
**Firemen's Annuity and Benefit
Fund of Chicago, Illinois**

Actuarial Valuation Report

For the Year Ending December 31, 2004

April 2005



**Gabriel, Roeder, Smith & Company
Actuaries and Consultants**



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May 3, 2005

Retirement Board of the
Firemen's Annuity and Benefit Fund of Chicago
20 South Clark, Suite 1400
Chicago, IL 60603

Actuarial Certification

Dear Members of the Board:

At your request, we have performed an actuarial valuation for the Firemen's Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2004. This valuation has been performed to measure the funding status of the Fund and determine the contribution levels for 2005. In addition, it includes disclosure information required under GASB Statement No. 25 and Statement No. 27. The assumptions and methods used were selected by the actuary and meet the parameters set for the disclosure presented in the financial section by Government Accounting Standards Board (GASB) Statement No. 25. These actuarial valuations of the Fund are performed annually.

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

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

We have also provided the following schedules in the financial sections of the report. We relied on information from the prior actuary for years before 1999.

- Schedule of Funding Progress
- Schedule of Employer Contributions

This valuation is based upon:

- a) **Data relative to the members of the Fund** — Data 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. Actuarial value of assets was used to develop actuarial results for the State-reporting basis, as well as for GASB Statement No. 25 and Statement No. 27.
- c) **Actuarial Method** — The actuarial method utilized by the Fund is the Entry-Age Actuarial Cost Method. The objective of this method is to amortize 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 financed. All actuarial gains and losses under this method are reflected in the UAAL.
- d) **Actuarial Assumptions** — The actuarial assumptions have not changed since the last report. The assumptions used are set forth in Appendix 4: Actuarial Methods and Assumptions of the Valuation Report.

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 2.26 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 2.26:1 relationship. The most recent actuarial valuation of the Fund on the State reporting basis shows that a ratio of 5.19:1 is needed to adequately finance the Fund.

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.

To the best of our knowledge this report is complete and accurate and was conducted in accordance with standards of practice promulgated by the Actuarial Standards Board and in compliance with the City Ordinance. The actuarial assumptions used for the valuation produce results which, in the aggregate, are reasonable. This valuation was produced under the supervision of a member of the Academy of Actuaries with significant experience in valuing public employee retirement systems.

Gabriel, Roeder, Smith and Company



Michael R. Kivi, FSA
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SUMMARY OF VALUATION RESULTS

This report sets forth the results of the actuarial valuation of the Firemen's Annuity and Benefit Fund of the City of Chicago ("Fund") as of December 31, 2004. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2005.
2. To develop the annual required contributions (ARC) under GASB #25.
3. To develop the annual pension cost under GASB #27.
4. To review the funding status of the Fund.

The funding status, in basic terms, is a comparison of the fund's liabilities to assets expressed as either an unfunded liability or as a ratio of assets to liabilities. This comparison can be measured in various ways. Fund liabilities are dependent on the actuarial assumptions and actuarial cost method. Fund assets can be measured at market value, book value, or some variation to smooth the fluctuations that invariably occur from year to year.

For State reporting, as well as for Fund and City financial reports, the funding status is measured using liabilities under the Entry Age Normal funding method and the Actuarial (Market-Related) Value of Assets.

The Actuarial (Market-Related) Value of Assets is determined from market value with investment gains and losses smoothed over a five-year period. The actuarial assumptions used to determine the liabilities are the same in all three measures.

Comments on Results

For State reporting purposes, the minimum actuarially determined contribution for the year ending December 31, 2005 is \$193.1 million including estimated employee contributions of \$31.4 million. This is 57.7% of the total payroll for the Fund and a \$26.9 million increase over the minimum actuarial contribution for 2004.

The annual required contribution (ARC) under GASB #25 for the year ending December 31, 2005 is \$161.7 million, which is 48.35% of the total payroll. This amount is net of estimated employee contributions of \$31.4 million. The 2005 ARC of \$161.7 million compares with the 2004 ARC of \$134.8 million. The ARC is determined using an actuarial value of assets and a forty-year level dollar amortization of the unfunded actuarial liability.

The funding status declined from the prior year. The unfunded liability increased from \$1,323 million to \$1,611 million and the funding ratio decreased from 47.43% to 42.33% using the smoothed Actuarial (Market Related) Value of Assets. The funded ratio is 43.18% when the market value of assets is compared to GASB #25 actuarial liabilities.

SUMMARY OF VALUATION RESULTS (CONT'D)

Plan contributions increased and funded ratios (based on market-related asset values) decreased from the prior year levels. A number of factors combined to produce this result.

- The employer cost in excess of actual contributions was approximately \$70.3 million.
- Plan assets earned more than the assumed 8% return. However, there was a loss on the market-related value of assets of \$64.5 million due to recognition of prior year losses compared to a gain of \$52.4 million on market value of assets.

A more thorough examination of these and other factors can be found in the Reconciliation of Unfunded Liability section and the gain/loss calculation of Table 3.

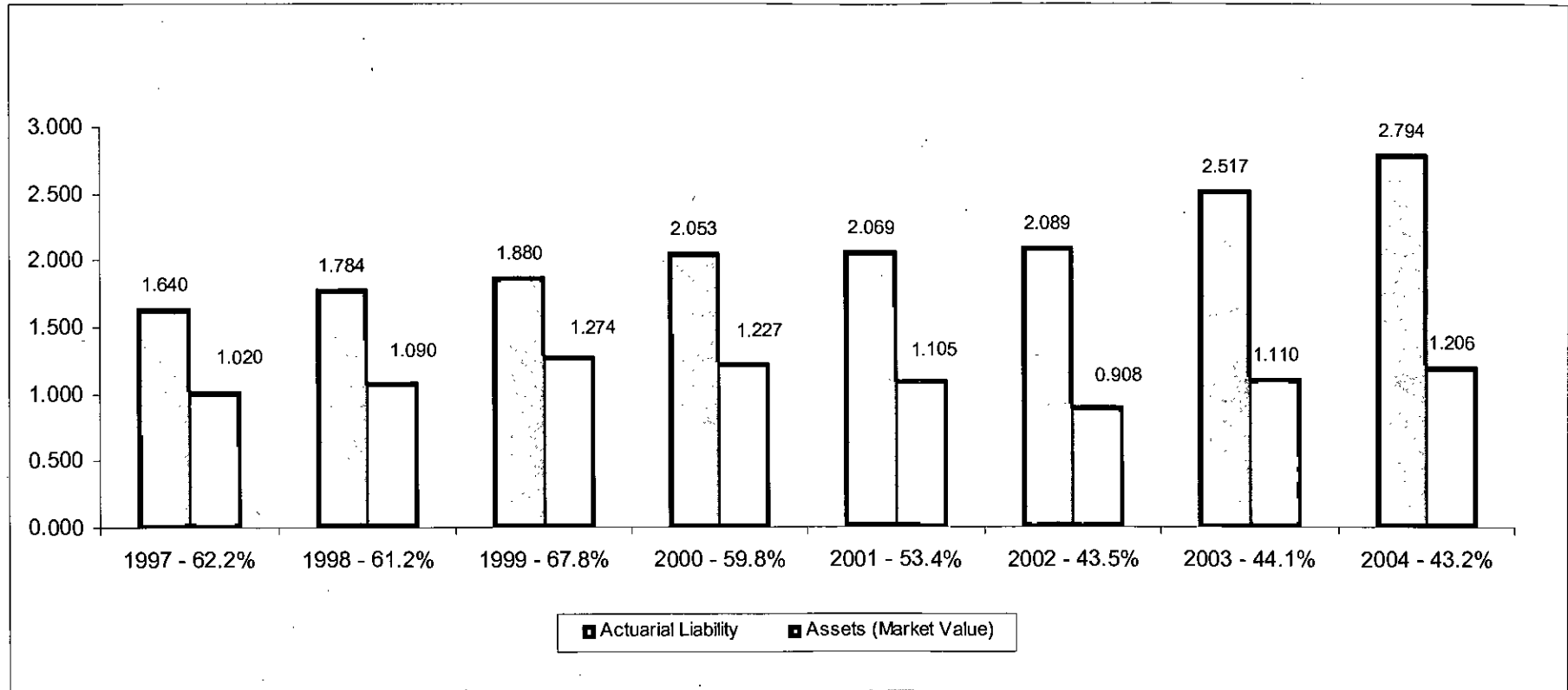
A summary of the primary results of this valuation is shown in the following table.

	December 31, 2003		December 31, 2004	
	\$ in Millions	% of Pay ¹	\$ in Millions	% of Pay ¹
Contribution Levels				
Minimum Actuarially Determined Contribution (State Reporting)	\$ 166.2	49.60	\$ 193.1	57.74
Annual Required Contribution (GASB 25)	134.8	40.21	161.7	48.35
Funding Status -- State/GASB #25				
Market-Related Value of Assets	\$ 1,194.0	356.24	\$ 1,182.6	353.62
Actuarial Liability	2,517.3	751.04	2,793.5	835.32
Funding Ratios	47.43%	N/A	42.33%	N/A
Funding Status -- Market Value				
Market Value of Assets	\$ 1,109.6	331.04	\$ 1,206.2	360.67
Actuarial Liability	2,517.3	751.04	2,793.5	835.32
Funding Ratios	44.08%	N/A	43.18%	N/A
Funding Status -- Book Value				
Book Value of Assets	\$ 947.0	282.56	\$ 995.6	297.71
Actuarial Liability	2,517.3	751.04	2,793.5	835.32
Funding Ratios	37.62%	N/A	35.64%	N/A

¹Payroll for 2003 was \$335.2 million and for 2004 was \$334.4 million.

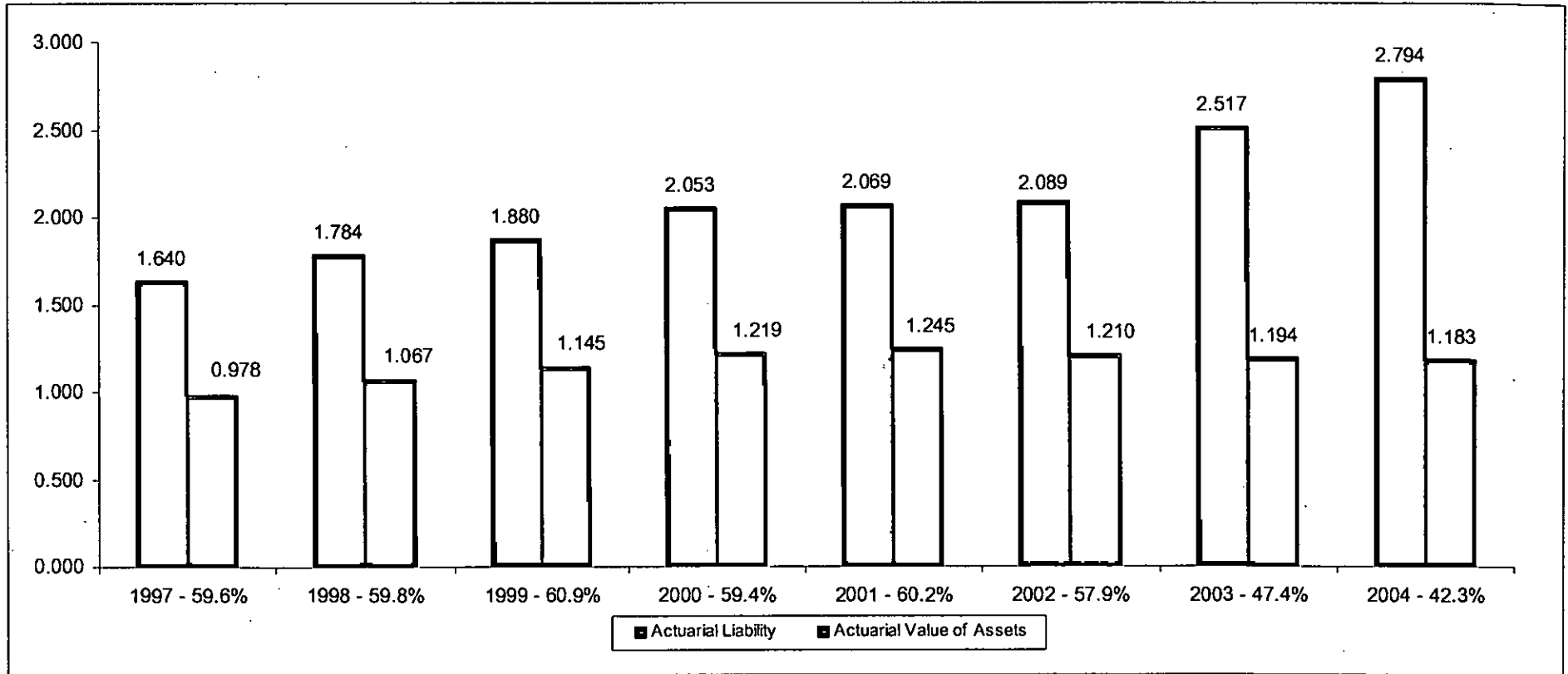
SUMMARY OF VALUATION RESULTS (CONT'D)

COMPONENTS OF FUNDING RATIO BASED ON MARKET VALUE (\$ IN BILLIONS)



SUMMARY OF VALUATION RESULTS (CONT'D)

**COMPONENTS OF FUNDING RATIO
GASB #25 / STATE REPORTING
(\$ IN BILLIONS)**



SUMMARY OF VALUATION RESULTS (CONT'D)

Participants

The major characteristics of the data on the members of the Fund are summarized as follows:

	<u>December 31, 2003</u>	<u>December 31, 2004</u>
Active Participants		
Number	4,909	4,856 ¹
Average Age	43.5	44.0
Average Service	15.0	15.2
Average Annual Salary	\$68,277	\$68,868
Retirees		
Number	2,412	2,441
Average Age	71.2	71.2
Average Monthly Benefit	\$ 3,511	\$ 3,806
Survivors		
Number	1,405	1,434 ²
Average Age	75.5	75.7
Average Monthly Benefit	\$ 1,285	\$ 1,365

¹ Includes seven participants on ordinary disability who continue to accrue benefit service.

