
**Municipal Employees' Annuity
and Benefit Fund of Chicago**

Actuarial Valuation Report

For the Year Ending December 31, 2001

April 2002



Gabriel, Roeder, Smith & Company
Actuaries and Consultants



GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

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April 11, 2002

The Retirement Board of the
Municipal' Employees' Annuity and Benefit
Fund of Chicago
221 North LaSalle Street
Suite 748
Chicago, Illinois 60601

Subject: Actuarial Certification

Gentlemen:

At your request, we have performed an actuarial valuation for the Municipal Employees' Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2001. An actuarial valuation of the Fund is performed annually. The valuation has been performed to measure the funding status of the Fund and determine the contribution for 2002. 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.

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

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

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

- Schedule of Funding Progress
- Schedule of Employer Contributions

April 11, 2002

This valuation is based upon:


- a) Data Relative to the Members of the Fund—Data for active members was provided by the Fund's staff. Data utilized for persons receiving benefits from the
- b) Fund was also provided by the Fund's staff. We have tested this data for reasonableness.
- c) Asset Values—The values of assets of the Fund were provided by the Fund's staff. An actuarial value of assets was used to develop actuarial results for GASB Statement No. 25 and Statement No. 27.
- d) Actuarial Method—The actuarial method utilized by the Fund is the Entry-Age Actuarial Cost Method. The objective of this method is to recognize the costs of Fund benefits over the entire career of each member as a level of percentage of compensation. Any Unfunded Actuarial Accrued Liability (UAAL), under this method is separately amortized. All actuarial gains and losses under this method are reflected in the UAAL.
- e) Actuarial Assumptions—The same actuarial assumptions as last year were used for this valuation. They are set out in the following pages.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of the Fund when due. The provision of State Law establishing the Fund constrains employer contributions to be 1.25 times the employee contribution level in the second prior fiscal year. Thus, with an administrative lag, the employer contribution is designed to match the employee contribution in a 1:25:1 relationship. The most recent actuarial valuation of the Fund on the State reporting basis indicates that these contributions are adequate to finance the Fund.

As a result of a business alliance between Gabriel, Roeder, Smith and Company and the Fund's prior actuary, Watson Wyatt Worldwide, the Fund's retained actuary is Gabriel, Roeder, Smith and Company, effective with the December 31, 2001 actuarial valuation. There are no material differences in the valuation resulting from this change.

The valuation results set out 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.

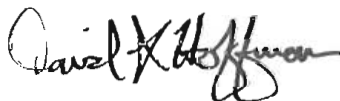
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MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF ACTUARIAL VALUATION

	<u>December 31, 2000</u>	<u>December 31, 2001</u>	<u>% Change</u>
ACTUARIAL VALUES			
Termination Values			
Liability	\$ 4,367,336,587	\$ 4,434,004,223	1.53 %
Assets - Actuarial Value	6,297,976,257	6,466,797,543	2.68 %
Deficiency/(Excess)	(1,930,639,670)	(2,032,793,320)	5.29 %
Funded Ratio	144.21%	145.85%	1.14 %
GASB #25 Values			
Actuarial Liability	\$ 6,665,179,731	\$ 6,934,176,477	4.04 %
Assets - Actuarial Value	6,297,976,257	6,466,797,543	2.68 %
Unfunded Liability (Surplus)	367,203,474	467,378,934	27.28 %
Funded Ratio	94.49%	93.26%	(1.30)%
Annual Required Contribution (ARC)	\$ 83,526,133	\$ 92,711,870	11.00 %
Market Values			
Actuarial Liability	\$ 6,665,179,731	\$ 6,934,176,477	4.04 %
Assets - Market Value	6,126,238,249	5,820,765,697	(4.99)%
Unfunded Liability	538,941,482	1,113,410,780	106.59 %
Funded Ratio	91.91%	83.94%	(8.67)%
Book Values			
Actuarial Liability	\$ 6,665,179,731	\$ 6,934,176,477	4.04 %
Assets - Book Value	5,101,919,939	5,190,062,134	1.73 %
Unfunded Liability (Surplus)	1,563,259,792	1,744,114,343	11.57 %
Funded Ratio	76.55%	74.85%	(2.22)%

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF ACTUARIAL VALUATION (Continued)

	<u>December 31, 2000</u>	<u>December 31, 2001</u>	<u>% Change</u>
Assets			
Market Value - Beginning of Year	\$ 6,068,359,549	\$ 6,126,238,249	0.95 %
Income			
Investment Income	217,067,663	(158,373,573)	(172.96)%
Employer Contributions	140,171,920	131,439,834	(6.23)%
Employee Contributions	107,371,034	118,240,723	10.12 %
Subtotal	<u>464,610,617</u>	<u>91,306,984</u>	(80.35)%
Outgo (Refunds, Benefits & Expenses)	<u>406,731,917</u>	<u>396,779,536</u>	(2.45)%
Net Change	<u>57,878,700</u>	<u>(305,472,552)</u>	(627.78)%
Market Value - End of Year	\$ 6,126,238,249	\$ 5,820,765,697	(4.99)%
 Book Value - Beginning of Year	 \$ 4,710,909,230	 \$ 5,101,919,939	 8.30 %
Income			
Investment Income	550,199,672	235,241,174	(57.24)%
Employer Contributions	140,171,920	131,439,834	(6.23)%
Employee Contributions	107,371,034	118,240,723	10.12 %
Subtotal	<u>797,742,626</u>	<u>484,921,731</u>	(39.21)%
Outgo (Refunds, Benefits & Expenses)	<u>406,731,917</u>	<u>396,779,536</u>	(2.45)%
Net Change	<u>391,010,709</u>	<u>88,142,195</u>	(77.46)%
Book Value - End of Year	\$ 5,101,919,939	\$ 5,190,062,134	1.73 %
 Actuarial Value - Beginning of Year	 \$ 6,017,841,114	 \$ 6,297,976,257	 4.66 %
Income			
Investment Income	439,324,106	315,920,265	(28.09)%
Employer Contributions	140,171,920	131,439,834	(6.23)%
Employee Contributions	107,371,034	118,240,723	10.12 %
Subtotal	<u>686,867,060</u>	<u>565,600,822</u>	(17.65)%
Outgo (Refunds, Benefits & Expense)	<u>406,731,917</u>	<u>396,779,536</u>	(2.45)%
Net Change	<u>280,135,143</u>	<u>168,821,286</u>	(39.74)%
Actuarial Value - End of Year	\$ 6,297,976,257	\$ 6,466,797,543	2.68 %

