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PENSIONS - ILLINOIS

Underwood v. City of Chicago

Appellate Court of Illinois, First District, First Division - September 21, 2016 - N.E.3d - 2016 IL App (1st) 153613 - 2016 WL 5239868

City retirees filed state court action alleging that reduction in their health care benefits violated state constitution and Contracts Clause.

After removal, the United States District Court dismissed complaint, and retirees appealed. The United States Court of Appeals vacated and remanded. On remand, the Circuit Court denied retirees' motion for a preliminary injunction, and granted city's motion to dismiss with regard to retirees' contract and estoppel counts. Retirees appealed.

The Appellate Court held that:

- City retirees had no ascertainable claims to lifetime health care benefits under time-limited Pension Code amendments;
- Evidence was sufficient to support finding that retirees could not demonstrate a likelihood of success on the merits of their claim that the city's plan was a diminishment of anything they were entitled to, as required for the issuance of a preliminary injunction against city;
- City annuitant's handbook did not create a right to lifetime medical benefits for city retirees; and
- Retirees failed to demonstrate that they could overcome the statute of frauds, or any express act by the city or any of its authorized representatives to bind city to a commitment to provide retirees with lifetime medical benefits, as required to allow for the extraordinary relief of enjoining the city from phasing out plan on retirees' health care coverage.

Pension Code amendments that provided only time-limited health care benefits to city retirees did not create or give retirees rights beyond what the legislature afforded, and thus, city retirees had no ascertainable claims to lifetime health care benefits.

Evidence was sufficient to support trial court's finding that because city's most current pension plan did not diminish or impair the benefits set forth in non time limited amendments to the Pension Code, retirees could not demonstrate a likelihood of success on the merits of their claim that the city's plan was a diminishment of anything they were entitled to, as required for the issuance of a preliminary injunction against city. Retirees received greater health care subsidies under the city's plan than they received under the Pension Code amendments, which did not provide for any increase in monthly subsidies or for fixed premiums.

City's annuitant's handbook did not create a right to lifetime medical benefits for city retirees; the book referred several times to the ideal that the city's plan to provide medical benefits to retirees would at some time terminate.

City retirees failed to demonstrate that they could overcome the statute of frauds, or any express act by the city or any of its authorized representatives to bind city to a commitment to provide retirees with lifetime medical benefits, as required to allow for the extraordinary relief of enjoining the city

from phasing out plan on retirees' health care coverage.

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