

CTBA

Center for Tax and
Budget Accountability

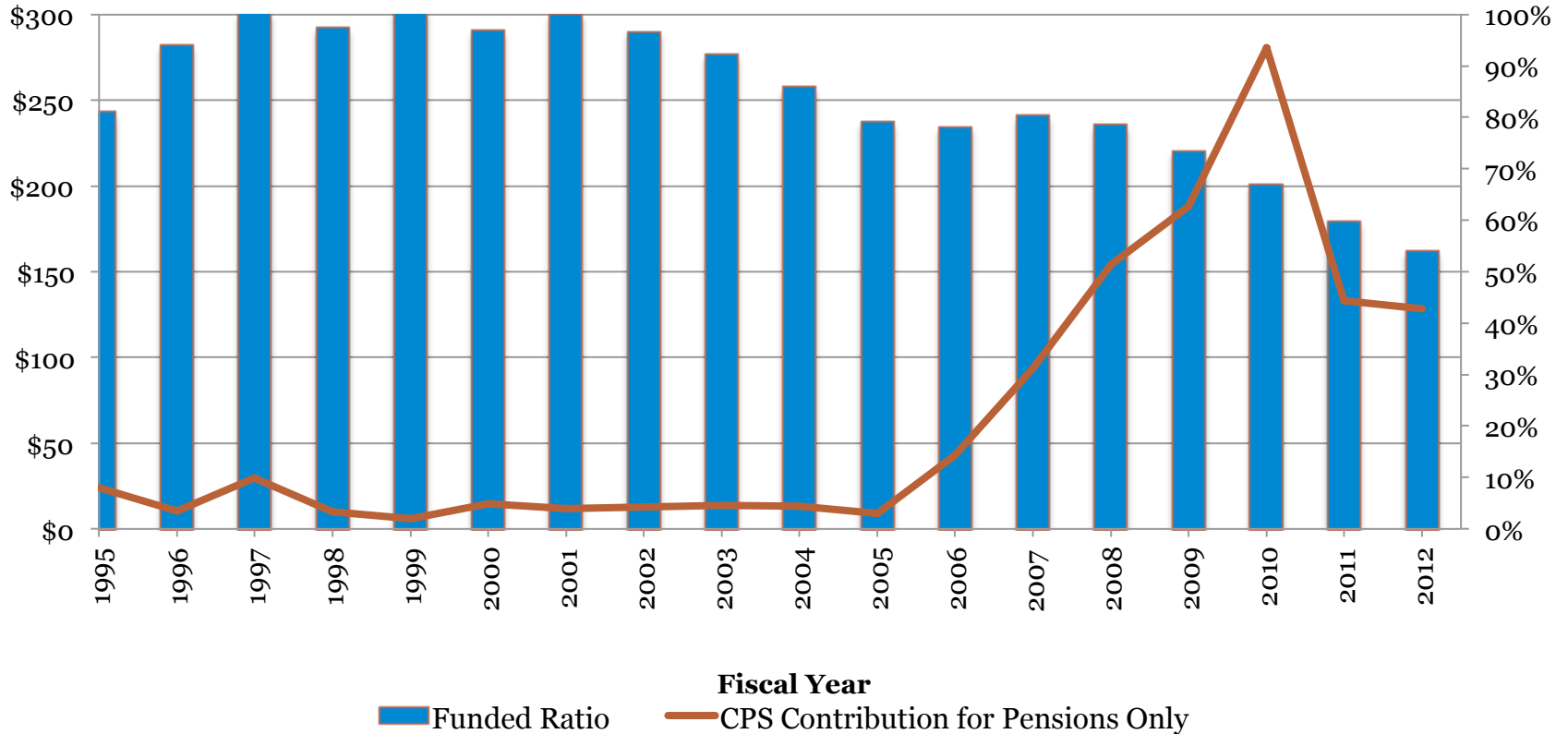
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Illinois Writer's Association

Presented by:
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Chicago Teacher Pension Fund Historical Funding Ratio and CPS Contributions (\$ Millions)