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF ACTUARIAL VALUATION (Continued)

	<u>December 31, 2000</u>	<u>December 31, 2001</u>	<u>% Change</u>
Members			
Active*	36,089	36,679	1.63 %
Inactive	8,469	9,551	12.78 %
Retirees	15,530	15,365	(1.06)%
Survivors	4,608	4,525	(1.80)%
Disabilities	448	505	12.72 %
Children	189	198	4.76 %
Payroll Data			
Valuation Payroll	\$ 1,243,439,345	\$ 1,375,048,892	10.58 %
Average Salary	34,455	37,489	8.81 %

* Active participants include disabled employees

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

DISCUSSION OF VALUATION RESULTS

This report sets out the results of the actuarial valuation of the Municipal Employees' Annuity and Benefit Fund of Chicago ("Fund") as of December 31, 2001. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2002.
2. To develop the annual required contribution (ARC) under GASB #25.
3. To develop the annual pension cost under GASB #27.
4. To review the funding status of the Fund.

The funded status in basic terms, is a comparison of the Fund's liabilities to assets expressed as either 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 Fund and City financial reports, the funding status is measured using liabilities under the Entry Age Normal funding method and the Actuarial Value of Assets. The Actuarial Value of Assets is determined by annually spreading the difference between expected and actual investment earnings over a five-year period.

Summary of Results

The annual required contributions (ARC) under GASB #25 for the year ending December 31, 2002 is \$92.7 million. This amount is net of employee contributions of \$119.8 million. The ARC last year, for the year ending December 31, 2001, was \$83.5 million. The ARC is determined using the Actuarial Value of Assets and a forty-year level dollar amortization of the unfunded actuarial liability.

The Unfunded Actuarial Liability increased from \$367 million to \$467 million during the year, resulting in a change in funding ratio from 94.5% to 93.3%. The increase in the Unfunded Actuarial Liability is largely attributable to the effect of salary increases larger than expected, and a loss on the Actuarial Value of Assets. A more thorough examination of these and other factors can be found in the Reconciliation of Unfunded Actuarial Accrued Liability (gain/loss analysis) in Table 2.

Based on the Market Value of Assets, the Unfunded Actuarial Liability increased from \$539 million to \$1,113 million, and the funded ratio decreased from 91.9% to 83.9%.

Plan Membership

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

	<u>December 31, 2000</u>	<u>December 31, 2001</u>
Active Members		
Number	36,089	36,679
Vested	16,185	16,439
Non-vested	19,904	20,240
Average Age	45.9	45.4
Average Service	9.7	10.0
Average Annual salary	\$34,455	\$37,489
Inactive Members		
Number	8,469	9,551
Retirees		
Number	15,530	15,365
Average Age	72.6	73.0
Average Annual Benefit	\$19,789	\$20,364
Surviving Spouse		
Number	4,608	4,525
Average Age	75.8	76.3
Average Annual Benefit	\$10,308	\$10,435
Children	189	198
Total Members	64,885	66,318

Total members receiving benefits under the Fund decreased 1.2% during 2001 from 20,138 to 19,890. Total expenditures for benefits decreased from \$378 million in 2000 to \$371 million during 2001, or 1.9%.

Changes in Provisions of the Fund

There were no changes in Plan provisions during 2001.

Discussion 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.

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.

We have maintained many of the assumptions and methods used by the prior actuary, including the application of loads to account for liabilities for future refunds, disabilities, child annuities, and reciprocal annuities. We will review these assumptions as more data becomes available to us. However, we do not expect these changes will substantially impact the Fund's liabilities.

2001 Experience Analysis

The Fund had an investment loss in 2001 of \$643 million relative to the 8% expected rate of return on a market value basis. The loss on an actuarial basis relative to the 8% expected rate of return was \$182 million due to the deferred recognition of investment gains and losses.

The pay increase assumption consists of two parts, a base salary increase (three percent) plus a longevity-based increase (two percent). The overall 2001 salary increase was 10.4 percent for members included in both the December 31, 2000 and December 31, 2001 valuations. Because the pay increases were less than anticipated by the actuarial assumptions, there was an experience loss of \$119 million.

There was an additional gain of \$140 million from all other factors, including actual retirement, termination, disability, mortality experience, and data changes. This is about 2.0 percent of the December 31, 2001 liabilities, which is a reasonable variation.

Table 2 summarizes the experience gains and losses for the year.

