

TUA NEWS RELEASE

TAXPAYERS UNITED OF AMERICA

205 W. Randolph Street • Suite 1305 • Chicago, IL 60606 • Fax: (312) 427-5139
www.taxpayersunited.org • E-mail: tobin@taxpayersunited.org

FOR IMMEDIATE RELEASE
July 15, 2015

Contact: Rae Ann McNeilly (440) 478-3858
(312) 427-5128

No Budget Relief Without Pension Reform

Chicago—Taxpayers United of America (TUA) today released the results of its analysis of the effects of the State of Illinois’ government employee pension systems on the state’s daunting budget crisis.

“How does the Illinois government pension system negatively impact Illinois’ budget crisis? Let me count the ways,” stated executive director of TUA, Rae Ann McNeilly.

“We actually start and finish our analysis with the same issue. The Illinois State Constitution creates a protected class of political residents through an amendment that forever places unfair financial burdens on the taxpayers of the state.”

“While taxpayers struggle to make their property tax payments, working well beyond retirement age, these government pensioners enjoy lavish, gold-plated retirements beginning on average at the age of 59.”

“But let’s talk about some of the numbers that render this system so burdensome to average taxpayers. According to our analysis, government employees pay only about 5.8%, on average, of their multi-million dollar estimated lifetime payout. Since 1998, government employee contributions to the state pension funds have [increased by about 75%](#) while taxpayer contributions have increased by a stunning [427% over the same period](#). Increasing government employee contributions to their own retirement fund by 10% would save taxpayers over \$4.3 billion per year.”

“Secondly, the government employee pensions include a 3%, compounded annual cost of living adjustment. This excessive benefit doubles the annual pension paid out to retirees at least once over a natural lifetime. Elimination of this benefit alone would save taxpayers \$250 million for the first year, increasing annually because interest would no longer be paid on increases.”

“The third and equally excessive benefit is the early age at which government pensioners are able to retire, some still in their 40s, although our research show full-time, life-long government pensioners have an average retirement age of about 59. Raising the retirement age to 67 in order to receive maximum benefits would be in line with the private sector taxpayers and the total pension liability would be reduced by 27% or \$49 billion.”

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“Within the pension benefits are the healthcare benefits that government employees and retirees pay little or nothing out of their own pockets. These healthcare benefits aren’t even included in the nearly \$200 billion in unfunded liabilities. If employees and retirees contributed 50% to their own healthcare, as most private sector employees, it would ease the state’s budget by \$3.6 billion a year.”

“Then we have the problem of expanding the pension system to include the highly paid judges and legislators, which creates an obvious conflict of interest as demonstrated by the recent challenge and ruling to the General Assembly’s half-hearted attempt at pension reform of SB1. Judges upheld the protected political class benefits, taxpayers be damned.”

“This brings us full-circle, although certainly not completely detailed, to where we actually have a Constitutional amendment that creates and protects an elite political class with absolutely no regard to the taxpayers who can and are even forced to lose their own homes to ensure to constant care and feeding of a corrupt and immoral government pension system.”

“While Governor Rauner certainly has made clear his intent to reform the government employee pension system, his latest 500 page proposal depends on the legal splitting of hairs that negotiations say, ‘we’ll give you this, if you sacrifice that’, likely can’t withstand legal challenges, especially those being deliberated by beneficiaries of the government pension cabal – the state’s judges.”

“The only option for adequate, permanent reform that eliminates unfunded liabilities and a protected political class under this corrupt system is to get a Constitutional amendment on the ballot that removes the immoral protection of government employee benefits above all others. But the General Assembly must also pass a bill that allows local Illinois governments the right to restructure their debt under bankruptcy protection.”

“To be successful in such an endeavor, media must first be honest about the reality of the mathematical impossibility of sustaining the system as it stands. Rank and file members and average government employees are worried about their own pensions and whether or not they will even get pennies on the dollar.”

“But when the ‘moderator’, Eddie Arruza of [Chicago Tonight’s panel discussion on the subject](#) clearly chooses a side in the issue, and the so called ‘non-partisan, non profit’ panelist, [Ralph Martire](#), executive director for the Center for Tax and Budget Accountability counts himself and his organization as winners in the judges’ ruling against SB1, there is no objectivity, much less honesty in the bleakness of the outlook for today’s and tomorrow’s government pensioners getting even pennies on the dollars of the ‘promises’ made to them.”

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“While biased media and talking heads share much of the responsibility in keeping people in the dark about the reality of the Illinois government pension crisis, it couldn’t be clearer who the engineers and power brokers are who have brought Illinois literally to the brink. Michael Madigan has controlled the Illinois General Assembly for 38 of his 40 years as a state representative. With the assistance of Senate President John Cullerton, they have literally sold the very soul of the state for their own gain and power. They have run roughshod over Illinois taxpayers for far too long. And with the help of a partisan media, they have yet to be held accountable.”

“Just take a look at the stunning pensions these judges and legislators get. It is no wonder that they protect the government pension cabal without hesitation.”

“**Arthur Berman** retired from the General Assembly and rakes in a cool **\$228,960** annually! His estimated lifetime payout is *about \$3.7 million*. His stake in that lavish payout? About **3%**.”

“**Judge Tobias Barry** is currently getting **\$204,083** in annual pension payments. Fortunately he didn’t retire until **82** so his estimated lifetime payout is only a *humble \$2.3 million*.

“There are now 12,154 Illinois government pensioners collecting more than \$100,000 and 85,893 pensioners collecting more than \$50,000 annually! Those are staggering numbers, considering the taxpayers who fund these pensions get an average Social Security pension of about \$15,000 a year.”

“This is not a retirement system or a safety net for ‘the poor public servants’ who have given their lives to the community. This is theft. This is immoral and unethical theft of taxpayers’ hard-earned money to be given to the political elite in order to secure the power of the union thugs and the bureaucrats who benefit from their support, all guaranteed by a crony statute.”

*Lifetime estimated pension payout includes 3% compounded COLA and assumes life expectancy of 85 (IRS Form 590).