

**Retirement Board of the
PARK EMPLOYEES' ANNUITY AND BENEFIT FUND**

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Governor Pritzker signed House Bill 417 into law on Friday, August 6th, establishing Public Act 102-0263. The newly enacted legislation contains three major changes which impact our Pension Fund.

The first change is to require the Park District to make employer contributions calculated on an actuarial basis instead of based on a multiple of employee contributions. Specifically, the new law provides the following:

- A supplemental employer contribution of \$40 million to be paid to the Fund by November 1, 2021.
- A ramp-up of employer contributions for 2022 and 2023 equal to 50% and 75% of the actuarially required contributions for each year.
- Beginning in 2024, the Park District will be required to make annual contributions, determined by the independent actuaries, to ensure Fund is 100% funded within 35 years.

The second change allows the Park District to sell pension obligation bonds to provide supplemental contributions to the Fund at its discretion. The new law allows for the following:

- The bond proceeds can only be used to provide supplemental employer contributions to the Fund, which means, the Park District **cannot** use the bond proceeds to pay any of the employer contributions mentioned above.
- The Park District can issue up to \$75 million in pension obligation bonds in any given year.
- In total, the Park District can issue up to \$250 million in pension obligation bonds.

The third change creates a new tier of participants' benefits beginning on January 1, 2022. The following describes the new tier of benefits:

- The new tier only applies to participants hired on or after January 1, 2022 (Tier 3) or participants hired on or after January 1, 2011 (Tier 2), who make an irrevocable election to participate in Tier 3 between January 1, 2022, and April 1, 2022.
- Allows Tier 3 participants to retire at age 65 **without penalty** instead of age 67 for current Tier 2 participants.
- Allows Tier 3 participants to retire at age 60 **with penalty** instead of age 62 for current Tier 2 participants.
- Requires all Tier 3 participants to contribute 11% of their salary as compared to 9% of salary for all Tier 1 and Tier 2 participants.

Tier 2 participants should expect to see further communication later in the year regarding their option to participate in Tier 3. Please view our website at <https://www.chicagoparkpension.org> for further information.

On behalf of the entire Retirement Board, I wish to express our sincerest gratitude to all parties involved in getting this important legislation passed into law. Public Act 102-0263 will provide the necessary funding to ensure our participants receive the retirement benefits that they have been promised under law.

Edward L. Affolter

Edward L. Affolter, President