

THE CIVILIAN

VOL. IX.

DECEMBER 8, 1916.

No. 17

Chicago's Pension System

(An address delivered by Philip Steele, of the Chicago Civil Service League, at the Convention of the National Assembly of Civil Service Commissioners in Ottawa, June, 1916.)

Mr. STEELE: It may be of interest to you to have me tell you of the start of the pension fund of the municipal employees of the City of Chicago. In this fund we have grabbed the bull by the horns and made a fund because we wanted it and felt it was necessary and that we had to adopt some short cut. We do not pretend to believe that we have the best fund in the world or the most scientific, but at all events we have certain reasons for doing what we did. Five years ago a small group of employees decided that it was time to start a municipal fund for those employees not covered under some existing fund like the police, firemen's and teachers'—or the little fund of the public library. We accepted all the different arguments for pensions without any question. We began to figure on how to get the money to pay the fund. The Police and Fire Departments had been running funds for a good many years past on salary deduction. The city got to the point of putting in eight to one in the Police Department. We found that any attempt to get money at that time would meet with active opposition. A Bill was drafted providing that every employee should have \$2 a month deducted from his salary and that five years should be assumed as an accumulative period of time in which no pension should be paid at all. The amounts paid in for these five years were to accrue for sinking funds. Provision was made for the payment of a straight pension of \$50 a month when we finally got ready to pay, and we have what we consider intelligent reasons for this action. We argued that when superannuation takes place and a man was retired it was immaterial how much that man had drawn during his active period of service. The fact that a man got \$10,000 a year as city engineer was no reason for his having a bigger pension than the man with \$75 a month. Other things being equal he does not need as large a pension. We also held that in the Service the high-priced fellow would last longest and not retire on a pension at as early an age as the cheaper class of help. The Bill passed without trouble, as we were not asking for anything, and on the 1st day of July, 1911, deductions were started. Some of the younger men thought it would be a long time before they would get anything from the fund and tried to get an injunction. The case went to appeal and the Higher Court decided in favor of the fund. Last year it became apparent to us on the job that the financial situation was a little better and we concluded that it was a good time to ask the city to contribute. We drafted an amendment that the city should annually pay in an amount equal to the contribution the year previous by the employees. We asked them not to block it. We said: All we ask you to do is to come in on a straight fifty-fifty proposition and to put in an equal amount. There was no objection. We went to Springfield and got the amendment passed and it is