

COMMUNITIES IN CRISIS

More than half of Illinois cities get “F” grades for local pensions

Lake Forest

2019 Grade: D

In 2003, Lake Forest’s police, fire and municipal pension funds already faced a shortfall of **\$14.7 million**. That meant every Lake Forest household, on average, was on the hook for **\$2,183** in future taxes just to eliminate that shortfall.

Lake Forest began contributing more money – taxpayer dollars – to pensions in an attempt to make the plans healthier. Over the next 16 years, city contributions increasingly crowded out spending for public safety, roads and other core services.

	2003	2019	Change
City (taxpayer) contributions to pensions	\$1.82 million	\$5.57 million	Up 3.1X
Share of city general budget for pensions	8.0%	14.7%	Up 1.8X

Despite the ramp-up in city payments over those 16 years, Lake Forest’s pension debts didn’t decrease. Instead, they jumped by 4.2 times!

By 2019, the shortfall in Lake Forest’s police, fire and municipal pension funds totaled **\$61.9 million**. That means each Lake Forest household, on average, is now on the hook for **\$8,835** in debt.

Everyone loses under Lake Forest’s pension crisis:



Taxpayers are tapped out

Lake Forest residents are paying more and more into a broken system. City taxpayers in 2019 contributed 3.1 times more to pensions than in 2003, yet city debts are 4.2 times larger.



Pension costs are devouring the city’s budget

Lake Forest pension contributions have grown to consume 14.7% of the city’s budget, up from 8.0% in 2003. That’s crowded out spending on public safety, roads and other core services.



Lake Forest worker retirement security is collapsing

The health of Lake Forest’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 79.9% of the money they needed. By 2019, that had dropped to just 63.7%.



Lake Forest’s crisis will only get worse

Lake Forest has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.67 active workers for every pensioner. By 2019, there were 0.81 active workers per pensioner.

2019 GRADE



2003 GRADE



Lake Forest receives a "D" grade for its local pension crisis

Local officials handcuffed by state pension mandates.

Wirepoints quantified the negative impact of local pensions by examining the finances of Illinois' 175 largest cities from 2003 to 2019. The analysis was based on ten equally-weighted metrics. Cities were given an A through F grade based on a 100-point scale (10 points per metric).*

Lake Forest received a "D" grade in 2019. The city's total score dropped from 77 in 2003 to 63 in 2019, a decline of 14 points.

Lake Forest was one of 64 cities to receive a "D" grade in 2019.

Lake Forest Key Facts		
City demographics	2000	2019
Population	20,059	19,173
Households	6,723	7,005
Median household income	\$136,462	\$172,165
City budget	2003	2019
General revenues	\$22,667,431	\$38,043,693
Total revenues	\$50,984,217	\$89,287,327
Total property taxes	\$20,542,381	\$31,654,783
Pension health (police, fire & IMRF)	2003	2019
Total accrued liabilities (benefits owed)	\$72,936,360	\$170,654,058
Total pension assets	\$58,259,308	\$108,767,627
Funded ratio	79.9%	63.7%
Total pension shortfall	\$14,677,052	\$61,886,431
Per household	\$2,183	\$8,835
Active public safety workers	82	72
Public safety pension beneficiaries	49	89
City pension contributions	2003	2019
City contributions	\$1,821,143	\$5,573,960
Per household	\$271	\$796
Percentage of city's general budget	8.0%	14.7%
Employees' contributions	\$1,128,454	\$1,341,362

175 Cities - Summary Scores			
Grade	Score	Number of cities	
		2003	2019
A	≥90	4	0
B	80-89	35	1
C	70-79	81	8
D	60-69	48	64
F	≤59	7	102

Lake Forest Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	58.3%	50.8%	5	5
2. Firefighter pension funded ratio	86.0%	65.9%	8	6
3. Municipal (IMRF) pension funded ratio	94.3%	79.4%	9	7
4. City pension debts per household as a percentage of median household income	1.6%	5.1%	9	7
5. City contributions per household as a percentage of median household income	0.20%	0.46%	8	8
6. City contributions as a percentage of total budget	3.6%	6.2%	8	5
7. Ratio of city contributions to employee contributions	1.61	4.16	8	4
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-23.7%	12.8%	5	10
9. Asset-to-payout ratio (Police & Fire only)	23.2	13.2	9	7
10. Worker-to-beneficiary ratio (Police & Fire only)	1.67	0.81	8	4
Total score			77	63
Grade			C	D

*Wirepoints analyzed 175 of Illinois' largest cities, excluding Chicago, that have a local police, firefighter and municipal (IMRF) pension fund.

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