



Office of the Chicago City  
Clerk



R2012-642

Office of the City Clerk

City Council Document Tracking Sheet

**Meeting Date:** 6/27/2012

**Sponsor(s):** Smith, Michele (43)  
Burns, William D. (4)  
Beale, Anthony (9)

**Type:** Resolution

**Title:** Call for hearing(s) on status of pensions and retiree  
healthcare in Chicago

**Committee(s) Assignment:** Committee on Workforce Development and Audit

RESOLUTION CALLING FOR HEARINGS ON THE STATUS  
OF PENSIONS AND RETIREE HEALTHCARE IN CHICAGO

WHEREAS, the City of Chicago (the "City") is a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois; and

Whereas, notwithstanding that, Chicago does not now exercise home rule power to regulate its own pension benefits for its employees;

Whereas, there are four pension funds that directly affect City of Chicago employees, the Municipal Employees' Annuity & Benefit Fund of Chicago (MEABF); the Laborers' & Retirement Board Employees' Annuity & Benefit Fund (LABF); the Policemen's Annuity & Benefit Fund (PABF); and the Firemen's Annuity & Benefit Fund (FABF);

Whereas, Chicago teachers and Chicago Park District employees participate in their own pension funds;

Whereas, each of these pension funds are governed by independent boards;

Whereas, the actuaries of the Laborers' and Retirement Board Annuity and Benefit Fund of Chicago, have reported on April 5, 2012 that "the funding ratio is projected to deteriorate until assets are depleted within about 20 to 25 years;"

Whereas, the actuaries of the Municipal Employees' Annuity and Benefit Fund of Chicago, have reported on April 9, 2012 that "the funding ratio is projected to deteriorate until assets are depleted within about 15 to 20 years;"

Whereas, the actuaries of the Policemen's Annuity and Benefit Fund of Chicago have reported on April 30, 2012, that to fully fund the plan, taxpayer contributions would have to more than double;

Whereas, the actuaries of the Firemen's Annuity and Benefit Fund of Chicago have reported on April 30, 2012, that to fully fund the plan, taxpayer contributions would have to triple;

Whereas, on October 27, 2011, an Actuarial Valuation was presented to the Public School Teachers' Pension and Retirement Fund of Chicago, which stated the unfunded liability to be \$6 billion and indicating that beginning in 2014, pension contributions from the Board of Education would have to double, resulting in decreased services for children;

Whereas, on December 22, 2011, a Comprehensive Annual Financial Report was presented to the Park Employees' And Retirement board Employees' Annuity and Benefit Fund, which, although disclosing a funded ratio of only 58%, and without a presenting a plan to achieve full funding, claimed to "position the Plan to continue providing benefits well into the future."

Whereas, health care benefits of current retirees are paid in part from these pension funds pursuant to a settlement agreement that expires in June 2013,

Whereas, that without further action, the retiree health care of 67,000 retirees could be eliminated,

Whereas, although each plan varies, the components that make up the unfunded liability derive from the same factors, including automatic pension increases that are not tied to an actual rate of inflation, increased life expectancies, benefit promises that were not tied to realistic State and City pension contributions; and funding requirements not tied to the actual needs to fully fund pension obligations; and pension holidays;

Whereas, the City of Chicago taxpayers paid \$476 million in 2012 alone in property taxes and still the unfunded liability increased;


Whereas, the taxpayers, retirees, and employees are all entitled to understand the factors contributing to the instability of the pension system;

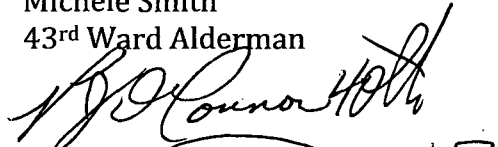

Whereas, the 29,000 retired and 30,000 current teachers of the City of Chicago are entitled to the facts concerning the security of their pensions;


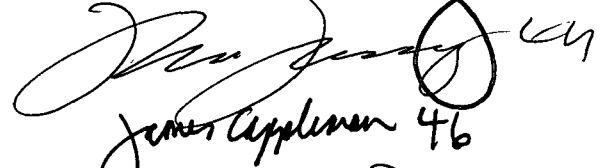
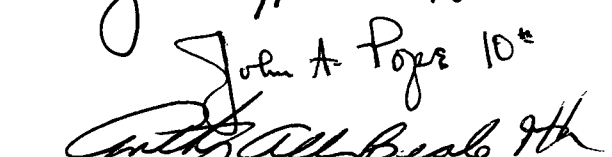
Whereas, the 44,000 retired employees and beneficiaries and 54,000 current employees of the City of Chicago are entitled to the facts concerning the security of their pensions;

Whereas, the taxpayers of the City are entitled to learn the costs of the ongoing pension issues and opportunities for reform;

BE IT RESOLVED, that the Committee on Workforce Development and Audit hold hearing(s) with the various City pension plans, plan actuaries, Trustees, pension benefit experts, the Chief Financial Officer and Comptroller, and other witnesses as the Committee may choose to call.

  
Michele Smith  
43rd Ward Alderman

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*Handwritten note: N. Smith - (4)*

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