



CHICAGO TEAMSTERS JOINT COUNCIL 25



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PENSION OVERHAUL WILL AFFECT NEW PUBLIC EMPLOYEES

Retirement Age Increase Among Many Changes for Individuals Hired After Jan. 1, 2011

The pension-reform legislation signed into law April 14 will bring sweeping changes to all state pension systems, as well as pension systems in Cook County and the City of Chicago.

“Despite the best efforts of everyone in organized labor, this bill was passed without any input from the Teamsters,” said John T. Coli, Local 700 Trustee. “Our public employees received no consideration from their legislators.”

“The legislature can take years to pass bills into law, and yet this one was pushed through in 10 hours. They were looking for a quick fix, but they really missed the mark on this one,” said Billy Logan, Local 700 Assistant Trustee.

Current employees will not be affected. For individuals hired after Jan. 1, 2011, the new pension system:

- Raises the retirement age for state pension systems to 67 with 10 years of service, or 62 with a 6 percent penalty on employee annuity for the next five years (amounting to a 30 percent annuity reduction over that period);
- Sets an employee’s final average salary by using the eight highest consecutive years out of the last 10 (currently, systems average the four highest consecutive years of last 10);
- Reduces the Cost of Living Adjustment (COLA) to 3 percent or one-half of the Consumer Price Index (CPI), whichever is less, with simple interest;
- Caps pensionable income at Social Security level, which is \$106,800 (currently no cap);
- Sets survivor benefits at 66.7 percent (currently 50-100 percent);
- Requires eight years to vest in any pension system;
- Suspends participation in a second pension system if an employee receives a salary in another public system.

The legislation also includes changes to the state’s alternative formula, which offers an enhanced benefit of higher annuity and reduced retirement age for those working in hazardous jobs. Current employees will not be affected.



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For those individuals hired after Jan. 1, 2011, the pension reform:

- Raises retirement age to 60 with 20 years of service (currently 50 with 25 years of service);
- Limits those eligible for the alternative formula to state police, state firefighters and state corrections workers.

Currently, Teamsters Local 700 represents various employees of the Illinois Department of Transportation and Tollway highway maintainers who are eligible to receive the enhanced benefit. Current employees will not be affected, but new hires in these positions will not receive the enhancement.

“The Teamsters will continue to fight against these changes moving forward,” said Becky Strzechowski, Local 700 Assistant Trustee. “Our union represents more than 13,000 public employees who deserve to be heard on this issue.”