MCCG
MCHENRY COUNTY COUNCIL OF GOVERNMENTS

Public Safety Pension Reform
Fact Sheet

The Situation:

- In 2010, McHenry County Municipal Public Safety Pension Funds were, on average, funded at 54% with $90 million in unfunded accrued liability.

- Starting in 2015 (FY16) new rules requiring pension fund contributions will kick in. Local Pension Funds can request the State Comptroller to withhold local government revenues if a municipality is unable to provide 1/3rd of the actuarial calculated contribution in 2016, 2/3rds of the contribution in 2017 and 100% in 2018 and beyond.

- The Illinois Department of Insurance has issued new actuarial assumptions (including longer life expectancy of retirees), which are likely to increase annual contributions.

- In non-home rule municipalities, property taxes are capped. If property taxes levied for pensions are not enough to cover the actuarial requirement, other funds will have to be used to cover the gap. These regulations essentially put pension funding first before all other local services.

Solutions Proposed by the Illinois Pension Fairness Coalition:

- Pause all cost of living adjustments (COLAs) for 10 years

- Apply the Tier 2 COLA formula (the lesser of 3% or ½ of CPI, non-compounded) upon the end of the 10 year COLA pause

- Increase employee contributions toward pension by 1% of salary per year for 5 years

- Adjust the retirement age to 55

- Require 35 years of service to maximize pension benefit (return to formula utilized prior to reduction to 30 years to maximize pension = 2.5% of salary per year of service for the first 20 years of service, 2.0% of salary per year of service for the next 10 years of service and 1.0% of salary per year for the final 5 years of service)