

FACT SHEET

— From the Department of Government Relations —

Reducing Pension Benefits for Current Educators OPPOSED

ISSUE: Can pension benefits be changed for current actively employed educators that are participants in the Teachers' Retirement System (TRS), the State Universities Retirement System, and the Illinois Municipal Retirement Fund (IMRF)?

CURRENT LAW: The "Pension Protection Clause" states in Article XIII, Section 5 of the Illinois Constitution:

"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."

CONSTITUTIONAL CONVENTION DEBATE: Delegate Henry Green sponsored the "Pension Protection Clause" and stated that the purpose of this provision was to create "a contractual relationship between the employer and the employee; and secondly, [section 5] mandates the General Assembly not to impair or diminish these rights".

Additionally, Delegate Helen Kinney sponsored the provision with Delegate Green and in debate cited an example of the provision's application: *"Benefits not being diminished really refers to this situation: If a police officer accepted employment under a provision where he was entitled to retire at two-thirds of his salary after twenty years of service, that could not subsequently be changed to say he was entitled to only one-third of his salary after thirty years of service, or perhaps entitled to nothing. That is the thrust of the word "diminished." . . . It is simply to give them a basic protection against abolishing their rights completely or changing the terms of their rights after they have embarked upon the employment — to lessen them."*

CASE LAW SUPPORTS "PENSION PROTECTION CLAUSE:" It has been affirmed by the Illinois Supreme Court and by the Illinois Appellate courts countless times what this section of the Constitution means.

- *Felt v. Judges Retirement System (1985):* The Illinois Supreme Court ruled that a pension law change by the General Assembly "clearly effects a reduction or impairment in the retirement benefits of the plaintiff members of State retirement systems in violation of the constitutional assurance of [the Pension Protection Clause]."
- *Sklodowski v. State of Illinois (1998):* The Illinois Supreme Court offered in its opinion that, "this court has held that the contractual relationship is governed by the actual terms of the Pension Code at the time the employee becomes a member of the pension system."

The opinions that have been offered to support the notion that the pension benefits of current participants can be changed are not founded in case law or in the transcripts of the 1970 Constitutional Convention.

NO SOCIAL SECURITY COVERAGE: The classroom teacher and university employee do not receive Social Security benefits for their years of service. The taxpayers of Illinois have saved billions of dollars since the state, school districts, and universities do not contribute to Social Security for their classroom teachers and university employees.