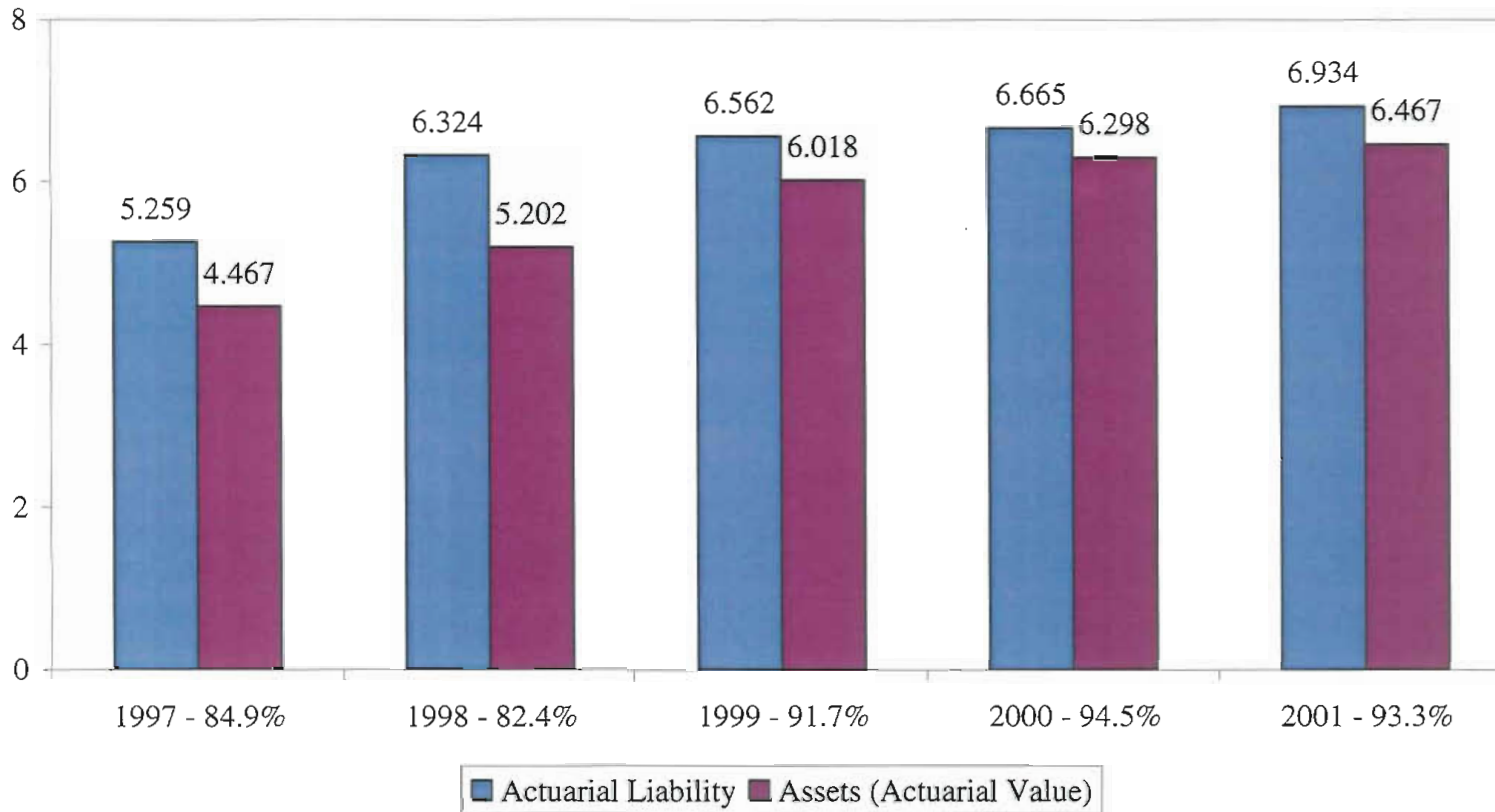
Changes in Assumptions

There have been no changes in actuarial assumptions reflected in this valuation.

Funding Analysis

The following charts summarize the various measures of benefit security (funded ratio) examined in this valuation and highlight the trends of the measures.

