

FACT SHEET

— From the Department of Government Relations —

Pension Proposal Being Discussed:

The proposal is an assault on our members' pension rights under the Illinois Constitution. It gives our members three unenviable options:

1. To remain in the current pension plan (Tier 1) the **employee contribution for TRS members would increase to 13.77%** of salary (from 9.4% of salary currently) beginning July 1, 2013 until June 30, 2016. Beginning on July 1, 2016 the contribution would likely increase to 15.77% and remain capped at that amount thereafter. The amendment also increases the contribution rates for those in SURS to 15.31% of salary during the same period (currently, 8% of salary). The final increase in contributions for SURS would likely put the member's contribution at 17.31% of salary beginning in July 1, 2016 and remain capped at that amount thereafter. It is understood that after the first three years of the contribution increase, that the recalculation, as required by the amendment, will force member's contributions up to the maximum amounts specified in this paragraph.
2. To choose participation in the 2-tier pension benefit plan that passed last year (**retirement at age 67**, reduced COLA, reduced final average salary). The member would be required to pay 6% of salary (currently, 9.4% of salary in TRS). TRS has determined that the actual cost of the 2-tier benefit is an estimated 5-6% of salary. In essence, there is no employer contribution required and the members fund their own pension.
3. The option to participate in a defined contribution plan (401-K style plan). The member would pay 6% of salary and so would the state. Members would be required to direct their own investments.

** Examples given in this synopsis only apply to TRS members. The legislation also impacts the Judges Retirement System (JRS), the General Assembly Retirement System (GARS), and the State Employees' Retirement System (SERS).*

(over)

The **IEA is OPPOSED** to any proposal that changes the pension benefits of those currently in the classroom or in our schools! Our opposition is outlined below:

- Explicit violations of the Illinois Constitution. In Article XIII, Section 5 of the Constitution (the "Pension Protection Clause"), it is stated, *"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."*
 - We believe increasing the contributions for a member to maintain their current pension benefit package is a direct violation of this clause since it would be a change of a contractual relationship.
 - Forcing members to make a choice among "options", knowing that each option would amount to a smaller or a costlier pension benefit than they would otherwise be entitled to would constitute a violation of the "Pension Protection Clause."
- Our members have never missed a pension contribution and to force members to pay more so that the state can abrogate its responsibility once again is wrong.
- We are opposed to the creation of a defined contribution plan since our members in TRS do not receive Social Security for their years as an educator, thus not having any reliable safety net through their retirement years. Additionally, creating a defined contribution plan would divert much needed contributions for the current defined benefit plan and **would harm the financial stability of the plan.**