Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

A Component Unit of the City of Chicago
State of Illinois

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2010

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

A Component Unit of the City of Chicago
State of Illinois

Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2010

Prepared by the Accounting Department
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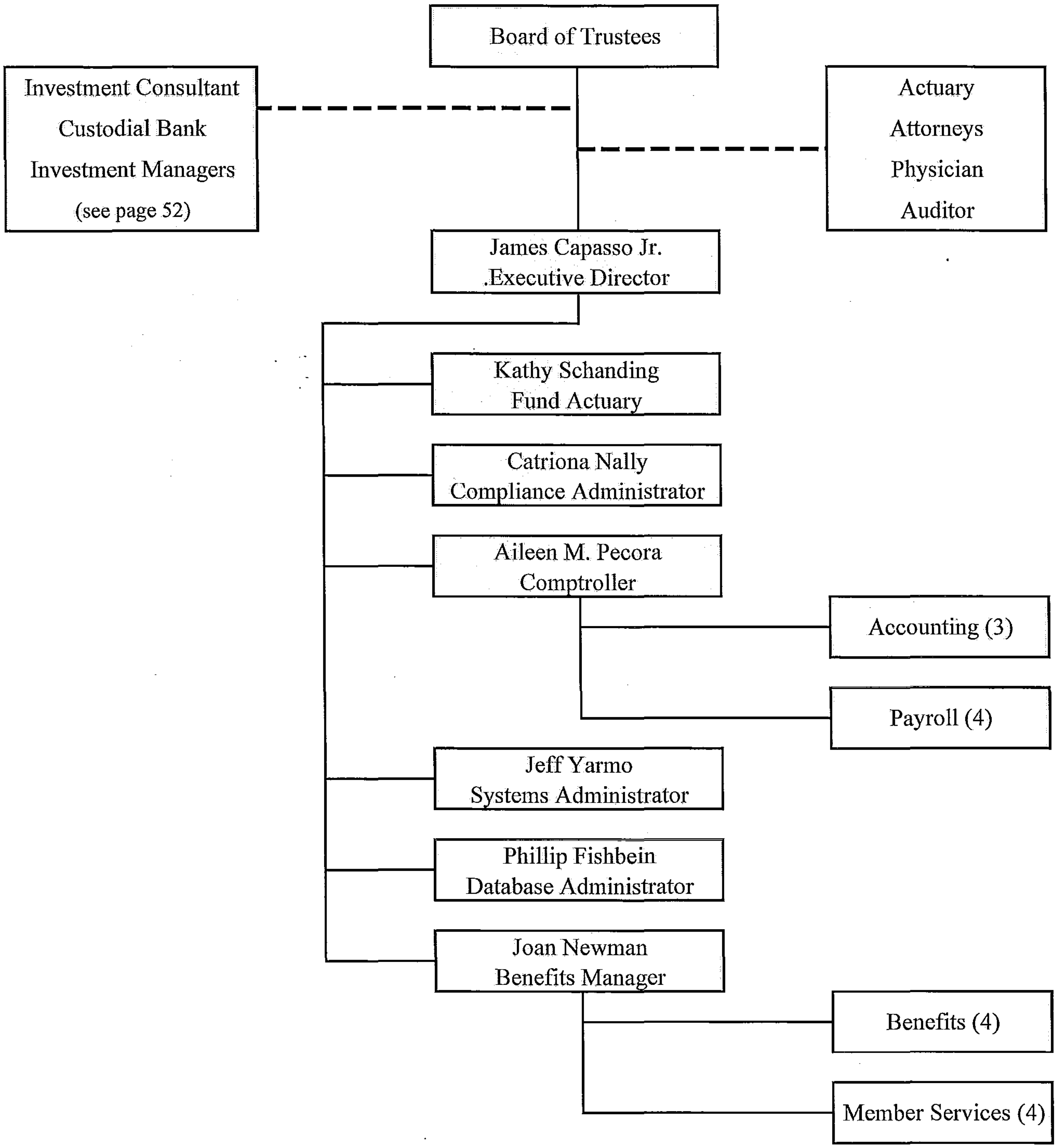
Introductory Section

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Administrative Organization



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago, Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago

April 19, 2011

To the Retirement Board
of the Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) presents its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. This report and the information it contains is entirely the responsibility of the Plan and its administrative staff. The statements and disclosures contained in this report have been prepared to enable the Plan's participants, interested citizens, and responsible governmental officials to draw fair conclusions concerning the financial health and management of the Plan. To the best of our knowledge, the information provided is accurate and complete in all material respects.

Background

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) was established in 1935 and is governed by legislation contained in Chapter 40, Act 5 of the Illinois Compiled Statutes. Article 11 of that act specifically and exclusively refers to the Plan. The Plan was created for the purpose of providing retirement and disability benefits for employees of the City of Chicago or the Board of Education who may be employed in a laboring capacity and for the dependents of such employees. The Plan is governed by an eight member Board of Trustees; three of whom are elected, two of whom are ex-officio trustees, another two of whom are appointed by the City and one who is appointed by the president of the local labor organization representing the majority of employees. All trustees serve without compensation except for necessary expenses. The Board of Trustees and the administrative staff of the Plan are fiduciaries who are legally bound to discharge their duties with respect to the retirement system solely in the interest of the participants and their beneficiaries.

A system of internal controls helps the Plan to monitor and safeguard assets and promote efficient operations. In addition, the staff prepares an operating budget which is evaluated and approved by the Board of Trustees annually. All financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB). An external audit is completed annually by an independent auditor.

The sources and conditions of all contribution revenues are detailed in Article 11 as well as all benefit types, amounts, eligibility requirements, and methods of funding. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer, the City of Chicago, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Reserves are set aside, as determined by the Plan's independent actuary, for the accumulation of employee and employer contributions and for the payment of all benefit obligations.

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Overview
At December 31, 2010, total Plan membership, including active, inactive, disabled and retired members is 8,398. Plan Net Assets increased by $94 million. Additions to Plan Assets were $227 million largely due to appreciation of investments. For 2010, benefit expenses of $127 million included pensions, disability payments, and the Plan's share of the cost to provide health insurance coverage. The unfunded actuarial accrued liability based on the actuarial value of assets increased from $416 million to $542 million during the year, resulting in a reduction in the funding ratio from 79.4 to 73.8 percent. For a full understanding of the Plan's financial results, the reader is urged to review the Financial Section of this report that contains the management's discussion and analysis, auditor's report, the financial statements and other supplemental information. Management's discussion and analysis provides a narrative introduction, overview, and analysis of the financial statements and complements this transmittal letter.

Investments
The investment policy of the Plan is designed to insure the long-term financing of its funding requirements. The Plan's investments are managed by the Board of Trustees pursuant to Chapter 40, Section 5/1 and 5/11 of the Illinois Compiled Statutes using the "prudent person rule." The prudent person rule establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the Plan. This rule states that fiduciaries must discharge their duties solely in the interest of the plan participants and beneficiaries and with the skill, care, prudence, and diligence that a prudent person would ordinarily exercise under similar circumstances in a like position. By permitting further diversification of investments within a plan, the prudent person standard may enable a plan to reduce overall risk and increase returns.

The Board of Trustees, along with professional consultants, managers and staff, maintain an asset allocation program designed to provide the highest expected return while maintaining an appropriate level of risk. The strategic asset allocation among investment types and manager styles is reviewed annually by the trustees and investment consultant.

While not as robust as 2009 returns, the global financial markets closed 2010 with strong results. As of December 31, 2010, the fair value of invested assets, excluding securities lending collateral, was $1,445,304,893 which compares to $1,332,378,165 as of December 31, 2009. For the year ending December 31, 2010, the Plan's total investment return on the fair value of assets was significant at 15.5%. Total investment return for the Plan over the last three and five years was -0.2% and 3.6%, respectively. A detailed discussion of investment performance and asset allocation is provided in the Investment Section of this report.

Funding Status
The funded status in basic terms is a comparison of the Plan's liabilities to assets expressed as either unfunded liability ($) or as a ratio of assets over liabilities (%). Fund liabilities are dependent on actuarial assumptions and on actuarial cost method. Fund assets can be measured at market value, book value, or some variation to smooth the market fluctuations that invariably occur from year to year. The funding status for the Plan is measured using liabilities under the Entry Age Normal funding method and the Actuarial Value of Assets. The Actuarial Value of Assets is determined by annually spreading the difference between expected investment earnings and actual investment earnings over a five year period.

Based on the Actuarial Value of Assets, the unfunded liability as of December 31, 2010 was a deficit of $541,982,320 (including a GASB 43 unfunded liability of $41,361,276) compared to a deficit of $416,135,443 the previous year. The funding ratio as of December 31, 2010 is 73.8% compared to 79.4% in 2009.

Major Initiatives
Illinois Public Act 096-0889, which became law on April 14, 2010, established a new tier of benefits for participants that first become members on or after the effective date of January 1, 2011. As a result, the Fund has begun the necessary programming changes in the participant database which will incorporate the specific benefits of the new tier of participants. In addition, The Fund is educating the staff and participating in the information exchange with local and state reciprocal systems to ensure accuracy in the benefits provided. Various Fund handbooks and forms are being revised as needed to reflect the new tier of benefits.

Significant progress was made on the Plan's participant database system. The employee, spouse, and child annuity modules were all successfully completed, tested, and put into production. Development has begun on the Qildro annuity module and the reversionary annuity module. The ongoing development and integration of the database system into the Fund's workflow continues to increase the efficiency of the organization.

With the passage of Public Act 96-006, the Illinois pension code included additional ethical standards and made certain provisions of the State Officials and Employees Ethics Act, applicable to board members and employees of public pension funds. The trustees approved an Open Meetings Act Policy as well as revised the Ethics Policy for the Fund. Both policies are available on our website, labfchicago.org.

In 2010, the Plan concluded its search for a new investment consultant. Following an open request for proposals and presentations by the finalists, NEPC LLC was selected to provide consulting services beginning August 2010. Two domestic equity managers were terminated and the Fund initiated a new investment in the private equity category of Fund of Funds Secondary Markets. Through continued diversification of investment type, region, and management styles, our goal is to improve the expected long term results while maintaining an acceptable level of risk. Further detail is shown in the investment section of this report.

Internal Controls and Safeguards
A set of internal and external controls is in place to provide reasonable assurance regarding the safekeeping of assets of the Plan, the reliability of financial records, and facilitation of efficient operations. Some of these controls are: 1) The accrual basis of accounting is used to record the financial transactions and activities of the Plan; 2) cash receipts are deposited timely with our custodial bank, the Northern Trust Company; 3) benefit disbursements are prepared and reviewed by the Plan's benefit specialists; 4) the Plan's financial statements are audited annually by the independent accounting firm of Calibre CPA Group PLLC (the audit report makes up the Financial Section of this report, along with required supplementary information and some additional schedules providing more detail relating to the Plan's financial activities); 5) copies of the audit report and actuarial report are submitted annually to the City Comptroller, the City Clerk, and the City Council of the City of Chicago as well as to the Division of Insurance at the Illinois Department of Financial and Professional Regulation (IDFPR); 6) the IDFPR also specifies the content of another detailed report submitted to it in accordance with Chapter 40, Act 5, Article 22, Section 503; 7) the Plan's invested assets as of year end were under the management of thirty independent professional investment managers.

GFOA Award
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago for its comprehensive annual financial report for the fiscal year ended December 31, 2009. In order to be awarded a Certificate of Achievement, a government

unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Reports to Membership

The Plan has issued a variety of reports covering 2009 and 2010 activity. Every spring, we mail participant statements to our active members. This statement details the participant's accumulated contributions to the Plan and beneficiary information on file. A newsletter to all membership is sent out informing members of any relevant administrative, legislative or retirement topics. In addition, the membership also receives a summary of the annual financial report. Authorized agents will also receive the annual report in June in addition to it being available upon request at our office as well as on our website.

Outlook for 2011

While several headwinds are impeding robust growth, the recovery from the Great Recession remains on track. The economic expansion now spans six consecutive quarters and this trend is expected to continue. After reaching a recessionary peak in late 2009, the unemployment rate has fallen in the U.S. Despite this encouraging news, there continue to be some troublesome longer term issues in the labor market. Approximately 13.5 million Americans have yet to find a job and roughly 45% of these individuals have been out of work for 6 months or more. The long awaited bottom in the housing market remains elusive. Given elevated inventory levels, existing home prices have remained weak. Two areas supporting the economy have been the manufacturing sector and consumer spending. Estimates for economic growth in the U.S. remain very modest for 2011.

The first quarter of 2011 continued an upward trend in all major stock indices. Equity investors generally remained confident as all sectors of the S&P 500 Index shared the gains of the overall equity markets. Although both value and growth style stocks rose during the first quarter, growth stocks fared generally better, especially those of small cap companies. International stock markets posted positive returns for the quarter despite political, economic, and seismic shocks. Because the U.S. dollar fell in relation to many other currencies during this period, returns were higher for U.S. investors than for local currency investors.

Quantitative easing and signs of recovery continued to move investors from low-risk bonds into higher yielding securities. The yield curve did not meaningfully change during the first quarter. The U.S. dollar continued to weaken against most major currencies. Negatively impacting the U.S. dollar was the Federal Reserve's repeated assertions that it would keep short-term rates on hold for the foreseeable future. Meanwhile the European Central Bank has indicated it may raise interest rates to fight inflation. Generating the best returns were high yield bonds, emerging market debt, TIPS, and commercial mortgage backed securities. Investment grade corporate bonds and Agencies produced more modest results for the first quarter.

Data continues to suggest that the economic recovery is gaining traction, even against the backdrop of unexpected geopolitical events and natural disasters. Turmoil in the Middle East and the risks associated with nuclear energy (due to the tsunami and earthquake in Japan) have resulted in higher crude oil prices. This is on top of commodity prices that had already been trending higher. We expect that the economy has enough momentum to continue growing as the year progresses. The magnitude of the expansion however, could be tempered if oil and food prices remain high. The labor and housing markets continue to remain as headwinds impacting the economy. Despite better momentum in job growth, unemployment remains elevated and the housing sector continues to experience home price declines and slumping sales. Many challenges remain on the horizon that may lessen the magnitude of growth we see over the next year. It is expected to be positive but the longer-term outlook for investment returns remain muted. The Plan continues to monitor its investment program and strategy to ensure a favorable risk and return profile over the long term.

Benefit payments are expected to be higher in 2011 due to statutory cost of living increases and larger than expected number of retirements while refund and administrative expenses are expected to remain steady in 2011.

With a funding ratio of 73.8%, we are well funded and capable of meeting our annual obligations. In order to put the LABF's funded ratio into perspective, it is useful to compare it to an average. The National Conference on Public Employee Retirement Systems recently reported that in a survey of state and local government plans', the average funding status was 76% in 2010, down from 78% a year earlier. It has been stated that a funding ratio of 70% or more is adequate. Therefore, the LABF funded ratio has been and continues to be above average.

Acknowledgements
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Plan's administrative staff, under the supervision of the Plan's Comptroller, Aileen M. Pecora. Every effort has been made to ensure that the information it contains is accurate and complete to the best of our ability. It is intended to provide a basis for making management decisions, to determine our compliance with legal provisions, and as a means of determining responsible stewardship of the assets contributed by the members and their employer.

The Board and staff of the Plan are dedicated to preserving the retirement system and are doing so with honesty, dedication, and integrity. We strive to be responsible in our actions that are vital to the success of the Plan. We are very grateful for the Board's diligence, concern, and support over many years of our efforts to improve the levels of service and benefits to our participants.

On behalf of the Board of Trustees, I would like to express my sincere appreciation to the staff and the professional consultants for their contributions made to this report and for their dedicated service toward the continued successful operations of the Plan.

Respectfully submitted,

James Capasso, Jr.
Executive Director

Financial Section

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Report of Independent Auditors

Laborers' and Retirement Board
Employees' Annuity and
Benefit Fund of Chicago

We have audited the accompanying statements of plan net assets of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) as of December 31, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial status of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago at December 31, 2010 and 2009, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The additional information presented on page 45 is presented for purposes of additional analysis and is not a required part of the financial statements of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of

Chicago. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Management's Discussion and Analysis on pages 11 through-15, and the Schedule of Funding Progress, the Schedule of Employer Contributions, and Notes to the Schedules on pages 40 through 43 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the Plan's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Calibre CPA Group PLLC

Chicago, Illinois
April 19, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is prepared by the management staff of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (LABF) for the purpose of providing an overview of the Plan's financial activities for the year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages 4-8), the financial statements, required supplementary information and additional information.

Annual Financial Review

Each year the Plan commissions an actuary to assess the financial strength of the Plan. The actuary compares the value of "benefit promises" made to its members to the value of the Plan's assets. As prescribed by accounting standards, the actuary uses a valuation method different than fair value to determine the value of the Plan's assets. It differs in that the actuarial value of assets distributes investment gains and losses over a five year period in an attempt to smooth out market volatility. For fiscal year 2010, the consulting actuary reports the Plan's actuarial liability was $2.071 billion and the actuarial value of assets was $1.529 billion.

The comparison of the assets to liabilities is termed the funded ratio and represents the percentage of assets available to pay the promised benefits. When measured using the Actuarial Value of Assets, which smoothes investment gains and losses over a five year period, the funded ratio decreased from 79.4% in 2009 to 73.8% in 2010. The funded ratio is expected to decrease for the next two years at which point the significant investment losses from 2008 will be fully recognized.

Overview of the Financial Statements of the Plan

This discussion and analysis is intended to serve as an introduction to the Plan's financial reporting which is comprised of the following components.

1. Basic Financial Statements: The two basic financial statements are the Statements of Plan Net Assets and the Statements of Changes in Plan Net Assets. The Statements of Plan Assets report the balance of net assets held in trust for future pension benefits as of the fiscal year end, with comparative values reported as of the previous fiscal year end. The Statements of Changes in Plan Net Assets report the net increase in net assets for the fiscal year, with comparative values reported for the previous fiscal year. This increase, when added to the previous year's net assets, supports the total net assets as reported in the Statements of Plan Net Assets.

2. Notes to the Financial Statements: Notes to the Financial Statements provide additional valuable information that assists the reader to better understand the Plan's financial position. The notes are an integral part of basic financial statements.

3. Required Supplemental Information: The required supplemental information consists of the Schedule of Funding Progress, Schedule of Employer Contributions and related notes. These schedules and related notes emphasize the long-term nature of pension funds and show the Plan's progress in accumulating sufficient assets to pay benefits when due. These schedules present actuarial trend information for both the Plan and Other Postemployment Benefits (OPEB) that are associated with the Plan. The Plan participates in two different OPEB initiatives. First, the Plan, through its subsidy, and the City of Chicago share the cost of providing health care coverage to the City annuitant or their surviving spouse. Secondly, the Plan, as the employer offers to its retirees a postemployment group health care plan.

4. Additional Information: Schedules of Administrative Expenses, Investment Expenses and Professional Services are included to present the details of organizational costs incurred to operate the Plan.

Investment Performance

The year began strongly with most financial markets advancing sharply through April. In the late spring, however, the European sovereign debt crisis, the Gulf of Mexico oil spill and concerns about Wall Street regulation all combined to rattle the confidence of investors. Global equity markets declined steeply over the next several months, while Treasury bonds rallied sharply. Beginning in the summer, however, in response to continued good economic news and the midterm election results, markets rebounded through the fall and into the end of the year. Although 2010's annual performance is one of the best in the last decade, the five year returns are still well below expectations.