² Includes one parent annuitant.

Total participants receiving benefits under the Fund, including disability, widow, and children, increased 1.0% during 2004 from 4,309 to 4,353. Total expenditures for these benefits increased from \$147.8 million in 2003 to \$156.4 million during 2004, or 5.8%.

Changes in Provisions of the Fund

PA 93-0654 was passed in 2004 and made the following changes to the Fund provisions.

- Changes in the definition of salary. Salary now includes pay for: ambulance commanders, EMT pay, duty availability pay, and pay for exempt positions above career service rank.
- Changes formula for members with less than 20 years of service at maximum retirement.
- Changes accrual rate for service over 20 years from 2.0 percent to 2.5 percent.
- Changes minimum benefit for retirees and widows with age-service benefits:
 - Retirees minimum of \$950 per month in 2004 and \$1,050 per month thereafter for those retired at age 50 and with 20 years of service
 - Widow minimum of \$900 per month in 2004 and \$1,000 per month thereafter.

SUMMARY OF VALUATION RESULTS (CONT'D)

- Changes benefit provisions for widows of active firemen with greater than 10 years of service to at least 50 percent of the benefit the firemen would have received if they had reached age 50 with 20 years of service.
- Changes the widow eligibility conditions by:
 - Allowing widows to remarry without forfeiture of benefits.
 - Allowing widows of members who were married after withdrawal of disability to receive benefits. This does not apply to members that received a refund of widow contributions unless it is repaid with interest.
- Changes the COLA benefit for member born between January 1, 1945, and December 31, 1954. These members are now entitled to a 3.0 percent simple COLA beginning at the later of age 55 or the first anniversary of retirement. There is no limit on the increases.

PA 93-0917 was passed in 2004 and made the following changes to the Fund provisions.

- Changes the widow eligibility conditions by expanding widow benefits that were previously limited by marriage conditions after withdrawal or disability. Benefits cannot be reinstated or granted earlier than January 16, 2004.
- Changed purchase of service credit. A fireman who accumulated service under the Municipal Employees' Annuity and Benefit Fund of Chicago, who terminated and received a refund, may purchase such service credit until January 1, 2005. Those firemen that retired after January 16, 2004, but before the effective date of this act may still purchase service before January 1, 2005, and have their benefit recalculated. Employer contributions with interest, for such service, will be transferred from the Municipal Employees' Annuity and Benefit Fund to the Firemen's Annuity and Benefit Fund.

The court opinion in the case of Idella Bertucci vs. the Retirement Board of the Firemen's Annuity and Benefit Fund of Chicago caused the following changes to the Fund provisions.

- Changes widow benefit for members who die while receiving duty disability benefits. The widows' benefit will be 75 percent of the member's salary attached to his civil service position. The benefit increases as the salary attached to this position increases.

Analysis of Actuarial Assumptions

Actuarial assumptions are used to project future demographic and economic expectations for purposes of valuing the liabilities of the plan. The assumptions should reflect current patterns. However, their primary orientation is the long-term outlook for each factor affecting the valuation. Thus, while actual experience will fluctuate over the short run, actuarial assumptions are chosen in an attempt to model the future long run experience.

SUMMARY OF VALUATION RESULTS (CONT'D)

There are two general types of actuarial assumptions:

1. Demographic Assumptions - reflect the flow of participants into and out of a retirement system, and
2. Economic Assumptions - reflect the effect of the economic climate on a retirement system.

Demographic assumptions can be readily studied over recent plan experience. Economic assumptions can be studied against recent experience; however, future experience is more likely to be a result of outside factors than of plan specifics. The most significant demographic assumptions are: active turnover, retirement, and post-retirement mortality. The most significant economic assumptions are: pay increases, investment return, and inflation. Other actuarial assumptions include: disability incidence, active mortality, and percent married.

Asset Valuation Method

The method used to develop the Fund's Actuarial Value of Assets is as follows: In years when Fund assets earn above 8% (i.e., experience gain) or below 8% (i.e., experience loss) the gain (or loss) will be gradually recognized over five years. This approach both smoothes the Fund's level of contribution and insures the Fund's assets will track the market value of assets.

2004 Experience Analysis

Pay Increase

The current salary increase assumption consists of a 4.0% base increase with an additional service-based increase. The overall effect is an annual increase of approximately 5.0%. When comparing members active in both 2003 and 2004 the average salary increase was 2.3%. This was 2.7% below our aggregate assumption of 5% resulting in an actuarial gain of approximately \$29 million, or 1.0% of total liabilities.

SUMMARY OF VALUATION RESULTS (CONT'D)

Investment Return

The Fund had an investment gain in 2004 of \$52.4 million relative to the 8% expected rate of return on a market value basis. The loss on the Actuarial (Market-Related) Value of Assets relative to the 8% expected rate of return was \$64.5 million due to the recognition of deferred investment gains and losses.

Changes in Plan Provisions

The current valuation reflects the changes in benefits due to PA 93-654 and PA 93-917. In addition, benefits were changed due to the court opinion in the case of Idella Bertucci versus the Retirement Board. These changes increased liabilities by \$172.5 million or 6.2% of total liabilities.

Other

The combination of retirements, disablements and mortality resulted is a net actuarial loss of \$20.2 million. Gains and losses from all other sources, including new hires, resulted in a net loss of \$13.4 million. The net actuarial loss is about 0.5% of the December 31, 2004 liabilities, which is well within the range of reasonable variation.

Conclusion

Based on our analysis of the recent experience and expectation of the future, we believe that the current assumption set represents a reasonable set of actuarial assumptions. Table 3 of Appendix 1 shows a more detailed development of the actuarial gains and losses for the plan years ending December 31, 2003 and December 31, 2004.

Appendix 1

Results of Actuarial Valuation



TABLE 1
SUMMARY

	<u>December 31,</u> <u>2003</u>	<u>December 31,</u> <u>2004</u>
<u>Assets</u>		
Market Value - Beginning of Year	\$907,801,957	\$1,109,560,535
<u>Income</u>		
Investment Income Net Expenses	\$249,995,138	\$139,496,742
Employer Contributions	60,234,206	55,532,454
Employee Contributions	42,665,388	37,734,425
Miscellaneous	83,850	24,322,475
Subtotal	<u>\$352,978,582</u>	<u>\$257,086,096</u>
<u>Outgo (Refunds, Benefits, & Administration)</u>	<u>\$151,220,004</u>	<u>\$ 160,468,872</u>
Market Value - End of Year	\$1,109,560,535	\$1,206,177,759
Actuarial Value - End of Year	1,194,007,767	1,182,578,954
Book Value - End of Year	947,044,024	995,613,912
<u>Members</u>		
Active	4,909	4,856
Retirees	2,412	2,441
Survivors	1,405 ²	1,434 ²
Disabilities	370	357
Children	119	114
<u>Payroll Data</u>		
Valuation Payroll ¹	\$ 335,170,501	\$ 334,423,753
Average Salary	68,277	68,868

¹ The valuation payroll includes compensation for seven ordinary disability participants. They continue to accrue benefit service and hence additional liability while on ordinary disability.

² Includes Widow, Compensation, and Parent Annuitants.

TABLE 1 (CONT'D)
SUMMARY

	<u>December 31,</u> <u>2003</u>	<u>December 31,</u> <u>2004</u>
<u>Actuarial Values</u>		
<u>Funding - State Basis</u>		
Actuarial Liability	\$2,517,268,107	\$2,793,524,355
Assets - Actuarial Value - Net	1,194,007,767	1,182,578,954
Unfunded Liability	1,323,260,340	1,610,945,401
Funded Ratio	47.43%	42.33%
Actuarially Required Total Contribution ¹	\$166,249,194	\$193,111,835
Deficiency in Required Contribution (est.)	72,335,538	65,272,611
Required Employer Contribution Multiple	5.08	5.19
<u>Termination Values</u>		
Liability	\$1,881,488,584	\$2,032,135,444
Deficiency	687,480,817	849,556,490
Quick Ratio	63.46%	58.19%
<u>GASB #25 Values</u>		
Actuarial Liability	\$2,517,268,107	\$2,793,524,355
Assets - Actuarial Value	1,194,007,767	1,182,578,954
Unfunded Liability	1,323,260,340	1,610,945,401
Funded Ratio	47.43%	42.33%
Annual Required Contribution (ARC)	134,762,334	161,696,388
<u>Market Values</u>		
Actuarial Liability	\$2,517,268,107	\$2,793,524,355
Assets - Market Value	1,109,560,535	1,206,177,759
Unfunded Liability	1,407,707,572	1,587,346,596
Funded Ratio	44.08%	43.18%

¹Includes projected employee contributions of \$31,486,860 for December 31, 2003 and \$31,415,447 for December 31, 2004.

TABLE 2
DEVELOPMENT OF ACTUARIALY CALCULATED
CONTRIBUTION FOR 2005 (STATE BASIS)
AND
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION
UNDER GASB #25 FOR 2005

<u>(1) Normal Cost</u>	\$60,482,792
<u>(2) Actuarial Accrued Liability (AAL)</u>	\$2,793,524,355
<u>(3) Unfunded AAL (UAAL)</u>	
(a) Actuarial Value of Assets	\$1,182,578,954
(b) UAAL (2-3(a))	1,610,945,401
<u>(4) 40-Year Amortization (Level \$) Payable at Beginning of Year at 8.0%</u>	\$125,087,168
<u>(5) Minimum Actuarially Calculated Contribution</u>	
(a) Interest Adjustment for Semimonthly Payment	7,541,875
(b) Total Minimum Contribution (1+4+5(a))	<u>193,111,835</u>
(c) Total Minimum Contribution (Percent of Pay)	57.74%
<u>(6) Estimated Member Contributions</u>	\$31,415,447
<u>(7) Annual Required Contribution (ARC)</u>	
(b) Annual Required Contribution (5(b)-6)	\$161,696,388
(c) Annual Required Contribution (Percent of Pay)	48.35%
<u>(8) Estimated City Contribution</u>	\$96,423,777
<u>(9) Deficiency/(Excess)</u>	
(a) in Dollars (7(b)-8)	\$65,272,611
(b) as a Percentage of Pay	19.52%

TABLE 3
RECONCILIATION OF UNFUNDED LIABILITY

	<u>2003</u>	<u>2004</u>
<u>Unfunded Actuarial Accrued Liability - Beginning of Year</u>	\$878,938,013	\$1,323,260,340
Gains (Losses) During the Year Attributable to:		
Employer Cost in Excess of Contributions	(\$31,822,636)	(70,306,036)
Gain (Loss) on Investment Return	(62,375,871)	(64,535,198)
Gain (Loss) from Salary Changes	(175,769,581)	29,032,651
Gain (Loss) from Demographic Assumptions	(7,830,805)	(20,163,645)
Gain (Loss) from Transfer from MEABF	-	24,201,945
Gain (Loss) from Assumption Changes	(154,247,385)	-
Gain (Loss) from Law Changes	(7,788,230)	(172,545,026)
Gain (Loss) from All Other Sources	<u>(4,487,819)</u>	<u>(13,369,752)</u>
Composite Actuarial Gain (Loss)	(\$444,322,327)	(\$287,685,061)
<u>Unfunded Actuarial Accrued Liability - End of Year</u>	\$1,323,260,340	\$1,610,945,401

TABLE 4
SUMMARY OF BASIC ACTUARIAL VALUES

	<u>APV of Projected Benefits</u>	<u>Actuarial Accrued Liability (AAL)</u>
<u>(1) Values for Active Members</u>	\$1,811,195,093	\$1,204,930,115
<u>(2) Values for Inactive Members</u>		
(a) Retired	1,168,321,200	1,168,321,200
(b) Spouse Annuitants	151,057,990	151,057,990
(c) Compensation Widows	43,985,909	43,985,909
(d) Ordinary Disability	1,179,526	1,179,526
(e) Occupational Disease Disability	67,144,339	67,144,339
(f) Duty Disability	135,555,868	135,555,868
(g) Inactive (Deferred Vested)	14,900,915	14,900,915
(h) Children	6,352,089	6,352,089
(i) Parent Annuitants	<u>96,404</u>	<u>96,404</u>
Total for Inactives	\$1,588,594,240	\$1,588,594,240
<u>(3) Grand Totals</u>	\$3,399,789,333	\$2,793,524,355
<u>(4) Normal Cost for Active Members</u>	\$60,482,792	
<u>(5) Actuarial Present Value of Future Compensation</u>	\$3,484,066,294	

TABLE 5
HISTORY OF RECOMMENDED EMPLOYER MULTIPLES

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 40-Year Amortization	
			Level \$	Level % of Salary
1982 ^{1,2}	2.26	4.04	4.21	3.05
1983 ^{1,2}	2.26	4.66	4.84	3.71
1984	2.26	4.89	5.08	3.86
1985 ²	2.26	5.07	5.27	4.03
1986 ¹	2.26	4.70	4.86	3.71
1987 ¹	2.26	4.39	4.54	3.47
1988	2.26	4.53	4.68	3.58
1989 ^{1,2}	2.26	4.39	4.52	3.41
1990 ^{1,2}	2.26	4.41	4.55	3.43
1991	2.26	4.55	4.69	3.53
1992 ²	2.26	4.75	4.89	3.69
1993 ²	2.26	4.89	5.03	3.81
1994 ^{1,2}	2.26	4.92	5.09	3.71
1995 ²	2.26	5.16	5.33	3.78
1996	2.26	5.02	5.19	3.78
1997 ^{1,2,3}	2.26	3.95	4.08	3.00
1998 ^{2,4}	2.26	4.31	4.22	2.91
1999	2.26	3.56	3.49	2.41
2000 ¹	2.26	4.39	4.30	2.99
2001 ⁴	2.26	4.61	4.44	3.12
2002	2.26	4.07	4.19	2.93
2003 ^{1,2}	2.26	4.90	5.08	3.18
2004 ^{2,5}	2.26	4.99	5.19	3.22

¹ Change in actuarial assumptions

² Change in benefits

³ Change in asset valuation method to GASB

⁴ Change in actuary

⁵ To reflect long term funding requirements, we have excluded \$10,182,825 from the 2003 employee contribution in the calculation of the recommended multiples. This amount is employee contributions for the retroactive pay increases.

