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Alton Firefighters Settlement May Have Statewide Implications

Edwardsville, Ill – June 6, 2008 – Judge Dan Stack today signed an order approving the settlement agreement reached by the City of Alton and its firefighters. The order enforces the settlement reached by Alton and the trustees for its firefighters, which requires the city to follow guidelines set forth by state law. This court-ordered settlement agreement sets a precedent that sends a message to other municipalities concerning their public safety employees. That message is to pay now or pay more later when it comes to pension funding. The order enforces the settlement reached by Alton and its firefighters that requires the city to follow guidelines set forth by state law. A losing court battle may be the alternative.

Alton Firefighters Pension Fund and its trustees reached the agreement with the city last month after withdrawing a motion to dismiss the suit. The city eventually agreed to most issues in dispute between the parties.

Illinois law requires that annual contributions to a municipal pension fund be based on the recommendations of an impartial actuary from the Illinois Department of Financial and Professional Regulations of the state's Department of Insurance, or an independent actuary chosen by the City and/or the Pension Trustees.

At the time of the settlement, Dan Tobben, attorney for the firefighters called the victory "significant for the municipal employees in the entire state of Illinois."

The court order may represent the beginning of the end of discretionary funding for municipalities employees' pension plans. It eliminates the city's ability to determine its contribution to those pensions based on city budget constraints and requires the city to base its contributions on the state's Pension Code, according to Tobben. "This removes an illusory sense of discretion that some cities thought they had."

Several municipalities in the Metro East region of the St. Louis Metropolitan area could be considered troubled in that they are less than 60 percent funded by their respective city government. Anything below 80 percent is unacceptable and requires action, however a plan under 60 percent funding is truly in trouble and requires immediate and drastic action, according to Tobben.

About Danna McKitrick: Located in Clayton, Missouri, Danna McKitrick, P.C. delivers outstanding legal representation to businesses (emerging to national), insurers, government-related entities, and individuals throughout the Midwest. The firm is on the Web at www.dannamckitrick.com.

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