As reported by the Plan's investment consultant, the total investment return based upon fair value was 15.5% in 2010 versus 21.5% in 2009. Domestic Equity returns of 18.9% exceeded the benchmark of the S&P by 3.8% and International Equity returns of 15.2% surpassed the MS EAFE Net by 7.4%. Small and mid cap stocks outperformed large cap stocks for the year while growth outpaced value for the same period. Industrials and consumer discretionary were the strongest performing sectors. Double-digit gains were registered for all but two sectors at year end. Bond managers topped the benchmark with a 9.1% return as compared to the Barclays Capital Aggregate bond index of 6.5 % for the year. High Yield bonds and emerging market debt were the best performers. Real estate underperformed its benchmark by 12.5%, with a return of 3.9%. Private equity and real estate asset classes have a nominal impact on overall Plan performance because they represent a small percentage of the portfolio, 3.3% and 2.4% respectively.

Rates of Return for Fiscal 2010					
Asset Category	1 Year Return	5 Year Return	Index Name	1 Year Return	5 Year Return
Cash and short-term	6.5%	0.3%	90 Day T-Bills	0.1%	2.4%
Fixed income	9.1	5.8	BC Aggregate	6.5	5.8
Domestic equity	18.9	2.1	S&P 500	15.1	2.3
Int'l developed equity	15.2	4.0	MSCI EAFE Net	7.8	2.5
Emerging markets equity	28.2	n/a	MSCI EMF Net	18.9	n/a
Private equity	14.5	6.6	Private Equity	n/a	n/a
Real estate	3.9	-3.4	NCREIF Open End	16.4	-0.1
Hedge funds	10.0	n/a	HFRI FOF	5.7	n/a
Total plan	15.5%	3.6%	Allocation Index*	12.9%	4.1%

*The Allocation Index is an asset class-weighted benchmark designed to take into account the percentage of an asset class in a portfolio and the relationship to its corresponding benchmark.

Financial Analysis

The Laborers' Fund provides retirement benefits as well as death and disability benefits to qualified City of Chicago employees. The benefits are funded by member and employer contributions and income from investments. The following summarized comparison indicates that the net assets held in trust for payments of benefits at December 31, 2010 amounted to $1.43 billion, which was an increase of $100 million or 7.1% from $1.33 billion at December 31, 2009. This increase was 35% lower than the increase in net assets that occurred between December 31, 2008 and December 31, 2009 that reflected the rebound of the markets from the 2008 collapse.

Condensed Comparative Statements of Plan Net Assets

	December 31,			Net Change	
	2010	2009	2008	2009 to 2010	2008 to 2009
Receivables	$ 22,909,550	$ 25,211,573	$ 22,679,888	$ (2,302,023)	$ 2,531,685
Investments, at Fair Value	1,445,304,893	1,332,378,165	1,211,928,723	112,926,728	120,449,442
Invested Security Lending Cash Collateral	151,718,173	169,346,248	145,705,526	(17,628,075)	23,640,722
Property and Equipment	2,225,275	2,833,438	3,446,441	(608,163)	(613,003)
Total Assets	1,622,157,891	1,529,769,424	1,383,760,578	92,388,467	146,008,846
Liabilities	194,943,716	196,840,012	195,180,089	(1,896,296)	1,659,923
Total Plan Net Assets	$ 1,427,214,175	$ 1,332,929,412	$ 1,188,580,489	$ 94,284,763	$ 144,348,923

Assets

Total assets increased in 2010 by $92 million or 6.0%. The increase or decrease of invested assets is directly tied to the strength of the financial markets at our fiscal year end. Security lending programs also follow market conditions, for when they are favorable, it becomes more attractive to lend securities.

As of December 31, 2010, total receivables, decreased by $2.3 million from 2009 as a result of a reduction in the employer contribution and a slight decrease in miscellaneous receivables. In 2009, total receivables were over 10% higher than the previous year mainly due to a larger employer contribution receivable.

Please refer to the Investment Section of this report for more information on the Plan's investments.

The Plan's property and equipment is primarily comprised of a custom developed software program. This program integrates the administrative functions of contribution accounting, benefit calculation and benefit payments.

Liabilities

In 2010, the Plan's liabilities consisted of the liability for the cash collateral associated with securities lending (77.8%); unsettled net investment trades at year end (19.2%); and accrued professional and investment management fees payable (3.0%). In 2009, the Plan's liabilities consisted of the liability for the cash collateral associated with securities lending (86.0%); unsettled net investment trades at year end (10.3%); and accrued professional and investment management fees payable (3.7%). Because of the corresponding accounting entry, the rise or fall of the Liabilities account over the past few years primarily rests with the activity of the securities lending program and the cash collateral that is held at year end.

Condensed Comparative Statements of Changes in Plan Net Assets

	Year Ended December 31,			Net Change	
	2010	2009	2008	2009 to 2010	2008 to 2009
Additions					
Contributions	$ 34,258,802	$ 34,728,108	$ 36,998,863	$ (469,306)	$ (2,270,755)
Total investment income	193,187,014	237,102,597	(510,462,568)	(43,915,583)	747,565,165
Total Additions	227,445,816	271,830,705	(473,463,705)	(44,384,889)	745,294,410
Deductions					
Benefits and refunds	129,296,766	123,816,866	117,146,951	5,479,900	6,669,915
Administrative expense	3,864,287	3,664,916	3,626,393	199,371	38,523
Total Deductions	133,161,053	127,481,782	120,773,344	5,679,271	6,708,438
Net increase in net assets	94,284,763	144,348,923	(594,237,049)	(50,064,160)	738,585,972
Net assets held in trust for pension benefits					
Beginning of year	1,332,929,412	1,188,580,489	1,782,817,538	144,348,923	(594,237,049)
Ending of year	$ 1,427,214,175	$ 1,332,929,412	$ 1,188,580,489	$ 94,284,763	$ 144,348,923

Additions

The additions of member and employer contributions and investment income are the funding sources for benefit payments. In 2010, contributions decreased by almost $500 thousand. Due to tough economic conditions, the City of Chicago continued its freeze on hiring and once again mandated unpaid furlough days; thereby lowering salaries on which the employee contributions are based. Employer contributions are a function of employee contributions from two years prior; therefore, employer contributions follow the trend with employee wages. In fiscal year 2009, the initial year of the hiring freeze and furlough days, contributions had decreased by $2.2 million due to the workforce reduction.

Investment income added value as the economy slowly showed signs of continued recovery. Although the portfolio experienced realized losses on security sales of $40 million, this was offset by a $134.7 million in unrealized gains. Securities lending also added value, posting a $1.3 million gain. Dividend income increased by 8.5% in 2010 to $11.8 million while interest income fell by 30% to $10.6 million in large part due to interest rates held near record lows.

Deductions

The expenditures paid by the Plan include annuity and disability benefit payments, contribution refunds and administrative expenses. Annuity expense increased 5.0% in 2010 as compared to 6.2% in 2009. Although the number of recipients of benefit checks increased modestly over the years (see Retiree and Beneficiaries by Type on page 75), the expense continues to increase at a greater rate. The reason is two fold; first the Plan provides a compounded cost of living increase to qualified employee annuitants each January, and secondly, due to active employee raises granted by the city, the average annuity granted to new retirees continues to be greater than the average of the on-going annuitants.

During 2010, administrative expenses increased by 2.5% from the prior year mainly due to additional expense in designing our participant database system and the corresponding accounting entries to reflect our future healthcare obligations.

Factors impacting 2011

The 2011 financial markets are again expected to be a challenge. We believe the global recovery can gain traction and broaden in 2011. Our outlook is based on expectations for a stronger U.S. economy, sustained growth in China and India, and accommodative global monetary policies. Some economic metrics remain headwinds to the economic recovery. The housing market continues to experience price declines and slumping sales, meanwhile despite better momentum in job growth, unemployment remains stubbornly high. In order to respond to these challenges, the Board of Trustees continues to focus on the Plan's asset allocation model to ensure opportunity for higher returns while minimizing overall risk.

After passing legislation in 2010 that created a second tier of Plan benefits for participants who are new employees hired after December 31, 2010, the state legislature continues to seek ways to respond to the funding challenges of the pension plans throughout the state. The trustees and staff begin the extensive work to implement the new tier of benefits meanwhile keeping watch on the ever changing pension environment in order to be prepared to incorporate any future changes for our participants.

Locally, Mayor Richard M. Daly retires after 22 years as mayor of Chicago. He holds the record as the longest serving mayor in the history of the city. We thank Mayor Daley for his dedication and contributions to the city and we wish him well in his retirement. As the new administration begins in Chicago, the Trustees and staff of the Plan will work together with the General Assembly, the Mayor of Chicago, and our investment professionals in order to monitor and manage pension issues.

Request for Information

<u>Questions about any information provided in this report should be addressed to:</u>
Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
Attn: Executive Director
321 N Clark St Ste 1300
Chicago IL 60654-4739

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Statements of Plan Net Assets

December 31, 2010 and 2009

	2010	2009
Assets		
Receivables		
Employer	$ 19,616,491	$ 21,998,162
Plan member	620,201	498,990
Interest and dividends	2,625,191	2,595,228
Other receivables	47,667	119,193
Total receivables	22,909,550	25,211,573
Investments - at fair value		
Cash and short-term investments	76,371,331	69,764,327
Equities	859,975,771	780,906,976
Equities loaned to third parties	113,523,079	128,729,335
Total equities	973,498,850	909,636,311
Fixed income	222,408,647	203,416,413
Fixed income loaned to third parties	35,561,803	35,396,055
Total fixed income	257,970,450	238,812,468
Private equity	47,068,095	38,701,454
Real estate	34,591,721	32,109,854
Hedge funds	55,804,446	43,353,751
Subtotal	1,445,304,893	1,332,378,165
Securities lending cash collateral	151,718,173	169,346,248
Total investments - fair value	1,597,023,066	1,501,724,413
Property and Equipment	2,225,275	2,833,438
Total assets	1,622,157,891	1,529,769,424
Liabilities and Net Assets		
Liabilities		
Due to brokers - net	37,483,168	20,169,319
Refunds, professional fees payable and other liabilities	4,794,189	6,695,382
OPEB liability	948,186	629,063
Securities lending cash collateral	151,718,173	169,346,248
Total liabilities	194,943,716	196,840,012
Net assets held in trust for pension benefits	$ 1,427,214,175	$ 1,332,929,412

(Schedules of Funding Progress are presented on pages 40 and 41)

See accompanying notes to financial statements.

LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO

STATEMENTS OF CHANGES IN PLAN NET ASSETS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
ADDITIONS		
Contributions		
Employer	$ 17,938,810	$ 17,189,811
Plan member	16,319,992	17,538,297
Total contributions	34,258,802	34,728,108
Investment income		
Net appreciation in fair value of investments	174,438,935	211,581,778
Interest	10,605,613	15,140,956
Dividends	11,835,279	10,904,307
Private equity income - net	1,473,332	619,143
Real estate operating income - net	294,536	(82,454)
Hedge fund income - net	923,693	175,960
	199,571,388	238,339,690
Less investment expenses	(7,694,236)	(6,966,777)
Investment income - net	191,877,152	231,372,913
Securities lending		
Income	1,710,031	7,045,915
Expenses		
Borrower rebates	(72,820)	116,110
Management fees	(327,349)	(1,432,341)
Total securities lending expenses	(400,169)	(1,316,231)
Securities lending income - net	1,309,862	5,729,684
Total additions	227,445,816	271,830,705
DEDUCTIONS		
Benefits	127,028,997	120,998,446
Refunds	2,267,769	2,818,420
Administrative and OPEB expenses	3,864,287	3,664,916
Total deductions	133,161,053	127,481,782
NET INCREASE	94,284,763	144,348,923
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	1,332,929,412	1,188,580,489
End of year	$ 1,427,214,175	$ 1,332,929,412

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is administered in accordance with Chapter 40, Act 5, Article 11 of the Illinois Compiled Statutes. The Plan is considered by the City to be a component unit of the City of Chicago and is included in the City's financial statements as a pension trust fund. The costs of administering the Plan are financed by employer contributions in conformance with state statutes.

Method of Accounting - The financial statements reflect an accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer, the City of Chicago, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are reported at fair value which generally represents reported market value as of the last business day of the year. Quoted market prices, when available, have been used to value investments. For equities, fair value is determined by using the closing price listed on the national securities exchanges as of December 31. Fair value for fixed income securities are determined principally by using quoted market prices provided by independent pricing services. Cash and short-term investments are valued at fair value which approximates cost. Alternative investments, which include real estate, private equity investments and hedge funds, are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as cash flow analysis, recent sales prices of investments, comparison of comparable companies' earnings multiples, withdrawal restrictions, annual audits, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed. The reported values of real estate and private equity are current values unless that information was unavailable in which case the reported value will lag one quarter behind the date of these financial statements. The difference between the current value and the lag has been evaluated and determined not to be material.

Unsettled trades as of the end of the year are recorded net as due to broker. At December 31, 2010 and 2009, \$42,684,202 and \$36,151,235, respectively, were due to broker, and \$5,201,034 and \$15,981,916, respectively, were due from broker for unsettled trades.

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by using the straight line method over an estimated useful life of five years, except for the custom software package development which is depreciated over 10 years.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses - Administrative expenses are budgeted and approved by the Plan's Board of Trustees. Funding for these expenses is included in the employer contributions as mandated in Chapter 40, Act 5, Article 11 of the Illinois Compiled Statutes.

Subsequent Events Review - Subsequent events have been evaluated through April 19, 2011, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

New Accounting Pronouncements – GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was adopted during the year ended December 31, 2010. The Statement requires that all identifiable intangible assets, such as easements, water rights, patents and computer software be classified as capital assets. The Plan shows its internally-generated computer software under Property and Equipment. This asset is capitalized over the expected useful life of ten years. Additional outlays would be capitalized if it extends the useful life of the software beyond its originally established useful life, or if it increases the functionality or efficiency of the software. Otherwise, such outlays would be considered maintenance and be expensed as incurred.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, was adopted during the year ended December 31, 2010. The Statement establishes the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This Statement has no impact on the Plan's financial statements.

NOTE 2. PLAN DESCRIPTION

The Plan was established in 1935 and is governed by legislation contained in Illinois Compiled Statutes, particularly Chapter 40, Act 5, Article 11 which specifically and exclusively refers to the Plan. The Plan can be amended only by the Illinois Legislature. The Plan is a single-employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement and disability benefits for employees of the City of Chicago (City) who are employed in a title recognized by the city as labor service and for the dependents of such employees.

The Statutes authorize a Board of Trustees of eight members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, two are to be elected by the employee members of the Plan, one is to be elected by the retired members of the Plan, one is to be appointed by the local labor union and two are to be appointed by the Department of Human Resources (formerly the Department of Personnel). The two ex officio members are the City Comptroller or someone chosen from the Comptroller's office and the City Treasurer or someone chosen from the Treasurer's office. All members of the Board of Trustees are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the City Council of the City of Chicago a detailed report of the financial affairs and status of the reserves of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Financial and Professional Regulation's (IDFPR) Division of Insurance, as well as another detailed annual report, the form and content of which is specified by the IDFPR's Division of Insurance.

Any employee of the City of Chicago or the Board of Education of the City employed under the provisions of the municipal personnel ordinance as labor service or any person employed by a retirement board of any annuity and benefit fund in the City is covered by the Plan. Covered employees are required to contribute 8.5% of their salary to the Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest. The City of Chicago, for its employer's portion, is required by State Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Plan. The City's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Plan in the calendar year two years prior to the current year, multiplied by 1.00. The source of funds for the City's contribution has been designated by State Statutes and is derived from the City's annual property tax levy, or from any source legally available for this purpose, including but not limited to, the proceeds of city borrowings. The City of Chicago payroll for employees covered by the Plan for the years ended December 31, 2010 and 2009 was $199,863,410 and $208,626,493, respectively.

The Plan provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial City contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4% per year of service, multiplied by the final average salary (highest average annual salary for any four consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by 1/4 of 1% for each month the employee is under age 60, unless the employee is 50 or over with at least 30 year of service or 55 or over with at least 25 years of service. The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRS) §401(a)(17) and §415 limitations. Beginning January 1, 1999, there is a 10 year deferred vested benefit payable at age 60. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of $850 per month. The monthly annuity is increased by 3% of the current annuity beginning the January of the first payment date following the earlier of 1) the later of the third anniversary of retirement and age 53 and 2) the later of the first anniversary of retirement and age 60, and each year thereafter.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

At December 31, 2010 and 2009, plan members consisted of the following:

	2010	2009
Retiree and beneficiaries currently receiving benefits	3,996	3,996
Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them	1,446	1,460
Active plan members (including plan members receiving disability benefits)		
Vested	2,412	2,392
Non-vested	544	732
Total plan members	8,398	8,580

NOTE 3. INVESTMENTS

Investment Policies

Investments are governed by Sections 5/1 and 5/11, Chapter 40, of the Illinois Compiled Statutes. The prudent person rule, which establishes a standard of care for all fiduciaries, is an important aspect of the Statutes. The prudent person rule states that fiduciaries must discharge their duties with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the State Statutes.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risk and risk associated with changes in interest rates.

NOTE 3. INVESTMENTS (CONTINUED)

Investment Summary

All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes. The composition of investments, by investment type, as of December 31, 2010 and 2009, is as follows:

	2010	2009
Cash and short-term investments	$ 76,371,331	$ 69,764,327
Equities		
U.S. equities	550,319,188	525,791,967
U.S. equity funds	144,962,298	143,411,653
Foreign equities	241,978,016	215,432,691
Foreign equity funds	36,239,348	25,000,000
Total equities	973,498,850	909,636,311
Fixed income		
U.S. Government obligations and municipal bonds	128,775,076	109,068,435
U.S. Corporate bonds	118,744,539	121,752,445
Foreign fixed income securities	10,450,835	7,991,588
Total fixed income	257,970,450	238,812,468
Private equity	47,068,095	38,701,454
Real estate	34,591,721	32,109,854
Hedge funds	55,804,446	43,353,751
Subtotal	1,445,304,893	1,332,378,165
Securities lending cash collateral	151,718,173	169,346,248
Total investments at fair value	$ 1,597,023,066	$ 1,501,724,413

Short-term investments include commercial paper or notes having maturity of less than 90 days or pooled short-term investment funds managed by the Northern Trust. Under the terms of the investment agreement for these funds, the Northern Trust may invest in a variety of short-term investment securities.

Given the extreme illiquidity in the market in the last quarter of 2008, our custody bank felt it prudent to make a change to the short term collective pool. Slightly over half of the Plan's short term investments were removed from the collective pool and placed in a separate account, in effect separating illiquid investments from liquid investments. While the market value of these investments was currently below cost, the Plan fully expected these securities to attain par value at maturity date. Throughout 2010, the Plan did receive the expected par value on the remaining securities that had reached maturity date and the separate account has been closed.

NOTE 3. INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Plan's deposits may not be returned to it. The Plan does not have a formal deposit policy for custodial credit risk. As of December 31, 2010 and 2009, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Plan's name.

