



# Increasing Cook County's Pension Contributions





# Cook County makes additional contributions under an IGA

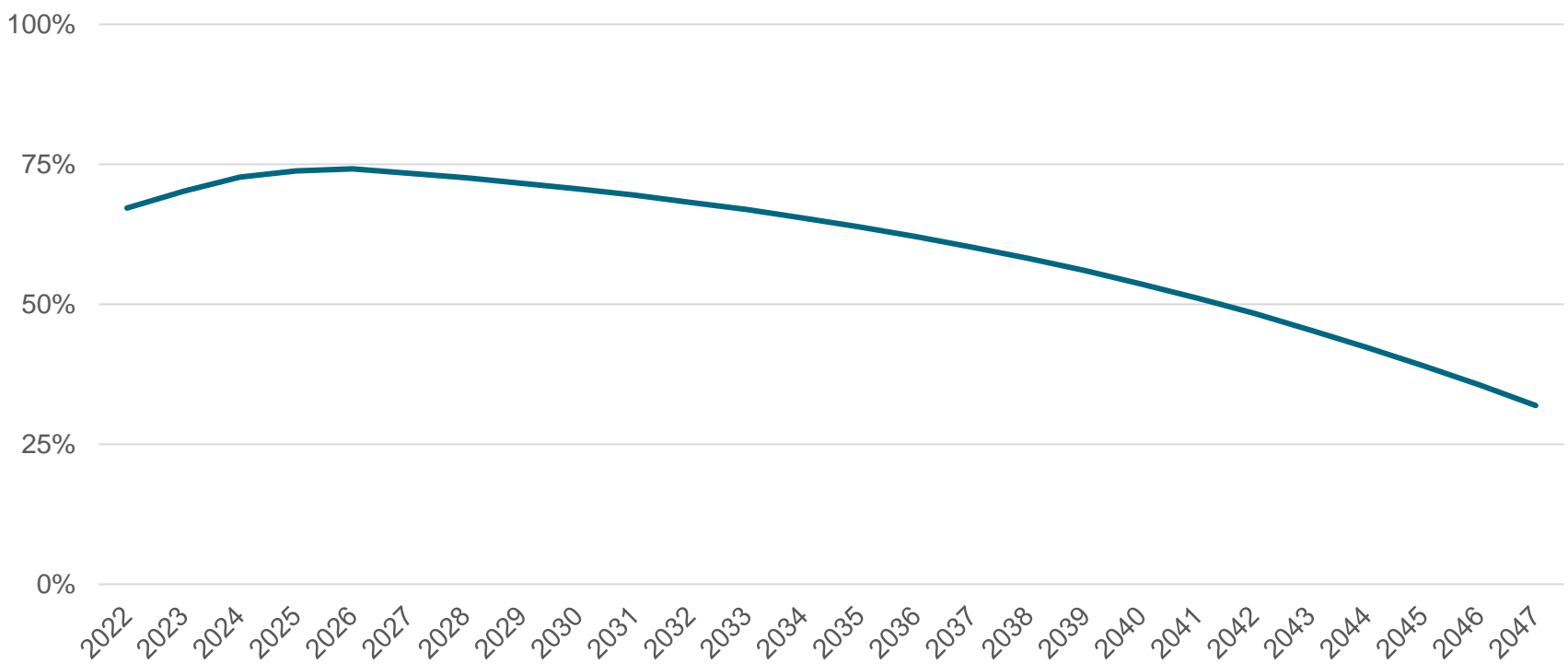
Since 2016, the County has had an annual intergovernmental agreement (IGA) with the Pension Fund

The IGA allows the County to make higher contributions than determined by state law, with the goal of fully funding by 2047

