

**THE RETIREMENT BOARD
of the
FIREMEN'S ANNUITY AND BENEFIT FUND
OF CHICAGO**

20 S. Clark Street
(312) 726-5823
(800) 782-7425

Suite 300

Chicago, IL 60603-1899
Fax (312) 726-2316
<http://www.fabf.org>



ELECTED TRUSTEES

DANIEL A. FORTUNA, Annuitant Trustee, President
ZACHARY PENTEK, Active Trustee, Secretary
MICHAEL FLISK, Active Trustee
JOSEPH SENORKI, Active Trustee

EX-OFFICIO TRUSTEES

City Clerk, Vice-President, ANNA VALENCIA
City Treasurer, MELISSA CONYEARS-ERVIN
City Comptroller, MICHAEL BELSKY
Deputy Fire Commissioner, BRANDON KELLER

Dear FABF Member:

Recently an editorial appeared in the Wall Street Journal entitled "Chicago Pension on the Brink". The editorial contained several statements that are untrue and frankly misleading.

First, the editorial states that the City "had to dip into the City's cash reserves to cover retirement checks that a city pension fund couldn't pay." That statement is false. Each of the City pension funds has sufficient funds to pay members' retirement checks. The assets of the various City pension funds, however, are invested so as to maximize the amount of investment returns that can then be added to the statutory contributions required to be made by the members and the City.

Second, the editorial states that the City "...stepped in with \$28 million in short term loans ..." to "save" the Firemen's Annuity & Benefit Fund from having to sell assets to cover the so-called shortfall. Again, that statement is false. No loan was made by the City to the Firemen's Annuity & Benefit Fund of Chicago. The money advanced by the City is money due and owing to the Fund from the City in 2025 **as part of the City's statutorily required annual contribution**. What the editorial fails to mention is that the City funds most of its annual required contribution to the Fund from property taxes. Because of the glitch in the County Assessor's ability to get the property tax bills out (which has nothing to do with the City or the Fund), the normal property tax payments that would be received by the City in September and October, and then forwarded to the Fund, have been delayed. To address that delay in receipt of property taxes, the City offered to advance payments to the Fund from other sources of cash. The City will then reimburse itself when the property taxes are actually collected. To reiterate, the Fund did not borrow money from the City; did not sign any loan documentation; is not paying interest; and simply accepted funds from the City that were owed to the Fund by the City. The FABF does not need to be saved; the City in making the advance payment was simply utilizing cash management techniques to avoid any of the pension funds being required to take money out of the markets.

Lastly, the editorial concludes with the assessment that "[t]his is what happens when public unions essentially run city and state government." Be assured, whatever that statement means, it is not accurate in terms of the pension funds. The Firemen's Annuity & Benefit Fund of Chicago is governed by the statutorily enacted Illinois Pension Code and that document alone controls funding and the City's obligations with respect to the Fund. Your Retirement Board of Trustees follows the Illinois Pension Code and that document requires that the Board act solely in the interest of the participants and beneficiaries of the Fund; no public union impacts or directs the Fund's activities.

The Retirement Board of the Firemen's Annuity and Benefit Fund of Chicago