	2010	2009
Amount exposed to custodial credit risk -		
Investments in foreign currency	$ 209,180	$ 265,459

Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to pay interest or principal in a timely manner, or that negative perception of the issuer's ability to make payments will cause a decline in the security's price. Some fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government, are not considered to have credit risk.

The fixed income portfolio of the Plan is managed by professional investment management firms. These firms are required to maintain diversified portfolios. The Plan does not have a formal policy on concentration of credit risk. Each investment manager complies with risk management guidelines individually assigned to them as part of their Investment Management Agreement. There were no investments from a single issuer that exceeded 5% of the total net assets of the Plan.

A bond's credit quality is a standard used by the investment community to assess the issuer's ability to make interest payments and to ultimately make principal payments. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investor Service (Moody's) or Standard and Poor's (S&P). In the rating agency's opinion, the lower the rating, the greater the chance that the bond issuer will default, or fail to meet its payment obligations. The following table presents the credit risk profile, based on Moody's Investor Service for fixed income securities held by the Plan as of December 31, 2010 and 2009.

NOTE 3. INVESTMENTS (CONTINUED)

Concentration of Credit Risk (continued)

Quality Rating	2010	2009
Aaa	$ 71,198,244	$ 63,143,492
Aa	12,333,032	10,541,385
A	18,624,339	20,519,441
Baa	25,357,557	26,710,547
Ba	3,437,687	3,714,975
B	3,507,967	4,430,449
Caa	7,892,614	4,824,837
Ca	2,026,301	1,274,053
C	13,095	23,846
Not rated or unavailable	44,927,868	43,321,395
Total credit risk debt - securities	189,318,704	178,504,420
U.S. government and agencies*	68,651,747	60,308,048
Total fixed income	$ 257,970,450	$ 238,812,468

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, the investment managers have diversified the portfolio to reduce the impact of losses in an individual investment and typically align the portfolio's duration with that of the benchmark.

NOTE 3. INVESTMENTS (CONTINUED)

Interest Rate Risk (continued)

At December 31, 2010, the following table shows the investments by investment type and maturity (expressed in thousands).

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years	Variable
Asset backed securities	$ 10,728	$ -	$ 4,455	$ 300	$ 5,973	$ -
Commercial mortgage backed	15,203	369	-	-	14,834	-
Corporate bonds	89,046	1,721	18,431	18,713	16,685	33,496
Government agencies	23,638	3,457	10,103	6,340	3,738	-
Government bonds	32,359	1,000	8,527	10,631	12,201	-
Government mortgage backed	66,177	-	377	3,745	43,859	18,196
Gov't-issued commercial mortgage-backed	272	-	-	272	-	-
Guaranteed fixed income	154	153				
Index linked gov't bonds	5,565	-	-	4,333	1,232	-
Municipal bonds	1,505	-	-	-	1,505	-
Non-government backed CMO's	13,323	-	-	1,824	11,499	-
Total fixed income	$ 257,970	$ 6,700	$ 41,893	$ 46,158	$ 111,526	$ 51,692

Investment Results

During 2010 and 2009, net realized gains (losses) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were $39,740,593 and $(67,226,457), respectively. These amounts are included in the net appreciation in fair value of investments as reported on the Statement of Changes in Plan Net Assets. The calculation of realized gains and losses is independent of the calculation of net appreciation in the fair value of the Plan's investments. Investments purchased in a previous year and sold in the current year results in their realized gains and losses being reported in the current year and their net appreciation in Plan assets being reported in both the current and the previous year(s).

NOTE 3. INVESTMENTS (CONTINUED)

Foreign Currency Risk

The international portfolio is constructed on the principles of diversification, quality, growth and value. Risk of loss arises from changes in currency exchange rates. While not having a formal investment policy governing foreign currency risk, the Plan does manage its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios to limit foreign currency and security risk. The Plan's exposure to foreign currency risk as of December 31, 2010 and 2009, is presented in the following table.

Currency	2010	2009
Foreign equities		
Australian dollar	$ 9,590,511	$ 6,951,254
Brazalian dollar	13,201,084	9,692,186
Canadian dollar	4,069,456	2,409,688
Swiss franc	11,178,644	10,404,313
Danish krone	1,935,919	2,196,153
Euro	38,739,288	37,633,385
British pound sterling	40,333,605	35,099,267
Hong Kong dollar	15,132,515	12,248,397
Indonesian rupiah	2,059,649	2,120,028
New Israeli shekel	1,317,639	279,250
Japanese yen	24,924,474	25,819,212
South Korean won	7,276,029	4,737,881
Mexican peso	4,808,421	3,401,008
Malaysian ringgit	2,417,850	1,487,911
Norwegian krone	927,755	1,484,420
Pakistan Rupee	780,295	-
Polish zloty	295,283	266,695
Swedish krona	8,698,080	5,686,974
Singapore dollar	5,071,832	4,239,524
Thai baht	416,935	520,424
Turkish lira	1,842,005	458,721
South African rand	7,741,792	4,796,074
United States dollar	75,458,301	68,499,926
Subtotal foreign equities	278,217,364	240,432,691
Foreign fixed income		
United States dollar	10,450,835	7,991,588
Total foreign securities	$ 288,668,199	$ 248,424,279

NOTE 4. SECURITIES LENDING

State Statutes and the Board of Trustees permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Plan receives 80% of the net revenue derived from the securities lending activities, and the bank receives the remainder of the net revenue.

The Plan is currently not restricted as to the type of securities it may loan. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults.

The average term of securities loaned was 108 days for 2010 and 64 days for 2009; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral may be invested in a short-term investment pool, which had an average weighted maturity of 50 days as of December 31, 2010 and an average weighted maturity of 65 days as of December 31, 2009. Cash collateral may also be invested in term loans, in which the investments (term loans) match the term of the securities loaned. These loans can be terminated on demand by either the lender or the borrower.

At December 31, 2010 and 2009, the Plan had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts owed to the Plan. At December 31, 2010 and 2009, the fair value of securities loaned was $149,084,882 and $164,125,390, respectively. At December 31, 2010 and 2009, the securities loaned were collateralized as follows:

	2010	2009
Collateralized by cash	$ 151,718,173	$ 169,346,248
Collateralized by other than cash	1,200,312	170,951
Total	$ 152,918,485	$ 169,517,199

During 2010 and 2009, there were no losses due to default of a borrower or the lending agent. The contract with the Plan requires the lending agent to indemnify the Plan if borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

Due to the volatile financial markets of late 2008, the securities lending program had produced significant negative income in 2008 unlike any year in the history of securities lending. The Plan recorded a corresponding liability and the custodial bank has agreed to continue to carry forward the liability and post future securities lending earnings against the current liability.

NOTE 5. MORTGAGE-BACKED SECURITIES

The Plan invests in mortgage-backed securities, representing interests in pools of mortgage loans, as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies, such as: Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

The financial instruments are carried at fair value and are included in investments on the Statement of Plan Net Assets. The gain or (loss) on financial instruments is recognized and recorded on the Statement of Changes in Plan Net Assets as part of investment income.

NOTE 6. RELATED PARTY TRANSACTIONS

At December 31, 2010, the Plan held securities of its custodial bank and its insurance provider with a fair value of $2,838,588. At December 31, 2009, the Plan held securities in three of its investment managers with a fair value of $3,235,261.

NOTE 7. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis; that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value of the security, which may vary with market fluctuations, is not reflected in the value of investments. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment take place. As of December 31, 2010 and 2009, the Plan contracted to acquire securities on a when-issued basis with total principal amounts of $35,125,000 and $19,730,000 and fair values of $36,720,389 and $20,640,335, respectively.

NOTE 8. COMMITTED CASH

The Plan has entered into investment arrangements for real estate and private equity. As of December 31, 2010 and 2009, the Plan had $51,787,866 and $31,833,312, in outstanding capital commitments, respectively.

NOTE 9. SUMMARY OF EMPLOYER FUNDING POLICIES

The City shall levy a tax annually which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them, will be sufficient for the requirements of the Plan. The tax will produce an amount that does not exceed the amount of contributions by the employees to the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.00 for the year 1999, and each year thereafter.

When the balance of the prior service reserve equals its liabilities (including in addition to all other liabilities, the present value of all annuities, present or prospective, according to applicable mortality tables and rates of interest), the City shall cease to contribute the amounts to provide prior service annuities and other annuities and benefits.

As a result of Public Act 093-0654, the City is not required to make a contribution for the plan year if the accrued liabilities, excluding the liabilities that arose from the early retirement incentive (ERI) of 2004, are 100 percent funded by the Actuarial Value of Assets.

The current actuarial studies of the Plan as of December 31, 2010 (2011 Tax Levy) and as of December 31, 2009 (2010 Tax Levy) indicated that a minimum annual contribution was required by the City to maintain the Plan on a minimum valuation basis. The recommended minimum annual contribution based on an annual payroll of $199,863,410 for 2,956 active members for the 2011 tax levy and $208,626,493 for 3,124 active members for the 2010 tax levy is computed as follows:

	2011 Tax Levy	2010 Tax Levy
Normal cost	$ 31,568,760	$ 32,544,629
30 year level dollar amortization of unfunded liability (surplus)	43,604,779	33,245,314
Interest adjustment for semimonthly payment	2,994,459	2,611,958
Total minimum contribution	78,167,998	68,401,901
Less estimated plan member contributions	(17,366,423)	(18,127,860)
Annual required contribution (ARC) to be financed by tax levy*	$ 60,801,575	$ 50,274,041
Required tax levy multiple for the Plan	3.89	2.76

*Value for 2011 and 2010 ARC includes GASB No. 43 ARC of $3,542,982 and $3,609,337, respectively.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES

The reserves for actuarial liabilities are based on an annual valuation submitted by the Plan's consulting actuary. The annual actuarial valuation establishes the reserves required for various statutory liabilities which arise from pension benefit schedules that are part of the current pension code legislation. Net assets held in trust for pension benefits as of December 31, 2010 and 2009, were comprised of the following Plan surplus (deficit) balances:

	2010	2009
Prior Service Fund	$ 1,249,715,620	$ 1,168,454,858
City Contribution Fund	241,693,154	242,928,611
Salary Deduction Fund	241,623,557	242,861,683
Annuity Payment Fund and Reserve	388,078,452	400,473,170
Supplementary Payment Reserve	69,562	69,562
Fund Reserve - (deficit)	(693,966,170)	(721,858,472)
Total net assets held in trust for pension benefits	$ 1,427,214,175	$ 1,332,929,412

The Prior Service Fund is a reserve account for the accumulation of City contributions to provide for: 1) employee and spouse annuities that are based on service performed before the Plan's effective date of July 1, 1935, and 2) any excess in minimum annuity formula requirements over the amounts required for age and service annuities and for spouse annuities.

The City Contribution Fund is used to accumulate amounts contributed by the City to provide for annuities based on age and service of each employee and spouse. An individual account is to be kept for each employee and spouse until the employee retires, at which time the individual account balances are transferred to the Annuity Payment Fund.

The Salary Deduction Fund is similarly used to accumulate deductions made from employee salaries for age and service annuities for the employee and spouse. Individual accounts are kept until the employee retires or withdraws from service before qualifying for an annuity. At retirement, account balances are transferred to the Annuity Payment Fund. In case an eligible employee elects to take a refund of contributions instead of an annuity, the contribution refund is charged to this reserve fund.

The Annuity Payment Fund receives the amounts transferred from the individual accounts in the City Contribution Fund and the Salary Deduction Fund when an employee retires and qualifies for an annuity. All age and service annuity payments are charged to this fund.

The Supplementary Payment Reserve was established in 1969 to fund postretirement benefit increases for future and current annuitants who elected to pay into the Plan the amount necessary to receive the postretirement benefit.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

The Fund Reserve represents the difference between the actuarially determined present value of all future pension payments and the value of the Plan's present assets plus the present value of future contributions. A surplus indicates that present assets and future contributions exceed the expected requirements for future pension payments, while a deficit indicates that additional assets will be needed to provide for future benefits.

During the years ended December 31, 2010 and 2009, the Plan's actuary has determined that an increase in actuarial reserves of $66,392,461 for 2010 and $60,099,243 for 2009 are required. The excess or shortage of revenue over expenses for the years ended December 31, 2010 and 2009, have been applied to the actuarial reserves as noted above, which has resulted in increases in the Plan deficit of $125,846,878 for the year ended December 31, 2010 and $157,174,618 for the year ended December 31, 2009.

As reported by the actuary, the changes in the Plan surplus (deficit) during the years ended December 31, 2010 and 2009, consisted of the following:

	2010	2009
Fund surplus (deficit) at the beginning of the year	$ (416,135,443)	$ (258,960,825)
Gains (losses) during the year attributable to:		
Salaries under assumed rate	19,309,030	13,437,593
Investment yield over/under 8.0% assumed	(97,274,017)	(136,557,090)
Annual required contributions from levy and employee contributions	(32,836,243)	(20,908,058)
Miscellaneous actuarial experience	(14,391,903)	(13,067,408)
Gain (loss) from data corrections	(653,745)	(79,655)
Net loss	(125,846,878)	(157,174,618)
Fund deficit at the end of the year	$ (541,982,321)	$ (416,135,443)

The above detail denotes the change in the Plan surplus (deficit) based on assets valued using a Five Year Smoothed Average Market, a market related actuarial asset value as required by Governmental Accounting Standards Board Statement No. 25.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

The funded status of the Plan as of December 31, 2010, the most recent actuarial valuation date, is as follows (in thousands):

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
2010	$ 1,529,404	$ 2,030,025	$ 500,621	75.34%	$ 199,863	250.48%

The actuarial method used in the valuation was the Entry Age Normal Actuarial Cost Method. The life expectancy of participants were the 1994 Group Annuity Mortality sex distinct tables set forward two years. Disability cost was valued as a term cost of 1.50 percent of payroll. Retirement age assumptions (based on actual past experience) were that all retire by age 70. The investment rate of return (net of expenses) was 8% compounded annually. Salary increases were 4.5% compounded annually, plus a service based increase in the first five years.

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) on page 40 following the notes to the financial statements, presents multi-year trend information about whether the Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 11. EMPLOYER (TAXES) RECEIVABLE (PAYABLE) - NET

	2010	2009
Employer contribution	$ 20,682,653	$ 22,817,022
Less allowance for uncollectable accounts	(1,066,162)	(818,860)
Total	$ 19,616,491	$ 21,998,162

NOTE 12. LEASE AGREEMENTS

The Plan leases its office and storage facilities under extended non-cancelable agreements in effect through February 28, 2011. The lease currently requires monthly base rent payments of $13,305. Real estate taxes and maintenance charges are additional costs to the base rent and are subject to an annual escalation. Rental expense for the years ended December 31, 2010 and 2009 was $230,194 and $218,208, respectively. At year end, the Plan had executed a new fifteen year lease for office in a new location effective March 1, 2011. This lease is a non-cancelable agreement in effect through February 28, 2026. The base rent has an abatement provision of 17 months. The Plan is amortizing the abated rent over the period covered by the agreement. Future minimum rental payments required under non-cancelable leases are as follows:

Year ending December 31,	
2011	$ 147,830
2012	332,551
2013	252,947
2014	256,690
2015	260,432
2016 through 2026	3,806,163
Total	$ 5,056,613

NOTE 13. DISASTER RECOVERY

The disaster recovery site establishes proactive measures to ensure the continuity of Plan operations during emergencies. Five Chicago pension funds (Laborers', Municipal, Police, Fire, and Cook County) are jointly participating in this project. The goal is to possess the capability to access the Plan's main information technology systems at a remote location within 36 hours of any emergency. Toward that goal, the five funds lease office and storage facilities under an extended noncancelable agreement in effect through August 31, 2016. Monthly lease payments have been agreed upon for the length of the lease. Disaster recovery expense for the years ended December 31, 2010 and 2009 was $30,744 and $29,709, respectively. The Plan's share of future minimum rental payments, required under noncancelable operating leases, are as follows:

Year ending December 31,	
2011	$ 10,030
2012	10,335
2013	10,648
2014	10,970
2015	11,301
2016	7,733
Total	$ 61,017

NOTE 14. INSURANCE COVERAGE

The Plan is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Plan has minimized the risk of loss through private insurance carriers for commercial, business owners, and automobile policies. The deductible for this insurance coverage ranges from $250 to $500 per occurrence. There has been no significant reduction of insurance coverage from the prior year. The Plan has not had any insurance claims filed or paid in the past five fiscal years.

The Plan has elected to self-insure against the risk of loss due to a breach in workmen's compensation claims. There have been no claims or settlements in the last five years.

NOTE 15. PROPERTY AND EQUIPMENT

Property and equipment detail for the years ended December 31, 2010 and 2009, is as follows:

	2010	2009
Office equipment	$ 343,513	$ 325,779
Custom software package	6,059,702	6,026,102
	6,403,215	6,351,881
Accumulated depreciation	(4,177,940)	(3,518,443)
Property and equipment - net	$ 2,225,275	$ 2,833,438

Depreciation expense for the years ended December 31, 2010 and 2009, was $659,496 and $654,370, respectively.

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Plan Description - Effective January 1, 1988, the Plan and the City of Chicago agreed for a ten year period to share in the cost of providing health care coverage to the annuitants or their surviving spouses who elect to participate in the City of Chicago's Annuitant Medical Benefits Program. This single employer plan provides medical and prescription drug benefits to eligible retirees, spouses, and dependent children.

Funding Policy - The Plan's contribution requirement is established by the state legislature and may be amended. Through June 30, 2008, the Plan was allowed, in accordance with State Statutes, to subsidize the cost of monthly group health care premiums up to $85 per month for non-Medicare recipients and $55 per month for Medicare recipients. From July 1, 2008 through June 30, 2013, the amount of Fund paid health care premiums increased to $95 per month for non-Medicare recipients and $65 per month for Medicare recipients. The remaining cost to participate in the Program is borne by the City of Chicago and the annuitant.

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Funding Policy (continued)

In this report, the Plan, in accordance with GASB No. 43, *Financial Reporting for Post-employment Benefit Plans other than Pensions*, includes disclosures of a separate annual required contribution (ARC) for Other Postemployment Benefits (OPEB) beginning with the Plan's 2006 fiscal year. It also requires that the investment return assumption (or "discount rate") used to value OPEB liabilities be based on the estimated long-term yield on the investments expected to be used to finance the payment of benefits. The OPEB liabilities are considered to be funded on a pay-as-you-go basis. That is, the health insurance supplement is financed with current contributions, and no separate healthcare asset account exists to pay the health insurance supplement.

Annual Required Contribution - The Plan's annual required contribution, employer contribution, and the percentage of annual required contribution contributed to the Plan since Fiscal Year End 2006, are as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed
12/31/2006	$ 3,542,974	$ -	0.0%
12/31/2007	3,567,685	2,202,835	61.7
12/31/2008	3,564,966	2,347,624	65.9
12/31/2009	3,681,620	2,563,040	69.6
12/31/2010	3,609,337	2,586,866	71.7

There was no ARC prior to 2006

At December 31, 2010, the number of annuitants or surviving spouses whose cost to participate in the Program was subsidized, totaled 2,828; at December 31, 2009, the total was 2,802.

