



**MICHAEL G. LUTZ LODGE #5 PHILADELPHIA
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PENSION FUND NEWS UPDATE

Currently, in the news there has been discussion of a proposal by the Mayor, supported by City Council to defer, or hold off on, mandatory pension repayment obligations for fiscal years 2010 and 2011. We are in fiscal year 2009 at this time.

This proposal is to defer 30% of the City's obligation over the next two (2) fiscal years must be approved by the Pennsylvania State Legislature since it a lawful mandatory obligation on the City's part.

If approved the City will be obligated to pay interest on the portion deferred. The amount deferred described below will be repaid in full by fiscal year 2014.

The proposal is as follows:

Fiscal year 2010, the City will pay 230 million of its 380 million dollar obligation: deferral 150 million

Fiscal year 2011, the City will pay 380 million of its 460 million dollar obligation: deferral 80 million or 230 million total deferred.

Again the Pennsylvania State legislature must approve these measures. The time frame for this is unclear.

It should be noted that with the prevailing national and international economic conditions a disbursement from the pension adjustment fund next year would seem to be unlikely.

Also, most importantly, this proposal will have no effect on the pension benefit structure in place for our members.

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