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## TALKING POINTS

1. Changing to a defined contribution plan for Illinois public employees is, for the foreseeable future, fiscally untenable and politically impossible.

2. All 16 statutorily created public pension systems in Illinois have varied benefit levels and different funding mechanisms.

3. With few exceptions, most of the pension benefits granted by Illinois statute are in line with other pension systems throughout the country.

4. Most benefit increases passed by the Legislature from 1975 to 2005, for participants and retirees, were granted without proper funding and without long term planning.

5. With one or two exceptions, the public employers are not required by statute to adequately fund their systems. Actuarially required contributions, to reach acceptable funding levels, are not mandated by law or rule.

6. Inadequate funding for benefit increases, lack of mandates to employers to make actuarially required contributions, employees living longer and retiring earlier, health care costs for retirees skyrocketing, salaries rising over the last 20 years, the current economic crisis, and a few other factors, have created a "perfect storm" for the public pension funds in Illinois.

7. Mandating employers to dramatically increase contributions and reducing benefits for new employees are difficult political issues.

8. Possible Solutions:

    A. Create a mandated funding mechanism for all funds that calls for actuarially required contributions in order to reach 90% funding levels within 20 to 40 years.

    B. For new employees only, raise the retirement age and create reasonable limits for annual automatic annuity increases.