Board of Directors Steven H. Abbey David A. Abel Catherine M. Adduci Allan Ambrose A.G. Anglum* Adrienne Archia Murray E. Ascher Euriah Bennett Alicia Berg Brian A. Bernardoni Roger Bickel J.D. Bindenagel Scott Bremer Douglas H. Cameron Whitney Carlisle Victor Chang Timothy L. Christen Robert J. Christie Richard A. Ciccarone* Jerry Cizek III🌣 Nancy J. Clawson Lew Collens* Elizabeth G. Coolidge Ronald S. Cope Mary Culler Omar Daghestani Kevork M. Derderian ☼ Julian C. D'Esposito Jon B. DeVries Michelle Dukler Martin L. Eisenberg Jeff Emme Brian D. Fabes Timothy J. Faerber Stephen B. Friedman Charles R. Gardner* John Garvey Sarah Garvey* Anthony Gedeller Ronald J. Gidwitz Peter G. Glick Judith A. Gold3 Andrew F. Gottschalk* Patrick J. Hagan⁸ Philip Hale M. Hill Hammock* Albert C. Hanna David Hickerson Patricia M. Holden Gregory C. Hosbein Margaret Houlihan Smith Lori Igleski Bennett Johnson III Blake Johnson James H. Kane William Ketchum Jim Kranje Betsy LaVelle Stephen Legatzke Michael A. Lovett William Mack* Glenn Mazade Timothy E. Moran Monica M. Mueller Michael E. Murphy 🌣 Bert Nuehring* Michael F. O'Brien Denise Obrochta Holly O'Connor Gregory O'Leary Sarah Pang Robert Pasin Donovan Pepper Moira Pollard Bruce V. Rauner Judith Rice Scott Saef Kevin Scanlan John C. Sciaccotta Patrick Sheahan Roger W. Shores James E. Spiotto* Keith Staats Caryn Stancik Barbara Stewart 🌣 Eugene S. Sunshine Theodore M. Swain* Kent A. Swanson* Courtney A. Thompson Allen Truesdell Thomas C. Vanden Berk Robert S. Vihon* Daniel Wagner Sue E. Wallace* John F. Ward⇔ John L. Ward Jeffrey D. Warner Andrew L. Weil Jerrold Wolf Corinne Wood Philip Zinn

The Civic Federation

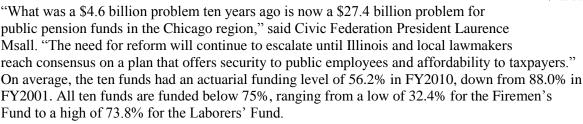
177 North State Street, Suite 400, Chicago, IL 60601 • 312.201.9066 fax 312.201.9041 • civicfed.org

FOR IMMEDIATE RELEASE: Monday, June 25, 2012

For more information, contact Laurence Msall at 312-201-9044

NEED FOR REFORM ESCALATES AS CHICAGO-AREA PENSION FUNDS **CONTINUE SHARP DECLINE**

(CHICAGO) A Civic Federation report released today examines the sharp financial decline of Chicago-area public employee pension funds and emphasizes the urgency of pension reform efforts in Springfield. The ten funds analyzed in the report had an aggregate funding deficit of \$27.4 billion in fiscal year 2010, up from a \$4.6 billion deficit in FY2001.



The declining health of Chicago-area pension funds is due in large part to inadequate employer contributions over a sustained period and recent investment losses. In FY2010, statutorily required employer contributions for the ten funds were approximately \$1.2 billion short of the \$2.1 billion level necessary to cover current costs and reduce a portion of unfunded liabilities over a 30-year timeframe. On average, employers contributed to the pension funds at a level equal to 12.6% of their payroll in FY2010. To reach an actuarially-sound level, employers would have needed to contribute at a level equal to 27.8% of payroll in FY2010. For all ten funds, the employer contribution level is dictated by state statute and, for eight of the ten funds, required contributions are not related to the funding needs of the plan.

Investment income for the funds continues to reflect the dramatic losses of FY2008 because public pension plans recognize unexpected investment gains or losses over a period of three to five years. In addition, the funds have fewer employees to support a rising number of beneficiaries. In FY2010, the ten funds had 1.23 active employees for every beneficiary, down from 1.70 actives per beneficiary in FY2001. The Laborers', MWRD, CTA, Park District and Forest Preserve District Funds all had more beneficiaries than active employees in FY2010, an indication that adequate funding levels will be even more difficult to attain in the future.

The 70-page report is intended to provide policymakers, pension trustees, pension fund members and taxpayers with the resources to make informed decisions regarding public employee retirement benefits. "The deteriorating state of Chicago-area pension funds threatens the retirement security of public employees and the financial viability of local governments," said Msall. "Illinois lawmakers owe it to citizens, employees and retirees to finish what they started and fix our broken pension systems."

The analysis is based on actuarial valuation reports and financial statements for FY2010, the most recent data available from all of the retirement funds. The full report, including a glossary of common pension terminology and an overview of relevant pension reform legislation, is available at www.civicfed.org.

The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at www.civicfed.org.



Officers

Thomas Livingston Chairman Mark Davis Vice Chairman Susan McKeever Vice Chairman Eileen Mitchell

Vice Chairman Joseph B. Starshak Treasurer

Laurence J. Msall President

*Executive Committee A Past Chairmen's Council