



CITY OF CHICAGO • OFFICE OF THE MAYOR



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**CONTACT:**

Mayor's Press Office

312.744.3334

[press@cityofchicago.org](mailto:press@cityofchicago.org)

**CITY OF CHICAGO MAKES A VOLUNTARY ADVANCE PENSION PAYMENT OF  
NEARLY A QUARTER OF A BILLION DOLLARS TO FURTHER SECURE  
RETIREMENT OF CITY WORKERS**

*The City pays advance pension payment of \$242M for the 2023 Budget year as part of a new fiscal responsibility policy that will prevent unfunded liabilities from growing*

**CHICAGO** — Mayor Lori E. Lightfoot announced today that the City would be following through on its promise to contribute \$242 million in the form of an advance pension payment to the City's four pension funds. This is a part of a new pension funding policy that aims to ensure the city's continued financial recovery by preventing its unfunded pension liabilities from growing any further.

"Financial stability is the bedrock for economic growth and continued investments in the City," said Mayor Lightfoot. "This payment demonstrates our ongoing commitment to ensuring a prosperous Chicago as well as fulfilling our promises to secure the retirements of police officers, fire fighters, and city employees that provide essential services to keep our City safe and growing."

Rating agencies have noted the policy in recent upgrades as a key contributor to the City's improved ratings. A November 10<sup>th</sup> rating report from S&P Global Ratings reads, "The city also recently revised its debt and pension policy to require advance annual deposits to the pension funds starting in 2023 in addition to the statutory requirement; these contributions will keep the pension funds from experiencing negative amortization and will also address negative fund performance." The report goes even further stating that a key driver of the upgrade was "... largely based on the expanded debt and pension policy, as well as the city's demonstrated ability to execute the type of financial discipline that will be required under the new policy."

"In FY2021, for the first time in 16 years, the City's pension funded ratios increased across all four pension funds. In fiscal year 2022, for the first time in the City's history, the City paid an actuarially determined contribution for all four pension funds. Now, in fiscal year 2023, not only have we paid the statutorily required contribution, but we have changed our pension funding policy to make an advance payment," said CFO Jennie Bennett. "We are not only making the minimum payment on our pension credit



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card, but we're now paying down the outstanding balance. As a result, the City will save approximately \$3 billion in future pension contributions through reduced actuarial interest and improved investment earnings."

In their 69-page analysis of the City's 2023 budget, the Civic Federation, an independent, non-partisan government research organization, stated, "The Civic Federation strongly supports the Mayor's supplemental pension payments as a responsible use of higher-than-expected revenues and the commitment to making higher pension contributions in the future."

"City workers provide essential services in every neighborhood of this City, and we owe it to them to secure their retirement," said Bob Reiter, President of the Chicago Federation of Labor. "We commend Mayor Lightfoot for taking this important step to safeguard the pensions of public service workers, which will pay dividends in savings down the road."

"On behalf of the firefighters and paramedics, active and retired, that make up our membership, we want to thank the Mayor for addressing the funding challenges facing the Firemen's Fund," said Daniel Fortuna, President of the Firemen's Annuity & Benefit Fund of Chicago. "The City's efforts in advancing meaningful solutions to the funding level is truly appreciated. We look forward to working with the City to secure supplemental employer contributions on a recurring basis."

"I applaud Mayor Lightfoot for paying down the pension credit card," said City Treasurer Melissa Conyears-Ervin. "This will significantly reduce future pension costs, help safeguard the city from market volatility, and make it less expensive for the city to borrow money. The net result will be to strengthen Chicago today and for the long-term."

This payment is just a single step on the City's continued path to structural stability. Not only is this fiscally responsible but it also follows through on the promises made to our dedicated police, fire, labor, and municipal employees.

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