

# **Governor Pritzker Lowers Pension Liabilities Through Extended Buyout Opportunities, Additional Payments**

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SPRINGFIELD — Governor JB Pritzker today signed House Bill 4292 into law, extending the pension buyout option for state employees to 2026. The bill authorizes \$1 billion in additional general obligation bond funding to extend the buyout program. This action was another important step in the Governor's mission to ensure fiscal

responsibility and reduce overall liability costs placed on taxpayers and follows the inclusion of an additional \$500 million contribution to the retirement systems above certified amounts across FY2022 and FY2023.

“Responsible fiscal management means taking every action possible to address our pension obligations while honoring promises made to current and retired workers – promises made by governors and legislators on both sides of the aisle,” said Governor JB Pritzker. “The expansion of this bipartisan pension buyout program builds on Democrats’ work this session to save taxpayers nearly \$2 billion in pension liabilities by paying down our pension debt in advance.”

"The COLA buyout program is a win-win for the state's finances and our retirees," said State Representative Bob Morgan (D-Highwood). "I'm proud of this bipartisan effort that frees up nearly \$100 million in our Budget annually to address much-needed investments in education and human services."

“I’m happy to see this bipartisan solution to address our state’s pension liability is being extended,” said Representative Mark Batinick (R-Oswego). “I have been working on this plan for years and am pleased to see it has been effective for our state. This is one of the ideas I am most proud of and it’s great that it will continue to help Illinoisans further into the future.”

“When legislators of both parties can come together on a plan to save taxpayers money by reducing the state’s pension shortfall, this is an occasion to celebrate,” said Illinois State Comptroller Susana A. Mendoza. “This is yet another example – along with a billion dollars for the Rainy Day Fund and half-a-billion in additional pension payments – that show Illinois is saving, not spending, and earning credit upgrades.”

“The savings generated by the pension buyout program is big point of pride for me,” said Illinois Senator Robert Martwick (D-Chicago). “When this idea was formed by myself and Rep. Batinick, we put aside our different ideas on partisan issues, and worked together to find a bi-partisan solution for the state’s most persistent and crippling financial problem. When Democrats and Republicans work together on these core financial issues, every Illinoisan benefits.”

“This bill is part of a commonsense solution to help us meet our pension obligations and reduce our unfunded liability, and I'm glad to see it signed into law today. I hope Illinoisans see this as another sign that we are putting our state back on the path of fiscal responsibility and making real progress for our residents.” -State Representative Margaret Croke (D-Chicago).

“By providing an additional \$1 billion of State Pension Obligation Acceleration Bonds, we’re reducing long-term pension liabilities and furthering our state’s commitment to fiscal responsibility,” said State Representative Sue Scherer (D-Decatur). “This is an important piece of legislation that not only benefits the state, but also benefits state employees who have more of an opportunity to receive accelerated pension benefits.”

State employees will now have the opportunity to opt for a pension buyout for an additional two years, through June 30, 2026. \$1 billion in bond authorization was approved to fund these buyouts. Previously the buyouts were offered only through June of 2024.

Governor Pritzker’s FY2023 budget authorized an extra \$500 million payment to the state pension fund beyond the required annual contribution to reduce overall pension liabilities. The additional payment will save taxpayers an estimated \$1.8 billion.

During Governor Pritzker’s time in office, the state of Illinois has received three credit rating upgrades after two decades of stagnation and decline. Credit agencies have credited the upgrades to Governor Pritzker’s administration’s efforts towards reducing debt, managing pension contributions, and monitoring long-term liability burden.

The bipartisan expansion of the buyout option honors the commitments made to state employees while giving them the flexibility to spend pension dollars when needed. State employees, downstate teachers, and university employees who meet certain eligibility requirements at retirement may opt for an accelerated pension benefit payment in exchange for forfeiting a portion of future cost-of-living increases on retirement benefits. Over 4,500 state and university employees and teachers have already opted for the buyout.