



**State Universities  
Annuitants Association**



The Power of Effective Advocacy

# **PENSION RELIEF: SOLUTIONS FOR ILLINOIS' CRUSHING DEBT PROBLEM**

Illinois' pension debt is crushing its state budget, squeezing more and more resources each year from public universities, schools and other critical programs and services. Illinois needs to seriously consider refinancing plans for the pension debt that can:

**Ensure workers and retirees receive their constitutionally protected pensions**

**Reduce the enormous costs of the current long-term pension payment plan**

**Provide immediate, significant relief to the state budget this year**

## **The Solution**

- Issue 27-year fixed rate bonds in 2018 (to reach 2045)
- Bond proceeds given to retirement systems to reach 90 percent funding in 2018
- 35.82 percent of those bond allocations for each system set aside as special investment funds for debt payments until 2045
- State pension funding cost until 2045 is for normal cost for all retirement systems, and annual payments to special investment funds
- Bond sale: \$107.42 billion
- Debt is paid off in annual payments of \$8.5 billion until 2045
- State saves a total of \$103 billion off of current cost of 50-year pension plan by 2045
  - State's current obligation under 50-year pension payment plan: \$341 billion
  - State's obligation under this proposal by 2045: \$238 billion

**A creative solution to protect taxpayers' and retirees' investment in our future**