Funded Status and Funding Progress - The funded status of the plan as of December 31, 2010, is as follows:

Actuarial accrued liability (AAL)	$ 41,361,276
Net Plan Actuarial Assets	-
Unfunded actuarial accrued liability (UAAL)	$ 41,361,276
Funded ratio	0.0%
Covered payroll	$ 199,863,410
UAAL as a % of covered payroll	20.7%

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress on page 41, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 0% due to the fact that the OPEB is a fixed dollar subsidy and trend is not applicable. The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2010 was 30 years.

NOTE 17. OTHER POST EMPLOYMENT BENEFIT PLAN: LABF AS EMPLOYER

Plan Description - The Plan, as an employer, administers a single-employer postemployment healthcare plan ("Retiree Health Plan") under the provisions of Illinois Statutes. The Retiree Health Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through the Plan's group health insurance plan, which covers both active and retired members. Currently, 5 retirees are in the plan and 21 active employees could be eligible at retirement.

Funding Policy - The contributions requirements of plan members and the Plan are established by the Plan's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements. For 2010 and 2009, the Plan contributed $51,766 and $37,770, respectively, to the plan. Plan members receiving benefits contributed $12,222 in 2010 or 25.7% of the total premiums for the year, through their required contributions of between $62 and $441 per month based on coverage. In 2009 Plan members contributed $11,550 or 28.7% of the total premiums for the year through their required contributions of between $62 and $406 per month. The premium rates paid by the retirees are the same rates as those paid by City of Chicago retirees.

NOTE 17. OTHER POST EMPLOYMENT BENEFIT PLAN: LABF AS EMPLOYER (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation - The Plan's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Plan's annual OPEB cost, the amount actually contributed to the plan, and changes in the Plan's net OPEB obligation to the Retiree Health Plan:

	2010	2009
Annual required contribution	$ 379,537	$ 262,012
Interest on net OPEB obligation	28,308	18,471
Adjustment to ARC	(36,956)	(24,114)
Annual OPEB expense	370,889	256,369
Contributions made	(51,766)	(37,770)
Increase in net OPEB obligation	319,123	218,599
Net OPEB obligation - beginning of year	629,063	410,464
Net OPEB obligation - end of year	$ 948,186	$ 629,063

In 2010 and 2009, the Plan contributed 13.6% and 14.4%, respectively, of the annual required OPEB contribution to the plan.

Actuarial Valuation Information

Actuarial Valuation Date*	Value of Plan Net Assets (a)	Accrued Liability (AAL) (b)	Actuarial Liability (UAL) (c)	Funding Ratio (a/b)	Covered Annual Payroll (d)	Percentage of Covered Payroll (c/d)
12/31/2009	$ -	$ 3,077,866	$ 3,077,866	$ -	$ 1,447,968	212.6%

* For a plan the size of the LABF as Employer plan, GASB allows a valuation report to be used for up to 3 years if there are not significant changes in plan design, premiums/claims, or demographics that would materially change the results. The next actuarial valuation will be performed as of December 31, 2012 which will be completed in 2013.

Actuarial Valuation Information (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress on page 41, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate for medical of 9% per year graded down to 5% per year (ultimate trend in 0.5% increments) and a rate for dental of 6% per year graded down to a 4.5% per year (ultimate trend in 0.5% increments.) The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2009 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Required Supplementary Information

December 31, 2010

Schedule of Funding Progress for GASB 25
(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2005 [1]	$1,635,595	$ 1,742,300	$ 106,705	93.88%	$ 182,809	58.37%
2006 [2]	1,664,058	1,767,682	103,624	94.14	193,176	53.64
2007 [2]	1,757,711	1,808,295	50,584	97.20	192,847	26.23
2008 [2]	1,698,427	1,915,324	216,897	88.68	216,744	100.07
2009 [2]	1,601,352	1,975,749	374,397	81.05	208,626	179.46
2010 [2]	1,529,404	2,030,025	500,621	75.34	199,863	250.48

[1] OPEB liabilities are discounted at a rate of 4.50% beginning in 2005.

[2] OPEB liabilities are excluded beginning in 2006.

Schedule of Employer Contributions
(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution [1,4]	Required Statutory Basis [2]	Actual Contribution [3]	Percentage of ARC Contributed
2005	$ 12,774	$ 18,212	$ 40	0.32 %
2006	17,600	16,506	106	0.60
2007	21,726	12,624	13,256	61.01
2008	17,652	14,894	15,233	86.30
2009	33,517	14,366	14,627	43.64
2010	46,665	15,003	15,352	32.89

[1] Under Normal Cost plus Level Dollar Amortization. Amortization period of 30 years beginning in 2007 and 40 years prior to 2007. Negative ARC values are set to zero, as no contribution is then required.

[2] Tax levy after 4% overall loss.

[3] Net tax levy plus miscellaneous. Includes prior year adjustments for taxes beginning in 1991.

[4] ARC excludes amount attributed to health insurance supplement beginning 2006.

Note: The City of Chicago did not levy a tax for the Plan for payments in 2000 through 2006.

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Required Supplementary Information

December 31, 2010

Schedule of Funding Progress of OPEB Liabilities for City Retirees
(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2006	$ -	$ 41,554	$ 41,554	0.00%	$ 193,176	21.51%
2007	-	41,411	41,411	0.00	192,847	21.47
2008	-	42,064	42,064	0.00	216,744	19.41
2009	-	41,738	41,738	0.00	208,626	20.01
2010	-	41,361	41,361	0.00	199,863	20.69

Schedule of Employer Contributions of OPEB Liabilities for City Retirees
(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2006	$ 3,543	0.0%
2007	3,568	61.7
2008	3,565	65.9
2009	3,682	69.6
2010	3,609	71.7

Schedule of Funding Progress of OPEB Liabilities for LABF as Employer
(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2006	$ -	$ 1,875	$ 1,875	0.00%	$ 1,221	153.62%
2009*	-	3,078	3,078	0.00	1,448	212.57

Schedule of Employer Contributions of OPEB Liabilities for LABF as Employer
(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2007	$ 230	10.9%
2008	245	15.1
2009	262	14.4
2010	380	13.6

* Assuming no significant changes in the following three years, the next actuarial valuation will be as of December 31, 2012.

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB 25

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows:

Amortization method	Level Dollar; Open
Amortization period	30 Years
Actuarial cost method	Entry Age Normal
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions	
Investment rate of return [1]	8%
Projected base salary increases [1]	4.5% per year, plus a service based increase in the first five years

Service	Additional Increase	Total Increase
0	4.50%	9.00%
1	3.50	8.00
2	2.50	7.00
3	1.50	6.00
4	0.50	5.00
5 & over	0.00	4.50

[1] includes 3.0% inflation assumption

Postretirement benefit increase: 3.0% per year for employee annuitants beginning at the earlier of

1) the later of the 1st of January of the year after retirement and age 60
2) the later of 1st of January of the year after the second anniversary of retirement and age 53

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows:

Amortization method	Level Dollar; Open
Amortization period	30 Years
Actuarial cost method	Entry Age Normal
Asset valuation method	No Assets (Pay-as-you-go)
Actuarial assumptions	
OPEB investment rate of return[1]	4.5%
Projected base salary increases[1]	4.5% per year, plus a service based increase in the first five years

Service	Additional Increase	Total Increase
0	4.50%	9.00%
1	3.50	8.00
2	2.50	7.00
3	1.50	6.00
4	0.50	5.00
5 & over	0.00	4.50

[1] includes inflation at 3% per year

Healthcare cost trend rate	0.0% (Trend not applicable – Fixed dollar subsidy)
	OPEB-LABF as employer: Medical: 9% per year graded down to 5% per year; ultimate trend in 0.5% increments Dental: 6% per year graded down to 4.5 % per year; ultimate trend in 0.5% increments

ADDITIONAL INFORMATION

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Schedules of Administrative Expenses, Investment Expenses and Professional Services

Years Ended December 31, 2010 and 2009

Schedule of Administrative Expenses

	2010	2009
Personnel services	$ 1,803,555	$ 1,712,923
Professional services	464,810	449,565
OPEB expense	370,889	256,369
Depreciation	659,496	654,370
Occupancy and utilities	238,088	226,518
Insurance premiums	142,774	156,304
Supplies and Equipment	51,692	37,096
Printing and technical services	39,567	61,151
Disaster recovery site	30,744	29,709
Postage	21,675	19,146
Miscellaneous	40,997	61,765
Total	$ 3,864,287	$ 3,664,916

Schedule of Investment Expenses*

	2010	2009
Investment manager fees	$ 7,307,656	$ 6,565,242
Custodial management fees	134,288	166,535
Investment consultant fee	252,292	235,000
Total	$ 7,694,236	$ 6,966,777

* A schedule of investment related fees can be found in the Investment Section

Schedule of Professional Services

	2010	2009
Actuarial valuation	$ 61,009	$ 63,940
Actuarial consultation	5,000	5,000
Auditing	37,000	36,000
Benefit check production	72,367	94,586
Custom software development	107,788	51,324
Document imaging - supplies excluded	54,815	80,666
Legal services	72,771	69,589
Legislative consultant	16,800	11,200
Medical consultant	37,260	37,260
Total	$ 464,810	$ 449,565

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Investment Section

Northern Trust

To the Board of Trustees and the Executive Director:

The Northern Trust Company as custodian ("Master Custodian") of assets of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund") held by it in a custodial account (the "Account") has provided annual Statements of Account for the Account to the Fund which provide a complete and accurate reflection of The Northern Trust Company's record of the investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Account for the period January 1, 2010 through December 31, 2010.

In addition to the custody of assets in the Account, pursuant to and in accordance with the terms of the Master Custody Agreement among the Board of Trustees of the Fund and The Northern Trust Company dated December 21, 1995 as amended (the "Custody Agreement"), The Northern Trust Company provided and continues to provide the following services as Master Custodian:

1. Receive and hold all amounts paid to the Account by the Board of Trustees.
2. Accept and deliver securities in connection with investment transactions in the Account in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
5. Lend Securities in the Account pursuant to a Securities Lending Agreement entered into by and between the Board of Trustees and The Northern Trust Company.
6. Invest cash balances held from time to time in the individual investment management accounts of the Account in short term-cash equivalent securities.
7. Facilitate the exercising of rights of ownership, including but not limited to, proxy voting, stock subscriptions and conversion rights as directed by the Fund or its appointed investment managers.
8. Hold securities in the Account in the name of the Fund or nominee form or other means as provided in the Custody Agreement.
9. Use the Federal Book Entry Account System for deposit of Treasury securities and clearing corporations as defined in Article 8 of the Illinois Uniform Commercial Code for the deposit of securities.
10. Employ agents to the extent provided in the Custody Agreement.
11. Provide disbursement services.
12. Provide security fail float income to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.

THE NORTHERN TRUST COMPANY

By: Rita M. Curtin

Rita M. Curtin
Senior Vice President

INVESTMENT POLICY

The Board of Trustees of the Plan are entrusted with the responsibility of investing the Fund's assets for the sole purpose of providing benefits to the system's participants and their beneficiaries. Historically, the Fund has been guided by the parameters established by the Illinois State Statutes for various investment classes. During 1997 the "Prudent Person Rule" was adopted and signed into law. This rule states that the trustees, as fiduciaries, must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

The Trustees are responsible for establishing the investment policy that is to guide the investment of the Plan assets. The Plan invests in different types of assets and uses multiple investment managers with specific selection styles and methodologies as a method to ensure overall fund diversification. Over the long term, the investment policy has provided a favorable risk/return profile with returns around the median with risk well below average. The policy is monitored by the Trustees and the asset allocation periodically reviewed to evaluate the targets and ranges for each asset class in order to achieve overall risk and return objectives. The most recent study was completed in mid 2008 and resulted in slight changes in the asset classes so as to enhance both the diversification and performance of the assets. The target asset allocations adopted by the Board of Trustees in May 2008 are shown below.

Asset Category	Target	Actuals at 12/31/10
Fixed Income	16.0 %	17.8 %
Domestic Equity	50.0	48.1
Int'l Developed Equity	13.0	13.8
Emerging Markets	5.0	5.4
Real Estate	4.0	2.4
Private Equity	8.0	3.3
Hedge Funds	4.0	3.9
Cash & Short Term Inv.	0.0	5.3
Total	100.0 %	100.0 %

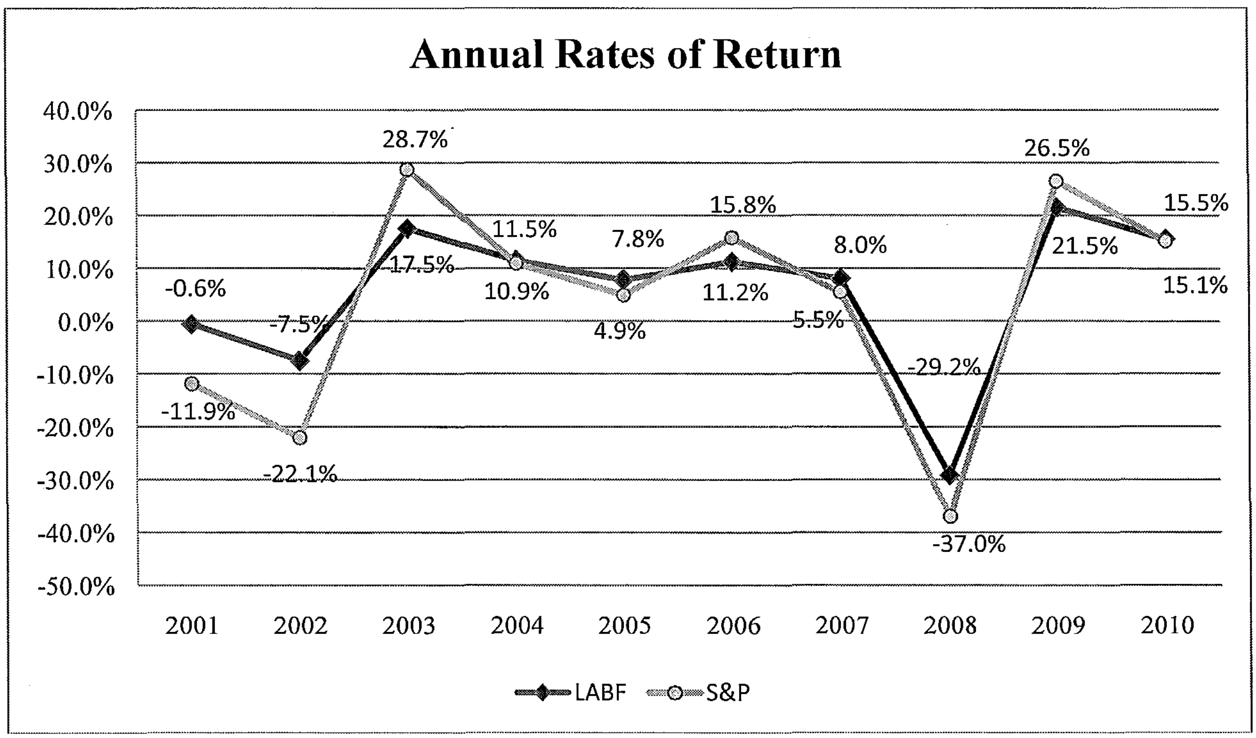
The Plan has rebalanced some asset classes in order to achieve the target long-term returns. The considerable cash and short term investment balance includes monies held for benefit payments and committed real estate and private equity investments. The Northern Trust Company, as master custodian, provides the detailed financial reports for all investment activity and transactions related to the Plan's portfolio. Using a time-weighted rate of return based on the fair value of assets, NEPC LLC calculates performance rates of return by portfolio and composite for all respective indices used in this section. The data provided in this section is reported at fair value and was prepared by the Plan's staff in collaboration with NEPC LLC.

INVESTMENT RESULTS

Although most equity markets posted double digit returns in 2010, these advances did not feel like an easy climb amid uncertainties and debates regarding the durability of economic expansion. Global stock prices rallied at the start of 2010 but struggled through the middle of the year weighed down by Europe's sovereign debt crisis and the slow pace of economic recovery in the U.S. However in the last half of the year, stock prices rose on continued strength in corporate earnings. The Federal Reserve announced additional quantitative easing in late summer prompting a powerful stock rally through year end. The overall portfolio of the Plan returned 15.5% in 2010, a more modest result compared to the strong 2009 recovery of 21.5%. For the year, both the S&P Index and the Russell 1000 Index delivered solid returns at 15.1% and 16.1%, respectively. In general, small and mid cap stocks outperformed large caps, and growth stocks outpaced value stocks. In terms of the major economic sectors, all sectors except for utilities and healthcare posted significant double digit returns. Our own domestic equity portfolio topped the benchmark with a return of 18.9%.

For international stocks, emerging markets continued to outpace developed markets. Both the international developed equity and emerging markets portfolios of the Plan substantially outperformed their benchmarks. International developed equity for the Plan delivered a 15.2% return against the MSCI EAFE net return of 7.8% and the Plan's emerging markets posted a robust 28.2% return against the MSCI EMF net return of 18.9%.

2010 was a big year for fixed income across all sectors. Persistently low levels of inflation combined with accommodative Fed policy helped to hold interest rates near record lows. The yield curve once again looked very steep at year end. High yield and emerging market debt posted the highest returns of 15.1% and 12.0% respectively. The Plan's fixed income portfolio outpaced the benchmark with a 9.1% return compared to the Barclays Capital U.S. Aggregate Index which posted 6.5% for the year. The following graph depicts our Plan total returns for the last ten years compared with the S & P Index.



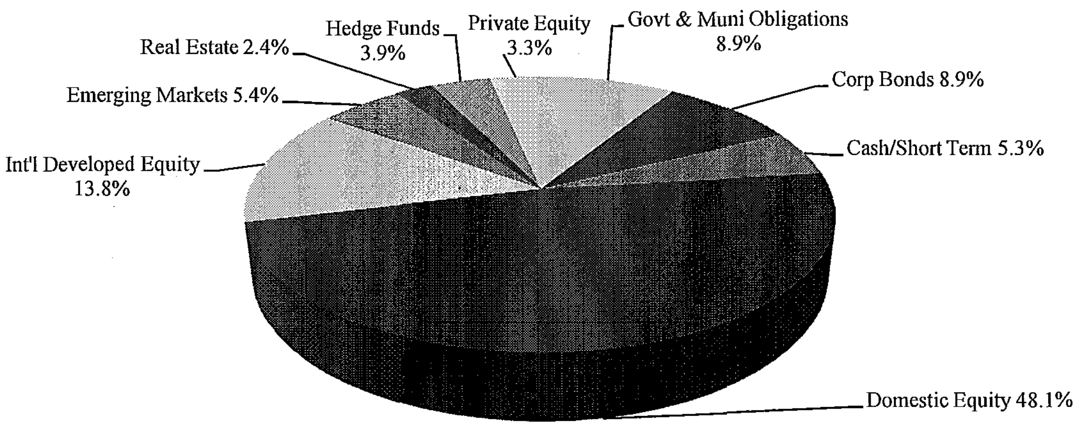
Schedule of Investment Results

(Annualized percentage for periods ending December 31,)

	2010	2009	2008	2007	2006	3 Yr	5 Yr
Cash & Short Term Investments							
LABF	6.5	-0.6	2.8	4.4	4.9	-3.2	0.3
90 day T-Bills	0.1	0.2	1.3	4.5	4.8	0.8	2.4
Fixed Income							
LABF	9.1	12.1	-5.0	4.1	4.4	6.2	5.8
BC Aggregate	6.5	5.9	5.2	7.0	4.3	5.9	5.8
Domestic Equity							
LABF	18.9	29.2	-39.3	8.9	13.6	-2.3	2.1
S & P 500	15.1	26.5	-37.0	5.5	15.8	-2.9	2.3
Int'l Developed Equity							
LABF	15.2	40.1	-46.7	10.2	25.5	-4.1	4.0
MSCI EAFE Net	7.8	31.8	-43.4	11.2	26.3	-7.0	2.5
Emerging Markets Equity							
LABF	28.2	-	-	-	-	n/a	n/a
MSCI EMF Net	18.9						
Private Equity							
LABF	14.5	-10.4	-10.8	32.6	11.0	-1.8	6.6
Bench	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Real Estate							
LABF	3.9	-36.6	-0.7	13.6	12.4	-13.2	-3.4
NCREIF Open End	16.4	-29.7	-10.0	16.0	16.3	-9.7	-0.1
Hedge Funds							
LABF	10.0	-	-	-	-	n/a	n/a
HFRI FOF	5.7						
Combined Investments	15.5	21.5	-29.2	8.0	11.2	-0.2	3.6

Returns are provided by NEPC LLC, calculated and presented using standard performance evaluation methods in a manner consistent with the investment industry in general and public pension funds in particular. Rate of return were determined using a time-weighted return calculation.

