

A Few minutes with the Boss

By: Joseph Andalina

The new pension bill...and a Very Merry Christmas to you!

Now that the first round of the pension battle is over and it appears that the new rules will go into effect for new police officers, what can we expect in Round 2? *

But first, a recap.

As reported by MAP attorney Richard Reimer, Senate Bill 3538 changes in three ways:

1. Creates a new pension benefit structure for new police and fire employees as of January 1, 2011.
2. Expands investment authority for pension funds with more than \$10 million in net assets.
3. Phases in a means to enforce mandatory municipal funding (similar to how IMRF funds are resourced).

The new pension law does not affect current employees, just those hired after 2011. But now new hires must stay on the job until they reach age 55. They have to have a minimum of 10 years as a cop or firefighter.

The new retirement pension is based upon 2.5% of the “final annual salary” for a maximum of 75% benefit. There is a penalty if you retire before age 50 and the pension itself is based upon the employee’s last eight out of ten consecutive years of service.

There is a salary cap of \$106,800 and the automatic COLA of 3% is not guaranteed. Rather, it is the lesser of 3% , or ½ of the CPI-U for the preceding year.

Surviving spousal benefits may be reduced, but COLA will remain as stated above.

So now we have a two-tiered system. One for the young “Turks” coming in, and one for the old “Mustache Pete” veterans. There are some funding changes, which you can locate elsewhere and it mandates that our pension fund must be 90% fully funded by 2040. There are requirements to ensure that this is fully enforced.

So, really, how hard is this? Most cops saw the writing on the wall and accepted what they could get from our legislators. While not ideal if the “enforcement” language stays, you could possibly see fully funded pensions by 2040. But what is wrong with that picture? You all have seen photos of pissed off mayors and others who don’t like that provision. How dare the legislature force them to fund their share in a pension plan as promised?

And that will probably be Round 2, because I feel that many municipalities will ignore the law and continue to divert, avoid, and simply not pay their fair share. They don’t like it because it forces them to pay, which they thought they could avoid with a new two-tier

system. After all, there will be **no savings** until the upcoming young guys retire by 2040. Most of those pols will be spending their evenings in “purgatory” or somewhere worse by 2040. So I doubt they have thought this past their next election cycle. They think they have caught up with the rabbit lure which is change pensions. Yes, they want change now. They want their obligations commuted for other nonsensical pork or binges.

So Round 2 might just be an extended fight to reduce or eliminate this funding mandate. Rounds 3 and 4 will likely include a fight for a defined contribution rather than a defined benefit. You may see further reductions in benefits or more up front money to be paid by the employee in the middle rounds.

I see the later rounds fraught with a battle over opening up the Illinois Constitution in order to change the pension protocols for those of you still patrolling the streets. The politicians have already convinced the public and the press that our benefit packages rival those of CEO’s across the land. Recent articles in the Tribune and other print venues have proved my predictions that the power-to-be want additional change soon.

We have become the new “dot.com bubble” to them and it is this ploy they will use to denigrate your pension to the masses in order to espouse smaller government by cutting spending to government workers.

No, I do not have a crystal ball, but I see some bad juju coming in the future as this pension business winds its way through legislative halls and later, the courts.

Oh well, I’ll have more to say on this in future musings. Also, some comment on the layoff picture and the venom being spewed by some employers that have appeared in the press in either a future Opinion piece, or an essay in the *Rap Sheet*. Look for both next year.

As this year winds down and the weather turns grimmer with cold, wind, sleet, and snow, batten down those outdoor Christmas exhibits. I had to chase my Santa down the driveway the other day, as a typical December storm brought typical December weather. But he is safe again once more on my front porch as lights are all aglow and twinkly around him and his antlered beasts while we await the arrival of the “real” Old St. Nick.

So however y’all celebrate Christmas, Hanukkah, or the Holiday Season, put your troubles away—ignore the bad people when you can, pour yourself your favorite libation and wait for that magical time around midnight on December 24th. He will be coming and I hope you all get yours! For some that has a different meaning, but for all of you in Copland, Merry Christmas, Happy New Year, and I’ll see you again in 2011.

Vita é bella

* As of this writing, our governor has not yet signed this bill. Rumor is he is going to wait until next year. Hmm, I wonder what that means?

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