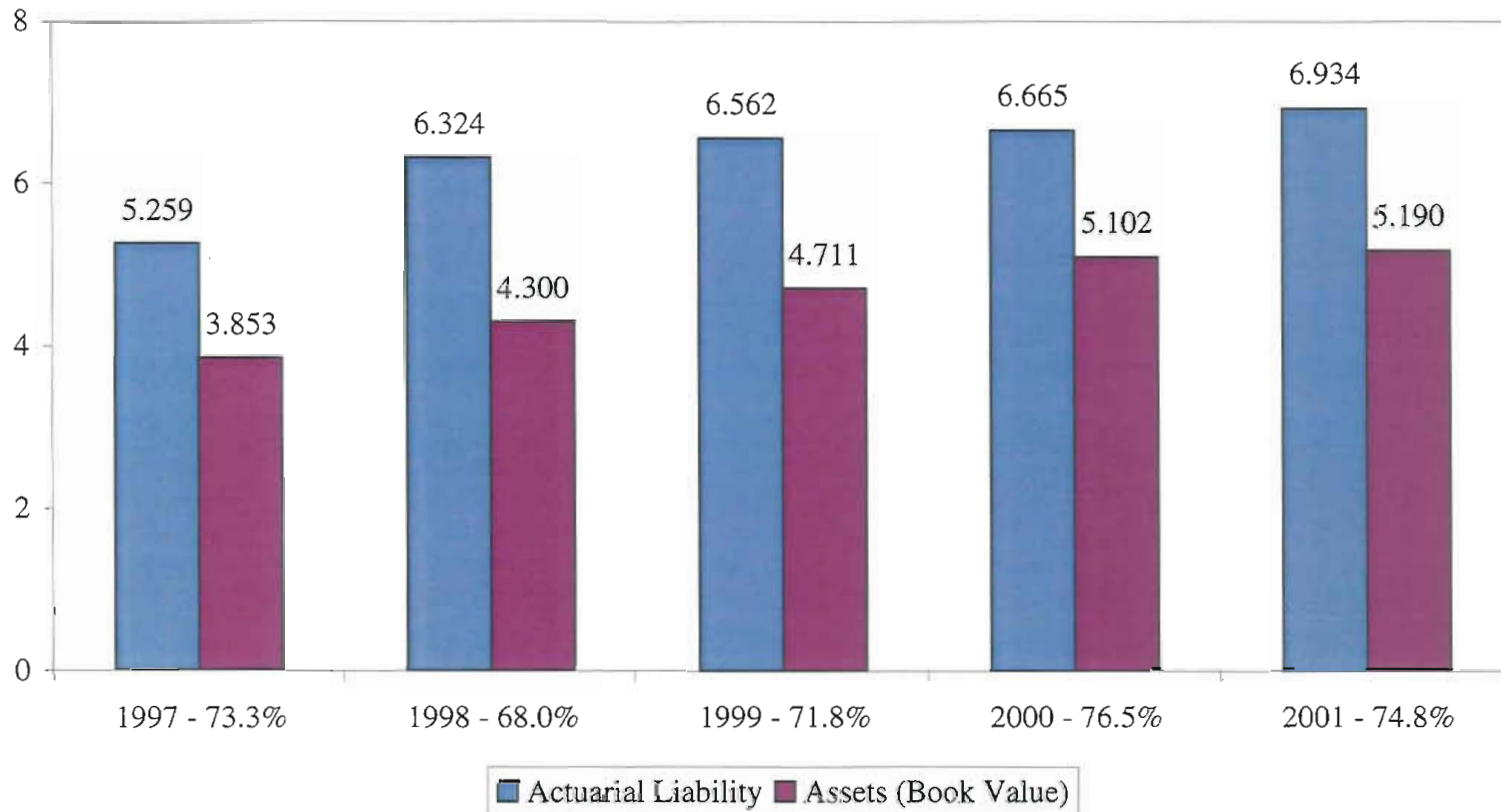
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
COMPONENTS OF FUNDING RATIO
GASB #25/STATE REPORTING
(\$ IN BILLIONS)



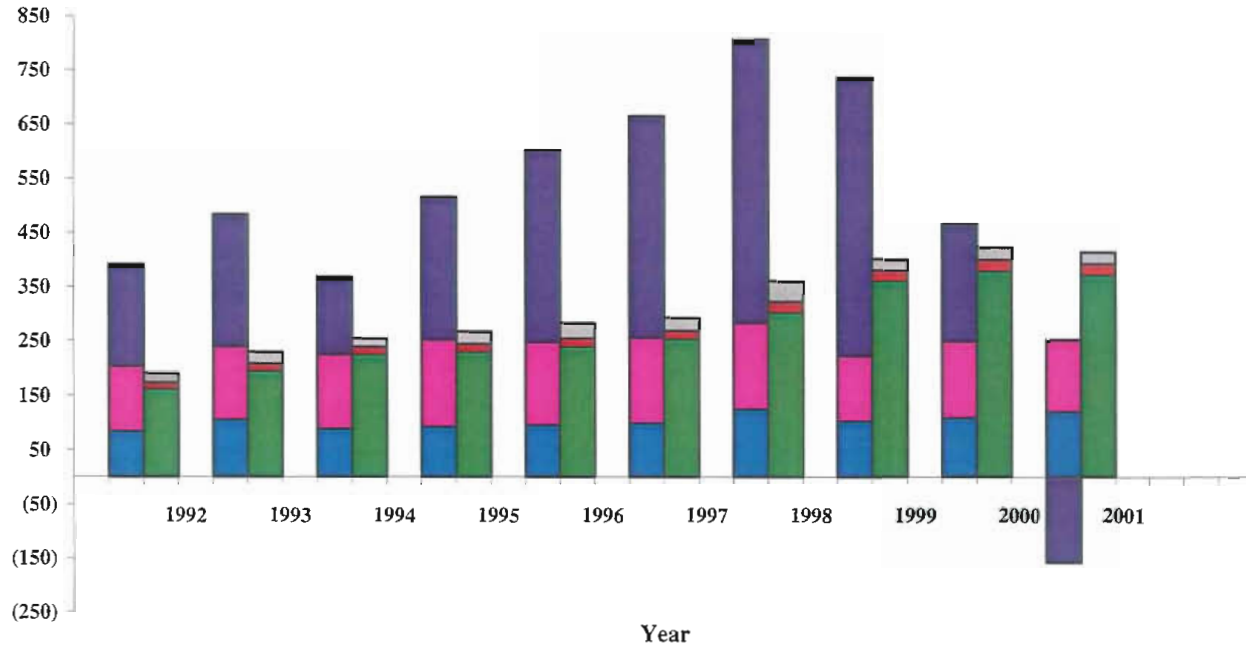
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO COMPONENTS OF FUNDING RATIO BASED ON MARKET VALUE (\$ IN BILLIONS)



MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO COMPONENTS OF FUNDING RATIO BASED ON BOOK VALUE (\$ IN BILLIONS)



MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO SUMMARY OF CASH FLOWS (\$ IN MILLIONS)



INCOME		PAY OUTS	
Employee Contributions		Benefits	
Employer Contributions		Expenses	
Investment Income		Refunds	

Conclusion

The Fund continues to be well funded with respect to current benefit liabilities, even after reflecting the market value rate of investment return that was below the actuarial assumption of eight percent for 2001. When measured using the Actuarial Value of Assets, which smoothes gains and losses over a five-year period, the funding ratio decreased slightly.