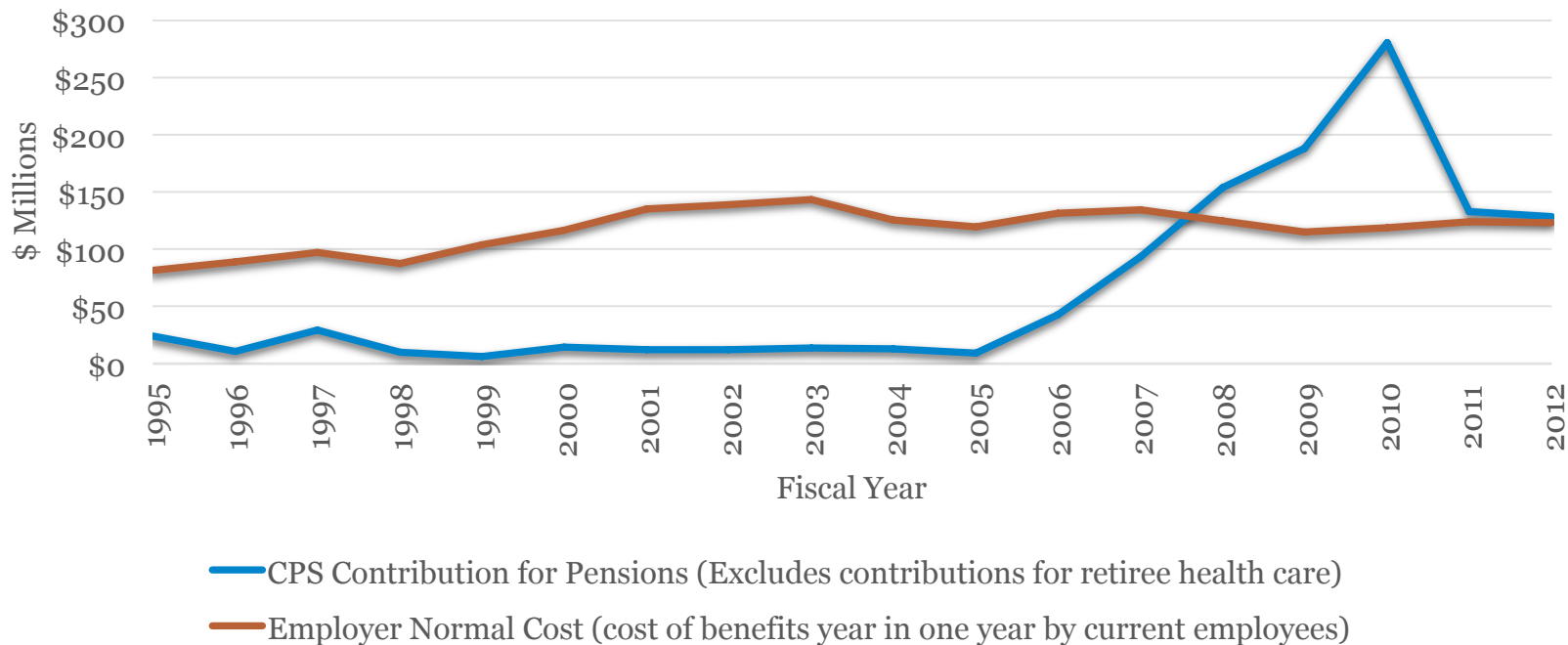
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Sources: Funded ratios from COGFA's annual report on the Illinois pension systems; CPS contributions calculated by CTBA using data provided by CTPF