TABLE 6
ORDINARY DEATH BENEFIT RESERVE

ASSETS

Fund Balance	\$ (7,266,357)
Present Values of Future Contributions:	
Contributions by Members at \$30.00 a Year	1,542,000
Annual City Contribution of \$142,000	1,503,047
Unfunded Liability	19,339,293
TOTAL ASSETS	\$ 15,117,983

LIABILITIES

Present Value of Future Death Benefits (3%, Plan Mortality Basis)	
Active Members	4,838,021
Retired Members	10,279,962
TOTAL LIABILITIES	\$ 15,117,983

Note: Benefits are also included in the accrued liability and valued on the actuarial assumptions.

TABLE 7
SUMMARY OF RESERVES

	<u>2003</u>	<u>2004</u>
Prior Service Annuity Reserve	\$ 950,817,070	\$ 1,043,519,902
City Contribution Reserve	513,547,004	524,209,444
Annuity Payment Reserve	470,888,286	516,068,486
Salary Deduction Reserve	424,954,937	434,873,222
Death Benefit Reserve	(6,492,966)	(7,266,357)
Ordinary Disability Reserve	152,158	(1,897)
Supplementary Payment Reserve	1,469,622	1,236,805
Gift Reserve	1,746,352	2,026,672
Reserve (Deficit)	<u>(1,247,521,928)</u>	<u>(1,308,488,518)</u>
Total Net Assets for Pension Benefits	\$1,109,560,535	\$1,206,177,759

TABLE 8
ACTUARIAL ACCRUED LIABILITY
PRIORITIZED SOLVENCY TEST

Valuation Date 12/31	(1)	(2)	(3)	Actuarial Value of Assets	Portion (%) of Present Value Covered by Assets		
	Active Member Contributions	Retirees and Beneficiaries	Active Members (ER Financed Portion)		(1)	(2)	(3)
	1985 ^{a,b}	\$152,857,789	\$ 363,559,004		\$389,856,354	\$ 370,219,440	100.00%
1986 ^{a,b}	159,247,413	409,282,863	393,153,564	440,687,231	100.00%	68.76%	0.00%
1987 ^{a,b}	171,040,140	442,476,049	384,316,705	483,965,269	100.00%	70.72%	0.00%
1988	176,885,164	500,141,377	359,459,177	511,237,886	100.00%	66.85%	0.00%
1989 ^{a,b}	180,224,846	533,989,887	361,889,786	554,780,349	100.00%	70.14%	0.00%
1990 ^{a,b}	203,385,446	551,819,011	388,646,637	562,765,339	100.00%	65.13%	0.00%
1991 ^b	220,541,857	582,545,890	429,281,414	593,664,230	100.00%	64.05%	0.00%
1992	233,769,778	620,585,314	413,794,955	636,208,355	100.00%	64.85%	0.00%
1993 ^b	247,328,526	652,460,861	401,268,935	680,145,547	100.00%	66.34%	0.00%
1994	231,721,857	820,223,870	388,977,064	712,992,314	100.00%	58.68%	0.00%
1995 ^b	284,613,679	890,790,702	356,835,156	787,000,898	100.00%	56.40%	0.00%
1996	302,854,182	928,790,813	344,144,574	845,432,187	100.00%	58.42%	0.00%
1997 ^{a,b}	320,757,406	992,967,015	326,296,251	978,313,319	100.00%	66.22%	0.00%
1998 ^{b,c}	335,026,373	1,075,922,284	372,620,521	1,066,891,190	100.00%	68.02%	0.00%
1999	357,739,707	1,146,375,517	375,551,644	1,145,215,019	100.00%	68.69%	0.00%
2000 ^a	354,336,276	1,279,911,268	419,092,931	1,219,486,962	100.00%	67.59%	0.00%
2001 ^c	379,067,821	1,294,672,267	394,977,813	1,245,129,955	100.00%	66.89%	0.00%
2002	394,531,369	1,329,341,162	364,833,686	1,209,768,204	100.00%	61.33%	0.00%
2003 ^{a,b}	422,940,367	1,458,548,217	635,779,523	1,194,007,767	100.00%	52.87%	0.00%
2004 ^b	443,541,204	1,588,594,240	761,388,911	1,182,578,954	100.00%	46.52%	0.00%

^a Change in actuarial assumptions

^b Change in benefits

^c Change in actuary

Appendix 2

Assets of the Plan



ASSETS OF THE PLAN

The book value of the plan assets, net of accounts payable, increased from \$947 million as of December 31, 2003 to \$996 million as of December 31, 2004. The market value of the plan assets increased from \$1,110 million as of December 31, 2003 to \$1,206 million as of December 31, 2004. Table 9 details the development of asset values during 2004 and Table 10 shows the development of the actuarial value of assets as of December 31, 2004.

**TABLE 9
RECONCILIATION OF ASSET VALUE
AS OF DECEMBER 31, 2004**

	<u>Market Value</u>	<u>Book Value</u>
1. Value of assets as of 12/31/2003	\$ 1,109,560,535	\$ 947,044,024
2. Income for plan year:		
a) Member contributions	\$ 37,734,425	\$ 37,734,425
b) City contributions	55,532,454	55,532,454
c) Investment income net of expenses	139,496,742	91,449,406
d) Miscellaneous revenue	120,530	120,530
e) Transfer from MEABF	24,201,945	24,201,945
f) Total income	\$ 257,086,096	\$ 209,038,760
3. Disbursements for plan year:		
a) Benefit payments	\$ 156,355,227	\$ 156,355,227
b) Refunds	2,017,047	2,017,047
c) Administration	2,096,598	2,096,598
d) Total disbursements	\$ 160,468,872	\$ 160,468,872
4. Value of assets as of 12/31/2004	\$1,206,177,759	\$995,613,912
5. Estimated rate of return in 2004:		
a) Gross (Investment expense of \$5,353,001)	13.34%	10.49%
b) Net of investment expense	12.82%	9.88%

Method used for calculating rate of return does not reflect specific timing of income and outflows. It is also based on total assets, not invested assets.

TABLE 10
DEVELOPMENT OF ACTUARIAL (MARKET RELATED)
VALUE OF ASSETS
AS OF DECEMBER 31, 2004

1. Expected Return on Market Value of Assets

a) Market value of assets as of 12/31/2003	\$1,109,560,535
b) Actual income and disbursements in year ending 12/31/2004 weighted for timing	

Item	Amount	Weight for Timing	Weighted Amount
i) Member contributions	\$37,734,425	50.0%	\$18,867,213
ii) City contributions	55,532,454	50.0%	27,766,227
iii) Miscellaneous revenue	24,322,475	50.0%	12,161,238
iv) Benefit payments	(156,355,227)	50.0%	(78,177,614)
v) Refunds	(2,017,047)	50.0%	(1,008,524)
vi) Administration	(2,096,598)	50.0%	(1,048,299)
vii) Total			(\$21,439,759)

c) Market value of assets adjusted for actual income and disbursements [(a) + (b)(vii)]	\$1,088,120,776
d) Assumed rate of return on plan assets for the year	8.00%
e) Expected return [(c) * (d)]	\$87,049,662

2. Actual Return on Market Value of Assets for Year Ending 12/31/2004

a) Market value of assets as of 12/31/2003	\$1,109,560,535
b) Income (less investment income) for year ending 12/31/2004	117,589,354
c) Disbursements paid in year ending 12/31/2004	160,468,872
d) Market value of assets as of 12/31/2004	1,206,177,759
e) Actual return [(d) + (c) - (b) - (a)]	\$139,496,742

3. Investment Gain/(Loss) for Year Ending 12/31/2004 [2(e) - 1(e)] \$52,447,080

4. Actuarial Value of Assets as of 12/31/2004

a) Market value of assets as of 12/31/2004	\$1,206,177,759
b) Deferred investment gains and (losses) for last 5 years	

	Plan Year	Gain/(Loss)	Percent Deferred	Deferred Amount
i)	2000	(\$110,026,059)	0.00%	\$0
ii)	2001	(169,736,871)	20.00%	(33,947,374)
iii)	2002	(229,979,378)	40.00%	(91,991,751)
iv)	2003	179,300,444	60.00%	107,580,266
v)	2004	52,447,080	80.00%	41,957,664
vi)	Total	(\$277,994,784)		\$23,598,805

c) Actuarial Value of Assets	\$1,182,578,954
------------------------------	-----------------

Note: Beginning with the December 31, 1998 valuation, the calculated value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last 5 years at the rate of 20% per year.

Appendix 3

Data Reflecting Plan Members



EXHIBIT A
SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS
FOR FISCAL YEAR ENDING DECEMBER 31, 2004

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Number of Participants at Beginning of Fiscal Year	4,629	277	4,906
Increases:			
Participants Added During Year	108	8	116
Participants Returning From Inactive or Disability Status	4	0	4
Totals	4,741	285	5,026
Decreases:			
Terminations During Year	169	8	177
Number of Participants at End of Fiscal Year	4,572	277	4,849
Total Inactive Participants			164
<u>Terminations:</u>			
Withdrawal (With Refunds) ¹	12	1	13
Withdrawal (Without Refunds)	20	2	22
Ordinary Disability Benefit	3	1	4
Occupational Disease Disability Benefit	13	1	14
Duty Disability Benefit	15	1	16
Retirements	99	2	101
Deaths (Occupational)	0	0	0
Deaths (Non-occupational)	7	0	7
Totals	169	8	177

¹This total differs from the total of 26 shown in Exhibit D due to the fact that only 13 of the refunds were paid to participants who were considered to be active as of December 31, 2003.

EXHIBIT B
SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES
FOR FISCAL YEAR ENDING DECEMBER 31, 2004

	<u>Number at Beginning of Year</u>	<u>Additions During Year</u>	<u>Terminations During Year</u>	<u>Number at End of Year</u>
Service Retirement Annuities	2,412	147	118	2,441
Spouse Annuitants	1,322	92	62	1,352
Children's Annuities	119	8	13	114
Parent Annuities	1	0	0	1
Ordinary Disability Benefit (Non-Occupational)	3	4	0	7
Occupational Disease Disability Benefit	121	16	24	113
Duty Disability Benefit (Occupational)	249	19	24	244
Widows' Compensation Annuities ¹ (Service Connected Death)	82	2	3	81
Totals	<u>4,309</u>	<u>288</u>	<u>244</u>	<u>4,353</u>

¹All Supplemental Widows were moved into Compensation Widows Group.

EXHIBIT C
PART I – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS CLASSIFIED BY
AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2004

AGE	Years of Service									Total	Annual Salary
	Under 1 year	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 and over		
Under 20										0	\$ 0
20 to 24										0	0
25 to 29	2 80,832	79 4,286,628	33 2,038,602							114	6,406,062
30 to 34	11 444,576	224 12,115,002	311 19,320,396	9 611,634						555	32,491,608
35 to 39	23 929,568	184 10,049,712	251 15,598,494	70 4,738,128	66 4,695,756					594	36,011,658
40 to 44	8 323,328	90 4,814,424	188 11,558,232	262 17,265,354	476 33,851,544	26 2,048,256	1 79,854			1,051	69,940,992
45 to 49	2 80,832	32 1,771,008	62 3,813,414	128 8,341,068	295 20,624,664	130 9,922,104	398 31,600,038	3 271,206		1,050	76,424,334
50 to 54		5 266,586	25 1,543,878	37 2,377,626	95 6,487,920	105 7,768,806	502 40,603,530	28 2,479,284		797	61,527,630
55 to 59		1 53,622	5 305,334	5 319,218	24 1,661,808	28 1,995,504	192 15,096,720	52 4,628,010	17 1,609,914	324	25,670,130
60 to 64			1 60,342		3 199,212	1 77,370	30 2,411,820	21 1,793,892	31 2,907,234	87	7,449,870
65 and over										0	0
W/O DOB										0	0
Total Active	46	615	876	511	959	290	1,123	104	48	4,572	
Annual Salary¹	\$1,859,136	\$33,356,982	\$54,238,692	\$33,653,028	\$67,520,904	\$21,812,040	\$89,791,962	\$9,172,392	\$4,517,148		\$ 315,922,284

¹ The number of participants and annual salary listed includes information on active participants only. Annual salary includes EMT pay. Hence, information on the seven ordinary disability participants, who continue to earn benefit service, is not included in this exhibit.