These payments will total approximately \$2.3 billion by the end of FY2023

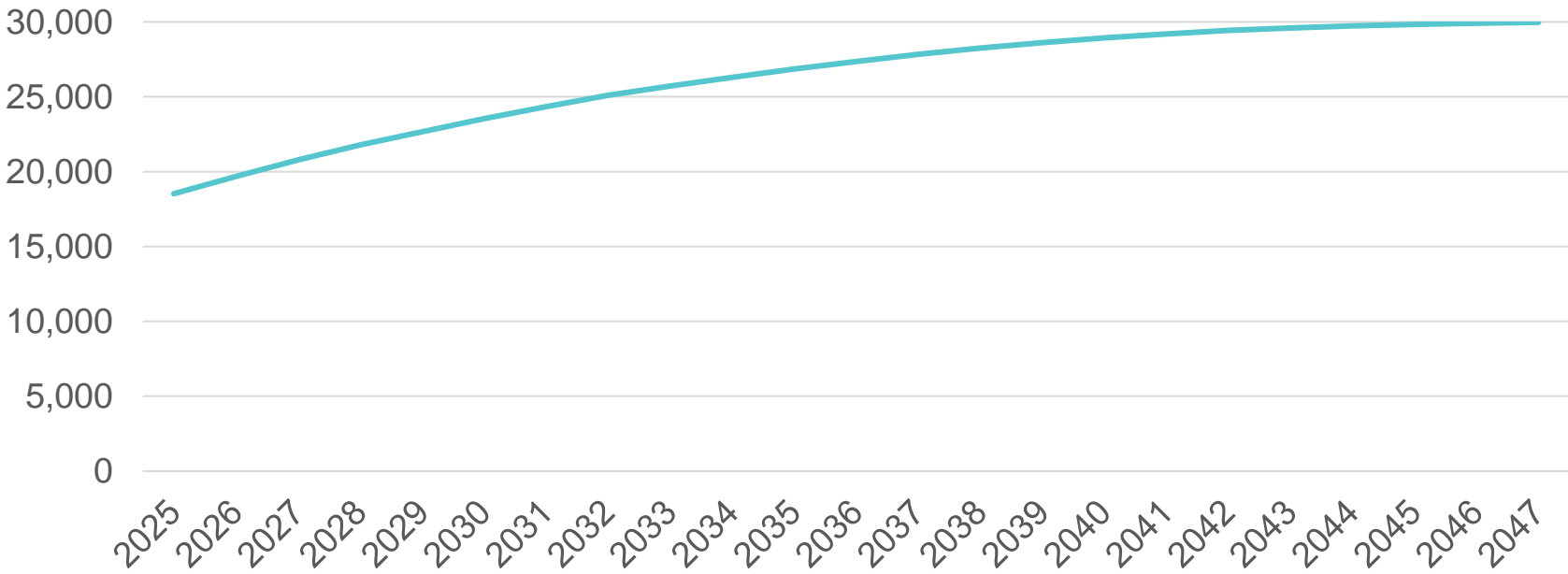
# Contributions under current statute are insufficient to fund the pension benefits

Projected funded ratio under current statute



# Current law does not provide a dedicated funding stream for healthcare demand grows

Estimated number of annuitants, covered spouses, and survivors receiving health care benefits, 2025-47