Based on our analysis, we believe that overall, the current assumptions are doing a reasonable job of modeling the Fund's actual experience. In the near future, we plan to review certain assumptions and methods, including the mortality table, for continuing appropriateness. Based on that review, we may recommend changes to the methods and assumptions currently being used.

Actuarial Computations



TABLE 1

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION
UNDER GASB #25 FOR 2002

	2001	2002
(1) Normal Cost	\$ 156,416,139	\$ 168,543,796
(2) Actuarial Accrued Liability (AAL)	\$ 6,665,179,731	\$ 6,934,176,477
(3) Unfunded AAL (UAAL)		
(a) Actuarial Value of Assets	\$ 6,297,976,257	\$ 6,466,797,543
(b) UAAL [2-3(a)]	\$ 367,203,474	\$ 467,378,934
(4) 40-Year Amortization (Level \$) Payable at BOY	\$ 28,512,725	\$ 36,291,179
(5) Minimum Actuarially Calculated Contribution		
(a) Interest Adjustment for Semimonthly Payment	\$ 6,899,694	\$ 7,642,391
(b) Total Minimum Contribution [1+4+5(a)]; but not less than zero	\$ 191,828,558	\$ 212,477,366
(c) Total Minimum Contribution (Percent of Pay)	15.43%	15.45%
(6) Estimated Member Contributions	\$ 108,302,425	\$ 119,765,496
(7) Annual Required Contribution (ARC)		
(a) Annual Required Contribution [5(b)-6]	\$ 83,526,133	\$ 92,711,870
(b) Annual Required Contribution (Percent of Pay)	6.72%	6.74%
(8) Estimated City Contribution (after 4% loss)	\$ 130,199,616	\$ 131,501,000
(9) City Contribution Deficiency/(Excess)		
(a) in Dollars [(7(a)-8)]	\$ (46,673,483)	\$ (38,789,130)
(b) as a Percentage of Pay	(3.75%)	(2.82%)
(10) Combined City/Member Contributions Deficiency/(Excess)		
(a) in Dollars [5(b)-6-8]	\$ (46,673,483)	\$ (38,789,130)
(b) as a Percentage of Pay	(3.75%)	(2.82%)

TABLE 2

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	
Beginning of Year	\$ 367,203,474
(Gains) Losses During the Year Attributable to:	
Contributions in excess of Normal Cost plus Interest	(61,169,938)
(Gain) Loss on Investment Return	182,147,072
(Gain) Loss from Salary Changes	118,932,900
(Gain) Loss from Retirement, Termination, & Mortality	<u>(139,734,574)</u>
Net Increase (Decrease) in UAAL	100,175,460
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	
End of Year	\$ 467,378,934

TABLE 3

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF BASIC ACTUARIAL VALUES

	APV of Projected Benefits	2002 Normal Cost
(1) Values for Active Members		
(a) Retirement	\$ 4,269,522,714	\$ 120,957,977
(b) Termination	208,286,160	21,951,793
(c) Death	126,396,816	6,217,368
(d) Health Insurance	66,685,407	2,439,788
(e) Disability, Children's Benefit & Reciprocal	402,630,812	12,890,356
(f) Expenses of Administration	0	4,086,514
Total for Actives	\$ 5,073,521,909	\$ 168,543,796
(2) Values for Members in Payment Status	3,381,254,824	0
(3) Grand Totals	\$ 8,454,776,733	\$ 168,543,796
Actuarial Present Value of Future Compensation		\$ 13,017,884,997

TABLE 4

**MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
TERMINATION LIABILITIES**

	<u>2000</u>	<u>2001</u>
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	\$ 3,380,841,203	\$ 3,381,254,824
Salary Deductions Contributed by Active Fund Members (with Interest)	986,495,384	1,052,749,399
Total	\$ 4,367,336,587	\$ 4,434,004,223
Actuarial Asset Value	6,297,976,257	6,466,797,543
Excess Upon Termination	\$ 1,930,639,670	\$ 2,032,793,320
Percent Funded	144.21%	145.85%

TABLE 5

**MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
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 Contribution	Retirees and Beneficiaries	Active Members (ER Financed Portion)		(1)	(2)	(3)
1992	714,169,439	1,331,738,169	1,154,846,625	2,735,313,710	100.00%	100.00%	59.70%
1993 ^b	667,556,151	1,921,282,257	957,323,830	3,044,072,035	100.00%	100.00%	47.55%
1994	742,348,747	1,916,914,202	1,065,084,447	3,129,379,505	100.00%	100.00%	44.14%
1995	805,024,007	1,952,562,309	1,125,704,254	3,466,557,418	100.00%	100.00%	62.98%
1996	860,474,026	2,001,416,124	1,117,048,458	3,907,997,927	100.00%	100.00%	93.65%
1997 ^{a,b}	935,038,744	2,251,886,541	2,072,219,872	4,467,100,715	100.00%	100.00%	61.78%
1998 ^{a,b}	865,320,511	3,508,852,569	1,950,542,822	5,202,095,202	100.00%	100.00%	42.45%
1999 ^{a,c}	881,590,795	3,357,380,909	2,323,327,481	6,017,841,114	100.00%	100.00%	76.57%
2000	986,495,384	3,380,841,203	2,297,843,144	6,297,976,257	100.00%	100.00%	84.02%
2001	1,052,749,399	3,381,254,824	2,500,172,254	6,466,797,543	100.00%	100.00%	81.31%

a. Change in actuarial assumptions

b. Change in benefits

c. Change in actuary

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

TABLE 6

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
 STATUTORY RESERVES AS OF DECEMBER 31, 2001

