse benefits -

Initial benefit is 66 2/3% of a firefighter's earned pension at date of death. However, surviving spouses will receive cost of living increases in the same manner described above.

Partial Retirement benefits

At age sixty, any firefighter who has at least ten full years but less than twenty years, receives benefits pursuant to the above referenced table.

Refunds

A participant in the plan with less than twenty years of service may, upon his/her separation from service request a refund of his/her contributions. If this refund is made, it terminates further participation in the pension plan

The Contributions will be refunded without interest, upon a written

request from a participant who has been separated from service. There are no partial refunds; all refunds are paid in full.

A refund cannot be made to a firefighter if he/she is still in service with the fire department, or if he/she is received benefits.

Disability Benefits

The Plan provides disability benefits for participants who are found to be disabled. The benefits are non-duty related, duty related or occupational disease disability benefits. The participant becomes eligible to apply for benefits for duty disability on the date he/she is hired. To receive an occupational disease disability benefit, a participant must have at least five years of service. To receive a non-duty disability, at least seven years of creditable service is required.

Duty Related Disability

A duty related disability is a disability arising from sickness, accident or injury incurred in or resulting from the performance of an act of duty or from the cumulative effects of acts of duty and which causes the participant to be permanently disabled from service in the fire department.

This disability pays 65% or the percent of salary a participant would receive for his/her creditable service if he/she retired. This benefit is tax exempt.

Occupational Disease Disability

When a firefighter is hired, he/she must be examined by one or more physicians to determine if he/she has:

1. An impairment of the lungs or respiratory tract.
2. The existence of any cancer.

If either of these is found, a firefighter will not be eligible for an occupational disease disability pension unless or until a subsequent exam demonstrates no impairment or cancer.

To be eligible for an occupational disease pension, a firefighter must have five or more years of creditable service and is found to be unable to perform his/her duties as a firefighter due to heart disease, stroke, tuberculosis or any disease of the lungs or respiratory tract.

In the event a firefighter who has five or more years of service becomes disabled as a result of cancer and can establish:

1. The type of cancer involved is a type of cancer caused by exposure to heat, radiation, or a known carcinogen as defined by the International Agency for Research on Cancer and

2. The cancer is refutably presumed to arise as a result of service as a firefighter.

Non-Duty Related Disability

A non-duty disability is paid at 50% of the last salary of a participant who has been found eligible for such a benefit. This benefit is taxable. This disability can be of a nature totally unrelated to employment as a firefighter.

Procedures

The statute requires that to be eligible to receive either a duty, occupational disease or non-duty disability that an applicant shall be examined by at least three board selected physicians. The three physicians do not have to agree as to the existence of any disability or the nature and extent of a disability. The procedure usually is in the nature of an administrative hearing. The participant has the burden of proof to

establish that he/she is disabled. At the administrative hearing the participant may be represented by legal counsel and present evidence and call witnesses to testify on his/her behalf. The Pension Board may also be represented by an attorney, introduce evidence and call witnesses to testify.

These hearings should be fact finding hearings, and should not be adversarial.

Intervention

Municipalities and/or Fire Protection Districts have the ability to seek intervention in a disability hearing. The Pension Board has the discretion to grant or deny intervention. This discretion should be exercised carefully to determine the interest of the party seeking intervention.

Disability Decision

The Pension Fund must issue a written decision which will become the final and appealable decision. In the event of a decision adverse to the participant, a participant may appeal the decision under the Illinois Administrative Review Act. The rules for such appeals are highly technical and must be strictly adhered to, otherwise the appeal rights could be lost forever. A firefighter looking to appeal an adverse decision should seek the assistance of legal counsel.

Annual Examinations

A firefighter who is on disability shall be examined at least once a year to determine if he/she continues to be disabled until age fifty. Upon a finding that the firefighter has fully recovered from a disability, the board shall terminate the disability.

Conversion of Disability to Retirement

An applicant may convert a disability pension to a regular retirement at age fifty if they have a total of twenty years of combined creditable service and disability time. A disability to a retirement pension equal to the amount of disability pension they were receiving subject to an increase at age 55 by 3% of the originally granted pension for each full year that has elapsed since the pension began, and by an additional 3% each January thereafter.

A firefighter on disability over age fifty with over twenty years of creditable service may retire at the salary attached to his/her rank when he/she elects to retire subject to increases.

Retirement Pension Increases

At age 55, a retiree will receive a 3% increase for each full year of time he/

she has been receiving a pension. The Pension is increased each full year thereafter at a rate of 3% of the original pension paid.

Disabled Beneficiaries

The beneficiary receiving a disability pension also receives an increase in his/her pension. At age sixty he/she will receive 3% of the original grant of pension for each full year he/she received pension payments.

These increases are not compounded and are granted in January of each year thereafter based on the originally granted pension.

Spouses Increase

Spouses and surviving dependents do not receive annual increases.

Dependent Children

Any child under 18 years of age who is the child of the firefighter disabled as a result of a duty disability or occupational disease disability will receive \$20.00 per month for each child. (Children do receive a 3% increase as of January 1, 1998 of any disability benefit paid.)