Asset Allocation at December 31, 2010



INVESTMENT SUMMARY

Type of Investment	12/31/2010 Fair Value	12/31/2010 % of Total	12/31/2009 Fair Value	12/31/2009 % of Total
Government Obligations and Municipal Bonds	$128,775,076	8.9%	$109,269,664	8.2%
Corporate Bonds	129,195,374	8.9%	129,542,804	9.7%
Total Fixed Income	257,970,450	17.8%	238,812,468	17.9%
Domestic Equity	695,281,486	48.1%	669,203,620	50.3%
Int'l Developed Equity	199,880,477	13.8%	187,158,849	14.0%
Emerging Markets Equity	78,336,887	5.4%	53,273,842	4.0%
Total Equities	973,498,850	67.3%	909,636,311	68.3%
Hedge Funds	55,804,446	3.9%	43,353,751	3.3%
Real Estate	34,591,721	2.4%	32,109,854	2.4%
Private Equity	47,068,095	3.3%	38,701,454	2.9%
Total Alternatives	137,464,262	9.6%	114,165,059	8.6%
Short Term Investments	76,371,331	5.3%	69,764,327	5.2%
Total Portfolio	$1,445,304,893	100.0%	$1,332,378,165	100.0%

Top 10 Domestic Equity Holdings

December 31, 2010

Shares	Stock	Fair Value
31,391	Apple Inc	$10,125,481
128,124	Exxon Mobil Corp	9,368,427
83,468	Chevron Corp	7,616,455
49,563	IBM	7,273,865
193,118	Wells Fargo & Co	5,984,727
207,384	Microsoft Corp	5,790,161
9,435	Google Inc	5,604,107
127,372	JPMorgan Chase & Co	5,403,120
52,661	Occidental Petroleum Corp	5,166,044
75,008	Conoco Phillips	5,108,045

A complete listing of portfolio holdings is available upon request.

Top 10 Domestic Fixed Income Holdings

December 31, 2010

Par	Fixed Income	Fair Value
12,865,000	FNMA 30 Yr Pass-thru 5.5% settles tba	$13,763,543
6,740,000	FHLMC Gold Single Fam 30Yr 4% settles tba	6,690,501
4,824,000	US Treas Nts 3.375% due 11/30/2012	5,084,419
3,585,000	US Treas Nts Indx Lnkd 2.38% due 1/15/2017	4,332,575
4,015,000	US Treas Nts 3.125% due 1/31/2017	4,171,834
3,225,000	US Treas Bds 6.25% due 8/15/2023	4,053,422
3,321,000	US Treas Nts 4.25% due 11/15/2017	3,661,143
2,800,000	FNMA Single Fam 4% 30 Yrs settles tba	2,785,126
2,300,000	FNMA Single Fam 4.5% 30 Yrs settles tba	2,360,734
2,189,451	FHLMC Pool 5.50% due 4/01/2038	2,335,958

ASSET MANAGEMENT

The Plan retains the services of many professional investment management firms who bring their particular expertise to the selection and retention of investments. The activities of each firm are reviewed by the Plan's staff, consultant and trustees to ensure compliance with guidelines provided by the Illinois statutes, our investment policy, and long term strategic plans. The firms employed by the Plan at December 31, 2010 are the following:

Domestic Equity Managers
- Ariel Investments
- Columbia Partners
- Harris Investment
- Holland Capital Mgmt
- Keeley Asset Mgmt
- Northern Trust Global Invstmts
- Rhumbline Advisers
- Zacks Investment Mgmt

Int'l Developed Equity Managers
- Baillie Gifford Overseas Ltd
- Baring Asset Mgmt
- Thomas White Int'l Ltd

Emerging Markets Managers
- Robeco Investment Mgmt
- Vontobel Asset Mgmt

Hedge Fund Managers
- Dorchester Capital Advisors
- EnTrust Capital Inc

Fixed Income Managers
- AFL-CIO Housing Trust
- Dearborn Partners
- Neuberger Berman
- Western Asset
- Williams Capital

Real Estate Managers
- Capri Capital Partners
- DV Realty Advisors
- John Buck Company
- Russell Investment Group
- Shamrock Hostmark Hotel Fd

Private Equity Managers
- Hopewell Ventures
- Mesirow Financial
- Midwest Mezzanine Funds
- Pantheon Ventures
- SB Partners

Short Term Manager
- The Northern Trust Company

BROKER COMMISSIONS FOR 2010

Name	Total Commissions
G-Trade Services	$68,679
Cheevers and Co.	50,861
Cabrera Capital Markets	45,573
BNY ESI Securities	36,572
Williams Capital	36,197
Instinet	26,057
Loop Capital Markets	25,840
Pershing	25,704
Investment Technology Group	22,780
All Other	362,097
Total	$700,360

SECURITIES LENDING

The Plan participates in a securities lending program with our custodian, The Northern Trust Company. The Northern Trust, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest. The income earned from this program is invested back into the Plan. The Securities Lending Summary table below outlines the 2010 net income from the Plan's securities lending activity, the securities on loan as of December 31, 2010, and the amount of collateral for these securities.

Securities Lending Summary
(Net of Borrower Rebates)
as of December 31, 2010

Equity Income Earned	$1,286,459
Fixed Income Earned	350,752
Less Custodial Fee	(327,349)
Net Securities Lending Income	$1,309,862
Total Collateral Market Value	$152,918,485
Total Market Value of Securities on Loan	$149,084,882
Total Collateralized Percentage	102.6%

COMMISSION RECAPTURE

The Plan also utilizes a commission recapture program. Commission recapture is a form of institutional discount brokerage that rebates back a portion of trading commissions directly to the pension fund. This helps to reduce expenses to save money for the Plan. For the year ended December 31, 2010, the Plan recaptured $57,540 in commissions. These commissions were reinvested back into the Plan. The table below details the brokers we use for this program and their respective income for the year.

Commission Recapture Program
For Year Ended December 31, 2010

Broker	Amount
Cabrera Capital Markets	$10,870
Lynch Jones & Ryan	21,250
Russell Securities	25,420
Total	$57,540

INVESTMENT EXPENSES

	2010 Assets under management*	2010 Fees	2009 Assets under management	2009 Fees
Equity	$ 973,498,850	$ 4,035,014	$ 909,636,311	$ 3,451,836
Fixed Income	257,970,450	720,049	238,812,468	786,534
Private Equity	47,068,095	679,040	43,353,751	175,960
Real Estate	34,591,721	653,960	32,109,854	900,599
Hedge Funds	55,804,446	1,219,593	38,701,454	1,250,313
Subtotal	1,368,933,562	7,307,656	1,262,613,838	6,565,242
Custodial management	76,371,331	134,288	69,764,327	166,535
Subtotal	$ 1,445,304,893	7,441,944	$ 1,332,378,165	6,731,777
Investment consultant fee		252,292		235,000
Total fees		$ 7,694,236		$ 6,966,777

* Securities lending cash collateral is not included in assets under management

ACTUAL ASSET ALLOCATION

Last Five Years

Fair Value as a Percent of Portfolio

	2010	2009	2008	2007	2006
Fixed Income:					
Gov't Oblig./Muni.Bonds	8.9%	8.2%	17.3%	17.7%	17.0%
Corporate Bonds	8.9%	9.7%	14.9%	13.8%	13.8%
Equities:					
Domestic Equity	48.1%	50.3%	44.6%	50.4%	49.3%
Int'l Developed Equity	13.8%	14.0%	10.7%	9.5%	7.5%
Emerging Markets Equity	5.4%	4.0%	0.0%	0.0%	0.0%
Private Equity	3.3%	2.9%	3.3%	2.4%	2.5%
Real Estate	2.4%	2.4%	3.5%	2.1%	1.9%
Hedge Funds	3.9%	3.3%	0.0%	0.0%	0.0%
Cash/Short-Term Investments	5.3%	5.2%	5.7%	4.1%	8.0%
Total Portfolio	100.0%	100.0%	100.0%	100.0%	100.0%

Actuarial Section

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

20 North Clark Street
Suite 2400
Chicago, IL 60602-5111

312.456.9800 phone
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April 11, 2011

The Retirement Board of the
Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
321 North Clark Street, Suite 1300
Chicago, Illinois 60654

Subject: Actuarial Certification

Dear Members of the Board:

At your request, we have performed an actuarial valuation for the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2010. An actuarial valuation of the Fund is performed annually. The valuation has been performed to measure the funding status of the Fund. It includes disclosure information required under Governmental Accounting Standards Board (GASB) Statement No. 25, Statement No. 27, Statement No. 43, and Statement No. 45. The assumptions and methods used were recommended by the actuary and approved by the Board. The assumptions and methods meet the parameters set for the disclosure presented in the financial section by GASB Statement No. 25 and GASB Statement No. 43.

We have provided the supporting schedules for the actuarial section of the comprehensive annual financial report, including:

- Active Member Valuation Data
- Retirees and Beneficiaries Added to and Removed from Rolls
- Solvency (Termination) Test
- Analysis of Financial Experience

We have also provided the following schedules for the financial sections of the report.

- Schedule of Funding Progress
- Schedule of Employer Contributions

This valuation is based upon:

a. **Data Relative to the Members of the Fund** – Data utilized for active members and persons receiving benefits from the Fund was provided by the Fund's staff. We have tested this data for reasonableness.

b. **Asset Values** – The values of assets of the Fund were provided by the Fund's staff. An actuarial value of assets was used to develop actuarial results for GASB Statement No. 25 and Statement No. 27.

c. **Actuarial Method** – The actuarial method utilized by the Fund is the Entry-Age Normal Actuarial Cost Method. The objective of this method is to recognize the costs of Fund benefits over the entire career of each member as a level percentage of compensation. Any Unfunded Actuarial Accrued Liability (UAAL), under this method is separately amortized. All actuarial gains and losses under this method are reflected in the UAAL.

d. **Actuarial Assumptions** – The same actuarial assumptions as last year were used for this valuation. The current actuarial assumptions were first adopted for use with the December 31, 2004, valuation report. We recommend that the Fund undertake an experience study before the next valuation. The assumptions are set out in the following pages.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of the Fund when due. The provision of State Law establishing the Fund constrains employer contributions to be 1.00 times the employee contribution level in the second prior fiscal year. Thus, with an administrative lag, the employer contribution is designed to match the employee contribution in a 1:1 relationship. Employer contributions for the plan year cease when all actuarial accrued liabilities of the Fund, excluding any cost that arose from the most recent early retirement incentive, are fully funded. The most recent actuarial valuation of the Fund on the State reporting basis indicates that a ratio of 3.89 (rather than 1.00) is needed to adequately finance the Fund in fiscal year 2011 on an actuarially sound basis. It should be noted that the statutory employer contributions have been less than the Annual Required Contribution (ARC) for the past five years and are again expected to be less than the ARC for 2011. In order for employer contributions to be increased, the State legislature would first need to amend the statute. Under the current funding policy, if all future assumptions are realized, the funding ratio is projected to deteriorate until assets are depleted within about 20 to 25 years. The current statutory funding policy does not comply with generally accepted actuarial standards for the funding of retirement systems. We recommend that an actuarially sound funding policy be adopted as soon as possible.

The valuation results set forth in this report are based on the data and actuarial techniques described above, and upon the provisions of the Fund as of the valuation date. Based on these items, we certify these results to be true and correct. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Alex Rivera

Amy Williams

Alex Rivera, F.S.A., E.A., M.A.A.A.
Senior Consultant

Amy Williams, A.S.A., M.A.A.A.
Consultant

Actuarial Methods and Assumptions

All assumptions are agreed upon by the Fund's actuary and Board of Trustees.

- Method - The actuarial funding method used is the Entry Age Normal Actuarial Cost Method which reflects actuarial gains and losses immediately in the unfunded liability. This cost method assigns to each year of employment a constant percentage of an employee's salary, called the current service cost (sometimes referred to as normal cost), sufficient to accumulate the necessary funds to provide for the full prospective costs of the employee's projected retirement pension. The amount of pension must be estimated using various assumptions as to future compensation levels, employee turnover, mortality and pension fund earnings, since the actual pension can be known only at the time of retirement. These are called actuarial assumptions.

  The actuarial accrued liability of the fund at any point in time is the accumulated value of all current service costs that should have been paid in at that time for active employees plus the full prospective cost of pensions for all retired employees. The extent that the actual plan assets are less than the accrued liability is called the unfunded liability. The unfunded liability may be positive (actuarial accrued liability greater than the actuarial value of the assets) or negative (actuarial accrued liability less than the value of assets, or funding excess). The term unfunded actuarial liability refers to either situation. The unfunded liability can be thought of as the amount of assets that will be needed in future years to provide all future benefits payable when added to the future normal costs.

  An amount of money is required each year to amortize the unfunded liability over a period of 30 years if all assumptions are realized. This amount is called 30 year level-dollar amortization of the unfunded liability.

  The required total annual required contribution to the Fund is equal to the current service costs plus a 30 year level dollar amortization of the unfunded liability. Under the GASB No. 25 standard, a 30 year level dollar amount is provided for amortization of the unfunded liability. Adopted 1997.

ASSUMPTIONS:	**2010**	**2009**
Life expectancy of participants	1994 Group Annuity Mortality sex distinct Tables set forward 2 years	1994 Group Annuity Mortality sex distinct Tables set forward 2 years *(adopted 2004)*
Retirement age assumptions	Rates are age & service based All retire by age 70	Rates are age & service based All retire by age 70 *(adopted 2004)*
Termination assumptions	Rates are service based	Rates are service based *(adopted 2004)*
Disability	Cost valued at a term cost of 1.5% of payroll	Cost valued at a term cost of 1.5% of payroll *(adopted 2004)*
Investment rate of return for pensions (net of expenses)	8% compounded annually	8% compounded annually *(adopted 1999)*
Investment rate of return for OPEB	4.5% per annum	4.5% per annum *(adopted 2005)*
Salary increase	4.5% compounded annually plus a service based increase in the first 5 years	4.5% compounded annually plus a service based increase in the first 5 years *(adopted 2004)*

- Rates of Retirement - Rates of retirement are based on an experience study using census information for the period from December 31, 1998 to December 31, 2003. Adopted 2004.

- Rates of Termination - Rates of termination are based on an experience study using census information for the period from December 31, 1998 to December 31, 2003. Adopted 2004.

- Investment Return - **2010:** 8% per year (net of investment expense) compounded annually. This assumption contains a 3% inflation assumption and a 5% real rate of return assumption. Adopted 1999. 4.5% per year for OPEB. Adopted 2005.

- Salary Increase - **2010**: 4.5% per year plus a service based increase in the first five years as shown below.

Service	**Additional Increase**	**Total Increase**
0	4.50%	9.00%
1	3.50	8.00
2	2.50	7.00
3	1.50	6.00
4	0.50	5.00
5 & Over	0.00	4.50

- Percent Married - It is assumed that 85% of the active members are married.

- Post Retirement Benefit Increases - 3% per year compounded for employee annuitants beginning either three years after retirement or age 60, whichever occurs first. Beginning January 1, 2005, the automatic increases in annuities will take effect in the January of each year in which they are to be provided.

- Active Membership - It is assumed that the active membership will remain at the present level and that the average age of entrance into the service will be about the same in the future as it has been. The actuarial costs are based on the present group.

- Age of Spouse - The age of the female spouse is assumed four years younger than the employee while the male spouse is assumed four years older than the employee.

- Asset Value - GASB No. 25 requires a market related actuarial asset value. A five year smoothed average fair value is used. The actuarial value is determined by adjusting the fair value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) over five years at the rate of 20% per year.

- Group Health Insurance Premiums - It is assumed for valuation purposes that the health insurance supplement in effect prior to June 30, 2013, will continue for life for all employee annuitants (and their future surviving spouses). The amount of the Fund paid health insurance from July 1, 2008, until June 30, 2013, is $95.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $65.00 if qualified. It is assumed that all annuitants age 65 and older will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future surviving spouses of retirees, age 65 and older, are assumed to be eligible for Medicare, as well as surviving spouse annuitants that are currently receiving a health insurance supplement.

- Required Ultimate Multiple – Is based on the actuarial requirements (adjusted for tax levy loss) less expected employee contributions divided by the actual employee contributions made in the second prior year.

- Loss in Tax Levy – A 4.0 percent overall loss on tax levy is assumed.