EXHIBIT C
PART II – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS CLASSIFIED BY
AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2004

AGE	Years of Service									Total	Annual Salary
	Under 1 year	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 and over		
Under 20										0	\$ 0
20 to 24										0	0
25 to 29		10	3							13	732,630
		546,570	186,060								
30 to 34	1	21	10	1						33	1,879,734
	40,416	1,145,352	628,590	65,376							
35 to 39		16	20	18	7					61	3,792,822
		860,064	1,252,548	1,200,474	479,736						
40 to 44		6	13	16	33	2				70	4,702,200
		295,980	825,264	1,039,470	2,381,916	159,570					
45 to 49		4	7	11	25	12	4			63	4,466,796
		209,754	448,260	712,332	1,781,508	909,966	404,976				
50 to 54		1		6	10	2	4	1		24	1,750,800
		49,254		386,844	716,940	144,768	368,088	84,906			
55 to 59				1	1	1	3			6	490,764
				67,626	69,936	64,638	288,564				
60 to 64			1	1	2		1			5	324,234
			60,342	62,430	134,574		66,888				
65 and over						1	1			2	164,958
						72,384	92,574				
W/O DOB										0	0
Total Active	1	58	54	54	78	18	13	1	-	277	
Annual Salary¹	\$40,416	\$3,106,974	\$3,401,064	\$3,534,552	\$5,564,610	\$1,351,326	\$1,221,090	\$84,906	\$0		\$ 18,304,938

¹ The number of participants and annual salary listed includes information on active participants only. Annual salary includes EMT pay. Hence, information on the seven ordinary disability participants, who continue to earn benefit service, is not included in this exhibit

EXHIBIT C
PART III – TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS CLASSIFIED BY
AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2004

AGE	Years of Service									Total	Annual Salary
	Under 1 year	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 and over		
Under 20										0	\$ 0
20 to 24										0	0
25 to 29	2 80,832	89 4,833,198	36 2,224,662							127	7,138,692
30 to 34	12 484,992	245 13,260,354	321 19,948,986	10 677,010						588	34,371,342
35 to 39	23 929,568	200 10,909,776	271 16,851,042	88 5,938,602	73 5,175,492					655	39,804,480
40 to 44	8 323,328	96 5,110,404	201 12,383,496	278 18,304,824	509 36,233,460	28 2,207,826	1 79,854			1,121	74,643,192
45 to 49	2 80,832	36 1,980,762	69 4,261,674	139 9,053,400	320 22,406,172	142 10,832,070	402 32,005,014	3 271,206		1,113	80,891,130
50 to 54		6 315,840	25 1,543,878	43 2,764,470	105 7,204,860	107 7,913,574	506 40,971,618	29 2,564,190		821	63,278,430
55 to 59		1 53,622	5 305,334	6 386,844	25 1,731,744	29 2,060,142	195 15,385,284	52 4,628,010	17 1,609,914	330	26,160,894
60 to 64			2 120,684	1 62,430	5 333,786	1 77,370	31 2,478,708	21 1,793,892	31 2,907,234	92	7,774,104
65 and over						1 72,384	1 92,574			2	164,958
W/O DOB										0	0
Total Active	47	673	930	565	1,037	308	1,136	105	48	4,849	
Annual Salary¹	\$1,899,552	\$36,463,956	\$57,639,756	\$37,187,580	\$73,085,514	\$23,163,366	\$91,013,052	\$9,257,298	\$4,517,148		\$ 334,227,222

¹ The number of participants and annual salary listed includes information on active participants only. Annual salary includes EMT pay. Hence, information on the seven ordinary disability participants, who continue to earn benefit service, is not included in this exhibit

EXHIBIT D - PART I
SHOWING NUMBER OF REFUND PAYMENTS MADE
DURING YEAR TO MALE EMPLOYEES
FOR FISCAL YEAR ENDING DECEMBER 31, 2004

Age at Date of Refund	Length of Service at Date of Refund						Total
	Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and over ¹	
Without Record	4						4
Under 20							0
20 to 24							0
25 to 29				1		1	2
30 to 34				1	1	2	4
35 to 39		1			1	2	4
40 to 44		1				4	5
45 to 49						1	1
50 to 54			1				1
55 to 59							0
60 & over						1	1
Totals	4	2	1	2	2	11	22

¹ Includes only the actual number of refunds paid or accrued during fiscal year reported.

EXHIBIT D - PART II
SHOWING NUMBER OF REFUND PAYMENTS MADE
DURING YEAR TO FEMALE EMPLOYEES
FOR FISCAL YEAR ENDING DECEMBER 31, 2004

Age at Date of Refund	Length of Service at Date of Refund						Total
	Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and over ¹	
Without Record	2						2
Under 20							0
20 to 24							0
25 to 29							0
30 to 34							0
35 to 39							0
40 to 44		1					1
45 to 49						1	1
50 to 54							0
55 to 59							0
60 & over							0
Totals	2	1	0	0	0	1	4

¹ Includes only the actual number of refunds paid or accrued during fiscal year reported.

EXHIBIT E
SHOWING STATISTICS ON SERVICE RETIREMENT ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2004

AGE	MALE		FEMALE		TOTAL	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 50	4	\$ 18,050	0	\$ 0	4	\$ 18,050
50	4	127,423	1	5,700	5	133,123
51	8	262,277	0	0	8	262,277
52	17	666,524	2	80,013	19	746,537
53	8	305,201	1	5,700	9	310,901
54	11	425,823	2	46,778	13	472,601
55	13	500,753	0	0	13	500,753
56	8	296,172	0	0	8	296,172
57	27	1,423,777	0	0	27	1,423,777
58	25	1,131,460	0	0	25	1,131,460
59	21	938,022	0	0	21	938,022
60	40	2,047,184	1	66,515	41	2,113,699
61	67	3,611,424	1	47,442	68	3,658,866
62	111	6,364,509	0	0	111	6,364,509
63	131	7,318,184	0	0	131	7,318,184
64	141	7,358,187	0	0	141	7,358,187
65	87	4,723,416	0	0	87	4,723,416
66	82	4,231,975	0	0	82	4,231,975
67	73	3,747,197	0	0	73	3,747,197
68	125	6,529,213	0	0	125	6,529,213
69	89	4,737,750	0	0	89	4,737,750
70	94	5,154,612	0	0	94	5,154,612
71	103	5,177,786	0	0	103	5,177,786
72	99	4,957,765	0	0	99	4,957,765
73	131	6,175,815	0	0	131	6,175,815
74	121	5,444,008	0	0	121	5,444,008
75	100	4,163,045	0	0	100	4,163,045
76	89	3,562,864	0	0	89	3,562,864
77	101	3,862,253	0	0	101	3,862,253
78	90	3,388,907	0	0	90	3,388,907
79	84	2,759,725	0	0	84	2,759,725
80	67	2,281,632	0	0	67	2,281,632
81	46	1,495,797	0	0	46	1,495,797
82	37	1,232,518	0	0	37	1,232,518
83	41	1,303,670	0	0	41	1,303,670
84	30	845,325	0	0	30	845,325
85+	108	2,669,346	0	0	108	2,669,346
Totals	2,433	\$111,239,589	8	\$252,148	2,441	\$111,491,737

EXHIBIT F
SHOWING STATISTICS ON WIDOW'S ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2004

Age	No. ¹	Annual Payments	Age	No. ¹	Annual Payments
Under 30	0	\$ 0	58	11	\$ 223,690
30	0	0	59	12	192,087
31	0	0	60	10	171,870
32	0	0	61	18	311,520
33	1	13,675	62	19	350,282
34	0	0	63	22	462,577
35	0	0	64	11	195,277
36	0	0	65	30	470,324
37	1	10,800	66	21	397,313
38	2	29,201	67	25	416,099
39	0	0	68	35	625,630
40	3	45,397	69	35	636,849
41	3	39,596	70	29	522,277
42	3	52,209	71	31	472,682
43	5	76,784	72	40	618,931
44	1	10,800	73	48	704,339
45	2	22,655	74	61	891,368
46	7	111,396	75	58	837,079
47	6	90,492	76	59	829,179
48	6	125,958	77	47	669,432
49	3	49,292	78	67	915,594
50	4	72,671	79	51	679,111
51	4	78,246	80	44	615,649
52	2	30,472	81	47	612,805
53	6	124,725	82	45	519,757
54	13	199,759	83	57	693,118
55	7	131,775	84	29	366,833
56	8	109,648	85+	295	3,343,028
57	8	116,414			
Total				1,352	\$19,286,665

¹Excludes Parent Annuitants and Compensation Annuitants.

EXHIBIT G
SHOWING STATISTICS ON MISCELLANEOUS ANNUITIES
FOR FISCAL YEAR ENDING DECEMBER 31, 2004

	<u>No.</u>	<u>Annual Payments</u>
Children's Annuities	114	907,981
Widows' Compensation Annuities	81	4,190,579
Ordinary Disability Benefits	7	196,531
Occupational Disease Disability Benefits	113	4,941,084
Duty Disability Benefits	244	10,021,331
Parent Annuities	1	10,862
Totals	560	\$20,268,368

EXHIBIT H – PART I
SHOWING MALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2004

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39							3	128,925					3	128,925
40 to 44			4	125,879	6	208,118	4	174,905	2	108,258			16	617,160
45 to 49			4	111,933	8	257,193	14	498,431	10	467,472	6	321,096	42	1,656,125
50 to 54			2	64,037	11	344,399	22	729,516	8	342,114	20	1,099,600	63	2,579,666
55 to 59			1	31,857	5	161,526	9	287,216	11	449,739	25	1,313,432	51	2,243,770
60 & over					1	30,171	5	196,055	5	175,521	24	1,104,891	35	1,506,638
Totals	0	\$ 0	11	\$ 333,706	31	\$ 1,001,407	57	\$ 2,015,048	36	\$ 1,543,104	75	\$ 3,839,019	210	\$ 8,732,284

EXHIBIT H – PART II
SHOWING FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2004

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39							2	98,532					2	98,532
40 to 44			1	28,725					1	47,129			2	75,854
45 to 49			1	27,372	4	146,133	6	239,702	1	59,648	1	51,035	13	523,890
50 to 54					3	95,547	6	208,416			2	96,794	11	400,757
55 to 59			1	24,627	3	98,064	1	30,171					5	152,862
60 & over									1	37,152			1	37,152
Totals	0	\$ 0	3	\$ 80,724	10	\$ 339,744	15	\$ 576,821	3	\$ 143,929	3	\$ 147,829	34	\$ 1,289,047

EXHIBIT I – PART I
SHOWING MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2004

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34					1	25,232							1	25,232
35 to 39													0	0
40 to 44									2	57,806			2	57,806
45 to 49											1	30,885	1	30,885
50 to 54							1	31,868					1	31,868
55 to 59													0	0
60 & over													0	0
Totals	0	\$ 0	0	\$ 0	1	\$ 25,232	1	\$ 31,868	2	\$ 57,806	1	\$ 30,885	5	\$ 145,791

EXHIBIT I – PART II
SHOWING FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2004

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39					1	25,508							1	25,508
40 to 44													0	0
45 to 49					1	25,232							1	25,232
50 to 54													0	0
55 to 59													0	0
60 & over													0	0
Totals	0	\$ 0	0	\$ 0	2	\$ 50,740	0	\$ 0	0	\$ 0	0	\$ 0	2	\$ 50,740

EXHIBIT J – PART I
SHOWING MALE PARTICIPANTS RECEIVING OCCUPATIONAL DISEASE DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2004

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39													0	0
40 to 44							1	39,784					1	39,784
45 to 49							3	108,405	2	77,146	2	83,998	7	269,549
50 to 54							2	70,704	3	107,736	10	438,584	15	617,024
55 to 59							2	62,430	5	176,508	42	1,989,433	49	2,228,371
60 & over							2	84,636	3	96,957	34	1,527,049	39	1,708,642
Totals	0	\$ 0	0	\$ 0	0	\$ 0	10	\$ 365,959	13	\$ 458,347	88	\$ 4,039,064	111	\$ 4,863,370

EXHIBIT J – PART II
SHOWING FEMALE PARTICIPANTS RECEIVING OCCUPATIONAL DISEASE DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2004

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39							1	42,080					1	42,080
40 to 44													0	0
45 to 49													0	0
50 to 54													0	0
55 to 59						1	35,634						1	35,634
60 & over													0	0
Totals	0	\$ 0	0	\$ 0	1	\$ 35,634	1	\$ 42,080	0	\$ 0	0	\$ 0	2	\$ 77,714

