



HR0752

LRB099 13953 GRL 38288 r

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HOUSE RESOLUTION

2 WHEREAS, According to the Commission on Government
3 Forecasting and Accountability (COGFA), based upon the
4 actuarial value of assets, the total unfunded pension
5 liabilities of the State retirement systems totaled \$111.2
6 billion on June 30, 2014; and

7 WHEREAS, COGFA has also indicated that between Fiscal Year
8 2001 and Fiscal Year 2014, the combined unfunded liabilities of
9 the retirement systems increased by \$86.2 billion based upon
10 the market value of assets; and

11 WHEREAS, The certified contribution to the 5 State-funded
12 retirement systems has increased from \$1.33 billion in Fiscal
13 Year 2001 to \$7.6 billion in Fiscal Year 2016; and

14 WHEREAS, The Illinois Supreme Court made a unanimous ruling
15 on SB 1 (Public Act 98-599), which found that pension benefits
16 are a contractual and constitutionally protected right that
17 cannot be diminished or impaired; and

18 WHEREAS, Regardless of the Illinois Supreme Court ruling,
19 the effects of increased pension payments and liabilities are
20 still serious problems, which are currently crowding out
21 spending on other essential State services, and represent

1 problems that must be addressed in a constitutional way; and

2 WHEREAS, The Illinois Supreme Court's opinion laid a
3 framework for the adjustment of benefits through a legal
4 approach called "consideration", which allows for the
5 adjustment of benefits if both parties agree to the changes;
6 and

7 WHEREAS, The General Assembly has not thoroughly broached
8 the possibility of a pension or partial pension exchange option
9 for participants in State-funded retirement systems, which
10 would consist of giving participants a lump sum payment for
11 their annuity or a portion of their annuity, as a viable
12 solution to addressing short and long-term savings; and

13 WHEREAS, Many of those nearing retirement may be attracted
14 to having more control over their retirement assets, but
15 unfortunately the State does not provide a versatile and
16 competitive alternative to the current pension arrangement;
17 and

18 WHEREAS, Providing a lump sum payment in exchange for all
19 or a portion of an annuity would provide a voluntary,
20 constitutional approach to addressing the State's pension
21 obligations, while simultaneously providing participants the
22 options and flexibility needed when planning for retirement;

1 therefore, be it

2 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
3 NINETY-NINTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we
4 urge the Speaker of the House of Representatives and the
5 Chairperson of the House Personnel and Pensions Committee to
6 hold a series of hearings on how the State could potentially
7 approach a lump sum exchange option; and be it further

8 RESOLVED, That the Committee invite interested parties and
9 stakeholders to these hearings in hopes of better understanding
10 the positive and negative outcomes of an exchange proposal as
11 well as any potential barriers that would prevent an exchange
12 option from becoming a common practice within our State-funded
13 retirement systems.