RATES OF RETIREMENT

Attained Age	Age-and-Service-Based Rates of Retirement Years of Service														
	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	-	-	-	-	-	-	-	-	-	-	4%	4%	4%	4%	4%
56	-	-	-	-	-	-	-	-	-	-	4	3	3	3	3
57	-	-	-	-	-	-	-	-	-	-	4	3	3	3	3
58	-	-	-	-	-	-	-	-	-	-	3	3	3	3	3
59	-	-	-	-	-	-	-	-	-	-	3	3	3	3	3
60	20%	13%	14%	14%	14%	14%	13%	13%	13%	12%	21	20	20	12	13
61	20	4	5	6	7	8	9	9	10	11	11	12	12	13	13
62	20	4	5	6	7	8	9	10	11	11	12	12	13	13	14
63	20	4	6	7	8	9	10	10	11	12	12	13	13	14	15
64	20	4	6	7	8	9	10	11	11	12	13	13	14	15	15
65	20	29	31	32	33	34	35	36	37	38	38	39	39	40	41
66	20	4	6	7	9	10	11	11	12	13	14	14	15	16	16
67	20	4	6	8	9	10	11	12	13	13	14	15	15	16	17
68	20	5	6	8	9	10	11	12	13	14	14	15	16	17	17
69	20	5	7	8	9	11	12	12	13	14	15	16	16	17	18
70	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Attained Age	Age-and-Service-Based Rates of Retirement Years of Service													
	25	26	27	28	29	30	31	32	33	34	35	36	37	38
50	-	-	-	-	-	25%	25%	25%	25%	30%	29%	29%	29%	100%
51	-	-	-	-	-	25	15	15	15	30	30	30	29	100
52	-	-	-	-	-	27	17	12	22	30	30	30	30	100
53	-	-	-	-	-	28	19	14	24	30	30	30	30	100
54	-	-	-	-	-	30	20	15	25	31	30	30	30	100
55	24%	25%	25%	25%	26%	31	21	16	27	31	31	31	30	100
56	10	11	11	11	12	12	12	12	28	31	31	31	31	100
57	11	11	12	12	12	13	13	13	29	31	31	31	31	100
58	12	12	13	13	13	14	14	14	30	31	31	31	31	100
59	13	13	13	14	14	14	15	15	31	32	32	32	31	100
60	13	14	14	14	15	15	16	16	31	32	32	32	32	100
61	14	14	15	15	16	16	16	17	32	32	32	32	32	100
62	14	15	15	16	16	17	17	18	33	32	32	32	32	100
63	15	16	16	17	17	17	18	18	34	32	32	32	32	100
64	16	16	17	17	18	18	19	19	34	32	32	32	32	100
65	41	42	42	43	43	44	44	45	45	58	58	58	58	100
66	17	17	18	18	19	19	20	20	36	33	33	33	33	100
67	17	18	18	19	19	20	20	21	36	33	33	33	33	100
68	18	18	19	19	20	20	21	21	37	33	33	33	33	100
69	18	19	19	20	21	21	22	22	38	33	33	33	33	100
70	100	100	100	100	100	100	100	100	100	100	100	100	100	100

RATE OF TERMINATION

Service-Based Rates of Termination			
Service	Rate	Service	Rate
0	12.00%	16	5.00%
1	10.00	17	5.00
2	8.00	18	5.00
3	7.00	19	3.00
4	6.00	20	3.00
5	5.00	21	3.00
6	5.00	22	3.00
7	5.00	23	3.00
8	5.00	24	3.00
9	5.00	25	3.00
10	5.00	26	3.00
11	5.00	27	3.00
12	5.00	28	3.00
13	5.00	29	3.00
14	5.00	30	3.00
15	5.00	31+	0.00

ANNUITANTS ADDED TO AND REMOVED FROM ROLL

	Added to Rolls		Removed from Rolls		Rolls - End of Yr		Average	% Change in
Year	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Annual Benefit	Avg Annual Benefit
Employee Annuities								
2005	55	3,997,885	154	3,287,338	2,737	83,457,267	30,492	4.5%
2006	79	4,971,772	133	3,475,111	2,683	84,953,928	31,664	3.8%
2007	95	6,301,188	134	3,363,972	2,644	87,891,144	33,242	5.0%
2008	120	7,756,776	118	2,939,436	2,646	92,708,484	35,037	5.4%
2009	169	9,882,832	132	3,675,336	2,683	98,915,980	36,868	5.2%
2010	163	10,367,852	144	4,008,480	2,702	105,275,352	38,962	5.7%
Spouse Annuities								
2005 *	84	1,108,608	96	950,157	1,367	14,913,483	10,910	2.0%
2006 *	69	1,052,875	101	962,926	1,335	15,003,432	11,239	3.0%
2007 *	68	1,007,856	87	846,660	1,316	15,164,628	11,523	2.5%
2008 *	64	972,408	82	855,072	1,298	15,281,964	11,773	2.2%
2009	49	866,592	75	772,740	1,272	15,375,816	12,088	2.7%
2010	57	1,000,668	74	770,808	1,255	15,605,676	12,435	2.9%
Child Annuities								
2005	6	16,200	16	35,760	52	151,320	2,910	5.6%
2006	12	33,120	12	41,400	52	143,040	2,751	-5.5%
2007	4	10,560	11	30,480	45	123,120	2,736	-0.5%
2008	13	34,320	11	29,400	47	128,040	2,724	-0.4%
2009	9	23,760	15	39,960	41	111,840	2,728	0.1%
2010	4	10,968	6	15,888	39	106,920	2,742	0.5%

* includes one reversionary annuitant.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	# of Members	Annual Payroll	Annual Average Pay	% Increase in Average pay
2005	3,141	$182,809,397	$58,201	6.4%
2006	3,215	193,176,272	60,086	3.2%
2007	3,138	192,847,482	61,456	2.3%
2008	3,325	216,744,211	65,186	6.1%
2009	3,124	208,626,493	66,782	2.5%
2010	2,956	199,863,410	67,613	1.2%

ACTUARIAL RESERVE LIABILITIES
For Year Ended December 31, 2010

Accrued Liabilities for Active and Inactive Participants[1]	$789,874,135
Reserves For:	
Service Retirement Pension	1,049,456,718
Future Widows of Current Retirees	99,714,698
Surviving Spouse Pension	106,762,452
Health Insurance Supplement	25,192,330
Children Annuitants	385,499
Total Accrued Liabilities	2,071,385,832
Unfunded Actuarial Liabilities	541,982,320
Actuarial Net Assets	$1,529,403,512

[1] *Accrued liabilities for active participants includes retirement liabilities for members in ordinary or duty disabled status. Liability for disability benefits is recognized as a one-year term cost of 1.5 percent of pay added to the normal cost.*

HISTORY OF FINANCIAL INFORMATION

Solvency (Termination) Test

Year	Aggregate Accrued Liabilities For: Active and Inactive Member Contributions (1)	Retirees and Beneficiaries (2)	Active and Inactive Member Employer Portion (3)	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
2005 a	$224,180,889	$1,023,899,580	$494,220,019	$1,635,595,437	100	100	78 %
2006	237,321,146	1,046,426,600	525,488,397	1,664,058,080	100	100	72
2007	247,854,869	1,074,580,007	527,271,642	1,757,710,948	100	100	83
2008	254,588,537	1,129,920,171	572,879,125	1,698,427,008	100	100	55
2009	254,604,734	1,203,586,162	559,296,180	1,601,351,633	100	100	26
2010	254,138,112	1,281,511,698	535,736,023	1,529,403,512	100	99.5	0

a = change in actuarial assumptions

The prioritized solvency test is another means of checking a system's progress under its funding program, based on the Actuarial Accrued Liability. In this test the plan's present assets (cash and investments) are compared with obligations in order of priority: (1) active and inactive member contributions on deposit, (2) the present value of future benefits to present retired lives; (3) the employer financed portion for present active and inactive members. In a system that has been following the discipline of financing, the obligation for active and inactive member contributions on deposit (present value 1) and the present value of future benefits to present retired lives (present value 2) will be fully covered by present assets (except in rare circumstances.) In addition, the Actuarial Accrued Liability for present active and inactive members (present value 3) is covered by the remainder of present assets. Generally, if the system has been following a system of amortizing the Unfunded Liability, the funded portion of present value (3) will increase over time.

ANALYSIS OF FINANCIAL EXPERIENCE

Reconciliation of Unfunded Actuarial Accrued Liability
(Gain/Loss Analysis)

Actuarial Gains or (Losses):	2010	2009	2008	2007
Fund surplus (loss) at the beginning of the year	($416,135,443)	($258,960,825)	($91,995,570)	($145,178,063)
Gains (losses) during the year attributable to:				
Increases in salaries under assumed rate	19,309,030	13,437,593	(12,298,504)	17,040,232
Investment yield over (under) 8.0% assumed	(97,274,017)	(136,557,090)	(112,839,821)	45,794,443
Employer cost in excess of contributions	(32,836,243)	(20,908,058)	(1,261,981)	(8,305,636)
Miscellaneous actuarial experience	(14,391,903)	(13,067,408)	(10,719,816)	(530,616)
Data Corrections & Unexpected Service Changes	(653,745)	(79,655)	(3,650,332)	(815,930)
Change in Active Member Definition*	0	0	(26,194,801)	0
Change in Methodology	0	0	0	0
Change in actuarial assumptions:				
Retirement Rates	0	0	0	0
Net gain (losses)	(125,846,878)	(157,174,618)	(166,965,255)	53,182,493
Fund surplus (loss) at the end of the year	($541,982,321)	($416,135,443)	($258,960,825)	($91,995,570)

* Previously, only members who were active at the end of the year were valued as active members. In 2008, all members who earned any service credit in 2008 are valued as actives. The loss is arising from the increase in active membership as well as much fewer terminations than expected.

PLAN SUMMARY

Participants Defined

Any person employed by the City of Chicago or the Board of Education in a position classified as labor service of the employer, or any person employed by the retirement board of any of the annuity and benefit funds which are in operation for employees of the City of Chicago.

Service Defined

For minimum formula annuity purposes, one half-year of credit is given for one complete month of service. A full year of credit is given for one complete month of service plus service in at least 5 other months. For ordinary disability credit, the exact number of days, months and years is used.

Types of Retirement Annuities

Money Purchase Formula: The maximum amount for a money purchase formula annuity is 60% of highest salary. This formula is used in cases where an employee is age 55 or more and has 10 or more years of service. If the employee is age 55 to 60 with service of fewer than 20 years, the annuity is based on all employee deductions plus 1/10th of the employer contributions for each year over 10 years. In the case of withdrawal before age 55 and application after age 55, the annuity is based on the employee deductions plus 1/10th of the employer contributions for each year over 10, with interest to date of application or to age 55, whichever is later. The age factor for age 55 is used.

The annuity is based on all employee deductions and employer contributions in cases where the employee is: (A) age 55 to 60 with 20 years or more of service; (B) age 60 or over; (C) resigning at the time of disability credit expiration.

Minimum Annuity Formula: The maximum for this type of annuity is 80% of final average salary.

A. An employee age 60 or older with at least 10 years of service, or an employee age 55 or older with at least 20 years of service, or an employee age 50 or older with at least 30 years of service, is entitled to an annuity equal to 2.4% for each year of service of the final average salary during the 4 highest consecutive years within the last 10 years of service prior to retirement. If the employee withdraws before age 60 with less than 20 years of service, he or she can begin to receive an unreduced annuity no earlier than age 60. For an employee who is eligible to begin receiving an annuity before age 60, the annuity is discounted 0.25% for each month the employee is younger than age 60 unless he or she has at least 25 years of service.

B. The employee will receive a minimum annuity of $850 per month if the employee withdraws from service at age 60 or older with at least 10 years of service.

Reversionary Annuity: An employee may elect to reduce his or her annuity by an amount up to $400 to provide a reversionary annuity for a spouse, parent, child, brother, or sister, which would begin upon the employee's death. Such an election must be made before the employee's retirement and must have been in effect for one year prior to the employee's death. The one-year requirement is waived if the reversionary annuitant is the employee's spouse. The death of the employee before retirement voids this election. The reversionary annuity for a spouse when added to the spouse's annuity cannot exceed 100% of the employee's reduced annuity. If the employee resigns after June 30, 1983, the 3% automatic annual increase in annuity will be computed on the original, not the reduced annuity. If the beneficiary dies before the employee annuitant, the full annuity is restored for annuities granted after June 30, 1983. The amount of the monthly reversionary annuity is determined by multiplying the amount of the monthly reduction in the employee's annuity by a factor based on the age of the employee and the difference between the ages of the employee and the reversionary annuitant at the starting date of the employee's annuity.

Reciprocal Annuity: Under reciprocal retirement, an employee can receive an annuity based on combined service credits in two or more governmental units in Illinois to whose pension funds he or she has contributed.

Automatic Increase In Annuity: The monthly annuity is increased by 3% in January of the year of the first payment date following the later of age 60 or the first anniversary of retirement, and by 3% annually thereafter; except that for an employee retiring prior to age 60 the first increase will occur no later than January of the year of the first payment date following the later of:

1) the third anniversary of retirement, or
2) the attainment of age 53

Spouse Annuity

The surviving spouse annuity is the greater of the annuity under the money purchase formula or the minimum annuity formula. Surviving spouses who remarry on or after September 4, 2000 will not have their annuities terminated.

Money Purchase Formula: When an employee retires, the amount of the spouse's annuity is fixed, based on a joint life factor and employee deductions and credit for employer contributions made for spouses' annuity purposes. (If the employee is a female, these deductions have accumulated since October 1974)

If the employee dies in service, the spouse's annuity is based on all sums accumulated to the employee's credit.

For 3% annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" is used; however, widow/widower single life annuities and reversionary annuities are computed using the best factor (the factor producing the highest annuity), not depending upon the gender of the annuitant.

Spouses' Minimum Annuity Formula: If an employee dies in service and is at least age 55 with 20 or more years of service, or is at least age 50 with 30 or more years of service, the spouse's annuity is equal to half the amount of the annuity the employee was entitled to receive at the time of death in service. This annuity must be discounted .25% for each month that the spouse is under age 55 (or age 50 if the employee has at least 25 years of service) at the time the employee retires or dies in service.

If the employee dies while receiving a retirement annuity, the spouse is eligible for an annuity of one-half of the employee's annuity at death. This annuity is discounted for the spouse's age under 55 at the time of the employee's death, unless the employee had at least 25 years of service and withdrew from service on or after June 27, 1997, in which case the spouse annuity would be discounted for spouse age under 50 at the time of death.

If the employee dies in service on or after January 1, 2002, with at least 10 years of service, the spouse is entitled to an annuity of one-half of the minimum formula annuity earned and accrued to the credit of the employee at the date of death. For the purposes of this benefit, the minimum formula annuity earned and accrued to the benefit of the employee is equal to 2.4% for each year of service of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80% of the highest average annual salary. This annuity is not reduced due to the age of the employee or spouse. The spouse is eligible for this annuity only if the marriage was in effect for 10 full years or more.

The spouse will receive a minimum annuity of $800 per month if employee retires with at least 10 years of service or dies in service with at least 5 years of service.

Child's Annuity: A child's annuity is provided for unmarried children of a deceased employee who are under the age of 18, if the child was born or *in esse,* or legally adopted before the employee's withdrawal from service. The annuity is $220 per month if the spouse of the deceased employee is alive and $250 per month if the spouse is deceased.

Family Maximum: For a non-duty related death, the family maximum is 60% of final monthly salary. For duty related death, the maximum is 70% of final monthly salary.

Disabilities

Duty Disability Benefits: Any employee who becomes disabled as the result of an injury incurred in the performance of any act of duty, has a right to receive a duty disability benefit in the amount of 75% of his or her salary at the date of injury, plus $10 a month for each unmarried child under the age of 18. Child's duty disability benefit is limited to 15% of the employee's salary as of the date of injury. Duty disability benefits begin one day after the later of the last day worked or the last day paid.

If the disability has resulted from any mental disorder, physical defect or disease which existed at the time the injury occurs, the duty disability benefit is 50% of salary at the date of the injury. Disablement because of heart attacks, strokes, or any disablement due to heart disease is not considered to be the result of an accident suffered in the performance of duty. However, the employee will receive service credit, and the City will contribute salary deductions for annuity purposes if the employee is receiving Workers' Compensation benefits.

A duty disability benefit is payable up to age 65 if the disability begins before age 60. For an employee who begins disability on or after age 60, the disability will continue for 5 years. A duty disability which continues for more than 5 years and which started before the employee attained age 60, will be increased by 10% on January 1st of the sixth year.

The City contributes the employee's portion of salary deductions for annuity purposes for the duty disability benefit. Such amounts contributed by the City after December 31, 1983 are not refundable to the employee, and will be used for annuity purposes only.

Ordinary Disability Benefit: This benefit is granted for disability incurred other than in the performance of an act of duty and is 50% of salary as of the last day worked. The first payment is made one month after disablement occurs provided the employee is not in receipt of salary. Disability is limited to a maximum of 25% of the employee's total service or 5 years, whichever occurs first.

The Fund contributes salary deductions for annuity purposes for the ordinary disability benefit. Such amounts contributed by the Fund after December 31, 2000, while the employee is receiving ordinary disability benefits, are not refundable to the employee and will be used for annuity purposes only.

Group Health Hospital and Surgical Insurance Premiums

For annuitants enrolled in the City or Board of Education health care plans, the pension fund may provide supplementary payments up to a maximum of $95 per month for non-Medicare eligible annuitants (employees, widows, or children without regard to age or years of service) and up to $65 per month for Medicare eligible annuitants until June 30, 2013.

Refunds

To Employee: An employee who withdraws before age 55, or before age 60 with less than 10 years of service, is entitled to a refund of all salary deductions for retirement annuity and spouse annuity accumulated with interest to the date of withdrawal. The employee may choose to receive a refund in lieu of an annuity, if the amount of the annuity would be less than $800 per month. Annuity deductions for a spouse's annuity are refundable if the employee is not currently married at the time of withdrawal.

To Spouse: A surviving spouse may choose to receive a refund in lieu of an annuity if the annuity would amount to less than $800 per month.

Remaining Amounts: Amounts contributed by an employee that have not yet been paid out as annuity, (excluding the 0.5% deduction for annuity increases), are refundable to the employee's estate, with interest to the date of retirement or death, if the employee died in service.

Deductions and Contributions

	Employee Deductions	**Employer Contributions**
Employee	6.5%	6.0%
Spouse	1.5	2.0
Annuity Increase	0.5	0.0
Total	8.5%	8.0%

The City contribution is derived from a property tax levied annually and is limited to a sum that is equal to the total amount of employee contributions made two years previously, multiplied by 1.0 for the years 1999 and following.

Tax Shelter of Employee Salary Deductions

Beginning January 1, 1982, salary deductions from employees in the fund were designated for income tax purposes to be made by the employer. The W-2 salary is therefore reduced by the amount of contributions. For pension purposes, the salary remains unchanged. Income tax will be paid when a refund or annuity is granted. For the purposes of benefits, refunds, or financing, these contributions are treated as employee contributions. Beginning September 1, 1981, the Board of Education employee contributions were paid by the employer. The 1985 amendments contained a provision whereby the amount of pick-up, if any, is included in the pensionable salary for contributions and benefits. Such provision was retroactive to September 1, 1981. Beginning May 28, 2000, the remainder of contributions due for Board of Education employee salary deductions was designated for income tax purposes to be made by the employer and treated in the same manner as city employee salary deductions

RECENT LEGISLATIVE CHANGES

The following legislation was approved in the 2010 session:

SB 1946

- Approved April 14, 2010.

- Establishes a new tier of benefits for participants that first become members on or after the effective date of January 1, 2011.

    - Final average compensation is based on the average of the highest consecutive eight years within the last ten years of service.

    - Establishes a cap on final average salary of $106,800, as automatically increased by the lesser of 3 percent or one-half of the annual increase in the Consumer Price Index-U during the preceding 12 months.

    - Increases eligibility for a retirement annuity:
        - Age 67 with 10 years of service for an unreduced benefit.
        - Age 62 with 10 years of service for a reduced benefit. Reduction is one-half percent for each full month that retirement precedes age 67.

    - Changes provisions for automatic increases in annuity:
        - Increases begin in the year following the later of the first anniversary of the annuity start date and attainment of age 67.
        - Increases are equal to the lesser of 3 percent or one-half of the annual increase in the Consumer Price Index-U during the preceding 12 months.
        - Increases are based on the amount of the originally granted benefit (not compounded)

    - Changes benefits provided to surviving spouses:
        - Surviving spouse annuity is equal to 66 2/3 percent of the participant's earned retirement annuity at the date of death.
        - Provides an automatic increase in annuity.
            - Increases begin on January 1 in the year following the commencement of

the survivor's annuity if the deceased member died while receiving a retirement annuity and January 1 following the first anniversary of commencement otherwise.
    - Increases are equal to the lesser of 3 percent or one-half of the annual increase in the Consumer Price Index-U during the preceding 12 months.
    - Increases are based on the amount of the originally granted benefit (not compounded).