EXHIBIT K
HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service ¹	Increase	Current Year Salary	Increase	Average Salary	Increase	Actuarial Assumptions	CPI Chicago
1972	4,647	--	68,371,056	--	14,713	--	3.5%	3.0%
1973	4,743	2.1%	71,356,838	4.4%	15,045	2.3%	3.5%	6.3%
1974	4,587	(3.3)%	74,052,960	3.8%	16,144	7.3%	3.5%	10.6%
1975	4,484	(2.2)%	81,108,696	9.5%	18,088	12.0%	5.0%	8.0%
1976	4,321	(3.6)%	83,776,152	3.3%	19,388	7.2%	5.0%	4.7%
1977	4,434	2.6%	89,614,440	7.0%	20,211	4.2%	5.0%	6.3%
1978	4,478	1.0%	94,615,320	5.6%	21,129	4.5%	5.0%	8.5%
1979	4,297	(4.0)%	97,074,696	2.6%	22,591	6.9%	5.0%	12.5%
1980	5,054	17.6%	116,136,192	19.6%	22,979	1.7%	5.0%	14.5%
1981	4,884	(3.4)%	122,107,512	5.1%	25,002	8.8%	5.0%	9.5%
1982	4,834	(1.0)%	134,633,208	10.3%	27,851	11.4%	6.0%	6.9%
1983	5,294	9.5%	162,697,584	20.8%	30,732	10.3%	6.0%	4.0%
1984	5,147	(2.8)%	160,434,312	(1.4)%	31,170	1.4%	6.0%	3.8%
1985	5,047	(1.9)%	157,426,898	(1.9)%	31,192	0.1%	6.0%	3.8%
1986	5,103	1.1%	176,451,816	12.1%	34,578	10.9%	6.0%	2.1%
1987	5,183	1.6%	186,840,432	5.9%	36,049	4.3%	6.0%	4.1%
1988	5,233	1.0%	188,093,568	0.7%	35,944	(0.3)%	6.0%	3.9%
1989	5,231	0.0%	194,241,480	3.3%	37,133	3.3%	6.0%	5.0%
1990	5,337	2.0%	211,869,720	9.1%	39,698	6.9%	6.0%	5.4%
1991	5,323	(0.3)%	227,649,000	7.4%	42,767	7.7%	6.0%	4.0%
1992	5,204	(2.2)%	223,578,000	(1.8)%	42,963	0.5%	6.0%	3.0%
1993	4,710	(8.1)%	202,080,072	(8.8)%	42,904	(0.8)%	6.0%	3.0%
1993 ²	5,124	(1.5)%	221,600,136	(0.9)%	43,247	0.7%	6.0%	3.0%
1994 ³	4,753	0.9%	226,703,496	12.2%	47,697	11.2%	6.0%	2.2%
1995	4,678	(1.6)%	228,604,584	0.8%	48,868	2.5%	6.0%	3.2%
1996	4,806	2.7%	233,033,832	1.9%	48,488	(0.8)%	6.0%	2.7%
1997	4,856	1.0%	234,726,936	0.7%	48,338	(0.3)%	5.0%	2.7%
1998	4,783	(1.5)%	262,248,978	11.7%	54,829	13.4%	5.0%	1.5%
1999	4,855	1.5%	271,335,540	3.5%	55,888	1.9%	5.0%	2.6%
2000	4,878	0.5%	275,106,756	1.4%	56,397	0.9%	5.0%	4.0%
2001	4,930	1.1%	277,964,912	1.0%	56,382	(0.0)%	5.0%	0.8%
2002	4,910	(0.4)%	277,053,144	(0.3)%	56,426	0.1%	5.0%	2.5%
2003	4,909	0.0%	335,170,501	21.0%	68,277	21.0%	5.0%	1.7%
2004 ⁴	4,856	(1.1)%	334,423,753	(0.2)%	68,868	0.9%	5.0%	2.2%
Average Increase (Decrease) for the last 5 years:		0.3 %		4.4 %		4.1 %		2.3 %

¹ Includes those members who were on disability through 1994.

² Restates without disabilities for comparison. Percent increases (decreases) are based on change from with disabilities to without disabilities in 1994.

³ Beginning in 1994, occupational disease and duty disability beneficiaries are no longer included as actives. Without disabilities included in 1993, there would have been 4,710 actives with total salaries of \$202,080,072 and an average salary of \$42,904. The percent increase from 1993 to 1994 without disability beneficiaries in either year would be 0.9% for members in service, 12.2% for total salary, and 11.2% for average salary.

⁴ Average annual increase in average salary 1972-2004, is about 4.8% compounded. The average annual increase in the annual average Chicago CPI for the same period is about 4.7% compounded.

EXHIBIT L
NEW ANNUITIES GRANTED DURING 2004

	Annuitants	Widows/ Widowers of Deceased Employees ¹	Widows/ Widowers of Deceased Annuitants	Compensation Widows/ Widowers ³
Number retired/deceased	147	5	63	0
Average age attained [Employee]	60.0	52.2	77.8	N/A
Average length of service	32.1	21.7	30.8	N/A
Average spouse age	58.0	48.1	74.7	N/A
Average annual salary [4 out of 10]	\$ 82,735	N/A	N/A	N/A
Average annual final salary	\$ 87,597	N/A	N/A	N/A
Total annual annuity	8,762,316	105,766	1,183,764	N/A
Average annual annuity	59,608	21,153	18,790	N/A
Total statutory liability	\$ 149,679,935	\$1,888,119	\$9,620,114	N/A
Average liability	\$ 1,018,231	377,624	152,700	N/A
Total investment [Employee-paid for tax purposes]	\$ 13,612,595	N/A	N/A	N/A
Average investment ²	\$ 92,603	N/A	N/A	N/A
Liability/cost	11.00	N/A	N/A	N/A
Liability/final pay	\$ 11.62	N/A	N/A	N/A

¹ Not including compensation or supplemental.

² Based on previously taxed contributions.

³ Does not include transfers from supplemental widows.

EXHIBIT M
RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Years	ANNUITANTS						DISABILITY			Widow/ Widower	Total
	Employee	Disability Pensioner	Spouse	Supplemental Wid/Widower	Child	Parent	Ordinary	Duty	Occup.	Comp.	
1981	1,777	8	1,229	77	149	3	9	172	189	46	3,659
1982	1,784	4	1,231	78	142	3	15	184	198	43	3,682
1983	1,786	3	1,241	84	122	2	12	187	196	42	3,675
1984	1,813	3	1,228	79	129	2	6	199	198	44	3,701
1985	1,884	2	1,224	77	129	2	6	211	191	49	3,775
1986	2,025	1	1,233	75	126	2	5	226	158	56	3,907
1987	2,080	1	1,236	87	121	2	7	233	143	46	3,956
1988	2,180	1	1,245	83	115	2	9	216	117	43	4,011
1989	2,235	1	1,237	68	108	1	8	235	122	55	4,070
1990	2,242	0	1,248	67	106	1	11	253	133	51	4,112
1991	2,226	0	1,264	65	121	1	14	267	143	49	4,150
1992	2,261	0	1,277	68	113	1	11	286	147	40	4,204
1993	2,257	0	1,291	69	114	1	10	274	140	35	4,191
1994	2,207	0	1,316	66	114	2	6	284	142	36	4,173
1995	2,248	0	1,332	62	110	1	8	297	144	40	4,242
1996	2,257	0	1,328	61	110	1	8	292	169	44	4,270
1997	2,235	0	1,348	60	111	1	11	296	194	46	4,302
1998	2,251	0	1,360	56	125	2	8	295	197	49	4,343
1999	2,351	0	1,450	56	139	2	5	295	203	49	4,550
2000	2,538	0	1,440	51	132	2	6	257	139	49	4,614
2001 ¹	2,422	0	1,330	0	116	2	2	262	147	89	4,370
2002	2,411	0	1,330	0	121	1	2	257	144	85	4,351
2003	2,412	0	1,322	0	119	1	3	249	121	82	4,309
2004	2,441	0	1,352	0	114	1	7	244	113	81	4,353

¹ In 2001 all Supplemental Widows were moved into the Compensation Widows Group.

EXHIBIT N
AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Years Ended	Average Annual Benefit	Average Current Age of Retirees	Average Annual Benefit at Retirement Current Year	Average Age at Retirement Current Year	Average Years of Service at Retirement Current Year
1981	\$ 10,266	67	\$ 16,551	59.2	29.8
1982	11,083	67	15,862	59.0	28.3
1983	11,749	68	19,351	60.8	30.2
1984	13,012	68	21,401	59.4	30.5
1985	14,243	68	22,897	59.1	30.4
1986	15,635	68	24,826	58.6	29.8
1987	16,833	68	26,342	59.1	30.4
1988	18,476	68	28,166	61.4	31.1
1989	19,732	68	29,967	60.4	31.1
1990	20,853	68	30,038	60.3	30.9
1991	21,942	69	30,983	60.0	31.4
1992	23,503	69	32,758	59.9	31.3
1993	25,031	69	34,267	61.6	31.7
1994	26,262	70	34,391	59.8	31.2
1995	27,935	70	38,872	60.3	32.1
1996	29,304	70	40,406	60.4	32.0
1997	30,787	70	41,543	59.8	31.6
1998	32,503	71	43,905	60.1	32.1
1999	34,067	71	44,001	60.4	31.4
2000	36,458	71	48,534	63.5	34.2
2001	38,048	71	45,768	60.2	30.9
2002	40,052	71	45,346	59.7	30.8
2003	42,131	71	50,943	60.2	31.7
2004	45,675	71	59,608	60.0	32.1

EXHIBIT O – PART I
HISTORY OF ANNUITIES 1977-2004
EMPLOYEE ANNUITANTS (MALE AND FEMALE)

Year End	Number of Annuitants	Total Annuities	Average Annuities
1977	1,531	\$ 11,489,466	\$ 7,505
1978	1,622	13,321,159	8,213
1979	1,691	15,196,774	8,987
1980	1,738	16,834,908	9,686
1981	1,785	18,324,696	10,266
1982	1,788	19,816,065	11,083
1983	1,789	21,018,158	11,749
1984	1,816	23,648,174	13,022
1985	1,886	26,863,056	14,243
1986	2,026	31,676,856	15,635
1987	2,081	35,030,176	16,833
1988	2,181	40,296,025	18,476
1989	2,235	44,101,893	19,732
1990	2,242	46,752,084	20,853
1991	2,226	48,843,715	21,942
1992	2,261	53,140,074	23,503
1993	2,257	56,495,862	25,031
1994	2,207	57,960,522	26,262
1995	2,248	62,797,419	27,935
1996	2,257	66,139,690	29,304
1997	2,235	68,808,890	30,787
1998	2,251	73,163,601	32,503
1999	2,351	80,090,897	34,067
2000	2,538	92,529,624	36,458
2001	2,422	92,152,832	38,048
2002	2,411	96,565,842	40,052
2003	2,412	101,620,962	42,131
2004	2,441	111,491,737	45,675

EXHIBIT O – PART II
HISTORY OF ANNUITIES 1977-2004
WIDOW/WIDOWER ANNUITANTS
(INCLUDING PARENT BUT NOT COMPENSATION ANNUITANTS)

Year End	Number of Annuitants ¹	Total Annuities	Average Annuities
1977	1,239	\$ 3,304,974	\$ 2,667
1978	1,254	3,462,000	2,761
1979	1,294	3,635,109	2,809
1980	1,322	3,770,964	2,852
1981	1,309	4,390,509	3,354
1982	1,312	5,007,540	3,817
1983	1,327	5,220,709	3,934
1984	1,309	5,203,409	3,975
1985	1,303	5,328,940	4,090
1986	1,310	5,843,911	4,461
1987	1,325	6,273,158	4,734
1988	1,330	6,617,019	4,975
1989	1,319	7,743,932	5,871
1990	1,316	8,031,199	6,103
1991	1,330	9,316,132	7,005
1992	1,346	10,774,709	8,005
1993	1,361	12,121,722	8,906
1994	1,384	13,680,765	9,885
1995	1,395	14,495,633	10,391
1996	1,389	14,709,232	10,590
1997	1,409	15,397,832	10,928
1998	1,418	15,969,975	11,262
1999	1,508	18,136,173	12,027
2000	1,493	18,352,906	12,293
2001	1,332	16,516,021	12,399
2002	1,331	17,006,519	12,777
2003	1,323	17,490,584	13,220
2004	1,353	19,297,527	14,263

EXHIBIT P
HISTORY OF RETIREES AND BENEFICIARIES
ADDED TO AND REMOVED FROM BENEFIT PAYROLL

Yr.	Added to Payroll		Removed from Payroll		Payroll End of Year		Average Annual Benefits	Increase to Avg. Benefits
	No.	Annual Benefits.	No.	Annual Benefits	No.	Annual Benefits		
Employee Annuitants (Male and Female)								
1994	64	\$3,884,646	114	\$2,419,986	2,207	\$57,960,532	\$26,262	4.9%
1995	143	7,076,962	102	2,240,065	2,248	62,797,429	27,935	6.4
1996	101	5,578,794	92	2,236,533	2,257	66,139,690	29,304	4.9
1997	98	5,578,537	120	2,909,337	2,235	68,808,890	30,787	5.1
1998	122	5,356,352	106	2,446,381	2,251	73,163,601	32,503	5.6
1999	118	5,192,157	18	245,975	2,351	80,090,897	34,067	4.8
2000	265	12,861,578	78	2,413,778	2,538	92,529,624	36,458	7.0
2001	114	5,171,784	230	5,548,576	2,422	92,152,832	38,048	4.4
2002	107	4,851,988	118	438,978	2,411	96,565,842	40,052	5.3
2003	134	6,826,357	133	1,771,237	2,412	101,620,962	42,131	5.2
2004	147	14,053,559	118	4,182,784	2,441	111,491,737	45,675	8.4
Widow/Widower Annuitants (Not Including Compensation)								
1994	90	\$2,145,835	67	\$586,792	1,384	\$13,680,765	\$9,885	11.0%
1995	97	1,592,509	86	777,641	1,395	14,495,633	10,391	5.1
1996	64	860,178	70	646,579	1,389	14,709,232	10,590	1.9
1997	91	1,314,596	71	625,996	1,409	15,397,832	10,928	3.2
1998	86	1,188,236	73	778,838	1,418	15,969,975	11,262	3.1
1999	90	1,268,687	0	0	1,508	18,136,173	12,027	6.8
2000	70	1,204,364	85	987,631	1,493	18,352,906	12,293	2.2
2001	127	1,865,460	288	3,702,345	1,332	16,516,021	12,399	0.9
2002	73	1,316,617	74	826,119	1,331	17,006,519	12,777	3.0
2003	87	1,475,058	95	990,993	1,323	17,490,584	13,220	3.5
2004 ¹	92	2,595,350	62	788,407	1,353	19,297,527	14,263	7.9

¹ Including Parent Annuitants but not Compensation Annuitants.

