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Taxpayers Deserve to Know the Facts on State Retirement Benefits

The Illinois Pension Modernization Task Force has completed its work—including producing a substantive final report—but today 10 members voted NOT to endorse that report for submission to Governor Pat Quinn and the General Assembly.

“Taxpayers and policy makers deserve to know the truth: State retirement costs are lower than the private sector and lower than neighboring states, pension benefits are modest and for most retirees, their only source of income,” Illinois AFL-CIO President Michael Carrigan said. “The only way to have an honest and open debate is for all these facts to be made fully public.”

“It’s disappointing that following months of work, corporate lobbyists on the task force today joined with some lawmakers to block recommendation of the finished report to the Governor and General Assembly. The facts in this very substantive report deserve to be shared,” Carrigan said.

Among the report’s findings are these facts:

- The cost to taxpayers of state-funded pension benefits is less than the private sector, and less than public pensions in neighboring states;
- The level of benefits when compared to 85 public employee retirement systems nationwide are average;



- Seventy-eight percent (78%) of the funds' beneficiaries do not receive Social Security, meaning their pension is their sole source of retirement income;
- Changes or cuts to future benefits will not reduce the state's debt for past benefits already earned (the "unfunded liability"), nor lower required pension payments in the near term;
- The primary cause of that debt is the state's "decades-long failure to make its full employer contribution," even as participants continue to pay their own very significant share;
- The state should consider a new payment schedule to replace the 1995 funding "ramp," and new revenues are required.

"Ideology or opinion should not stand in the way of the facts," Carrigan said. "A difference of opinion is one thing, but the draft report does not contain ideology or opinion—it contains simple findings of fact that are essential information for any policy debate. We believe those facts make clear that no benefit cuts are justified, and we think it's wrong for anyone to stand in the way of sharing those facts."

The pension task force is a body of 19 voting members that includes state senators and representatives from both parties, leaders from unions that represent teachers and state and university employees, annuitants of the state-funded retirement systems, corporate lobbyists and others.

The task force studied the five pension systems funded by the State of Illinois—those covering teachers, state employees, state university employees, judges, and the General Assembly.

Staff support for the task force was provided by the nonpartisan Commission on Government Forecasting and Accountability, and the staffs and actuaries of the five systems.