

Pension Fairness *for Illinois Communities*

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Illinois Mayors, Business Leaders Demand Relief from Escalating Public Safety Pensions

Legislators urged to 'finish the job' and pass comprehensive reform to protect towns from bankruptcy

SPRINGFIELD, Ill. [November 16, 2010] – Mayors and business leaders from across Illinois today issued an urgent appeal to state lawmakers to take immediate action this veto session on escalating fire and police pensions before communities collapse from the financial burden.

“Without meaningful and immediate reform, there is only one future for our communities and our residents – a future of higher taxes and deep cuts in public safety and other critical programs and personnel,” said Gary Grasso, Mayor of Burr Ridge.

The noon press conference at the State Capitol was held by the Pension Fairness for Illinois Communities Coalition, which represents hundreds of communities and businesses interests working together to develop a lasting solution to the pension crisis that protects Illinois taxpayers and communities, while ensuring sustainable retirement benefits for public safety employees.

Introduced late last week, Senate Bill 3538 contained several reforms to the benefit system that would help in part to stabilize pension costs for future public safety employees.

“Our Coalition is calling on the General Assembly to pass a meaningful package of reasonable changes to the police officers’ and firefighters’ pension systems. Senate Bill 3538 is a first-step in the right direction, but immediate pension reform, including some modification of current benefits, must be implemented comprehensively in order to produce the true fiscal savings taxpayers need now,” Grasso said.

The Pension Fairness Coalition’s legislative platform offers meaningful changes to the pension program for future public safety employees including:

- **Increase the normal retirement age to 60 from 50;**
- **Maximum pension only after 35 years of service;**
- **A pensionable salary cap;**
- **Maximum pension 72% of final salary;**
- **Calculate pensions using an average final salary based upon the highest 8 consecutive years out of the last 10 years.**

In addition, the Coalition asks that current employees increase their contributions towards their own retirement security so that they are more in line with what the taxpayers are putting into the police and fire pension funds. Another critical component of the platform is the 30-year rolling amortization of pension obligations, an actuarial practice widely accepted and used in local governments across the nation to rein in escalating pension costs.

Finally, the Coalition proposes the commissioning of several studies examining the condition of public safety pension funds as well as the benefits of investment pooling and fund consolidation for public safety pensions.

As it currently stands, public safety employees can retire as early as age 50 after 30 years of service, with a pension of 75 percent of their final pay rate- despite only contributing one-third of the cost of their pension.

Between 1997 and 2008, the cost of police pensions in Illinois increased from \$86 million to \$215 million. For firefighter pensions, the cost increased from \$70 million to \$176 million.

"The bottom line is that we need the General Assembly to act on our call for help," said Carbondale Mayor, Brad Cole. "Relief for municipalities will result in affordability for taxpayers and funding stability for the pension systems, which is what employees, pension recipients, and elected officials all want and what the taxpayers deserve."

In nearly all of the 44 communities in which a referendum appeared on the November 2 election ballots, more than 80 percent of voters responded "Yes," when asked if the General Assembly and Governor should take immediate steps to protect taxpayers from the burden of police and fire pension costs through meaningful pension reform.

Last March, the General Assembly enacted legislation reforming 13 state employee pension funds; however, police and fire pensions were excluded from the legislation.

"This is why public safety pension reform is the top legislative priority of municipalities across the state. Unless we reform the system to curb escalating pension costs, our towns are going to go broke," said Evanston Mayor, Elizabeth Tisdahl.

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