Appendix 4

Actuarial Methods and Assumptions as of December 31, 2004



ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 2004

I. ACTUARIAL COST METHOD

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The Actuarial Cost Method used in this valuation for all purposes is the Entry Age Actuarial Cost Method. Under this Method, a Normal Cost is developed by amortizing the actuarial value of benefits expected to be received by each active participant (as a level percentage of pay) over the total working lifetime of that participant, from hire to termination.

To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued liability ("UAAL") develops. The UAAL is generally amortized over a defined period of time (e.g. 40 years). The total contribution developed under this method is the sum of the Normal Cost and the payment toward the UAAL.

II. CURRENT ACTUARIAL ASSUMPTIONS

A. *Demographic Assumptions*

Mortality: 1983 Group Annuity Mortality Table sex distinct.

Disabled Mortality: 1992 Railroad Retirement Board's Disabled Annuitant's Mortality Table.

Rates of Disability: Rate at which members are assumed to become disabled under the provisions of the Fund. The rates assumed are as follows:

Attained	
Age	Rates
20-24	0.0016
25-29	0.0020
30-34	0.0028
35-39	0.0040
40-44	0.0052
45-49	0.0096
50-54	0.0190
55-59	0.0370
60-63	0.0450

Of the participants who become disabled, 35% are assumed to be duty disability, 60% are assumed to be occupational disease disability, and 5% are assumed to be ordinary disability.

**ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2004 (CONT'D)**

Required Ultimate Multiple: 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: 4% overall loss on tax levy is assumed.

Appendix 5

Summary of Provisions of the Fund as of December 31, 2004



**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2004**

PARTICIPANTS

Person employed by the City of Chicago in its fire service as firefighter, fire paramedic, fire engineer, marine engineer, or fire pilot, whose duty it is to participate in the work of controlling and extinguishing fire at the location of any such fire, whether or not he is assigned to fire service other than the actual extinguishing of fire.

SERVICE

In computing service, the following periods shall be counted:

All periods of active service, vacation, leave of absence with whole or part pay, military service, periods of disability for which he receives disability benefit, and leave of absence without pay to perform the duties of a member of the General Assembly prior to January 9, 1997. It is computed on a day to day basis. Employees may purchase the 1980-strike time and periods of suspension less than one year. Employees may purchase, with 4% interest, periods of employment of the Chicago Fire Department from 1970 until the employee entered this fund.

RETIREMENT ANNUITY

Eligibility

Attainment of age 50 with at least 10 years of service.

Mandatory

Retirement is mandatory for a participant who has attained age 63, except for emergency medical technicians.

Accumulation Annuity

At age 50 or more, with 10 or more years of service, the employee is entitled to an annuity based on the sums accumulated for age and service annuity plus 1/10 of the sum accumulated from the contributions by the City for the age and service annuity for each completed year of service after the first 10 years. At age 50 or more with 20 or more years or at age 63, the employee is entitled to an annuity based on all sums accumulated to his or her credit. The maximum is 75 % of highest salary.

Minimum Formula Annuity

If the employee has 20 or more years of service (the annuity will begin no earlier than age 50), he or she is entitled to the following annuity: 50% plus 2.5% of the final average salary for each year or fraction of service over twenty years. Maximum is 75% of the final average salary.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2004 (CONT'D)**

Retirement at Age 63 with Less than 20 Years Service¹

An employee who reaches compulsory retirement age with less than 20 years but greater than 10 years of service shall be entitled to a minimum annuity equal to 30% of final average salary for the first 10 years of service plus an additional 2% for each year in excess of 10, not to exceed 50 percent of final average salary.

Automatic Increase in Annuity

If an employee qualifies for a minimum formula annuity, 1.5% of the original annuity, starting on the first of the month one year after retirement or the first of the month following attainment of age 60 (age 55 if born before January 1, 1955, effective January 16, 2004), whichever is later, with a maximum of 30% (20 years). Such increases shall be 3% for firefighters born before January 1, 1955 (January 16, 2004), and such firefighters shall not be subject to the 30% maximum increase.

Minimum Annuity

Beginning January 1, 2004, the minimum monthly annuity is \$950 if the firefighter retired at age 50 or over with at least 20 years of service. Beginning January 1, 2005, the minimum monthly annuity is \$1,050 if the firefighter retired at age 50 or over with at least 20 years of service.

WIDOW/WIDOWER ANNUITY

Payable until remarriage if widow/widower remarries before age 60, except Compensation and Supplemental Annuities. If the annuity is suspended because the widow/widower remarries before age 60, annuity payments will be resumed if the subsequent marriage ends. Any widow/widower's annuity, which was suspended on account of remarriage prior to December 31, 1989, will be resumed, if subsequent marriage ends, the later of July 14, 1995 or when the marriage ended. Beginning January 16, 2004, widows retain their rights to benefits after remarriage at any age. Benefits are not available to a widow of a fireman who received a refund of contributions for widow's benefits, unless the refund is repaid with 4% interest per year.

¹ Between January 1994 and December 2000, benefits have been administered as if there were no compulsory retirement age. Beginning December 2000 benefits have been administered as if age 63 is the compulsory retirement age for non-EMT participants and there is no compulsory retirement age for EMT participants.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2004 (CONT'D)**

Death in Service (Non-Duty)

- (1) If the firefighter dies with at least 1.5 years of service, 30% of the salary attached to the rank of a first class firefighter in the classified career service at the time of the firefighter's death; or,
- (2) 50% of the annuity the deceased firefighter would have received if he had retired just prior to the date of death; or,
- (3) Money purchase based on the total salary deductions and City contributions for age and service annuity and widow/widower's annuity.
- (4) The widow of an active fireman with 10 or more years of service will receive no less than 50 percent of the benefit that the active fireman would have received had they attained age 50 and 20 years of service.

Death In Service (Duty Related)

Compensation Annuity²

The annuity paid to the spouse equals 75% of the firefighter's salary attached to his civil service position at the time of his death. This amount increases as the salary of the position increases.

Supplemental Annuity²

Payable thereafter in the amount of 40% of the salary attached to the employee's civil service position at the time of his death. This amount increases as the salary of the position increases.

Death In Service (Duty Disability)

Compensation Annuity

The annuity paid to the spouse equals 75% of the firefighter's salary attached to his civil service position at the time of his death. This amount increases as the salary of the position increases.

Death after Retirement

- (1) If the firefighter dies after retirement, the annuity is 50% of the retirement annuity that the deceased firefighter was receiving at the time of his or her death; or,
- (2) money purchase based on the sums accumulated for the spouse annuity plus 10% of the accumulated City contributions for each year of service from 10 to 20 years, and full accumulated City contributions after 20 years of service.

Maximum Annuity

No maximum dollar amount.

Minimum Annuity

Beginning January 1, 2004, the minimum monthly annuity for any widow/widower is \$900. Beginning January 1, 2005, the minimum monthly annuity for any widow/widower is \$1,000.

² Between January 1994 and December 2000, benefits have been administered as if there were no compulsory retirement age. Beginning December 2000 benefits have been administered as if age 63 is the compulsory retirement age for non-EMT participants and there is no compulsory retirement age for EMT participants.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2004 (CONT'D)**

CHILD ANNUITY

Upon the death of the firefighter, unmarried children less than age 18 (except where child is so physically or mentally handicapped as to be unable to support himself), who have been born or legally adopted and at least one year prior to death or withdrawal (except if duty death, then no one year limit on adoption). The amount of annuity payable for a child is 10% of the current annual maximum salary of a first class firefighter while a widow/widower survives; 15 % when no widow/widower survives.

FAMILY MAXIMUM

The total annuities for widow/widower and children cannot exceed 60% for non-duty death, or 100% for duty death, of the current maximum annual salary of a first class firefighter.

PARENT ANNUITY

Parent's annuity is provided for each surviving parent of a firefighter who dies prior to separation from service, or while out of service with at least 20 years; provided there is no widow/widower or child and that the deceased firefighter was contributing to their support. The benefit is an amount equal to 18% of the current annual salary attached to the classified position held by the firefighter at the time of death.

DISABILITIES

Duty Disability Benefit³

Injury incurred in the performance of duty. The amount of the benefit is 75 % of salary at the time the disability is allowed payable to employee's compulsory retirement age plus \$30 per month for each unmarried child less than age 18 (except where the child is so physically or mentally handicapped as to be unable to support him/herself), but the total amount of child benefits shall not exceed 25% of salary. Effective January 1, 1994 the minimum benefit, if the employee has been on disability at least 10 years, is 50% of current salary at the rank held by the employee when he was removed from the Department payroll. Salary deductions are contributed by the City. There are no age or service requirements for retirement on money purchase annuity and receiving full contributions.

Occupational Disease Disability³

A firefighter who has 10 or more years of service and is unable to perform his or her duties by reason of heart disease, tuberculosis, or any disease of the lungs or respiratory tract, resulting solely from his or her service as a firefighter. Occupational disease also includes disabling cancer of the type which may be caused by exposure to heat, radiation or a known carcinogen as defined by the International Agency for Research on Cancer. The amount of the benefit is 65% of salary at the time of the employee's removal from the Department payroll payable to compulsory retirement age plus \$30 a month for each unmarried child less than age 18 (except where the child is so physically or mentally handicapped as to be unable to support him/ herself), but the total amount of child's benefits shall not exceed 25 % of salary. Effective January 1, 1994 the minimum benefit, if the employee has been on disability at least 10 years, is 50% of current salary at the rank held by the employee when he or she

³ Between January 1994 and December 2000, benefits have been administered as if there were no compulsory retirement age. Beginning December 2000 benefits have been administered as if age 63 is the compulsory retirement age for non-EMT participants and there is no compulsory retirement age for EMT participants.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2004 (CONT'D)**

was removed from Department payroll. Salary deductions are contributed by the City. There are no age or service requirements for retirement on money purchase annuity and receiving full contributions.

Ordinary Disability Benefit

Cause other than the performance of an act of duty, payable after 30 days for a period equal to 50% of total service (not including any previous O.D. time), but not to exceed 5 years. The disability benefit is 50% of salary at time of disability less pension deductions. When the disabled firefighter becomes eligible for the minimum formula annuity, the disability benefit shall cease, and he or she shall thereafter receive an annuity; however, there are no age or service requirements to retire on money purchase from disability prior to qualification for the minimum formula annuity if the disability then terminates.

DEATH BENEFIT

In active service, on an authorized leave of absence, if death occurs within 60 days of receipt of salary, receiving duty or ordinary disability benefit, occurring within 60 days of termination of such benefit, or occurring on retirement while in receipt of annuity and separation was effective after age 50 and application was made within 60 days from separation; payable to written beneficiaries or, if none, to estate.

<u>Age</u>	<u>Death in Service After July 1, 1983</u>	<u>Death After Retirement After July 1, 1983</u>
49 and under	\$12,000	\$6,000
50	11,600	6,000
51	11,200	6,000
52	10,800	6,000
53	10,400	6,000
54	10,000	6,000
55	9,600	6,000
56	9,200	6,000
57	8,800	6,000
58	8,400	6,000
59	8,000	6,000
60	7,600	6,000
61	7,200	6,000
62	6,800	6,000
63	6,400	6,000
64 and over	6,000	6,000

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2004 (CONT'D)**

GROUP HEALTH HOSPITAL AND SURGICAL INSURANCE PREMIUMS

The pension fund shall provide payments in the amount of \$85 per month for non-Medicare eligible city annuitants and \$55 per month for Medicare eligible city annuitants from July 1, 2003 through June 30, 2008. Thereafter, the pension fund shall provide payments in the amount of \$95 per month for non-Medicare eligible city annuitants and \$65 per month for Medicare eligible city annuitants from July 1, 2008 through June 30, 2013.

