

Illinois Attorney General Seeks Prompt Supreme Court Review of Circuit Court Ruling That New Pension Law Violates The Illinois Constitution

On November 21, Sangamon County Circuit Court Judge John Belz ruled that the state's pension reform law (P.A. 98-0599) "... impairs and diminishes the benefits of membership in the State retirement systems..." in violation of the Pension Protection Clause of the Illinois Constitution. That Clause reads:

"Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired." Ill.Const. Art. XIII, Sec. 5

The Court struck down the following changes in the pension reform law as unconstitutional:

1. Change to reduce the current 3% compounded automatic annual increases.
2. Change to annual pension increases to alternating year schedule.
3. Certain caps on pensionable salary of pension system members.
4. Changes to increase retirement age(s).
5. Changes to the method for determining the effective rate of interest used to calculate pensions.

In striking down the law, the Court affirmed prior Illinois Supreme Court rulings finding that such actions contravene the clear protections of the Illinois Constitution.

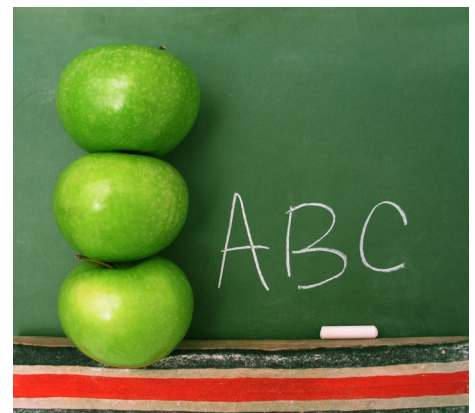
The State's principle argument in defense of the legislation, that state workers' "contract" for pensions can be modified to protect the public welfare in the case of an emergency, and that Illinois' dire financial situation is currently a state of emergency, was rejected by the Court. Promptly following the issuance of the circuit court decision, the Office of the Illinois Attorney General filed a petition for direct review to the Illinois Supreme Court requesting an accelerated hearing schedule for January 22, 2015 and no later than March 10, 2015, asking that the Court reverse the Sangamon County judge's decision.

The pension reform law was enacted in December 2013, and proposes changes to the pension funding formula of the State that would cut the State's contribution to four of the State pension systems by approximately \$1 billion.

The full text of the decision of Judge Belz in IN RE: PENSION LITIGATION, Case No. 2014 MR 1, can be found at:

[Judge Belz Petition Litigation Order](#)

For more information about matters discussed in this issue, please contact any one of the KTJ School Law Attorneys.



Klein, Thorpe & Jenkins, Ltd.

Chicago

20 N. Wacker Drive, Suite 1660
Chicago, IL 60606
T 312.984.6400 F 312.984.6444

Orland Park

15010 S. Ravinia Avenue, Suite 10
Orland Park, IL 60462
T 708.349.3888 F 708.349.1506

www.ktjlaw.com

Note: The information in this document is for informational purposes and should not be considered legal advice. This document may also constitute advertising under the rules governing attorneys in Illinois.