	New in 2001			Continuing from 2000			Total		
	Annuity Payment Fund	Prior Service Fund	Total	Annuity Payment Fund	Prior Service Fund	Total	Annuity Payment Fund	Prior Service Fund	Total
Statutory Reserve									
Retirees	\$ 36,451,038	\$ 86,813,503	\$ 123,264,541	\$ 652,479,550	\$ 2,142,582,277	\$ 2,795,061,827	\$ 688,930,588	\$ 2,229,395,780	\$ 2,918,326,368
Future Surviving Spouses	\$ 6,249,426	\$ 5,219,317	\$ 11,468,744	\$ 145,894,904	\$ 194,754,565	\$ 340,649,470	\$ 152,144,331	\$ 199,973,883	\$ 352,118,213
Spouses	\$ 14,480,503	\$ 12,724,914	\$ 27,205,418	\$ 114,305,126	\$ 160,842,045	\$ 275,147,171	\$ 128,785,630	\$ 173,566,959	\$ 302,352,589
Annual Benefits									
Retirees	\$ 3,498,996	\$ 5,664,654	\$ 9,163,650	\$ 85,808,817	\$ 217,862,051	\$ 303,670,868	\$ 89,307,813	\$ 223,526,705	\$ 312,834,518
Future Surviving Spouses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spouses	\$ 1,614,778	\$ 1,645,103	\$ 3,259,881	\$ 16,539,182	\$ 27,421,477	\$ 43,960,659	\$ 18,153,960	\$ 29,066,580	\$ 47,220,540

TABLE 7

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
DEPARTMENT OF INSURANCE DISCLOSURE

	2000	2001
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	\$ 3,380,841,203	\$ 3,381,254,824
Current Employees:		
Accumulated Employee Contributions	986,495,384	1,052,749,399
Payable to Vested and Non-Vested Employees	1,193,188,251	1,759,239,423
Total APV	\$ 5,560,524,838	\$ 6,193,243,646
Net Assets Available for Benefits, Actuarial Value	6,297,976,257	6,466,797,543
Unfunded AAL (assets in excess of AAL)	\$ (737,451,419)	\$ (273,553,897)
Percent Funded	113.26%	104.42%
Unfunded AAL as Percent of Payroll	(59.31)%	(19.89)%
Payroll	\$ 1,243,439,345	\$ 1,375,048,892

TABLE 8
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
ACTUARIAL RESERVE LIABILITIES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2001

Accrued Liabilities for Active Participants	\$ 3,271,357,171
Reserves For:	
Service Retirement Pension	3,055,591,404
Ordinary Disability Benefits	151,172,833
Duty Disability Benefits	63,744,818
Surviving Spouse Pension	325,663,420
Children Annuitants	12,075,143
Reciprocal Benefits	54,571,688
	<hr/>
Total Accrued Liabilities	6,934,176,477
Unfunded Actuarial Liabilities	467,378,934
Actuarial Net Assets	6,466,797,543

Assets of the Plan



MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ASSETS OF THE PLAN

The book value of plan assets, net of accounts payable, increased from \$5.10 billion as of December 31, 2000 to \$5.19 billion as of December 31, 2001, while the market value of plan assets decreased from \$6.13 billion as of December 31, 2000 to \$5.82 billion as of December 31, 2001. Table 9 details the development of asset values during 2001 and Table 10 shows the development of the actuarial value of assets as of December 31, 2001.

TABLE 9

**RECONCILIATION OF ASSET VALUES
AS OF DECEMBER 31, 2001**

	<u>Market Value</u>	<u>Cost Value</u>
(1) Value of Assets as of 12/31/2000	\$ 6,126,238,249	\$ 5,101,919,939
(2) Income for Plan Year:		
(a) Member Contributions	\$ 118,240,723	\$ 118,240,723
(b) City Contributions & Miscellaneous	131,439,834	131,439,834
(c) Investment Income Net of Expenses	<u>(158,373,573)</u>	<u>235,241,174</u>
(d) Total Income	\$ 91,306,984	\$ 484,921,731
(3) Disbursements for Plan Year:		
(a) Benefit Payments	\$ 370,741,229	\$ 370,741,229
(b) Refunds and Rollovers	21,951,793	21,951,793
(c) Administration	<u>4,086,514</u>	<u>4,086,514</u>
(d) Total Disbursements	\$ 396,779,536	\$ 396,779,536
(4) Value of Assets as of 12/31/2001	\$ 5,820,765,697	\$ 5,190,062,134
(5) Estimated Rate of Return in 2001:		
(a) Gross (Investment Expense of \$16,694,784)	(2.34)%	5.02%
(b) Net of Investment Expense	(2.62)%	4.68%