Pension to Survivors **Tier 1**

If a firefighter who is not receiving a disability pension under 4-110 or 4-110.1 dies:

1. as a result of any illness or accident or
2. from any cause while in receipt of a disability or
3. during retirement after twenty years of service or

4. while vested for or in receipt of a pension payable under 4-109(b) or,
5. while a deferred pensioner who has made all required contributions his/her survivors will be paid a pension based upon the monthly salary attached to the firefighter rank of the last day of service as follows:
 1. The surviving spouse receives the pension that the firefighter was receiving at the time of his death. Each guardian of a minor child receives 12% of the monthly salary
 2. The spouse dies; each dependent child receives 20% of the monthly salary until age 18.
 3. There are no dependent children or a spouse;

dependent parents receive 18% of the monthly salary.

4. There are no dependents, the accumulated contributions, less pension payments, are to be refunded to the estate of the firefighter.

These benefits shall not exceed 75% of the monthly salary of the firefighter.

Pension to Survivors Tier 2

For Firefighters hired on or after January 1, 2011, If a firefighter who is not receiving a disability pension under 4-110 or 4-110.1 dies:

1. as a result of any illness or accident or
2. from any cause while in receipt of a disability or

3. during retirement after twenty years of service or
4. while vested for or in receipt of a pension payable under 4-109(b) or,
5. while a deferred pensioner who has made all required contributions his/her survivors will be paid a pension based upon the monthly salary attached to the firefighter rank of the last day of service as follows:
 1. The surviving spouse receives the greater of 54% of firefighters monthly salary at date of death, or 66 2/3% of the firefighters earned pension at date of death. Each guardian of a minor child receives 12% of the monthly salary
 2. The spouse dies; each dependent child receives

20% of the monthly salary until age 18.

3. There are no dependent children or a spouse; dependent parents receive 18% of the monthly salary.
4. There are no dependents, the accumulated contributions, less pension payments, are to be refunded to the estate of the firefighter.
5. Pension shall be increased on the January 1 after the surviving spouse attains age 60 by 3% or 1/2 the annual unadjusted % increase in the CPI-U.

These benefits shall not exceed 75% of the monthly salary of the firefighter.

Spouses Duty Disability Death Benefit

If a firefighter dies as a result of sickness, accident or injury incurred in or resulting from the performance of an act of duty or from the cumulative effects of acts of duty after January 1, 1994, the spouse is entitled to 100% of the salary attached to the rank of the firefighter on his last day of service. Since this benefit is a disability payment due to on the job injuries, the amount of the original disability pension should be considered non-taxable by the Internal Revenue Service, applying current definitions, laws, and regulations.

Transfer

A firefighter leaving the fire service may convert his/her contributions into an IRA. (Roll over)

The transfers may also be made to the General Assembly Retirement Fund,

Article 8, 9 or 13 of Chapter 40 Act 5 of the Illinois Pension Code or to the State Employees' Retirement System.

Reciprocity with Article 4 Fire Pension Funds

A firefighter may receive credit for his creditable service with a prior fire department. The prior fire department and new fire department must both be Article 4 pension fund participants. The firefighter may buy back any creditable service from a prior fire department. Repayments carry an interest rate of 6%.

In addition, a firefighter must pay 1% of his salary to the new fire pension fund and prior pension fund plus 6% interest on any amount for each month of creditable service.

Firefighters hired after July 1, 2004 must notify the new fire pension fund

of their intention to participate within 21 months of being hired.

The pension benefits to be paid are calculated after all necessary contributions have been made to the prior fire pension fund. The pension from the prior pension fund is a fixed amount. The new pension fund is responsible to pay the number of months of creditable service times 2.5% times salary less the amount of pension received from the prior pension fund upon the firefighter's retirement.

Spouses, Ex-Spouses, and Dependent Children

Spouses are defined as someone to whom the participant is legally married.

Ex-Spouses are treated as Alternate Payees. Article 1-119 governs payment of retirement benefits to an alternate payee under a QILDRO.

Children are natural born children and children legally adopted.

Only retirement benefits, not disability benefits or child support can be attached by a QILDRO. There is no lump sum payment available from contributions.

The *Alternate Payee* has the right to receive all or a portion of the retirement benefit received by the participant while he/she is alive.

Alternate beneficiaries **cannot** assign benefits to others, nor name beneficiaries.

A QILDRO is not a QDRO or other ERISA benefit. It is purely statutory in nature and nature and the Alternate payee must strictly adhere to the Statute. A QILDRO does not determine the amount to be paid the parties; it merely directs the Pension Board how to distribute the benefit by Order of the Court.

A firefighter may buy back creditable service after leaving the department. In the event he/she leaves active service, he/she may re-purchase the refunded contributions prior to returning to active service.

Contribution

A firefighter is required to pay a contribution equal to 9.455% of his/her salary. Salary is the amount stated by contract or ordinance. The following types of pay are considered salary:

1. Base Pay
2. Holiday Pay - if paid to all firefighters
3. Education Pay
4. Longevity Pay
5. Specialty Rank Pay

6. Temporary pay of over one year.

The municipality may elect to pick up contributions. If so, there is a reduction in salary, such pickup programs must be uniform to all participants. 40 ILCS 5/4-118.2

**To Apply for Any of the
Following Benefits**

- Retirement
- Disability Pensions
- Withdrawal of Contributions
- Spouse Benefits
- Conversion from Disability to Retirement
- Reciprocity

An applicant must:

1. Contact the pension board
2. Request and complete an application for benefits
3. Return application to a member of the pension board
4. Have all required documents in their file, such as

Birth certificates, marriage license, QILDRO, any handicapped beneficiary documents.

Further Questions may be directed to:
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