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S&P Warns Chicago That Pension Cost-Hike to Pressure Budget.

Takeaways:

- S&P Global Ratings warns that a new law aimed at raising pension benefits for some Chicago police and firefighters risks further straining the city's finances.
- The new law is expected to add more than $11.6 billion to Chicago's long-term net pension liability, according to city estimates cited by S&P.
- S&P analysts state that the prognosis for Chicago's long-term fiscal health has weakened, and that substantial budget-balancing measures will be integral to the city's credit stability.

A new law aimed at raising pension benefits for some Chicago police and firefighters risks further straining the city's finances, according to S&P Global Ratings.

S&P's warning, issued on Monday, comes nearly seven months after the firm cut the city's credit rating by one notch to BBB with a stable outlook. The latest report, which did not include a rating or outlook change, follows new legislation that Illinois Governor JB Pritzker signed last week.

Continue reading.

Bloomberg Markets

By Shruti Singh

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