A Manufactured Problem: Employer Normal Cost and CPS Contributions

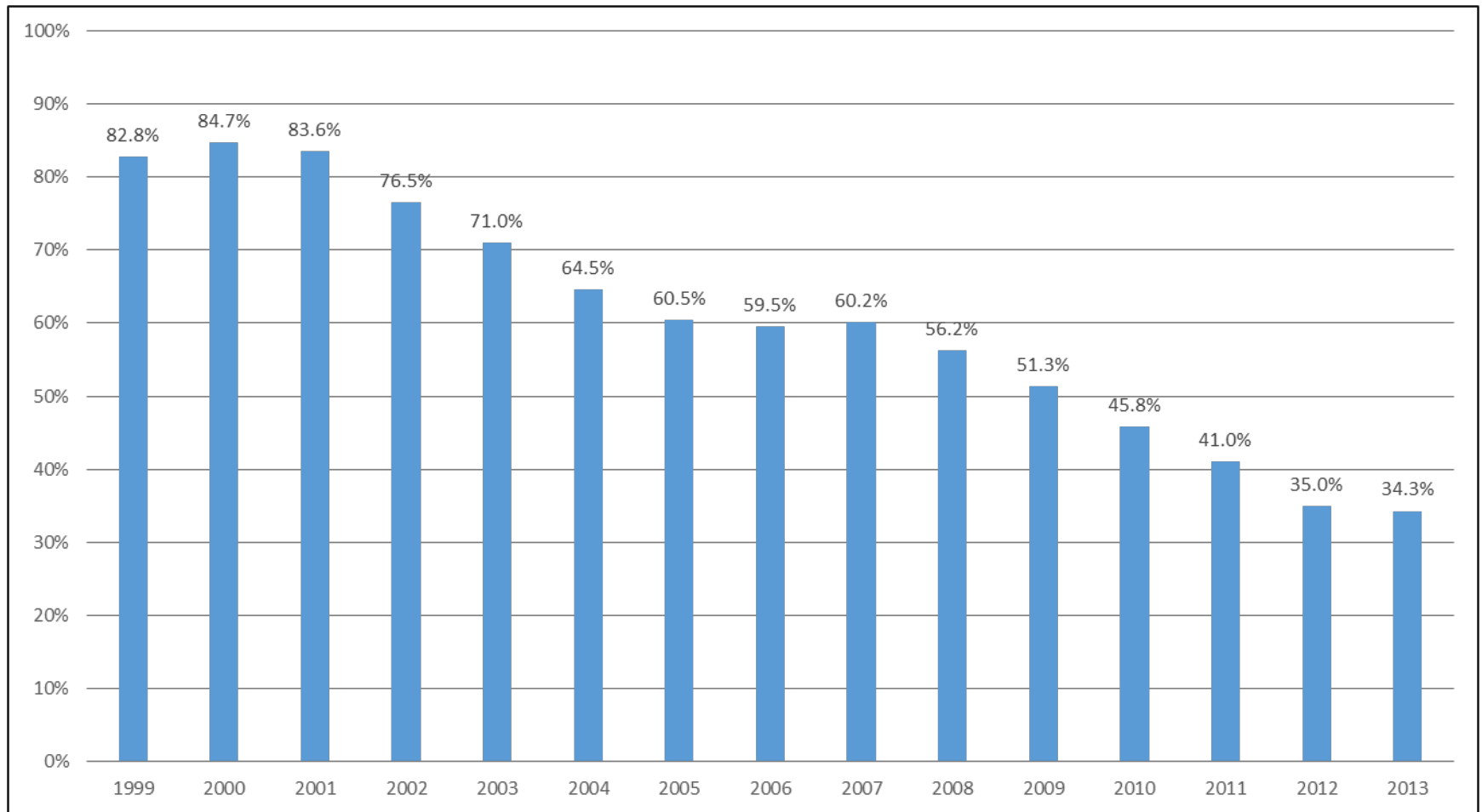
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Sources: CPS contributions calculated by CTBA using data provided by CTPF; normal cost figures calculated using CTPF actuarial reports, with health care costs excluded.

