

# Pension Fairness *for Illinois Communities*

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## **Passage of Police and Fire Pension Reform a Solid First Step in Addressing Crisis**

### ***Pension reform bill offers initial reforms for taxpayer relief***

**SPRINGFIELD, Ill. [December 2, 2010]** - The Pension Fairness for Illinois Communities Coalition, a coalition of municipalities, counties and employer groups around the state, applauds the Illinois General Assembly's passage of Senate Bill 3538, which is an important first step towards meaningful police and fire pension reform. The Senate passed the bill today after passage in the House on Tuesday and now requires urgent approval by the Governor so it can become effective on January 1, 2011.

SB 3538 will create a two-tiered system for new hires, among other modifications to the pension system, including the following changes:

- Increase the normal retirement age to 55 from 50
- Set a pensionable salary cap at \$106,800
- Calculate pensions using an average final salary based upon the highest 8 consecutive years out of the last 10 years

"While not a perfect bill, this legislation is a solid step in the right direction to address the burden of skyrocketing public safety pension costs," said Ed Zabrocki, Mayor of Tinley Park. "We would like to thank the police and fire unions for taking part in these important negotiations."

Added Karen Darch, Mayor of Barrington, "We also want in particular to thank Representative Kevin McCarthy, Representative Raymond Poe, Senator Terry Link and Senator Pam Althoff for tackling this urgent issue for Illinois communities and coming up with an initial set of reforms to start lessening the burden on taxpayers."

"We look forward to the results of the COGFA study called for in the bill that will examine the health of all of the public safety pension funds and lay out a roadmap for recommended improvements," said Carbondale Mayor Brad Cole. "Hopefully, the focus can then be on making the system more sustainable for the long term."

The Coalition, however, stresses that this bill is not an end-all solution to the public safety pension crisis, despite providing some measure of current relief for taxpayers, communities and business groups.

In particular, the Coalition is concerned that the penalty language in the bill may produce unintended consequences that will leave some towns simply unable to support public safety and other critical services. Under the bill, the State would be allowed to divert revenue from municipalities, equaling any difference between the municipality's contribution to the local pension fund and the required actuarial contribution.

"As it stands now, even as taxpayers have increased pension contributions, funding levels have still declined," said Tim Davlin, Mayor of Springfield. "We are hopeful Senate Bill 3538 will lay the foundation for future comprehensive efforts in order to produce greater fiscal savings our taxpayers need. We appreciate the efforts of Senate President John Cullerton and House Speaker Michael Madigan for their leadership throughout this entire process."

From the beginning, the Pension Fairness for Illinois Communities Coalition pushed for a comprehensive package of meaningful reforms to address the police and fire pension problems that are burdening Illinois taxpayers and placing towns on the brink of collapse.

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