



# Public Safety Pension Fund Reform & Consolidation Fact Sheet

## THE PROBLEM

Communities across Illinois are facing a funding crisis with their police and firefighter pension funds. With many funds massively underfunded, retirees face uncertainty and taxpayers continue to see their property tax levies and sales taxes increase, while services continue to get cut and employee layoffs are a real possibility. Illinois currently has more than 650 individual police and firefighter pension funds. Each of these pension funds consists of five-member boards, meaning there are roughly 3,300 pension fund trustees across the state, which contributes to redundant administrative costs and lower returns for pensioners.

## A PROPOSED SOLUTION

Commissioned by Governor JB Pritzker, the Pension Consolidation Feasibility Task Force has proposed a plan that would consolidate the investments of the more than 650 individual pension funds into two separate funds – one for police officers and one for firefighters. By consolidating the investments of each pension fund into two large funds, pensioners and taxpayers will benefit. Pensioners will benefit from more diverse portfolios and higher investment returns, and taxpayers will see long-term savings through efficiencies. Further, municipalities will receive much needed relief from rising pension costs, which will allow them to focus on also funding other important public services that benefit their communities.

The task force's proposal allows local pension boards to maintain all other authority such as pension awards and disability determinations for police officers and firefighters in those communities.

## CONSOLIDATION IS A “WIN-WIN” FOR TAXPAYERS & PUBLIC SAFETY EMPLOYEES

At a time when municipalities are already facing budget constraints due to cuts to municipal revenues and additional costs from unfunded mandates, communities and taxpayers are struggling to fund public safety pensions. The overall health of the funds has deteriorated since the General Assembly enacted a series of benefit enhancements from the 1990s through the first decade of the 2000s. The consolidation of municipal public safety pension investment funds now would reduce costs for municipalities and taxpayers without diminishing existing pension and disability benefits to public safety employees. It would also help provide peace of mind for public servants who rely on these promised benefits once they retire.

## ACTION AT THE STATEHOUSE IS NEEDED

Opponents to reform and consolidation claim these funds must be managed by local boards, but at what cost? The Pension Consolidation Feasibility Task Force's proposal maintains that individual boards will still have control over pension awards and disability determinations for police officers and firefighters. Investments would simply be moved into two separate funds, with each community maintaining its own account, where they will be managed by financial experts with access to larger investment portfolios. Lawmakers must take action now in order to safeguard the retirements of our police officers and firefighters, protect the interest of taxpayers and maintain the solvency of at-risk municipalities.