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Chicago Pension Bills Soar as City Pays Up to Keep Funds Solvent.

- **City will pay $1.18 billion to pensions in 2018, report says**
- **Projected budget gap is the smallest since 2007, city says**

Chicago will contribute $1.18 billion to pensions in 2018 as the junk-rated city steps up payments to put its retirement funds on a path to solvency, even as the unfunded liabilities keep growing.

The city will pay $792 million to the police and fire pensions, $344 million to the municipal workers' fund and $48 million to the laborers' fund next year, according to its annual financial analysis released Monday. The metropolis forecasts a $114.2 million budget deficit in 2018, the smallest since at least 2007, the report shows.

Mayor Rahm Emanuel has taken steps including raising property taxes and getting approval from the gridlocked state government to keep the retirement funds from running out of money. "All four pension funds are on the road to solvency with dedicated revenue supporting increasing pension contributions in 2018," Emanuel said in a letter included in Monday's report.

Emanuel has enacted higher property taxes and utility levies to help cover these higher payments. The city also won Illinois's approval to overhaul its municipal and laborer retirement funds, which had been on track to run out of money by 2025 and 2027, respectively. Changes, included in the state budget package this month, allow Chicago to contribute more money and make new employees pay more into their pensions.

Despite the changes, the city's pension debt is still rising. Chicago's pensions are struggling with $35.8 billion of unfunded liabilities as of Dec. 31, up from $33.8 billion a year earlier. The shortfall comes after years of not paying enough into the funds. Chicago's ballooning debt to its pension funds has weighed on the city's finances and led Moody's Investors Service two years ago to cut its bond rating to junk.

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