TABLE 10

**DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
AS OF DECEMBER 31, 2001**

(1) Expected Return on Market Value of Assets for Prior Year				
(a) Market Value of Assets as of 12/31/2000				\$6,126,238,249
(b) Actual Income and Disbursements in Prior Year Weighted for Timing				
	<u>Item</u>	<u>Amount</u>	<u>Weight for Timing</u>	<u>Weighted Amount</u>
i)	Member Contributions	\$ 118,240,723	50.0%	\$ 59,120,362
ii)	City Contributions & Misc.	131,439,834	50.0%	65,719,917
iii)	Benefit Payments	(370,741,229)	50.0%	(185,370,615)
iv)	Refunds	(21,951,793)	50.0%	(10,975,897)
v)	Administration	(4,086,514)	50.0%	(2,043,257)
vi)	Total			\$ (73,549,490)
(c) Market Value of Assets Adj. for Actual Income and Disbursements [(a) + (b)(vi)]				\$6,052,688,759
(d) Assumed Rate of Return on Plan Assets for the Year				8.00%
(e) Expected Return [(c) * (d)]				\$ 484,215,101
(2) Actual Return on Market Value of Assets for Prior Year				
(a) Market Value of Assets as of 12/31/2000				\$6,126,238,249
(b) Income (less investment income) for Prior Plan Year				249,680,557
(c) Disbursements Paid in Prior Year				396,779,536
(d) Market Value of Assets as of 12/31/2001				5,820,765,697
(e) Actual Return [(d) + (c) - (b) - (a)]				\$ (158,373,573)
(3) Investment Gain/(Loss) for Prior Year				\$ (642,588,674)
(4) Actuarial Value of Assets as of 12/31/2001				
(a) Market Value of Assets as of 12/31/2001				\$5,820,765,697
(b) Deferred Investment Gains and (Losses) for Last 5 Years				
	<u>Plan Year</u>	<u>Gain/(Loss)</u>	<u>Weight for Timing</u>	<u>Deferred Amount</u>
i)	1997	-	0.00%	-
ii)	1998	-	20.00%	-
iii)	1999	\$ 63,148,044	40.00%	\$ 25,259,218
iv)	2000	(262,033,541)	60.00%	(157,220,125)
v)	2001	(642,588,674)	80.00%	(514,070,939)
vi)	Total	\$ (841,474,171)		\$ (646,031,846)
(c) Actuarial Value of Assets [(a) - (b) (vi)]				\$6,466,797,543
<p>Note: 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.</p>				

Plan Members Data



EXHIBIT A

SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS FOR FISCAL YEAR ENDING DECEMBER 31, 2001

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Number of Active Members at Beginning of Year *	17,806	18,283	36,089
Data Adjustments	(33)	0	(33)
Reclassify Gender	(3,027)	3,027	0
Increases:			
Members Added During the Year	1,563	2,547	4,110
Members Returning From Inactive	176	250	426
Totals	<u>1,739</u>	<u>2,797</u>	<u>4,536</u>
Decreases:			
Terminations During Year	1,557	2,356	3,913
Number of Active Members at End of Year	14,928	21,751	36,679
Total Inactive Members	4,287	5,264	9,551
Terminations			
Withdrawal (With Refunds)	390	591	981
Withdrawal (Without Refunds)	919	1,431	2,350
Withdrawal (Additional Payroll)	29	3	32
Transfer payment to Laborers	17	9	26
Retirements	153	280	433
Deaths	49	42	91
Totals	<u>1,557</u>	<u>2,356</u>	<u>3,913</u>

* All employees receiving ordinary and duty disability benefits are included in the active count.

EXHIBIT B

SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES FOR FISCAL YEAR ENDING DECEMBER 31, 2001

	<u>Number at Beginning of Year</u>	<u>Additions During Year</u>	<u>Terminations During Year</u>	<u>Number at End of Year</u>
Employee Annuitants	15,530	566	734	15,362
Deferred Employee Annuitants	0	5	2	3
Spouse Annuitants	4,608	277	360	4,525
Child Annuitants	189	47	38	198
Ordinary Disability Benefit	300	628	619	309
Duty Disability Benefit	148	442	394	196
Totals	20,775	1,965	2,147	20,593

EXHIBIT C

PART I – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2001

Attained Age	Completed Years of Service								35 & Over	Total
	Under 1	1-4	5-9	10-14 ²	15-19	20-24	25-29	30-34		
Under 20	10 \$143,590	64 \$494,884	-	-	-	-	-	-	-	74 \$638,474
20-24	57 1,333,644	341 8,630,562	28 \$706,735	-	-	-	-	-	-	426 10,670,941
25-29	50 1,201,719	646 22,955,424	203 8,234,766	13 \$367,085	-	-	-	-	-	912 32,758,994
30-34	57 1,661,081	734 29,587,220	444 20,815,607	193 9,231,426	9 \$505,650	-	-	-	-	1,437 61,800,984
35-39	61 1,488,125	674 27,459,884	533 25,722,714	479 23,058,153	207 10,231,710	3 \$145,956	-	-	-	1,957 88,106,542
40-44	43 1,301,219	635 27,389,377	516 25,649,884	517 25,603,475	618 33,588,116	134 7,716,341	-	-	-	2,463 121,248,412
45-49 ¹	386 13,087,075	478 20,754,536	415 20,786,545	493 25,444,814	601 33,188,865	395 23,911,382	117 \$7,337,071	3 \$188,238	-	2,888 144,698,526
50-54	32 869,012	337 14,669,896	272 13,865,739	373 19,612,586	488 26,556,057	334 19,501,162	210 13,235,993	60 3,764,221	2 105,516	2,108 112,180,182
55-59	11 418,262	196 7,944,888	195 9,404,835	243 12,927,150	332 18,346,362	163 9,848,859	124 7,675,421	69 4,151,833	15 982,376	1,348 71,699,986
60-64	9 156,931	94 3,386,967	136 6,253,489	164 7,785,198	196 9,622,837	73 3,771,781	49 3,231,964	51 2,690,983	21 1,529,012	793 38,429,162
65 & Over	2 66,111	67 1,692,142	94 3,248,016	96 4,612,472	117 5,808,685	64 3,326,370	35 1,903,856	23 1,202,101	24 1,562,377	522 23,422,130
Total	718 \$21,726,769	4,266 \$164,965,780	2,836 \$134,688,330	2,571 \$128,642,359	2,568 \$137,848,282	1,166 \$68,221,851	535 \$33,384,305	206 \$11,997,376	62 \$4,179,281	14,928 \$705,654,333

