

poverty guidelines provided by the United States Department of Health and Human Services.

- 3) The bill states that for the fiscal years 2016 through 2020, the city’s contribution to the Police and Fire Pension Fund will be reduced as shown in the following tables:

Chicago Police				
	<u>Current Law*</u>	<u>SB 0777, HA 4</u>	<u>Reduction</u>	<u>% Reduced</u>
2016	\$613,100,000	\$420,000,000	\$193,100,000	31.5%
2017	\$634,800,000	\$464,000,000	\$170,800,000	26.9%
2018	\$655,900,000	\$500,000,000	\$155,900,000	23.8%
2019	\$677,300,000	\$557,000,000	\$120,300,000	17.8%
2020	\$699,100,000	\$579,000,000	\$120,100,000	17.2%
Total	\$3,280,200,000	\$2,520,000,000	\$760,200,000	23.2%

Chicago Fire				
	<u>Current Law*</u>	<u>SB 0777, HA 4</u>	<u>Reduction</u>	<u>% Reduced</u>
2016	\$253,200,000	\$199,000,000	\$54,200,000	21.4%
2017	\$260,400,000	\$208,000,000	\$52,400,000	20.1%
2018	\$268,300,000	\$227,000,000	\$41,300,000	15.4%
2019	\$276,700,000	\$235,000,000	\$41,700,000	15.1%
2020	\$285,400,000	\$245,000,000	\$40,400,000	14.2%
Total	\$1,344,000,000	\$1,114,000,000	\$230,000,000	17.1%

Beginning in tax levy year 2020, the city shall levy a tax annually in a manner that will increase the funding ratio to 90% by 2055 rather than 2040.

- 4) The minimum employer contribution will be determined using the “entry age normal actuarial cost method,” rather than the “projected unit credit actuarial cost method.” In both methods, the total contribution to the employees’ pension fund is the same. The projected unit credit actuarial cost method puts aside less money in their early years of service and more in their later years of service. This bill proposes that the entry age normal actuarial cost method be used instead, which reserves a level amount each year.
- 5) Any proceeds collected from a casino by the city, shall be contributed to both the Chicago Police and Chicago Fire Pension Funds.
- 6) If the city does not make the required contributions by December 31st of the year in which such amount is due, the Fund may take legal action to ensure that obligations are met in a timely manner.

***The values listed under the “Current Law” columns were taken from the 2013 actuarial valuation of the Chicago Police and Chicago Fire Pension Funds.**