  - Establishes that members that are receiving a retirement annuity and accept a full-time position under the same Article or another Article established under the Illinois Compiled Statutes, would have their benefits suspended during employment. Their benefits would be recalculated, if applicable, upon termination of employment.

SB 550

- Approved December 30, 2010.

- Amends certain provisions established in SB 1946 that apply to participants that first come members on or after January 1, 2011:

  - Establishes the period for calculating the annual unadjusted percentage increase in the Consumer Price Index-U as the 12 month period ending with September for purposes of capping salary and calculating the automatic increase in annuity percentage.

  - Establishes that the salary cap of $106,800 applies for all purposes under the Code, including the calculation of benefits and employee contributions.

  - Establishes that the survivor's annuity is calculated with no reduction due to age.

  - Establishes that members who withdraw before age 62, or with less than 10 years of service, regardless of age, are entitled to all salary deductions for retirement annuity and spouse annuity accumulated with interest to date of resignation, plus the .50 percent deducted for annuity increase purposes without interest.

  - Establishes that increases in annuity for employee annuitants commence on January 1.

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Statistical Section

Statistical Section

This section of the comprehensive annual financial report contains relevant data on revenue, expenses and benefit payments. This detailed information, in conjunction with the financial statements, note to financial statements and required supplementary information is presented in order for the reader to analyze financial trends and to evaluate the economic condition of the Plan.

Financial Trends – The following schedules show trend information about the Plan's growth over the past 10 years.

- Schedule of Additions by Source
- Schedule of Deductions by Type
- History of Changes in Plan Net Assets
- Schedule of Benefit Expenses by Type
- Schedule of Refunds by Type
- Retirees and Beneficiaries by Type of Benefit[1]
- Average Employee Retirement Benefits[1]
- 10 Year Growth of Employee Annuitants
- Analysis of Initial Retirement Benefits for Employees
- Average Age at Retirement[1]
- Average Years of Service at Retirement[1]
- History of New Annuities Granted[1]
- History of Active Members Classified by Age[1]
- History of Active Members by Gender

Demographic Information – The following schedules provide information about the Plan's membership population.

- Number and Gender of Annuitants
- Changes in Annuitant and Beneficiaries[1]
- Schedule of Monthly Benefit by Type[1]
- Annuitants Classified by Age[1]
- Active Members Classified by Service[1]
- Inactive Members Classified by Service[1]
- Number of Active Members by Department
- Members Receiving Disability Benefits[1]
- Number of Refunds Payments Made During 2010[1]

Schedule information was derived from LABF internal sources unless otherwise noted.

[1]Schedules or data are provided by the consulting actuary, Gabriel, Roeder, Smith & Co.

LABORERS' ANNUITY AND BENEFIT FUND OF CHICAGO

SCHEDULE OF ADDITIONS BY SOURCE

Year	Employee Contributions	Employer Contributions	Employer Contributions as a % of Payroll	Investment Income Less Fees	Total
2001	$20,017,224	$659,946	0.36	($19,125,166)	1,552,004
2002	20,189,214	82,865	0.04	(119,447,570)	(99,175,491)
2003	19,798,759	344,821	0.18	231,606,021	251,749,601
2004	22,591,435	197,034	0.10	171,049,929	193,838,398
2005	16,256,802	40,435	0.02	117,785,265	134,082,502
2006	18,791,442	106,270	0.06	174,535,356	193,433,068
2007	18,413,407	15,458,982	8.02	125,204,334	159,076,723
2008	19,418,435	17,580,428	8.11	(510,462,568)	(473,463,705)
2009	17,538,297	17,189,811	8.24	237,102,597	271,830,705
2010	16,319,992	17,938,810	8.98	193,187,014	227,445,816

SCHEDULE OF DEDUCTIONS BY TYPE

Year	Benefits	Refunds	Administrative and OPEB Expenses	Total	HISTORY OF CHANGES IN PLAN NET ASSETS
2001	$75,503,260	$2,354,116	$1,806,263	$79,663,639	($78,111,635)
2002	78,260,481	3,368,053	1,814,283	83,442,817	(182,618,308)
2003	82,740,302	2,826,928	1,910,350	87,477,580	164,272,021
2004	99,260,643	6,697,268	2,872,450	108,830,361	85,008,037
2005	105,164,827	4,240,024	2,985,293	112,390,144	21,692,358
2006	106,862,912	3,139,938	2,830,920	112,833,770	80,599,298
2007	108,806,307	3,761,121	3,352,421	115,919,849	43,156,874
2008	113,652,844	3,494,107	3,626,393	120,773,344	(594,237,049)
2009	120,998,446	2,818,420	3,664,916	127,481,782	144,348,923
2010	127,028,997	2,267,769	3,864,287	133,161,053	94,284,763

LABORERS' ANNUITY & BENEFIT FUND OF CHICAGO

SCHEDULE OF BENEFIT EXPENSES BY TYPE

Year	Employee Annuities*	Spouse/Child Annuities	Ordinary Disabilities	Duty Disabilities	Total
2001	$58,031,741	$14,358,135	$1,501,106	$1,612,278	$75,503,260
2002	60,022,226	14,600,309	1,990,089	1,647,857	78,260,481
2003	63,925,164	14,792,914	2,272,328	1,749,896	82,740,302
2004	80,932,747	14,883,844	2,044,621	1,399,431	99,260,643
2005	86,125,245	15,164,982	2,278,159	1,596,441	105,164,827
2006	87,443,420	15,136,986	1,974,345	2,308,161	106,862,912
2007	89,874,659	15,194,447	2,014,351	1,722,850	108,806,307
2008	93,905,852	15,399,578	2,271,492	2,075,922	113,652,844
2009	100,619,114	15,539,189	2,206,838	2,633,305	120,998,446
2010	106,119,018	15,713,080	2,226,536	2,970,364	127,028,997

* Includes retiree healthcare

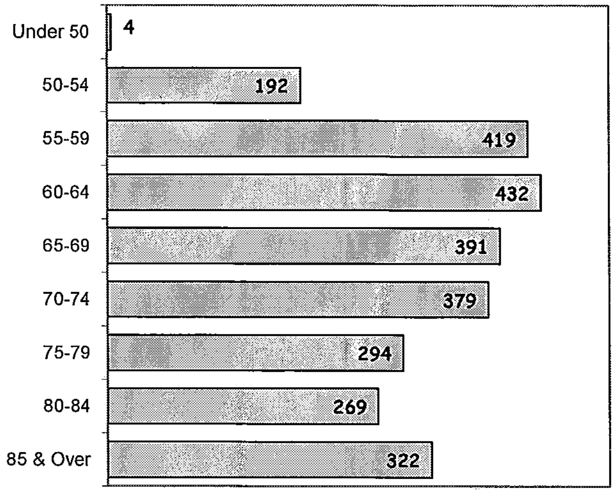
SCHEDULE OF REFUNDS BY TYPE

Year	Separation	Due to Death or In Lieu of Annuity	No Spouse	Errors in Deduction	Transfers to Other Funds	ERI Lump Sum Payout	Total
2001	$1,563,525	$296,910	$252,461	$19,705	$221,515	$0	$2,354,116
2002	1,683,641	803,887	575,254	59,923	245,348	0	3,368,053
2003	1,378,240	400,670	643,733	14,359	389,926	0	2,826,928
2004	2,059,216	769,258	2,606,456	63,365	144,445	1,054,528	6,697,268
2005	3,551,426	272,874	348,580	47,922	19,222	0	4,240,024
2006	2,091,136	528,521	481,812	13,804	24,665	0	3,139,938
2007	2,864,337	400,482	473,674	11,266	11,362	0	3,761,121
2008	1,818,013	639,231	912,153	14,151	110,559	0	3,494,107
2009	841,784	887,609	992,571	17,438	79,018	0	2,818,420
2010	905,289	208,929	1,057,525	41,199	54,827	0	2,267,769

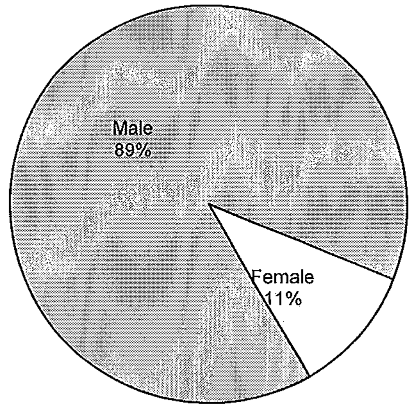
NUMBER AND GENDER OF ANNUITANTS

Employee Annuitants

By Age

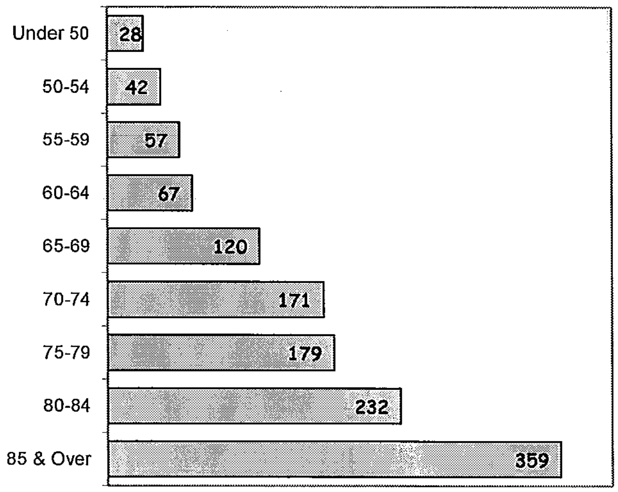


By Gender

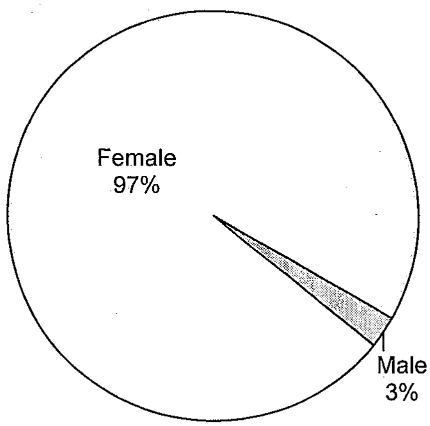


Spouse Annuitants

By Age

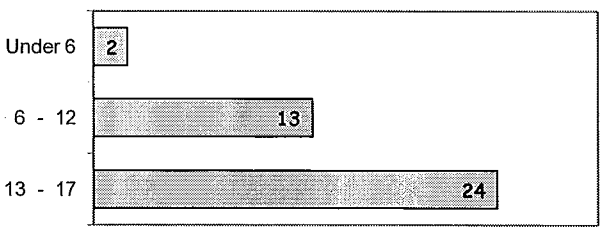


By Gender

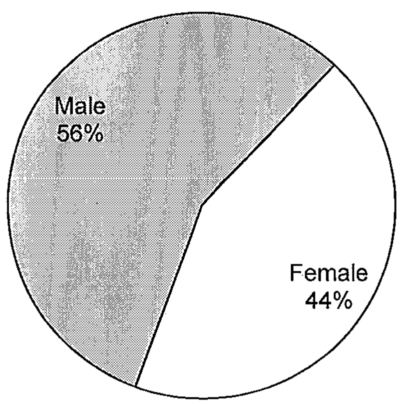


Child Annuitants

By Age



By Gender



RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

At Year End:	Retirees & Beneficiaries: Employee Annuities	Spouse Annuities	Child Annuities	Actives Receiving Benefits: Ordinary Disabilities	Duty Disabilities	Total
2001	2,481	1,405	59	46	108	4,099
2002	2,461	1,422	65	59	144	4,151
2003	2,472	1,395	67	74	106	4,114
2004	2,836	1,379	62	63	92	4,432
2005	2,737	1,367	52	56	120	4,332
2006	2,683	1,335	52	42	129	4,241
2007	2,644	1,316	45	58	118	4,181
2008	2,646	1,298	47	61	145	4,197
2009	2,683	1,272	41	62	188	4,246
2010	2,702	1,255	39	44	184	4,224

CHANGES IN ANNUITANTS AND BENEFICIARIES

Benefit	Number at Start of 2010	Increases	Decreases	Number at End of 2010
Employee Annuitants	2,683	163	144	2,702
Spouse Annuitants	1,272	57	74	1,255
Child Annuitants	41	4	6	39
Ordinary Disabilities	62	95	113	44
Duty Disabilities	188	279	283	184
Total	4,246	598	620	4,224

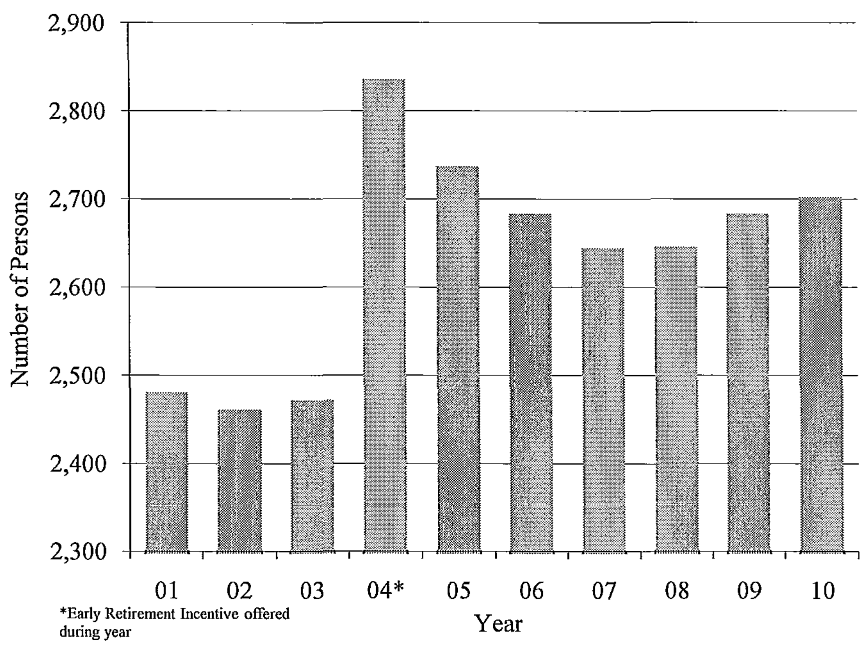
AVERAGE EMPLOYEE RETIREMENT BENEFITS

Year	Average Annual Retirement Benefit	Percent Increase	Average Annual Benefit at Retirement Current Year	Percent Increase (Decrease)	Average Current Age of Retirees	Average Age at Retirement Current Year	Average Years of Service at Retirement Current Year
2001	$22,750	4.0%	$24,126	15.2%	73.6	61.2	20.8
2002	24,082	5.9	31,865	32.1	73.3	60.6	27.6
2003	25,576	6.2	34,201	7.3	73.0	58.6	25.2
2004*	29,177	14.1	40,825	19.4	70.6	57.3	30.9
2005	30,492	4.5	39,105	(4.2)	70.8	57.0	30.4
2006	31,664	3.8	38,015	(2.8)	70.9	56.6	28.9
2007	33,242	5.0	42,234	11.1	70.9	57.0	29.8
2008	35,037	5.4	44,496	5.4	70.7	56.3	30.1
2009	36,868	5.2	44,581	0.0	70.3	57.8	29.3
2010	38,962	5.7	48,489	8.8	70.0	58.2	29.1

* Early Retirement Incentive Program

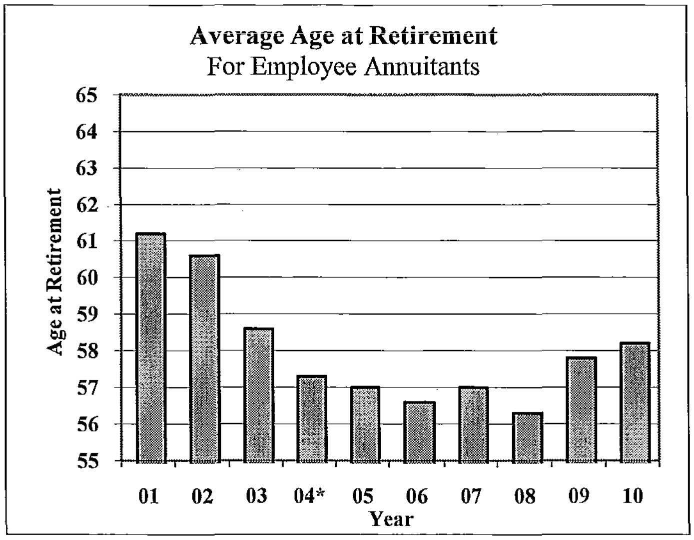
10 YEAR GROWTH OF EMPLOYEE ANNUITANTS

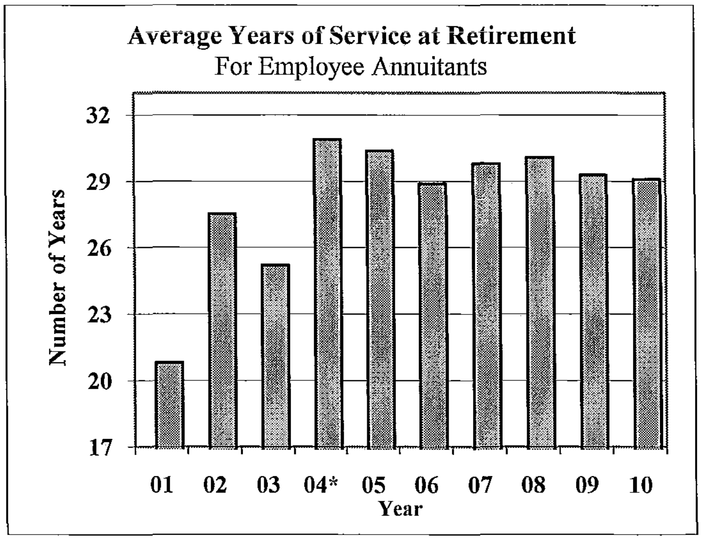
Employee Annuitants on Roll at December 31, 2010



ANALYSIS OF INITIAL RETIREMENT BENEFITS FOR EMPLOYEES

	Years of Credited Service								
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
2005									
Avg Monthly Annuity	$ 96	$ 1,001	$ 1,224	$ 972	$ 2,254	$ 3,471	$ 3,974	$ 3,409	$3,264
Avg Monthly FAS	$ 2,666	$ 4,511	$ 4,539	$ 4,118	$ 4,808	$ 5,143	$ 5,218	$ 4,269	$4,887
Number of Retirees	1	2	2	3	3	10	26	8	55
2006									
Avg Monthly Annuity	$ 324	$ 1,607	$ 1,212	$ 1,507	$ 2,246	$ 3,482	$ 4,010	$ 4,119	$3,167
Avg Monthly FAS	$ 4,564	$ 6,925	$ 4,418	$ 4,136	$ 4,987	$ 5,261	$ 5,292	$ 5,149	$5,084
Number of Retirees	5	1	8	4	5	10	39	7	79
2007									
Avg Monthly Annuity	$ 361	$ 1,378	$ 1,480	$ 2,498	$ 2,690	$ 2,474	$ 4,180	$ 4,799	$3,515
Avg Monthly FAS	$ 5,451	$ 7,168	$ 4,921	$ 5,641	$ 5,339	$ 3,873	$ 5,520	$ 6,048	$5,444
Number of Retirees	3	2	10	2	9	5	54	10	95
2008									
Avg Monthly Annuity	$ 325	$ 975	$ 1,241	$ 1,390	$ 2,803	$ 3,283	$ 4,433	$ 4,819	$3,707
Avg Monthly FAS	$ 6,033	$ 5,700	$ 4,048	$ 2,883	$ 5,291	$ 5,146	$ 5,773	$ 6,012	$5,538
Number of Retirees	5	4	6	3	7	14	73	8	120
2009									
Avg Monthly Annuity	$ 431	$ 1,081	$ 1,366	$ 1,905	$ 2,653	$ 3,429	$ 4,384	$ 5,005	$3,707
Avg Monthly FAS	$ 5,981	$ 6,697	$ 4,922	$ 4,487	$ 5,284	$ 5,286	$ 5,718	$ 6,257	$5,553
Number of Retirees	1	3	10	16	12	26	77	24	169
2010									
Avg Monthly Annuity	$ 497	$ 794	$ 1,293	$ 1,819	$ 2,684	$ 3,995	$ 4,865	$ 5,895	$4,002
Avg Monthly FAS	$ 6,094	$ 5,592	$ 4,409	$ 5,153	$ 5,499	$ 6,089	$ 6,347	$ 7,369	$6,113
Number of Retirees	4	4	7	14	18	19	81	16	163





