



News

For Immediate Release

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October 31, 2008

Cook County Judge Dismisses Pension Funding Suit

CHICAGO, IL-A Cook County judge has thrown out a lawsuit that challenges how the state funds the pensions of downstate and Chicago public school teachers.

The Honorable Judge Mary Anne Mason granted a motion filed by the Teachers' Retirement System (TRS) to dismiss the suit filed by the Chicago Board of Education in March. The lawsuit contended the state's method of funding the Chicago Teachers' Pension Fund (CTPF) was unconstitutional compared to the appropriation process for TRS.

In her written legal opinion, Judge Mason concurred with TRS that the state has a rational basis for maintaining different funding mechanisms for the TRS and for the Chicago Teachers' Pension Fund. The Teachers' Retirement System contended the state has a rational basis to fund the two pension systems differently because TRS is a state entity while CTPF is not and the Chicago Board of Education has taxing powers that are unavailable to TRS.

A 1995 state statute (PA 88-593) set a funding goal to provide CTPF an annual amount between 20 percent and 30 percent of the annual state appropriation certified for the Teachers' Retirement System.

In her opinion, Judge Mason accurately points out, "the General Assembly did not mandate that the State contribute to CTPF...Thus, while TRS is guaranteed state funding each year, there is no comparable provision applicable to CTPF."

Additionally, the law gives the Chicago Board of Education the authority to levy local taxes in order to fund the pension plan for its teachers. The state began paying actuarially determined amounts into its five state pension systems, including TRS, in fiscal year 1996. The payments are part of a 50-year statutory plan designed to bring the retirement systems to a 90-percent funded level by 2045.

"The Teachers' Retirement System clearly understands the financial difficulties created by insufficient funding," said Jan Cleveland, an elected TRS Trustee and 5th grade special education teacher in the Carmi-White County #5 District. "The funded ratio at TRS stood at 56 percent in fiscal year 2008, due in part to decades of insufficient state funding, asset sales required to pay benefits, and recent financial losses," Cleveland said.

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TRS benefits remain protected by the state and U.S. Constitutions from being “diminished or impaired” for any reason. However, TRS continues to advocate for actuarially determined levels of state funding as required under state law in order to ensure the retirement security for its members.

Judge Mason’s ruling is consistent with several previous rulings that upheld the constitutionality of the state’s different funding formulas for the two separate teacher retirement systems in Illinois.

TRS provides retirement, disability and survivor benefits to 355,584 teachers and administrators employed at Illinois public elementary and secondary schools located outside the city of Chicago.

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