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** Alderman **
Michele Smith
 Chicago's 43rd Ward



Pensions Part III: Another Liability

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Stop by the 43rd Ward Holiday Potluck Next Monday!

Bring a friend, bring a dish to the annual 43rd Ward Holiday Potluck on December 3rd. For more information and to RSVP call us at 773-348-9500 or e-mail us at yourvoice@ward43.org.

Monday, Dec. 3rd
6:00pm-8:00pm
43rd Ward Office
2523 N. Halsted

Condo Refuse Rebate Due Date Fast Approaching

Your 2012 Condo Refuse Rebate **MUST BE SUBMITTED** by January 2, 2013. Only owner-occupied units that have submitted and received one or more rebates between January 1, 2009 and November 9, 2011 are eligible. Rebates must be submitted directly to our office at 2523 N. Halsted or by fax, at 773-348-9594. If you have any questions please call 773-348-9500 or e-mail us at

Dear Friends,

In earlier [newsletters](#), I outlined the pension issues facing our City. In October I co-sponsored a [hearing](#) at City Hall during which the City's pension plans admitted their dire underfunded status and described the huge property tax increases that would inevitably come if we do not solve our City's pension issues.

Cook County Commissioner Bridget Gainer and I recently held a town hall meeting on the pension problem and talked about potential solutions. This installment reports on that meeting. You can see the presentations from that meeting [here](#).

Today, the City's pension plans have \$18 BILLION more in liability than assets. While there has to be enough money in the funds to pay the pensions of the retirees for their lifetimes - but there isn't. In fact, last year, the funds paid out \$872 million more than was taken in, including in investment returns. This means the pension funds will begin to run out of money in as soon as ten years.

But we learned at the town hall meeting that there is another liability in addition to pensions that is not accounted for: retiree health care liability.

Many Americans, including city employees, retire before being eligible for Medicare at age 65. For many years, some employers, including the City, paid for medical care for retirees as an additional benefit. In 1992, the City attempted to end the benefits as a cost savings measure, leading to a lawsuit. The settlement of the lawsuit provided that benefits would continue, with the City paying about 50% (\$100 million last year), retirees 30%, and the pension plans paying the rest, continuing the drain on assets. This *settlement expires on June 30, 2013*, leaving city retirees without health care, but with a potential legal claim.

yourvoice@ward43.org.

Roy's Furniture Update and Discount

We are happy to announce that while Roy's Furniture rebuilds their store at its original location, you can still shop at Roy's! Their temporary location is at 2315 W. 27th St. and has free parking in their parking lot. Additionally, if you subscribe to our newsletter, receive 10% off your purchase (not valid with other offers). Click here to visit their website.

Drop by Ms. Mint's 3rd Annual Holiday Bazaar!

43rd Ward resident Ms. Mint is teaming up the Goose Island Clybourn Brewpub + Innovative Local Artisans for another dynamic shopping & tasting event! Click here for more information.

***Tuesday, December 4th
4:00pm-9:30pm
Goose Island Clybourn
Brewpub
1800 N. Clybourn Ave.***

You're Invited to the "Best Holiday Party Ever"!

The Lincoln Park Chamber of Commerce is partnering with MINI of Chicago to create an event for all to celebrate the season in Lincoln Park, and you're invited! To RSVP and for more information click here.

***The Best Holiday Party
Ever
Tuesday, December 4
6:00 p.m. - midnight
MINI of Chicago
1111 W. Diversey***

This is another unfunded and undisclosed multi-billion dollar potential city liability, and it must be addressed as part of the pension solution.

We face a common plight: city employees and retirees have insecure pensions and no reliable healthcare; city taxpayers face unaffordable property tax hikes - with no end in sight.

What could happen? Below I outline three scenarios: do nothing, take unilateral action, and compromise.

If we do nothing, next July, retiree health care payments by the City cease. Without a doubt, everybody sues. Then, in 2016, property taxes increase 60% in one year to fund police and fire pensions solely. Property taxes will have to increase even more to pay for teachers' pensions. Or, faced with a fiscal crisis, the City could refuse to raise the property taxes. The State of Illinois would then be authorized to withhold the City's share of both sales and income tax proceeds: a sum equivalent to the amount of money the City spends on nearly every city service excluding fire and police. Then, starting in ten years, retired city workers begin to lose all their pensions anyway because the funds run out. Everybody loses.

In a unilateral scenario, in anticipation of looming insolvency, the pension funds file for bankruptcy. The court would have to sort out which retirees would obtain how much of the dwindling funds. Employees and retirees would be pitted against one another in court, and retiree healthcare would undoubtedly be eliminated. Or, as nine other cities have done, the City could file for bankruptcy as its pension obligations overwhelm every other city need.

Neither of these alternatives are palatable - compromise is the only way to obtain security for our pensioners, a reliable future for our employees, and affordability for the taxpayers.

In my next newsletter, I outline the possible solutions provided by compromising.

Vote Early, Vote Often... for Lincoln Park High School!

Help us shine a light on the LPHS performing arts program! Lincoln Park High School has been nominated for The Clorox Company's Power A Bright Future grant contest and has the chance to win up to \$50,000 towards renovating the lighting in the auditorium. All individuals 13 and older can help them win by clicking [here](#) and voting for Lincoln Park High School or texting **2174pbf** to

95248 from now through December 19th.



43rd Ward Office
2523 N. Halsted
www.ward43.org

Office Hours:
Monday
9a.m.-7p.m.
Tuesday-Thursday
9a.m.-6p.m.
Friday
9a.m.-12p.m. & 2p.m.-6p.m.

Contact us:
phone
773-348-9500
email
yourvoice@ward43.org

Sincerely,

43rd Ward Alderman Michele Smith

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