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PUBLIC PENSIONS - ILLINOIS

Arlington Heights Police Pension Fund v. Pritzker

Supreme Court of Illinois - January 19, 2024 - N.E.3d - 2024 IL 129471 - 2024 WL 205490

Beneficiaries of local police and firefighter pension funds brought action against Governor who signed into law act that amended Illinois Pension Code so as to consolidate local police and firefighter pension fund assets into statewide pension investment funds, seeking declaratory, injunctive, and other relief, including a finding that amendment violated Pension Protection Clause and Takings Clause of Illinois Constitution.

The Circuit Court granted Governor's motion for summary judgment, and beneficiaries appealed. The Appellate Court affirmed. Beneficiaries' petition for leave to appeal was granted.

The Supreme Court held that:

- Beneficiaries' right to vote for local pension fund board members was not protected benefit under Pension Protection Clause;
- Amendment's requirements that local funds pay start-up and administration costs of new funds did not violate Pension Protection Clause; and
- Amendment did not take or damage private property in violation of Takings Clause.

Local police and firefighter pension fund beneficiaries' voting rights did not constitute benefits protected by Pension Protection Clause, and thus, any dilution or other impairment of such voting rights that resulted from amendment to Pension Code requiring consolidation of local police and firefighter pension fund assets into statewide pension investment funds did not violate Pension Protection Clause; amendment had no impact on beneficiaries receiving promised monetary benefits, as it did not change beneficiaries' right to elect members of local funds' boards or local boards' authority to determine amount of benefits beneficiaries were entitled to receive, and beneficiaries had no right under Pension Protection Clause relating to who invested local fund assets.

Amendment to Pension Code requiring consolidation of local police and firefighter pension fund assets into statewide pension investment funds for use in paying benefits to local funds' members and covering operating expenses did not impair or diminish local pension fund benefits, and thus, did not violate Pension Protection Clause of Illinois Constitution, even if amendment required local funds to pay start-up, administration, and operation costs for new funds plus interest on any amount borrowed from Illinois Finance Authority (IFA) to pay transition costs; amendment did not require borrowing or spending of any specific amount on startup and administrative costs of new funds, which were intended to make more money available to fund local pension benefits by eliminating unnecessary costs.

Amendment to Pension Code requiring consolidation of local police and firefighter pension fund assets into statewide pension investment funds for use in paying benefits to local funds' members and covering operating expenses did not take any private property belonging to local funds' beneficiaries, and thus, did not take or damage private property without just compensation in

violation of Takings Clause of Illinois Constitution; amendment only changed how local fund assets were managed and invested without affecting ultimate use of assets to pay pension benefits, and beneficiaries had no private property right in source of funding for payments of promised benefits.

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