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Illinois Gov. Pension Plan Deficit Second Worst In The Country

A recent report by the nonpartisan Washington-based Tax Foundation indicates that Illinois has the second-worst pension deficit in the country.

The foundation's Janelle Cammenga cited the most recent data from Truth in Accounting, which analyzes government accounting data from every state. "As of 2019, New Jersey faced the largest deficit, with its plans only 36 percent funded. Illinois followed at 39 percent funded, with Indiana only slightly better at 44 percent," writes Cammenga.

Pension plans in South Dakota and Wisconsin were in the best shape, with funded ratios of 99 and 96 percent, respectively. Idaho was close behind with a 94 percent ratio.

Seventeen states saw pension plans that were less than two-thirds funded, and five states had pension plans that were less than 50 percent funded.

Historically, most states have provided some form of defined benefit plan that promises retirees a lifetime annuity, according to the foundation. "The report shows that some states have seen the light in recent years and have transitioned to a defined contribution plan for new employees, with employees controlling their own accounts and employer contributions funded by the state," said Jim Tobin, economist and president of Taxpayer Education Foundation (TEF). "We have been urging the Illinois General Assembly to adopt a state constitutional amendment allowing them to switch to such a system. This would give the state some breathing room while it searches for more permanent solutions to its dire pension crisis."

"Specifically, we urge the general assembly to adopt the following reforms:"

- Place all new government hires into a defined contribution account as opposed to the current defined benefit system.
- Immediately discontinue the automatic cost of living adjustment.
- Remove all of the loopholes that allow salary spiking during the last years of employment on which pension calculations are made.

Source: https://taxfoundation.org/state-pension-funding/