

Bond Case Briefs

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PUBLIC PENSIONS - ILLINOIS

Carmichael v. Laborers' & Retirement Board Employees' Annuity & Benefit Fund of Chicago

Supreme Court of Illinois - November 29, 2018 - N.E.3d - 2018 IL 122793 - 2018 WL 6257483

Participants in public pension funds brought action challenging constitutionality of statutory amendments that modified calculation of annuities.

The Circuit Court granted in part and denied in part competing motions for summary judgment. State and participants appealed directly to the Supreme Court, and appeals were consolidated.

The Supreme Court of Illinois held that:

- Amendments eliminating union service credit for leaves of absence violated state Constitution's pension-protection clause, and
- Amendments providing that only public salaries could be used in calculating highest annual average salary violated pension-protection clause.

Statute eliminating union service credit for leaves of absence violated state Constitution's pension-protection clause to extent that it eliminated as a pension benefit for current participants the ability to earn union service credit previously bestowed by legislature.

Under provisions of Pension Code in effect prior to amendment, employees had right to use union salary from leave of absence to calculate the highest average annual salary, and thus amendments providing that only public salaries could be used in calculating highest annual average salary violated state Constitution's pension-protection clause.