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Is This The Real Reason For Chicago's Pension Obligation Bond Proposal?

Why is Chicago pursuing issuing $10 billion in bonds to remedy its pension funds' woeful underfunding? The answer, we're told, is that the city hopes to earn money with an investment return greater than the interest rates they'll be paying to investors for these bonds. But the real reason — or a significant contributor to their motivation — may be entirely different: due to the nature of pension accounting for government benefits, their real objective may be to keep the plans' valuation interest rates high by avoiding a poorly-funded-plan "penalty" interest rate.

Here's the background:

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Forbes

by Elizabeth Bauer

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