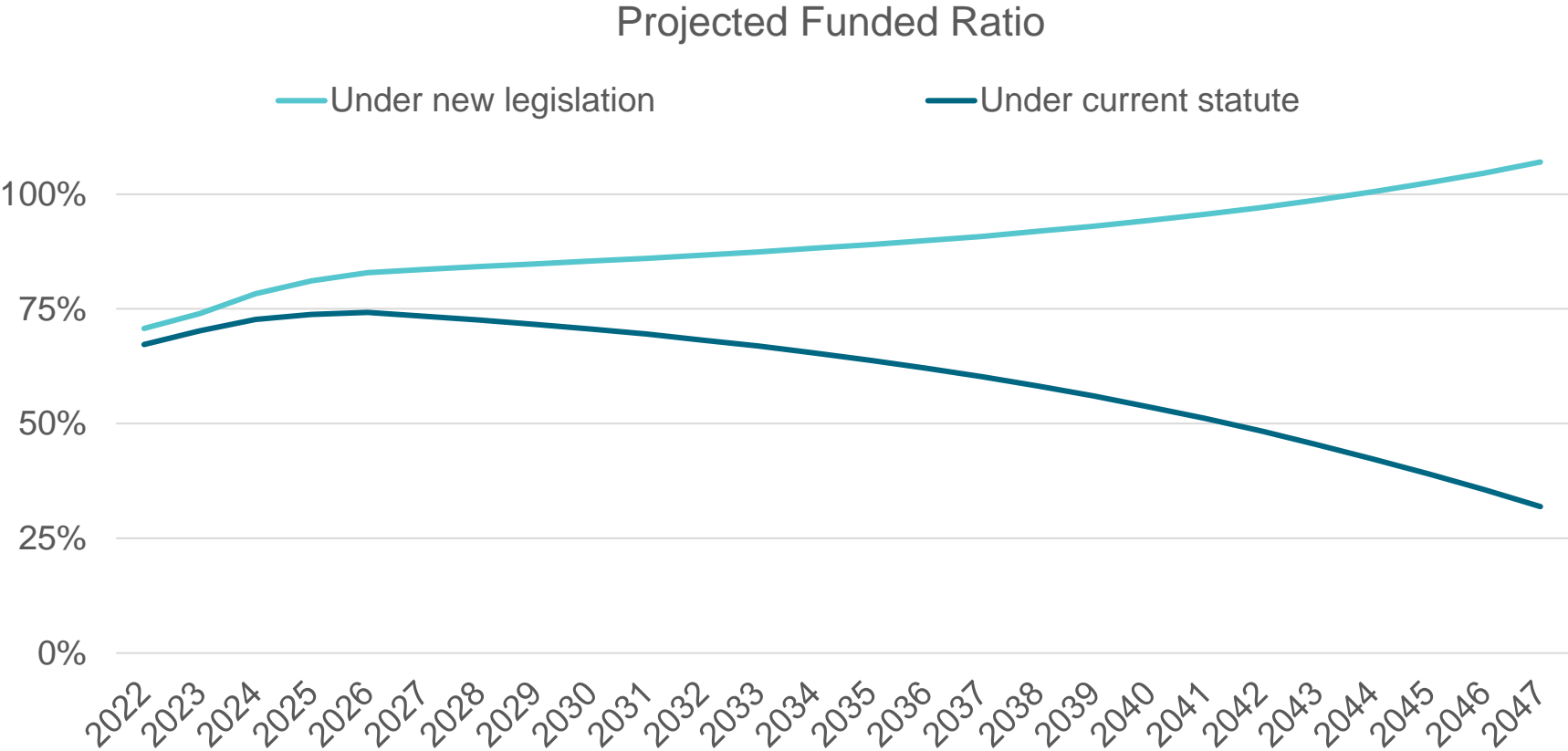
# The Pension Code does not provide for future needs of the pension system

1. Contributions made under the current IGA are not guaranteed for the future
2. Future system funding under current law may not cover Health benefits for annuitants
3. Current provisions on the pensionable salary cap need updates
4. Current provisions of the military service credit need updates
5. Pension Board's composition includes elected and appointed members but does not require subject matter expertise



