



Newsletters

Trial Court Strikes Down Illinois Pension Reform Law as Unconstitutional in Its Entirety

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Informing Illinois

Sangamon County (Illinois) Circuit Judge John W. Belz ruled today that last year's major Illinois pension reform legislation, Public Act 98-0599 ("the Act"), is unconstitutional in its entirety and that the state of Illinois cannot use its sovereign or police powers as a justification for diminishing pension benefits.

In a [written order](#), Judge Belz found that the Act, "on its face, impairs and diminishes the benefits of membership in State retirement systems in multiple ways"; that the state's sovereign or police powers defense was not "legally cognizable"; and that the unconstitutional portions of P.A. 98-0599 are inseverable, so the Act is void in its entirety.

The Illinois General Assembly passed the Act last year in an attempt to address the state of Illinois' massive unfunded state employee pension liability. Several groups of state retirees filed suit almost immediately, and the cases were consolidated in Sangamon County. The state is appealing Judge Belz's decision directly to the Illinois Supreme Court.

Judge Belz's decision relies in large part on the Illinois Supreme Court's decision in *Kanerva v. Weems*, 2014 IL 115811, in which the Court struck down a previous legislative attempt at pension reform requiring retirees to pay premiums on state-provided health insurance. *Kanerva* is currently on remand before a different judge in Sangamon County.

If the Illinois Supreme Court upholds today's decision, the legislature will have to take a very different approach to dealing with Illinois' unfunded pension liability than the approach it tried with the Act.

For more information, please contact your Hinshaw attorney.

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