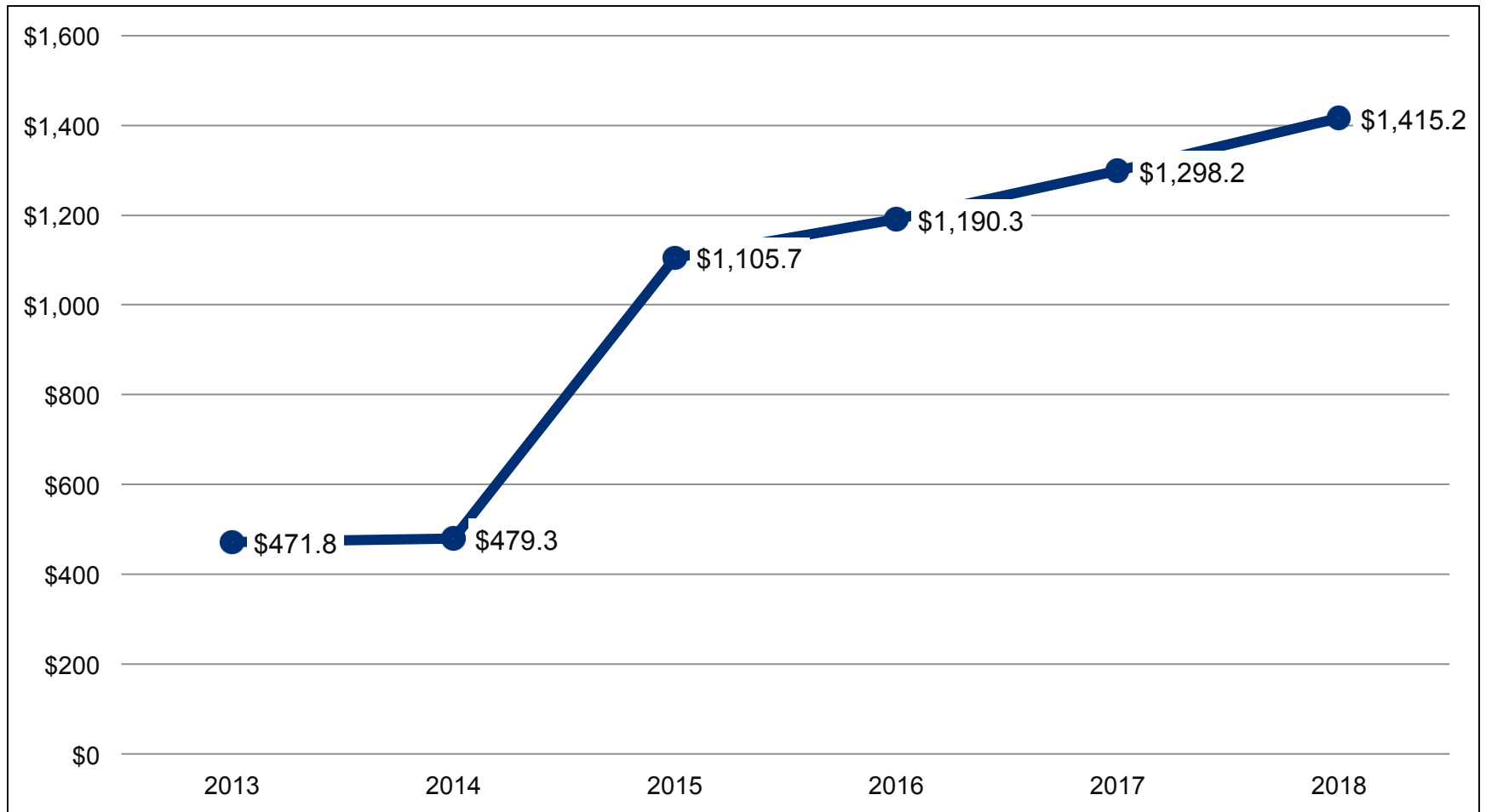
Funded Ratio History for the City's Pension Systems

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City Pension Contribution Projections (\$ Millions)

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City of Chicago's 2015 Pension Contribution (\$ Millions)

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	Labor	Municipal	Police	Fire	Total
What Should be Budgeted	\$24.00	\$242.70	\$592.90	\$246.10	\$1,105.70
Actual City Budget	\$24.00	\$242.70	\$194.10	\$96.30	\$557.10
Difference between Actual and What Should be Budgeted	\$0.00	\$0.00	-\$398.80	-\$149.80	-\$548.60

Better (Fiscally) to Fight Than Switch (to DC)

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- West Virginia
 - Moved all new teacher hires to DC in 1991
 - Caused funded ratio to drop to 25%
 - In 2003, found its DB was 1/2 the cost of its DC
 - In 2008, allowed teachers to switch to DB
 - This SAVED the state \$
 - Funded ratio now up to 58%



Better (Fiscally) to Fight Than Switch (to DC)

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● Michigan

- In 1997, all new hires in Michigan State Employee Retirement System (MSERS) to DC
- In 1997, MSERS was 109% funded
- By 2012, dropped to 60.3% funded
- Individuals close to retirement in DC system have an average balance of \$123,000 or \approx \$8,200 per year for retirement



For More Information

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