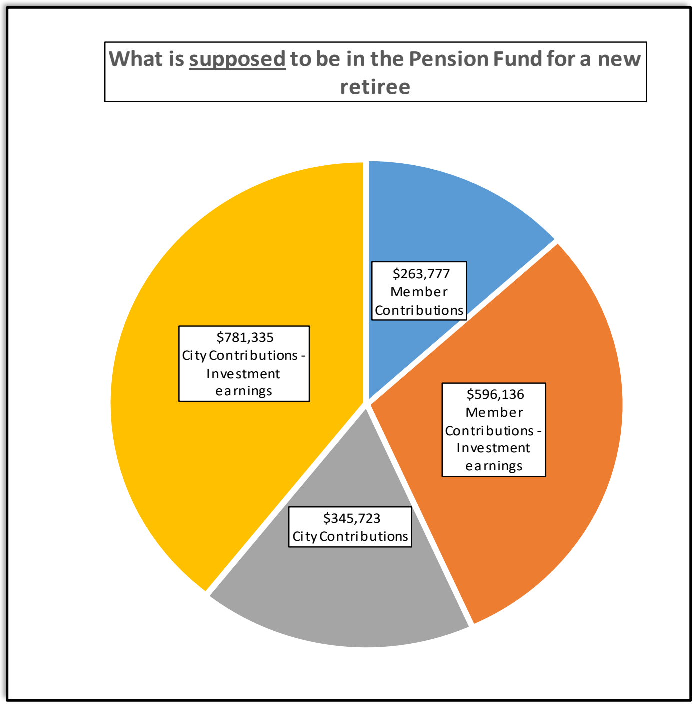
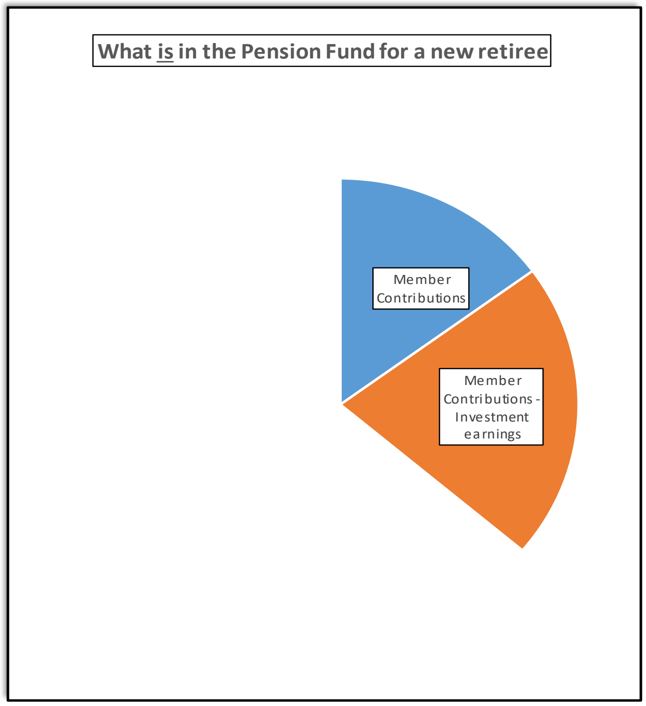
LOCAL 2 MEMBERS - PAY ATTENTION TO WHAT THE CITY IS DOING WITH FUNDING OUR PENSIONS





The mechanics of our pension fund are such that each member contributes 9.125% of his salary, the City contributes a portion, and the pension fund invests those contributions each year until retirement. At retirement, there should be an adequate amount, to afford each member enough to retire comfortably, at up to 75% of the member's salary along with an annual cost of living allowance (COLA). Hypothetically, a FF/EMT starting in 2004 at the age of 26, earning each step raise in the contracts, and retiring after 29 years at age 55, should have $1,986,971 in the pension fund. This assumes a modest 6% rate of return, a 2% increase in salary for those years there is not a contract in place, and the same 2.26 City multiplier that has been in place until 2016. The pension fund wouldn't run out of money for that firefighter until he turned 84, even if he was granted a 3% COLA. Our pensions are not a burden to the City if they are timely funded.

In this example, nearly 70% of the pension fund retirement dollars were supposed to come from investment returns. However, active members have not benefited from the Fund's impressive investment returns. There is only a fraction of what should be there for the retiring FF/EMT, more than $1 million is missing for this single FF/EMT. Be wary of people that tell you not to worry!

My biggest concern is whether the City can make the required payments to get us properly funded. One analyst at Moody's said that the City's recent $544 Million property tax increase was only 1/3 of what was needed to just start solving the pension crisis. The property tax increase needed to be 3 times what it was, or another $1 billion. Moody's rates Chicago debt one step below investment grade. That means most public pension funds couldn't even invest in Chicago bonds because they are too risky. Another analyst says that Chicago's combined debt and pension obligations are 9 times the City's operating revenue. The average for other local governments is 2.4 times. Currently, $0.35 of every $1.00 the City brings in goes to pay for debt and pensions. If the City started making the actuarial required contribution (ARC) to our pensions, that number would go above $.50 of every $1.00. The narrative that this City administration is selling is false and Dan Fabrizio and Tim O'Brien are its largest cheerleaders. The City hasn't changed the trajectory of the debt and pension problem, the property tax increase is letting the problem get worse only at a slower pace. It is dishonest for Local 2 to sell the narrative to its membership that the pension fund is on a path to sustainability and that members need not concern themselves. It is dangerous to keep the membership uninformed.

The 'Grand Bargain' that is working its way through the Illinois Senate contains a State pension reform that is known as the 'Consideration Model'. This plan asks workers to choose between having future pay increases pensionable or COLAs when they retire. The strategy here is to bypass the Constitutional clause argument that Dan Fabrizio thinks is so iron clad. The City will throw this into future contract negotiations if it works for the State pension plans. The 'Consideration Model' will effectively reduce your pension benefits. You may not be aware, but Dan Fabrizio had already proposed to the City that we pay more into our pension fund, which effectively reduces active member pension benefits. **Why is Dan Fabrizio working against active members? Why is Tim O'Brien failing to inform us of our real circumstances?** Please vote for our families' security by not voting for Fabrizio and O'Brien.

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