# Proposed legislative changes

# Fully fund the pension benefits by 2047

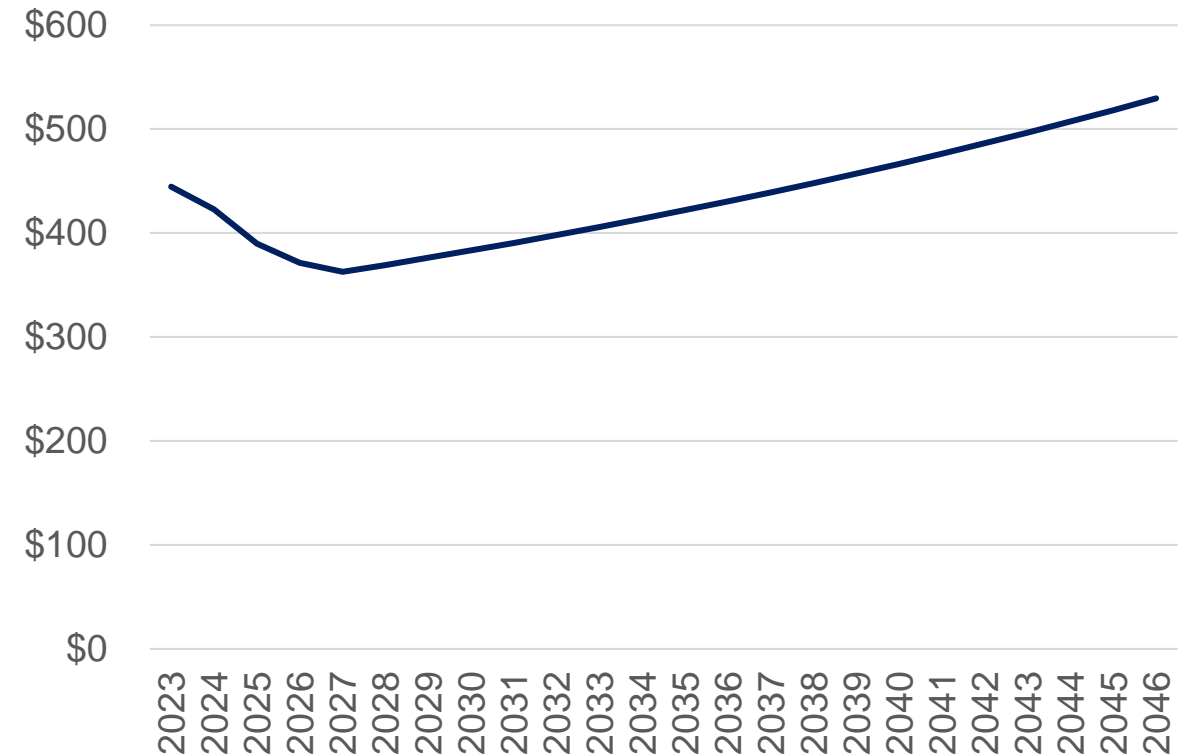


# County contributions would increase with system liabilities

The new legislation would ensure the County's contributions covered:

- Costs associated with providing future pension benefits to current employees
- Payments currently being made under the IGA on unfunded liabilities
- Future unanticipated unfunded liabilities

County contributions to the Pension Fund under new legislation, in millions

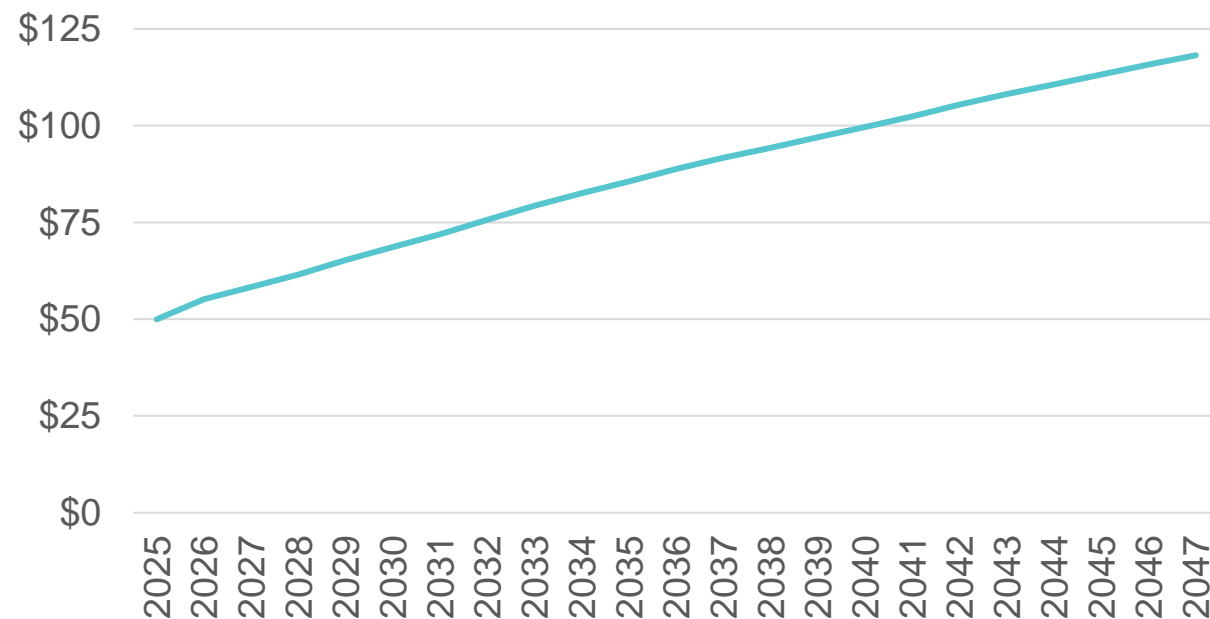




# Ensure sufficient funding for retiree health care

- Provide \$50 million in 2025
- Future year contributions would be determined by increasing the cost of providing health care in the prior year by inflation
- The County would make higher contributions for future liabilities
- The County's contributions for pension benefits would be dedicated only to pension liabilities
- In addition, to pension benefit funding, the County is committed to providing funding for health benefits

