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Time is Running Out by James F. Ward, Pension Trustee

The Constitution of the State of Illinois states that schoolteachers' pensions are contractually enforceable rights that cannot be reduced or impaired once vested. That was a fine idea indeed as inserted in the new Constitution of 1970 in Illinois. From then until 1997 the Fund had enough financing from employee and employer contributions (always about 50% from each) to pay all its liabilities, which means all pension and benefits were backed by Fund assets in the bank. There's the catch. We need money in the bank to write next month's pension checks and all the checks we owe you for life.

And we don't. The Fund owes you and me about $17 billion and currently we have about $10 billion in the bank. Yearly pension payrolls total $1.2 billion. In 1995 when our local tax was repealed, the Legislature put the employer funding responsibility in the Chicago Board of Education. They did not pay anything for years as our pension plan was 100% funded and the new statute said the Board of Education had to "kick in" only when the ratio of assets to liabilities dropped below 90%.

Meanwhile, the State of Illinois repealed our share of the common school fund that they had been appropriating every year for decades. At that moment we had lost both our local financing *and* our state financing. The only source of public funds now rested in the law that says the Board of Education must pay the annual actuarially calculated payments to gradually bring us up to 90% funded as we had been in the past.

We all know what happened in 2010. The Board of Education petitioned the Legislature for a pension contribution "holiday." The Legislature obeyed and substantially reduced the lawful Board of Education contributions for 2011, 2012, and 2013. That is the history of how employer contributions have been eviscerated for the Chicago Teachers

Pension Fund. The ratio of assets to liabilities is now around 60% and heading south.

Some elected officials believe the solution is simply to reduce our benefits. Thing is, they are also public employees and if they can break a constitutional contract for us, who is to stop future politicians from doing the same thing to them. Besides, we paid our contributions for the last 40 years. Why should we be forced to pay for their lack of foresight? From 1895 to 1995 trust was placed in our public officials to honor their contracts and to take steps to keep their financial houses in order. I suspect that trust may be soon destroyed if they don’t do something soon. You should tell them so. JFW urokward@yahoo.com