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[Chicago's Pension-Fund Woes Just Became $11.5 Billion Bigger.]

Chicago's pension-fund shortfall just got $11.5 billion bigger.

Thanks to the defeat of the city's retirement-fund overhaul by the Illinois Supreme Court and new accounting rules, Chicago's so-called net pension liability to its Municipal Employees' Annuity and Benefit Fund soared to $18.6 billion by the end of 2015 from $7.1 billion a year earlier, according to its annual report. The fund serves some 70,000 workers and retirees.

The new figure, a result of actuaries' revised estimates for the value in today's dollars of benefits due as long as decades from now, doesn't change how much Chicago needs to contribute each year to make sure the promised checks arrive. But it highlights the long-term pressure on the city from shortchanging its retirement funds year after year — decisions that are now adding hundreds of millions of dollars to its annual bills and have left it with a lower credit rating than any big U.S. city but once-bankrupt Detroit.

"The longer they wait to get this fixed, the more expensive it's going to get for the city's taxpayers," Richard Ciccarone, the Chicago-based president of Merritt Research Services LLC, which analyzes municipal finances.

The estimate presented Thursday to the board of the municipal fund, one of Chicago's four pensions, will add to what had been an unfunded retirement liability for the city estimated at $20 billion.

A key driver was the court ruling striking down Mayor Rahm Emanuel's plan that cut benefits and boosted city and employee contributions. Without it in place, the fund is now set to run out of money within 10 years.

That triggered another change. New accounting rules, adopted to keep governments from using overly optimistic investment-return forecasts to mask the scale of their liabilities, require them to use more modest assumptions once pension plans go broke. As a result, the reported liabilities jump.

The Chicago fund is notable because very few governments have been affected by the change, according to Ciccarone. "The investment returns are not going to fix the problems themselves," he said.

City officials from Emanuel to Chief Financial Officer Carole Brown have said the city is working on a solution to shore up the retirement system. Chicago has already passed a record property-tax increase that will bolster the police and fire funds.

Under the traditional way of estimating the municipal fund's obligations, which is how annual contributions are set, the shortfall rose to $9.9 billion as of Dec. 31, based on market value of its assets, according to the actuaries report. That's up from $7.1 billion a year earlier.

The pension is only 32 percent funded — meaning it has 32 cents for every dollar it owes —

compared to 42 percent last year, according to the actuaries. And it has to sell 12 percent to 15 percent of its assets every year to pay out benefits.

City officials are having “very good discussions” with the unions about the issue, according to Emanuel, who has made clear that he disagrees with the court’s ruling to throw out his plan.

“We’re working through the issue to get to what I call a responsible way to fund their pensions within the confines, the straitjacket that the court has determined,” Emanuel told reporters at City Hall on Wednesday.

A proposal is pending in the state legislature to bolster funding for the benefit fund. The plan would ensure it’s 90 percent funded by the end of fiscal year 2055. Jim Mohler, executive director of the fund, told board members on Thursday that it’s a “fluid situation.”

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