*Early Retirement Incentive offered during the year

SCHEDULE OF MONTHLY BENEFIT BY TYPE

AT DECEMBER 31, 2010

Amount of Monthly Benefit	Employee Annuitant	Spouse Annuitant	Child Annuitant	Total
$1 - 250	40	14	39	93
251 - 500	34	4	-	38
501 - 750	25	11	-	36
751 - 1,000	44	835	-	879
1,001 - 1,250	240	122	-	362
1,251 - 1,500	85	98	-	183
1,501 - 1,750	89	67	-	156
1,751 - 2,000	84	47	-	131
2,001 - 2,250	111	23	-	134
2,251 - 2,500	104	17	-	121
2,501 - 2,750	102	6	-	108
2,751 - 3,000	124	2	-	126
3,001 - 3,250	133	3	-	136
3,251 - 3,500	181	1	-	182
3,501 - 3,750	235	2	-	237
3,751 - 4,000	229	-	-	229
4,001 - 4,250	224	2	-	226
4,251 - 4,500	148	1	-	149
4,501 - 4,750	104	-	-	104
4,751 - 5,000	82	-	-	82
Over $5,000	284	-	-	284
Totals	2,702	1,255	39	3,996

HISTORY OF NEW ANNUITIES GRANTED

Male Employees

	2010 [1]	2009 [2]	2008	2007 [3]	2006	2005 [3]	2004*	2003	2002	2001
Number retired	152	156	117	90	78	51	505	145	149	49
Average Age	58.1	57.5	56.1	56.8	56.6	56.6	57.3	58.6	60.5	61.2
Average Length of Service	29.6	29.7	30.3	30.1	28.9	30.3	31.1	27	27.7	20.6
Average Annual Final Salary	$76,846	$70,563	$70,000	$67,250	$63,800	$60,828	$53,378	$60,516	$58,159	$46,126
Total Annual Annuity	$7,534,716	$7,119,948	$5,284,872	$3,824,304	$2,961,828	$2,073,032	$20,871,228	$5,060,484	$4,802,907	$1,231,590
Average Annual Annuity	$49,571	$45,641	$45,170	$42,492	$37,972	$40,648	$41,329	$34,900	$32,234	$25,134
Total Actuarial Liability	$102,774,022	$97,468,212	$73,140,350	$53,384,184	$40,009,917	$28,251,758	$281,030,404	$66,126,137	$60,832,155	$14,602,006
Average Actuarial Liability	$676,145	$624,796	$625,131	$593,158	$512,948	$553,956	$556,496	$456,042	$408,269	$298,000
Total Contributed by EE	$14,552,292	$13,335,347	$9,653,770	$6,954,680	$5,548,293	$3,840,240	$46,273,925	$9,702,986	$9,312,597	$3,444,582
Expected Future Lifetime (years)	22.09	22.52	23.73	23.10	23.25	23.24	22.69	19.02	17.45	17.45
Payback Period (years)	1.93	1.87	1.83	1.82	1.87	1.85	2.22	1.92	1.94	2.01
Replacement Ratio	64.5%	64.7%	64.5%	63.2%	59.5%	66.8%	77.4%	57.7%	55.4%	54.5%

* Early Retirement Incentive offered during the year

[1] Does not include two employees who were no longer on annuity at the end of the year

[2] Does not include three employees who was no longer on annuity at the end of the year

[3] Does not include one employee who was no longer on annuity at the end of the year

HISTORY OF NEW ANNUITIES GRANTED

Female Employees

	2010	2009	2008	2007	2006	2005	2004*	2003	2002	2001
Number retired	9	10	3	4	1	3	15	5	3	4
Average Age	61.6	61.6	65.2	60.8	59.3	63.8	60.1	60.6	65	60.7
Average Length of Service	20.8	22.1	22.2	24.5	28	32.3	21.9	13.3	20.7	23.8
Average Annual Final Salary	$66,217	$56,156	$46,745	$66,176	$62,962	$31,903	$43,782	$45,347	$33,205	$26,287
Total Annual Annuity	$271,968	$280,476	$54,588	$145,704	$41,352	$38,622	$357,600	$69,661	$40,550	$47,096
Average Annual Annuity	$30,219	$28,048	$18,196	$36,426	$41,352	$12,874	$23,840	$13,932	$13,517	$11,774
Total Actuarial Liability	$3,660,697	$3,678,207	$558,684	$1,975,124	$582,267	$461,446	$4,875,554	$880,560	$499,684	$553,130
Average Actuarial Liability	$406,744	$367,821	$186,228	$493,781	$582,267	$153,815	$325,037	$176,112	$166,561	$138,283
Total Contributed by EE	$552,673	$545,313	$75,948	$246,235	$69,508	$83,554	$853,199	$146,561	$75,584	$107,217
Expected Future Lifetime (years)	22.49	22.74	20.49	23.31	24.74	20.97	24.00	22.15	18.76	22.15
Payback Period (years)	2.03	1.94	1.39	1.69	1.68	2.16	2.39	2.10	1.86	1.18
Replacement Ratio	45.6%	50.0%	38.9%	55.0%	65.7%	40.4%	54.5%	30.7%	40.7%	44.8%

* Early Retirement Incentive offered during the year

ANNUITANTS CLASSIFIED BY AGE

AS OF DECEMBER 31, 2010

Retirement Annuities

Age	MALES			FEMALES		
	Count	Annual Payments	Average Annual Payments	Count	Annual Payments	Average Annual Payments
Under 50	4	$34,836	$8,709	0	$0	$0
50 - 54	192	10,265,484	53,466	0	-	0
55 - 59	407	19,345,080	47,531	12	315,348	26,279
60 - 64	415	18,473,784	44,515	17	550,560	32,386
65 - 69	376	15,410,220	40,985	15	333,792	22,253
70 - 74	356	14,211,588	39,920	23	563,436	24,497
75 - 79	268	9,282,564	34,636	26	625,992	24,077
80 - 84	223	7,750,740	34,757	46	881,268	19,158
85 & Over	177	4,954,560	27,992	145	2,276,100	15,697
Total	2,418	$99,728,856	$41,244	284	$5,546,496	$19,530
	Average Age is 69			Average Age is 83		

Spouse Annuities (not including compensation)

Age	MALES			FEMALES		
	Count	Annual Payments	Average Annual Payments	Count	Annual Payments	Average Annual Payments
Under 30	-	-	-	-	-	-
30 - 34	-	-	-	-	-	-
35 - 39	-	-	-	2	19,200	9,600
40 - 44	-	-	-	5	48,000	9,600
45 - 49	1	7,584	7,584	20	253,116	12,656
50 - 54	2	20,700	-	40	530,388	13,260
55 - 59	3	22,536	7,512	54	809,940	14,999
60 - 64	1	10,068	10,068	66	902,208	13,670
65 - 69	-	-	-	120	1,707,036	14,225
70 - 74	2	19,200	9,600	169	2,397,696	14,188
75 - 79	1	9,600	9,600	178	2,368,236	13,305
80 - 84	7	60,312	8,616	225	2,640,576	11,736
85 & Over	15	144,000	9,600	344	3,635,280	10,568
Total	32	$294,000	$9,188	1,223	$15,311,676	$12,520
	Average Age is 79			Average Age is 77		

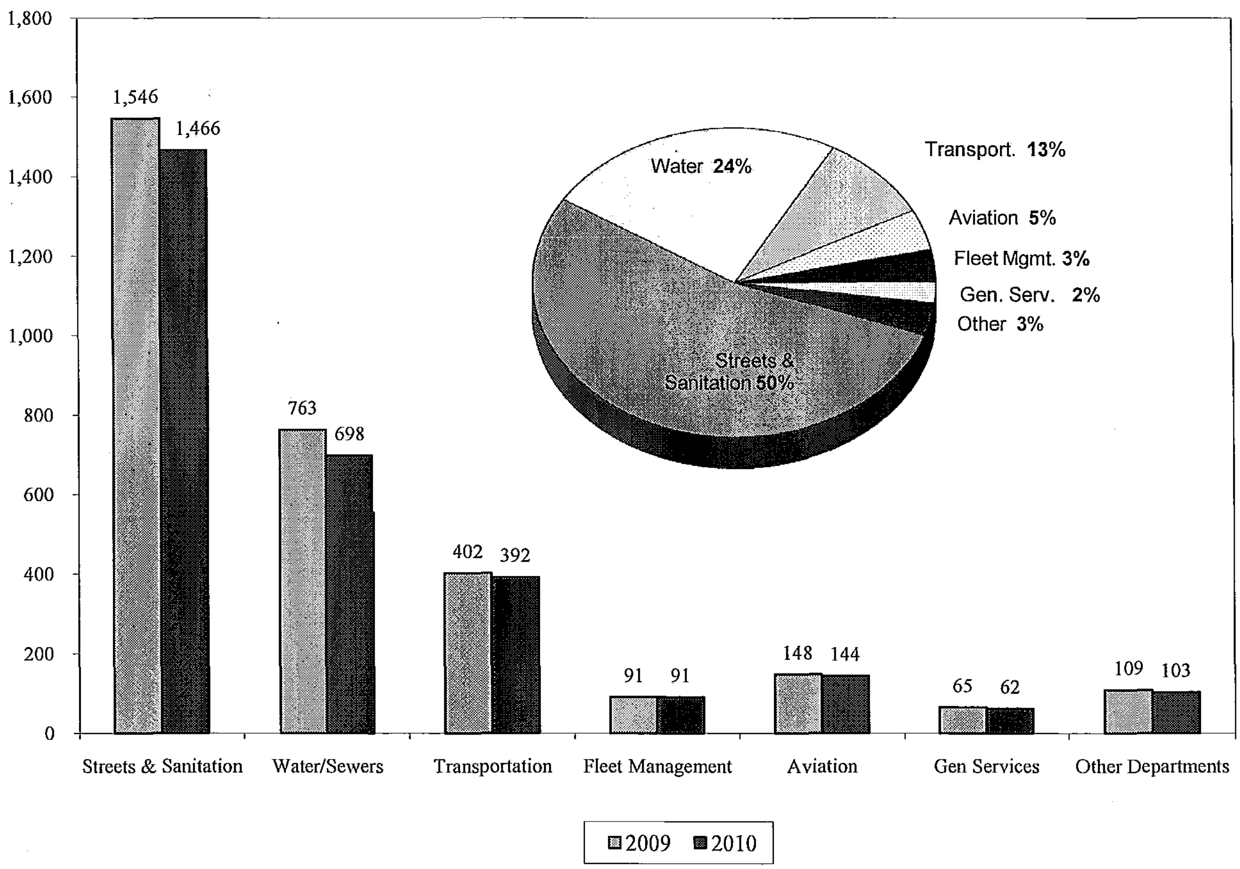
ACTIVE MEMBERS
AS OF DECEMBER 31, 2010

Years of Service	Males	Females	Total
Under 1	15	8	23
1 - 4	84	56	140
5 - 9	293	88	381
10 - 14	774	209	983
15 - 19	470	57	527
20 - 24	328	82	410
25 - 29	242	13	255
30 - 34	192	1	193
35 & Up	43	1	44
Total	2,441	515	2,956

INACTIVE MEMBERS
AS OF DECEMBER 31, 2010

Years of Service	Males	Females	Total
Under 1	791	71	862
1 - 4	340	55	395
5 - 9	70	12	82
10 - 14	34	4	38
15 - 19	30	4	34
20 - 24	19	1	20
25 - 29	12	-	12
30 - 34	3	-	3
35 & Up	-	-	-
Total	1,299	147	1,446

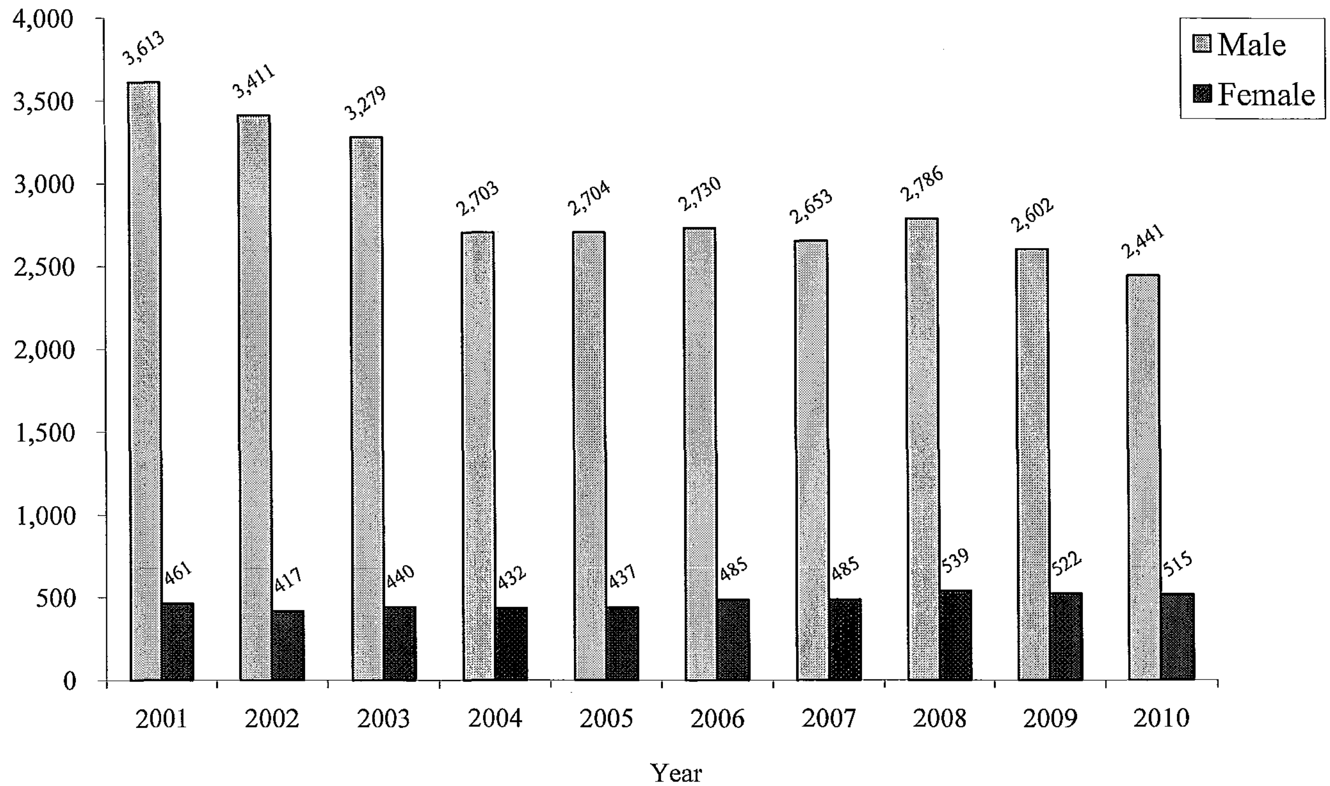
NUMBER OF ACTIVE MEMBERS BY DEPARTMENT
AS OF DECEMBER 31, 2010



HISTORY OF ACTIVE MEMBERS BY AGE
AS OF DECEMBER 31, 2010

Age	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Under 20	0	0	0	1	3	0	0	0	0	4
20 - 24	11	23	36	20	31	13	19	45	70	108
25 - 29	73	89	138	133	159	149	186	214	242	287
30 - 34	230	267	285	266	295	298	300	329	368	409
35 - 39	347	380	395	406	413	422	413	460	467	497
40 - 44	473	479	509	465	505	559	607	653	701	770
45 - 49	597	653	693	707	749	747	775	832	816	811
50 - 54	609	638	681	626	593	520	443	598	584	583
55 - 59	351	329	324	299	264	241	227	333	326	322
60 - 64	171	173	167	138	128	126	110	174	173	190
65 - 70	67	65	66	51	54	47	41	59	58	65
Over 70	27	28	31	26	21	19	14	22	23	28
	2,956	3,124	3,325	3,138	3,215	3,141	3,135	3,719	3,828	4,074

HISTORY OF ACTIVE MEMBERS
BY GENDER



MEMBERS RECEIVING DISABILITY BENEFITS
AS OF DECEMBER 31, 2010

Duty Disability

Years of Service	Males Count	Males Annual Payments*	Females Count	Females Annual Payments*	Totals Count	Totals Annual Payments*
Under 1	-	$ -	-	$ -	-	$ -
1 - 4	2	62,229	3	127,093	5	189,322
5 - 9	13	636,183	4	174,096	17	810,279
10 - 14	50	2,382,056	19	859,841	69	3,241,897
15 - 19	35	1,806,931	7	350,391	42	2,157,322
20 & Over	44	2,185,435	7	306,071	51	2,491,506
Total	144	$ 7,072,834	40	$ 1,817,492	184	$ 8,890,326

Ordinary Disability

Years of Service	Males Count	Males Annual Payments	Females Count	Females Annual Payments	Totals Count	Totals Annual Payments
Under 1	-	$ -	-	$ -	-	$ -
1 - 4	-	-	1	22,339	1	22,339
5 - 9	2	50,721	2	58,947	4	109,668
10 - 14	7	218,307	4	126,985	11	345,292
15 - 19	10	341,828	2	61,580	12	403,408
20 & Over	16	555,297	-	-	16	555,297
Total	35	$ 1,166,153	9	$ 269,851	44	$ 1,436,004

* Benefit payments are annual amounts before workers' compensation offset.

NUMBER OF REFUND PAYMENTS MADE DURING 2010

Length of Service at Date of Refund

Age at Date of Refund	Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and Over	Total
Under 20	-	-	-	-	-	-	-
20 to 24	1	1	-	-	-	-	2
25 to 29	1	2	-	3	-	1	7
30 to 34	1	2	-	1	-	2	6
35 to 39	-	-	-	1	1	1	3
40 to 44	-	-	1	-	-	4	5
45 to 49	2	-	-	-	1	7	10
50 to 54	1	-	-	-	-	1	2
55 to 59	-	-	-	-	-	3	3
60 & Over	2	-	-	-	-	1	3
Totals	8	5	1	5	2	20	41