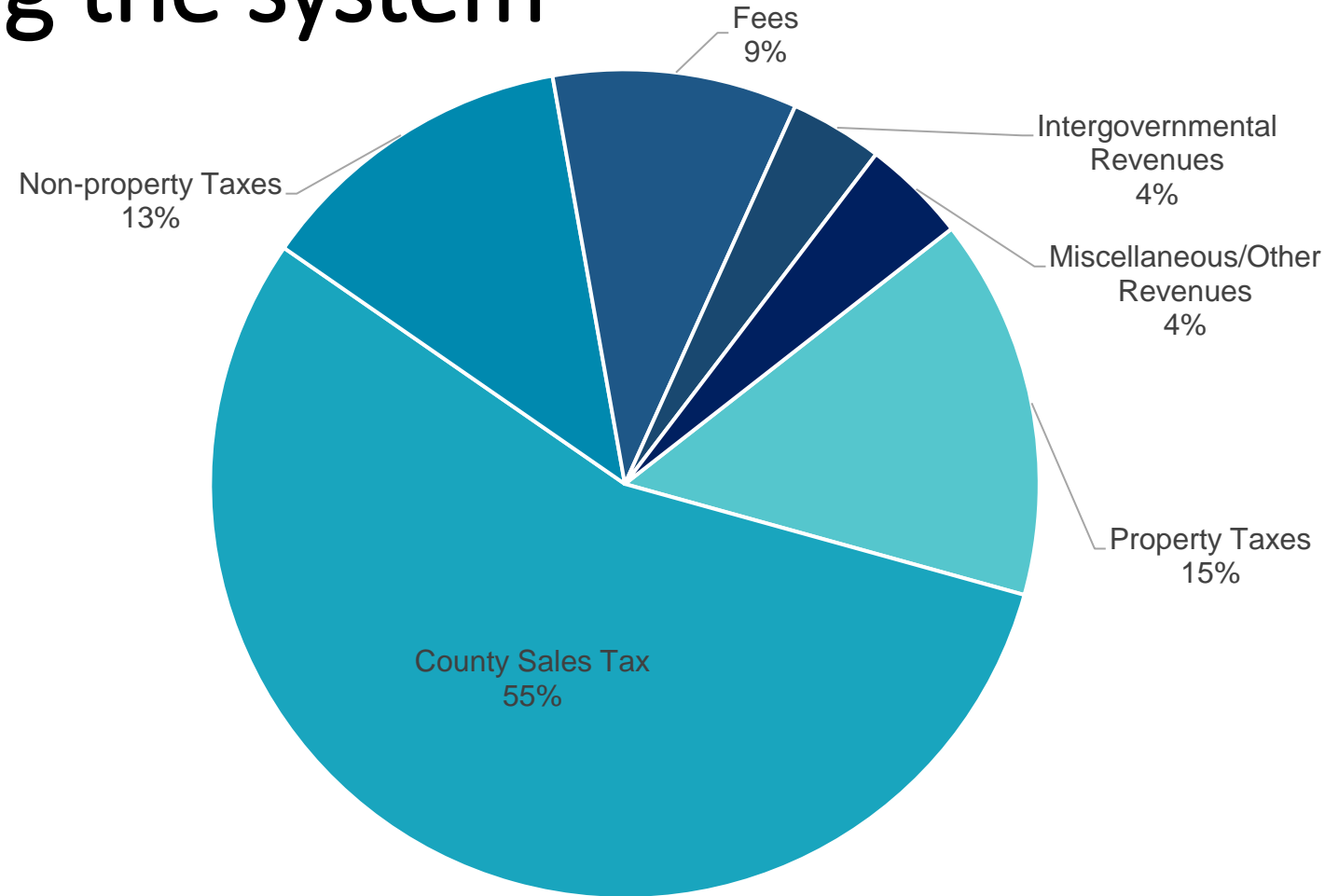
Estimated contributions to retiree health care under new legislation, 2025-47, in millions



