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Chicago Loses Bid to Keep Pension Reform Alive Pending Appeal.

CHICAGO — A judge on Wednesday denied Chicago's request to keep a pension reform law in effect while the city appeals a court ruling that voided the law on constitutional grounds.

Cook County Circuit Court Judge Rita Novak, who tossed out the law last Friday, rejected Chicago's motion to suspend her ruling until the Illinois Supreme Court ultimately decides the law's fate.

Novak's latest ruling means that unless the high court temporarily keeps the law in place, the city's municipal and laborers' retirement systems must refund higher contributions that the affected workers were required to make since the law took effect on Jan. 1. Retirees who received lower cost-of-living increases mandated by the law would also be owed money.

The law required Chicago and affected workers to increase their pension contributions and replaces an automatic 3 percent annual cost-of-living increase for retirees with one tied to inflation. Those increases are also skipped in some years.

The cash-strapped city is betting that the state supreme court will overturn Novak's ruling, which rejected Chicago's argument that the 2014 law results in a net benefit because it will save the retirement systems from insolvency.

The high court in May found public sector workers have iron-clad protection in the Illinois Constitution against pension benefit cuts. That decision came in litigation over a 2013 law that reduced benefits for workers in state retirement systems.

By REUTERS

JULY 29, 2015, 5:58 P.M. E.D.T.

(Reporting By Karen Pierog; Editing by Grant McCool)