CITY OF CHICAGO
MAYOR RAHM EMANUEL

STRENGTHENING
CHICAGO’S PENSIONS
FUND STABILIZATION BONDS IMPACT ON TOTAL CITY DEBT

$6 BILLION IN SAVINGS TO TAXPAYERS $200 MILLION IN 2020 BUDGET

BENEFITS OF A FUND STABILIZATION BOND
The fund stabilization bond is like refinancing a mortgage; it lowers the interest rate you pay but doesn’t change your total debt. It also wouldn’t extend the time to repay the debt.

All proceeds would be deposited into the pensions, immediately improving their health (funded status). The mayor is recommending that the city council vet a $10 billion proposal.

2019 the funds would reach 50 percent funded under fund stabilization.

2052 the funds would reach 50 percent funded on current path.

REDUCING TAXPAYER BURDEN
Reducing the interest rate on the City’s pension debt would mean that taxpayers would be liable for less.

City of Chicago’s Debt Stays Level: $38.3B

Source | Current Liability/Debt Outstanding* | Post-Bond Liability/Debt Outstanding**

| Total Pension Liability | $28.0 | $18.0 |
| GO Bonds | $8.8 | $8.8 |
| STSC Bonds | 1.4 | 1.4 |
| Fund Stabilization Bond | 10.0 |
| Total Bonded Debt | $10.2 | $20.2 |
| Total Long-Term Liability | $38.3 | $38.3 |

*Pension liability as of 12/31/17, Bonded debt as of 8/1/18
**Includes stabilization fund deposit; does not account for COI
Totals may not add due to rounding.

IMPROVED RETIREMENT SECURITY

REDUCING TAXPAYER BURDEN

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REDUCING TAXPAYER BURDEN
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When I was elected Mayor in 2011, our city's pension funds were heading towards insolvency, jeopardizing a secure retirement for workers like first responders and teachers. Together, we have made progress to ensure the hard-working Chicagoans we depend on have a retirement they can depend on as well.

My fundamental philosophy has always been that solutions to our pension challenges must be based on a progressive, shared approach.

Enclosed is a summary of the steps we have taken together; as elected officials, labor leaders, and taxpayers; and a roadmap forward to continue to confront this challenge head-on.

For workers and retirees, pensions represent the work of a lifetime - the hard-earned reward for showing up every day to do their job, keep their word, and live up to their responsibility. That must be our work as well - to do our job, keep our word, and live up to our responsibility.

Sincerely,

Mayor Rahm Emanuel
Looming Insolvency. The Commission to Strengthen Chicago’s Pension Funds reports that all of the City’s pension funds are projected to become insolvent by 2030, with the first fund going under in 2022.

New Employee Tiers. State law changes to create a second tier of employee benefits and adjust benefits for employees, ending the annual 3 percent compounded increase for new hires.

Municipal and Laborers Agreement. In collaboration with labor leaders, Mayor Emanuel supports Senate Bill 2122, reforming benefits and increasing both the employee and employer contributions. The City Council subsequently increased the 911 surcharge to free up the city’s corporate funds for increased pension payments.

 override of Gov. Rauner’s Veto of Police and Fire Reforms. With Mayor Emanuel’s strong advocacy, bipartisan majorities in the General Assembly override the Governor’s veto.

 override of Gov. Rauner Veto of Municipal and Laborers Reforms. With Mayor Emanuel’s strong advocacy, the General Assembly includes the City’s negotiated reforms in the state budget, and overrides the Governor’s veto. This ensures that the Mayor’s plan to secure the municipal and laborers pension funds became law.

Funding Teachers’ Pensions. With the Mayor’s strong advocacy, the General Assembly passes a budget that ends the practice of funding all teacher pensions but Chicago’s, providing CPS with an additional $200 million annually for teacher pensions and allowing CPS to reinstate a $250M property tax levy only for teacher pensions.

Court Battle over Pension Reforms. The City of Chicago fights to support the pension reforms of S.B. 1922 that several labor unions negotiated. However, the Illinois Supreme Court strikes down the law in March 2016, citing the Constitution.

Police and Fire Funding. Mayor Rahm Emanuel negotiates new pension funding reform with police and firefighters to ramp up City payments over four years – which requires a phased-in $543 million property tax increase to fund police and fire pension payments.

Municipal and Laborers Funding and Reforms. In collaboration with labor leaders, Mayor Emanuel supports the General Assembly’s introduction of the City’s plan for municipal and laborers’ pensions, including an increase in employee contributions, benefit reforms and a payment ramp.