REFUNDS

To Firefighters

Of entire amount (excluding ordinary disability pension deductions) with interest at 4% if entered before June 30, 1953, and 3% otherwise, before age 50, or before age 57 and less than 10 years service. A firefighter who receives a refund and who subsequently reenters the service shall not receive, nor his or her widow/widower or parents, any annuity benefit or pension unless the refund is repaid with 4% interest. Repayment must be made within two years after reentry.

FOR WIDOW/WIDOWER ANNUITY

If the Firefighter is not married when he retires on annuity, he or she will receive a refund of all his or her contributions, with interest, for spouse's annuity.

REFUNDS OF REMAINING AMOUNTS

If amounts contributed by a Firefighter (with interest) are not paid out to him or her, in the form of a refund or annuity, or his or her widow/widower in the form of annuity, the remaining amounts (with interest) shall be paid out to his or her heirs, or to administrator of estate, for burial expense. If there are children under age 18, amount necessary to pay children annuities will not be refunded. There will be no refund paid to a widow/widower whose annuity is suspended because of remarriage.

DEDUCTIONS AND CONTRIBUTIONS

	Deductions	City Contributions¹
Employee	7.125%	8.500%
Spouse	1.500%	2.000%
Ordinary Disability	0.125%	0.000%
Annuity Increase	<u>0.375%</u>	<u>0.000%</u>
	9.125%	10.500%

¹ Credited to participant's Accumulation Annuity and Widow's Annuity accounts

The city shall levy a tax annually at a rate on the dollar of the assessed valuation of all taxable property that will produce an amount not to exceed the total amount of contributions by the firefighters to the Fund made in the calendar year two years prior multiplied by 2.26 for 1982 and each year thereafter, plus \$142,000 for the Ordinary Death Benefit.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2004 (CONT'D)**

DEATH BENEFIT

Employees contribute \$2.50 per month at the same time and with the same frequency as other deductions (with each payment of salary).

TAX SHELTER OF EMPLOYEE SALARY DEDUCTIONS

Beginning January 1, 1982, employee contributions were designated for income tax purposes to be made by the employer. The W-2 salary is therefore reduced by the amount of contribution. For pension purposes the salary remains unchanged. Income tax will be paid when a refund or annuity is received. For the purpose of benefits, refunds or financing, these contributions will be treated as employee contributions.

COMPULSORY RETIREMENT AGE

Effective January 1, 1994, the federal law (ADEA) allowing compulsory retirement at age 63 lapsed. As such, duty disability and occupational disease disability benefits and widow/widower compensation benefits may be "open ended", i.e., without limiting age.

Effective December 2000 the City of Chicago enacted a compulsory retirement age of 63 for non-EMT participants. As such, all disability benefits for non-EMT participants cease at age 63 and become payable as retiree benefits.

COMPENSATION WIDOWS

Beginning January 1, 2001, mandatory retirement will have no impact on Widow benefits. Therefore, effective with the December 31, 2001 valuation, all Supplemental Widows have been re-classified as Compensation Widows. The classification of Supplemental Widows has been discontinued.

Appendix 6

Legislative Changes 1968 through 2004



LEGISLATIVE CHANGES 1968 THROUGH 2004

1968 to 1979 Sessions

- Compensation widow/widower annuities changed from \$300 to 75% of salary;
- Supplemental widow/widower annuities became 40% of salary;
- 5-year average salary became 4 years;
- Minimum employee annuities increased from \$200 in stages;
- Minimum widow/widower annuities increased from \$100 in stages;
- Children's annuities changed from \$40/\$60 to 10%/15% of salary of first class firefighter;
- Parent annuities increased to 18% of salary of first class firefighter;
- Lump sum benefits were increases; and
- The deduction from salary increased from 1% to 1.5% of salary for the spouse annuity.

1979 Session

SB 854

Recall of elective members of the Board of Trustees.

HB 291

Authorizes investment in Time Deposits of Certificate of Deposit.

HB 2012

Employer may pick up, under IRS Code Section 414(h), the employee contributions for all compensation earned after December 31, 1980 by a reduction in the cash salary, an offset to a future salary increase, or by a combination of both.

1980 Session

Transfer of credit to the General Assembly System.

HB 3635

Reversed all changes made by HB 2012 and put the pick up section as a new paragraph. They are treated as employee contributions for all purposes including refunds and determination of the tax levy.

1981 Session

SB 21

Actuarial Reporting Standards.

SB 851

Authorizes investments in conventional mortgage pass-through securities.

SB 879

Financial statement required by Department of Insurance within 6 months and actuarial statement within 9 months. \$100 penalty per day if late.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

HB 291

Increase minimum survivor's annuity from \$200 to \$250.

Spring 1982 Session

SB 740

3% post-retirement increase for employees born before January 1, 1930. All increases begin at age 60 instead of age 63 effective July 1, 1982.

SB 1127

Group health hospital and surgical insurance premium \$55 for annuitant not qualified to receive Medicare; \$21 if annuitant is qualified, effective January 1, 1983.

SB 1579

Expanded fiduciary standards, prohibited transactions, civil action may be brought by Attorney General or by a participant. List of permitted investments moved to general section of the statute.

HB 2361

Election by mail ballot.

Spring 1983 Session

SB 22

Delegation of investment authority restrictions.

SB 1147

Minimum reporting and actuarial information for 1984.

HB 366, SB 288

Changes fiduciary standards: party in interest definition; reasonable care of co-fiduciary; eliminates civil action.

HB 377

Cancer as occupational disability.

HB 380

Paramedics as members July 1, 1983.

HB 455

Bill of Rights.

HB 483

Temporary position defined.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

HB 514

10% prudent person investment category.

HB 755

Change in lump sum death benefit: \$6,000 if retired, \$12,000 if active and under age 50, reduced by \$400 each year age 50 or older.

HB 758

Vote by mail.

50/20 2% minimum annuity formula (52/22 in 1984; 51/21 in 1985; 50/20 in 1986 and after).

30% salary of first class firefighter; widow/widower of active employee with 1.5 years of service effective June 30, 1984.

50% of retirement pension being paid (includes increases); widow/widower of retiree effective June 30, 1984.

City Ordinance

Change in lump sum death benefit: \$6,000 if retired, \$12,000 if active and under age 50, reduced by \$400 each year age 50 or older.

Changes compulsory retirement from 63 to 70.

1984 Session

Direct deposit.

Illinois Public Employees' Pension Laws Commission abolished.

1985 Session

HB 164

Occupational disability benefits from 50 % to 65 % of salary for new disabilities.

Survivors' annuity for death in service 50% of the firefighter's annuity as if the deceased firefighter had retired just prior to the date of death.

Removes alcoholism and venereal disease prohibition against paying ordinary disability.

Removes adoption before age 50 requirement for child's benefit.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

1986 Session

HB 2630

Removes the age 18 limitation for handicapped children of duty and occupational disease disability recipients.

Provides for waiver of annual physical examination for disability recipients if firefighter is permanently disabled and unable to ever return to service.

1987 Session

None.

1988 Session—City Ordinance

Compulsory retirement changed to age 63.

1989 Session

HB 332

\$325 minimum widow/widower annuity effective January 1, 1988.

SB 95

Changed the amount of fund paid health insurance "supplement" from January 1, 1988 until December 31, 1992 to \$65 per month for each annuitant not qualified to receive Medicare benefits (and \$35 if qualified) and from January 1, 1993 until December 31, 1997 the amounts are \$75 and \$45, respectively. Widow/widowers will now be eligible for supplement. The City will be required to pay 50% of the aggregate cost of health care claims for the retired group under all health care plans offered by the City. A procedure was established for the City to determine, with the help of an independent actuary, the aggregate cost of claims and premiums for each calendar year from 1989 through 1998 for the retired group.

\$475 minimum employee annuity effective January 1, 1990.

Compensation and Supplemental annuitants may remarry after 1989 without loss of benefits.

Employee refunds must be repaid at 4% before the later of 2 years after the date of reentry or January 1, 1992.

3% postretirement increase beginning January 1, 1990 for employees born after December 31, 1929 and before January 1, 1940.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

Employee may purchase periods of suspension (not to exceed a total of 1 year of service) and 1980 strike time (not to exceed 23 days). Paramedic who transferred from the pension fund established under Article 8 of this Code to this Fund by operation of Public Act 83-780 may purchase Article 8 service at 4% annual compound interest rate prior to January 1, 1992, if the employee received a refund from the Article 8 fund.

1990 Session

SB 136

Amends Chapter 120, Paragraph 671 of the Revenue Act to provide for a separate listing on the tax bill of the dollar amount of tax due from the person assessed, which is allocable to a tax levied under the Illinois Pension Code, or any other tax levied by a municipality or township for public pension or retirement purposes. Effective January 1, 1990.

SB 1951

Signed January 14, 1991. Service credit will be given for any periods prior to January 14, 1993 that an active firefighter who is a member of the General Assembly is absent to perform his legislative duties. No payment is required for this service credit. The current salary of the rank would be used for average salary for annuity purposes.

Any firefighter who had service as a paramedic in the Municipal Fund and received a refund of contributions could receive credit for the service in the Fire Fund by making written application to the Board by January 1, 1992 and paying for the service.

December 31, 1990 any firefighter with at least 20 years of service may withdraw from the service at any age and receive an annuity calculated under Section 6-128 beginning at age 50 if under that age at withdrawal.

Beginning January 1, 1990, the minimum widow/widower annuity is \$400 per month for all those receiving a widow/widower annuity on January 14, 1991 and for future widow/widowers of employees who retired at age 50 or over with at least 20 years of service.

If a widow/widower remarries after December 31, 1989, after attaining age 60, the annuity will continue without interruption. If the annuity is suspended because of remarriage before attaining age 60, annuity payments will be resumed if the subsequent marriage ends.

If any widow/widower receives a widow/widower annuity from the Fire Fund and after December 31, 1989 marries a firefighter in the Fund, his/her first widow/widower annuity will be canceled if she accepts any payment of a second widow/widower's annuity after he dies.

Beginning January 14, 1991, any city officer can transfer his Fire service to the Municipal Fund.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

1991 Session

None.

1992 Session

HB 969

Approved March 26, 1992. Beginning January 1992, the minimum retirement annuity (requires retirement at age 50 or over with at least 20 years of service) was increased to \$650 per month and the minimum widow/widower annuity was increased to \$500 for those receiving annuity and those who will be eligible in the future (requires retirement or death in service at age 50 or over with at least 20 years of service).

SB 1650

Approved January 25, 1993.

The minimum retirement annuity (requires retirement at age 50 with at least 20 years of service) was increased to \$750 per month on January 1, 1993 and \$850 per month on January 1, 1994.

The minimum widow/widower annuity (requires retirement or death in service at age 50 or over with at least 20 years of service) was increased to \$600 per month on January 1, 1993 and \$700 per month on January 1, 1994 for those eligible present and future widow/widowers.

Service credit will be given for any periods in General Assembly prior to January 9, 1997 (instead of January 14, 1993).

The annuitant may waive all or any portion of his annuity.

1993 Session

SB 358

Approved January 10, 1994. Beginning January 1, 1994, minimum Duty and Occupational Disease Disabilities have been established, if the employee has been on the disability for 10 years: 50% of current salary of rank at removal from Department payroll.

ADEA

Effective January 1, 1994, the federal law (ADEA) allowing compulsory retirement at age 63 lapsed. As such, duty disability and occupational disease disability benefits and widow/widower compensation benefits may be "open ended", i.e., without limiting age.

1994 Session

None.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

1995 Session

SB 114

Approved July 14, 1995.

The minimum widow/widower annuity was increased to \$700 per month for anyone entitled to receive a widow/widower annuity.

A widow/widower's annuity that was previously terminated because of remarriage before December 31, 1989 will be resumed upon proper application if the subsequent marriage has ended.

Employees have until 2 years after the date of reentry or January 1, 2000 to repay a refund.

For employee annuitants born before January 1, 1945, the 3% postretirement increase begins at age 55.

The provisions relating to purchase of credit for certain periods of service as a paramedic or other fire department employee were changed.

The City is authorized to substitute funds obtained from borrowings and other sources for a portion of its authorized tax levy for pension purposes.

The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became participants before 1996.

The Fund is authorized to make certain involuntary distributions required by Section 401(a)(9) of the Internal Revenue Code.

SB 424

Approved July 7, 1995.

The Pension Laws Commission was created as a legislative support services agency.

1996 Session

SBJPA

On August 20, 1996 the Small Business Job Protection Act was signed by President Clinton.

Treatment of governmental plans under Code Section 415:

Rule limiting annual benefit to 100% of the average of the highest 3-year compensation no longer applies.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

Excess benefit plans are permitted to provide participants with benefits in excess of the Code Section 415 limits.

Early retirement reduction does not apply to certain survivor and disability benefits.

The definition of compensation now includes elective deferrals.

Taxation of distributions:

\$5,000 death benefit exclusion was repealed for deaths after August 20, 1996.

Five-year averaging for lump sum distributions was repealed effective January 1, 2000.