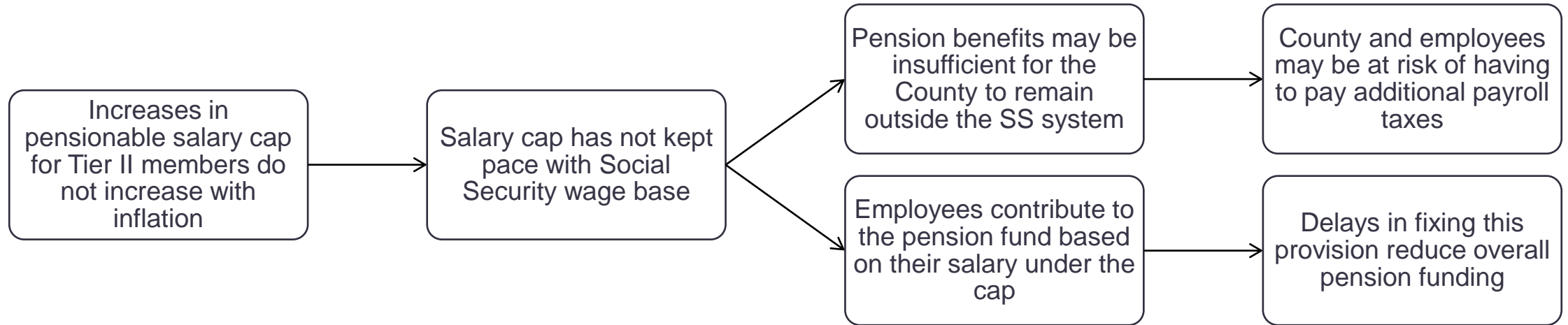
# Authorize the use of any source for funding the system

Current statute only allows for the use of property taxes for making pension fund contributions

The County's General Fund has a diverse revenue structure that can be leveraged to sustain future contributions



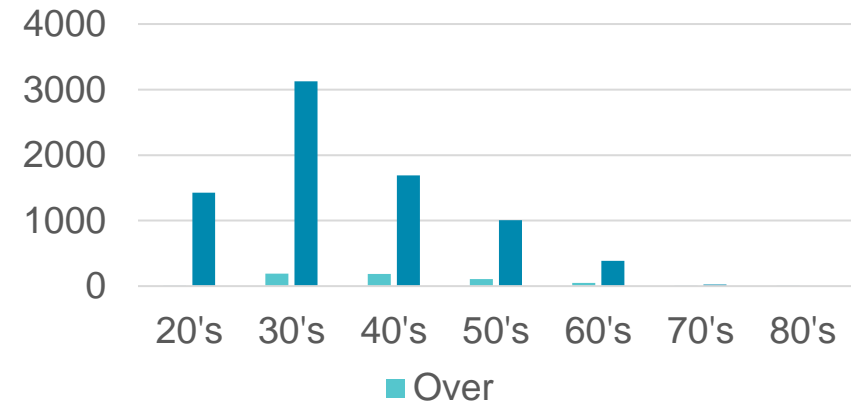
# Tie pensionable salary cap to Social Security wage base



## Tier II Facts

- Current Tier II Salary Cap - \$123,489\*
- Current Social Security Wage Base - \$160,200
- Total Annuitants Currently in TIER II - 24
- Total Active Employee near retirement age and above the salary cap - 8
- Current Tier II employees with salary greater than Current Salary Cap - 539
- Current Tier II employees – about 8,200 or 42%

Tier II Employees Under/Over Cap



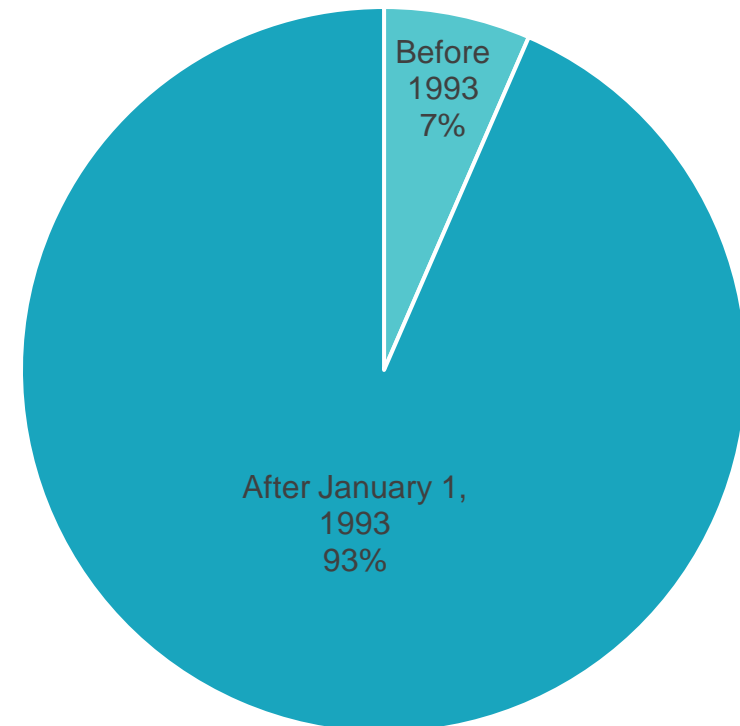
# Expand eligibility for military service credit