Annuity payments will be taxed according to a simplified general rule, which uses investment and age as of annuity starting date for annuities, which start on or after November 19, 1996.

1997 Session

HB 313

Signed June 27, 1997.

Coverage in the City group health insurance is extended through June 30, 2002, with some modification in plans offered. Pension fund supplement remains \$45 and \$75 for Medicare eligible and non-Medicare eligible annuitants respectively.

1998 Union Contract Cost of Living Increases

The following salary increases are scheduled:

1.5% effective July 1, 1995.

1.5% effective January 1, 1996.

1.5% effective July 1, 1996.

3.5% effective January 1, 1997.

3.75% effective January 1, 1998.

2.25% effective January 1, 1999.

1998 Session

The minimum widow/widower annuity (requires retirement or death in service at age fifty or over with at least twenty years of service) was increased to \$800 per month on January 1, 1999 for those eligible present and future widow/widowers.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

1999 Session

None.

2000 Session

In 2000 the City of Chicago enacted mandatory retirement for all firefighters, except for emergency medical technicians, upon attainment of age 63.

2001 Session

None.

2002 Session

HB 5168

Effective June 28, 2002

The pension fund subsidy for retiree health insurance was extended through June 30, 2003 (other than child annuitants). The subsidy is \$75 per month if the annuitant is not eligible for Medicare and \$45 per month if the annuitant is eligible for Medicare.

2003 Session

SB 1701

Effective July 1, 2003.

The healthcare benefits were increased to \$85 per month for non-Medicare eligible participants and \$55 per month for Medicare eligible participants for the period from July 1, 2003 through June 30, 2008. Thereafter, the benefits are increased from \$85 to \$95 and \$55 to \$65 for the period July 1, 2008 to June 30, 2013.

The healthcare benefits referred to above are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

2004 Session

PA 93-0654

Effective January 16, 2004

Changes to the definition of salary used for benefit calculation

- For members born before 1955, who hold an exempt position above career service rank, salary means the actual salary attached to the exempt rank position.
- Salary as an ambulance commander shall be included. Employee contributions must be made retroactively before 1/1/2006. Beneficiaries may also make the contributions.
- Additional compensation for being licensed as an EMT shall be included.
- Duty availability pay shall be included. Employee contributions must be made retroactively before 1/1/2006. Beneficiaries may also make the contributions.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

PA 93-0654(continued)

An employee who reaches the compulsory retirement age with greater than 10 years of service, but less than 20 is now entitled to an annuity of 30 percent of average salary for the first 10 years of service plus an additional two percent for each year in excess of 10, not to exceed 50 percent.

The minimum annuity formula accrual rate for service after 20 years was increased from 2.0 percent to 2.5 percent with total benefits limited to 75 percent of final average pay.

The minimum benefit for retirements at age 50 with 20 years of service was increased to \$950 per month during 2004 and \$1,050 per month thereafter.

The minimum widow annuity was increased to \$900 per month during 2004 and \$1,000 per month thereafter.

The widow of an active fireman with 10 or more years of service will receive no less than 50 percent of the benefit the active firemen would have received had he attained age 50 and 20 years of service.

A widow who was married to a deceased fireman before the fireman began to receive a retirement annuity and for at least one year preceding the fireman's death is entitled to a widow's benefit. Any refunded contributions must be repaid with four percent interest.

A widow's benefit will continue following remarriage. Those annuities previously terminated will resume.

Members born prior to January 1, 1955, are entitled to a three percent simple COLA commencing at the later of age 55 or the first anniversary of retirement. Members born on or after January 1, 1955, are entitled to a 1.5 percent COLA commencing at the later of age 60 or the first anniversary of retirement limited to 30 percent. Previously the cutoff date was January 1, 1945.

Former city contributions for paramedics will be transferred to this fund with 11 percent interest and credited to the individual fireman if he or she pays for prior service as a paramedic in full.

PA 93-0917 (HB 378)

Effective August 12, 2004

Changes the widow eligibility conditions by expanding widow benefits that were previously limited by marriage conditions after withdrawal or disability. Benefits cannot be reinstated or granted earlier than January 16, 2004.

A fireman who accumulated service under the Municipal Employees' Annuity and Benefit Fund of Chicago, who terminated and received a refund, may purchase such service credit until January 1, 2005. Those firemen that retired after January 16, 2004, but before the effective date of this act may still purchase service before January 1, 2005, and have their benefit recalculated. Employer contributions with interest, for such service, will be transferred from the Municipal Employees' Annuity and Benefit Fund to the Firemen's Annuity and Benefit Fund.

LEGISLATIVE CHANGES 1968 THROUGH 2004 (CONT'D)

Bertucci court opinion

For members who die while receiving duty disability payments, the widow's benefit is now 75 percent of the member's salary attached to his civil service position. The benefit increases as the salary attached to this position increases. Previously the widow's benefit was 50 percent of the member's benefit.

Appendix 7

Additional Exhibits



EXHIBIT A-1

GASB #25 AND #27 DISCLOSURES

The Governmental Accounting Standards Board (GASB) has adopted Statement #25, changing the way in which governmental retirement systems must report financial information. GASB #25 is effective for Fund and City reporting in 1997.

GASB #25 and #27 make a number of significant changes to retirement plan reporting. They eliminate the dual reporting of actuarial liabilities that was required under GASB #5. Under GASB #5, many plans including the Fund, reported liabilities determined under one actuarial cost method for internal purposes, but were required to also provide liabilities determined under the Projected Unit Credit method for financial reports. Under GASB #25 and #27, systems select one actuarial method from several acceptable alternatives, and report all information on this one basis.

This report includes the following Exhibits with information required to be reported under GASB #25 and #27.

Exhibit A-2: Schedule of Funding Progress for GASB #25

This exhibit shows a nine-year history of funding progress. The funding progress is a comparison of Actuarial Value of Assets with the Actuarial Accrued Liability (AAL), and a comparison of the unfunded AAL (UAAL) with compensation.

Exhibit A-3: Schedule of Employer Contributions for GASB #25

This exhibit shows the Annual Required Contribution (ARC) as computed under GASB #25 and the percent of this amount actually received. This exhibit includes a nine-year history.

Exhibit A-4: Supplementary Information for GASB #25 and #27

This exhibit has certain information required in the notes to the Fund and City financial reports.

Exhibit A-5: Annual Pension Cost and Contributions Made for GASB #27

This exhibit shows the components of annual pension cost (ARC, interest on the Net Pension Obligation (NPO), and the adjustment to the ARC), increase or decrease in the NPO and the NPO at the end of the year. The exhibit also includes the dollar amount of contributions made.

Exhibit A-6: Pension Cost Summary for GASB #27

This exhibit shows an eight-year summary of annual pension cost, percentage of annual pension cost contributed that year and NPO at the end of the year.

Exhibit A-7: Development of Net Pension Obligation (NPO) at January 1, 1997

This exhibit documents the calculation of the pension liability at transition in accordance with GASB #27.

EXHIBIT A-2
SCHEDULE OF FUNDING PROGRESS
FOR GASB #25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c
12/31/2004	\$ 1,182,578,954	\$ 2,793,524,355	\$ 1,610,945,401	42.33%	\$ 334,423,753	481.71%
12/31/2003	1,194,007,767	2,517,268,107	1,323,260,340	47.43	335,170,501	394.80
12/31/2002	1,209,768,204	2,088,706,217	878,938,013	57.92	277,053,144	317.25
12/31/2001	1,245,129,955	2,068,717,901	823,587,946	60.19	277,964,912	296.29
12/31/2000	1,219,486,962	2,053,340,475	883,853,513	59.39	275,106,756	303.10
12/31/1999	1,145,215,019	1,879,666,868	734,451,849	60.93	271,335,540	270.68
12/31/1998	1,066,891,190	1,783,569,178	716,677,988	59.82	262,248,978	273.28
12/31/1997	978,313,319	1,640,020,672	661,707,353	59.65	234,726,936	281.91
12/31/1996	845,432,187	1,575,789,570	730,357,383	53.65	233,033,832	313.41

EXHIBIT A-3
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR GASB #25

For Year Ending December 31	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2005	\$161,696,388	TBD	TBD
2004	134,762,334	\$55,532,454	41.21%
2003	111,079,054	60,234,206	54.23%
2002	105,106,367	59,452,787	56.56%
2001	104,014,168	60,399,909	58.07%
2000	90,530,458	65,928,675	72.82%
1999	87,959,556	53,410,352	60.72%
1998	78,020,603	48,397,527	62.03%
1997	86,981,231	54,921,536	63.14%

EXHIBIT A-4
SUPPLEMENTARY INFORMATION FOR
GASB #25 AND GASB #27

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 valuation follows:

Valuation date	December 31, 2004
Actuarial Cost Method	Entry Age
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar
Remaining Amortization Period	40 years
Actuarial Assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.0% per year, plus an additional percentage related to service and promotion
Post-retirement increases	1.5% simple interest for 20 years for members born in or after 1955 3% simple interest for life for members born before 1955

EXHIBIT A-5
ANNUAL PENSION COST AND CONTRIBUTIONS
MADE FOR GASB #27

Contribution rates

City

Proceeds from a tax levy not more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 2.26.

Plan members

9.125%

Annual Pension Cost:

Annual Required Contribution (ARC)

\$134,762,334

Interest on Net Pension Obligation

50,942,556

Adjustment to ARC

(49,445,035)

Total

\$136,259,855

Contributions Made

\$ 55,532,454

Net Pension Obligation (NPO):

NPO, Beginning of Year

\$636,781,953

Increase/(Decrease) in NPO

80,727,401

NPO, End of Year

\$717,509,354

Pension Liability at Transition (January 1, 1997)

\$369,267,330

**EXHIBIT A-6
PENSION COST SUMMARY
FOR GASB #27**

Year Ended December 31	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
2004	\$136,259,855	40.75%	\$717,509,354
2003	112,453,771	53.56%	636,781,953
2002	106,370,746	55.89%	584,562,388
2001	105,173,254	57.43%	537,644,429
2000	91,629,104	71.95%	492,871,084
1999	88,974,566	60.03%	467,170,655
1998	78,963,730	61.29%	431,606,441
1997	86,732,136	63.37%	401,040,238

EXHIBIT A-7
DEVELOPMENT OF NET PENSION OBLIGATION (NPO) AT JANUARY 1, 1997

Year Ending December 31:	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Assumptions and Method										
Interest Rate	7.5%	7.5%	7.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Amortization Period (years)	40	40	40	40	40	40	40	40	40	40
Cost Method	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN
Annual Pension Cost										
Actuarially Determined Contribution (ADC)										
Normal Cost	\$44,023,556	\$44,652,516	\$45,746,453	\$43,184,329	\$47,236,555	\$51,515,900	\$52,304,610	\$53,235,963	\$48,144,514	\$49,878,875
40 Year Amortization	39,898,154	39,352,208	40,223,713	42,067,968	46,890,387	51,539,966	50,994,199	50,104,234	58,739,960	60,136,652
Total ADC	\$83,921,710	\$84,004,724	\$85,970,166	\$85,252,297	\$94,126,942	\$103,055,866	\$103,298,809	\$103,340,197	\$106,884,474	\$110,015,527
Interest on NPO	-	2,769,886	5,550,082	8,059,065	10,439,561	13,342,202	16,836,891	20,063,899	23,224,933	26,163,631
Adjustment to ADC	-	(2,827,639)	(5,596,880)	(8,127,020)	(10,527,588)	(13,454,705)	(16,978,861)	(20,233,079)	(23,420,768)	(26,384,245)
Annual Pension Cost	\$83,921,710	\$83,946,971	\$85,923,368	\$85,184,342	\$94,038,915	\$102,943,363	\$103,156,839	\$103,171,017	\$106,688,639	\$109,794,913
Contributions for Year										
Employer Contributions	\$29,562,500	\$34,339,139	\$37,016,865	\$36,478,751	\$36,504,134	\$38,448,497	\$42,036,863	\$42,727,953	\$41,616,542	\$43,527,172
Employee Contributions	17,427,400	17,163,621	17,544,210	18,949,395	21,251,755	20,811,264	20,782,382	20,930,122	28,338,382	24,045,799
Total Contributions	\$46,989,900	\$51,502,760	\$54,561,075	\$55,428,146	\$57,755,889	\$59,259,761	\$62,819,245	\$63,658,075	\$69,954,924	\$67,572,971
Net Pension Obligations (NPO)										
NPO at Beginning of Year	\$0	\$36,931,810	\$69,376,021	\$100,738,313	\$130,494,509	\$166,777,535	\$210,461,137	\$250,798,731	\$290,311,673	\$327,045,388
Annual Pension Cost	83,921,710	83,946,971	85,923,368	85,184,342	94,038,915	102,943,363	103,156,839	103,171,017	106,688,639	109,794,913
Total Contributions	(46,989,900)	(51,502,760)	(54,561,075)	(55,428,146)	(57,755,889)	(59,259,761)	(62,819,245)	(63,658,075)	(69,954,924)	(67,572,971)
NPO at End of Year	\$36,931,810	\$69,376,021	\$100,738,313	\$130,494,509	\$166,777,535	\$210,461,137	\$250,798,731	\$290,311,673	\$327,045,388	\$369,267,330