Current statute allows employees hired before 1993 with 25 years of service to apply for creditable service of up to two years of military service

This proposal would expand eligibility to employees hired after 1993

County employees may be more likely to be veterans due to veteran preference for employment

Proportion of county employees hired since 1993



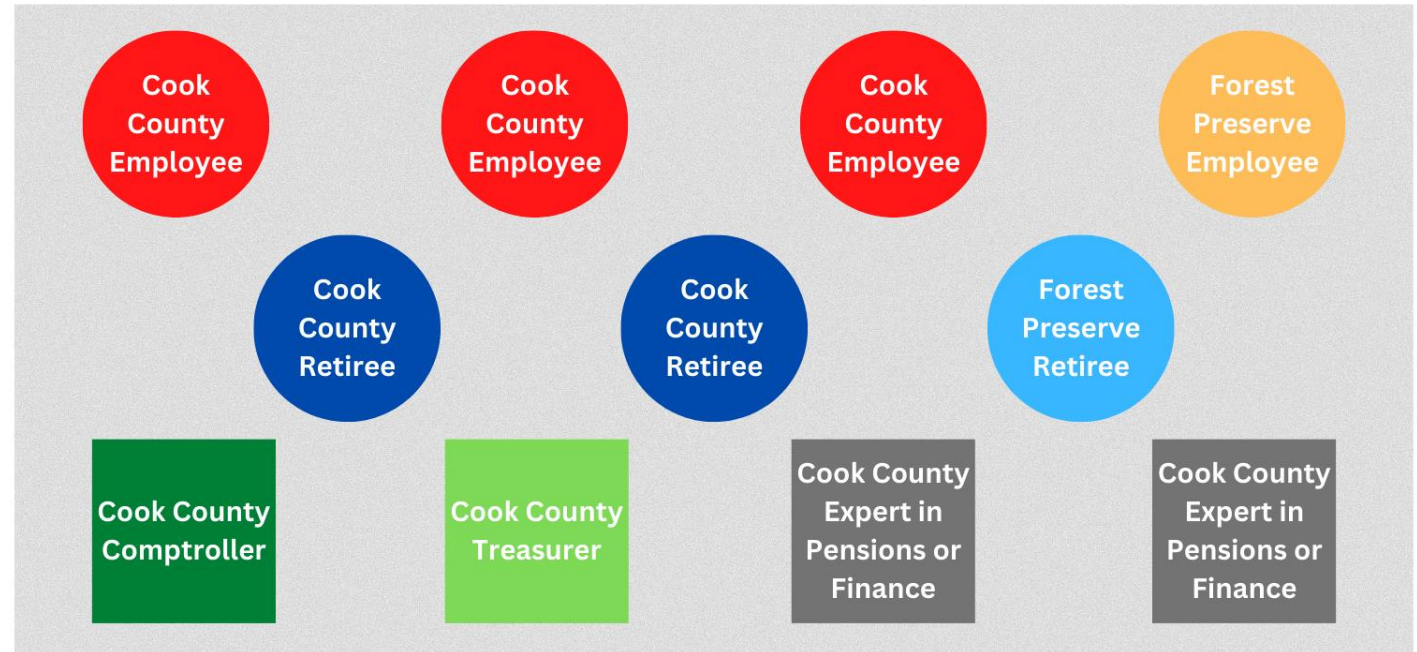
# Enhance the Pension Board

## Pension Board Composition

Current Board includes 9 appointed and elected members

New legislation would allow the President of the Cook County Board to appoint two additional members to the Pension Board

These members would be required to have expertise related to pensions, finance, investments, accounting, or actuarial experience



■ = Appointed

● = Elected