¹ – Includes 347 members with null date of birth

² – Includes 628 members with null date of hire

EXHIBIT C

PART II – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2001

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14 ²	15-19	20-24	25-29	30-34	35 & Over		
Under 20	13 \$153,818	100 \$852,538	- -	- -	- -	- -	- -	- -	- -	- -	113 \$1,006,356
20-24	112 2,315,167	424 9,264,263	59 \$1,208,340	- -	- -	- -	- -	- -	- -	- -	595 12,787,770
25-29	138 3,040,484	888 25,570,711	331 9,653,574	29 \$862,673	- -	- -	- -	- -	- -	- -	1,386 39,127,442
30-34	127 2,556,574	982 28,922,730	610 21,842,799	286 10,055,935	10 \$466,178	- -	- -	- -	- -	- -	2,015 63,844,216
35-39	124 2,577,307	1,100 28,722,045	764 23,970,966	593 20,523,772	194 8,190,686	14 \$629,424	- -	- -	- -	- -	2,789 84,614,200
40-44	112 2,254,084	1,040 26,705,339	926 26,740,604	838 27,443,413	371 15,329,831	155 7,367,442	2 \$82,992	- -	- -	- -	3,444 105,923,705
45-49 ¹	438 10,791,107	821 21,676,568	808 24,149,191	794 24,646,964	480 17,662,185	300 14,332,989	71 3,809,553	11 \$651,381	- -	- -	3,723 117,719,938
50-54	43 1,034,704	534 14,159,261	597 17,311,028	728 22,847,752	504 17,734,405	360 15,916,901	168 8,632,138	96 4,002,859	5 \$300,722	5 101,939,770	
55-59	27 383,922	273 7,084,489	361 9,981,432	512 14,772,831	431 14,188,565	368 14,484,764	122 5,211,698	98 3,892,763	20 902,359	20 70,902,823	
60-64	12 128,104	162 3,458,894	249 6,049,461	327 9,254,002	239 7,818,430	241 8,818,804	121 4,298,061	147 4,566,870	26 1,286,394	26 45,679,020	
65 & Over	8 110,112	95 1,313,053	142 2,663,651	142 3,778,657	147 4,647,994	158 5,866,688	66 2,415,595	112 3,244,134	45 1,809,435	45 25,849,319	
Total	1,154 \$25,345,383	6,419 \$167,729,891	4,847 \$143,571,046	4,249 \$134,185,999	2,376 \$86,038,274	1,596 \$67,417,012	550 \$24,450,037	464 \$16,358,007	96 \$4,298,910	21,751 \$669,394,559	

¹ – Includes 383 members with null date of birth

² – Includes 743 members with null date of hire

EXHIBIT C

PART III – TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2001

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14 ²	15-19	20-24	25-29	30-34	35 & Over		
Under 20	23 \$297,409	164 \$1,347,422	- -	- -	- -	- -	- -	- -	- -	- -	187 \$1,644,831
20-24	169 3,648,811	765 17,894,825	87 \$1,915,075	- -	- -	- -	- -	- -	- -	- -	1,021 23,458,711
25-29	188 4,242,203	1,534 48,526,135	534 17,888,341	42 \$1,229,757	- -	- -	- -	- -	- -	- -	2,298 71,886,436
30-34	184 4,217,656	1,716 58,509,948	1,054 42,658,406	479 19,287,362	19 \$971,828	- -	- -	- -	- -	- -	3,452 125,645,200
35-39	185 4,065,432	1,774 56,181,929	1,297 49,693,681	1,072 43,581,925	401 18,422,396	17 \$775,380	- -	- -	- -	- -	4,746 172,720,743
40-44	155 3,555,303	1,675 54,094,717	1,442 52,390,488	1,355 53,046,888	989 48,917,947	289 15,083,783	2 \$82,992	- -	- -	- -	5,907 227,172,118
45-49 ¹	824 23,878,181	1,299 42,431,100	1,223 44,935,736	1,287 50,091,778	1,081 50,851,049	695 38,244,370	188 11,146,625	14 \$839,619	- -	- -	6,611 262,418,458
50-54	75 1,903,717	871 28,829,159	869 31,176,766	1,101 42,460,339	992 44,290,461	694 35,418,063	378 21,868,130	156 7,767,080	7 \$406,238	5,143 214,119,953	
55-59	38 802,184	469 15,029,377	556 19,386,267	755 27,699,981	763 32,534,928	531 24,333,623	246 12,887,119	167 8,044,597	35 1,884,736	3,560 142,602,812	
60-64	21 285,035	256 6,845,862	385 12,302,950	491 17,039,200	435 17,441,268	314 12,590,585	170 7,530,025	198 7,257,853	47 2,815,406	2,317 84,108,184	
65 & Over	10 176,223	162 3,005,194	236 5,911,667	238 8,391,129	264 10,456,679	222 9,193,058	101 4,319,451	135 4,446,234	69 3,371,811	1,437 49,271,446	
Total	1,872 \$47,072,154	10,685 \$332,695,668	7,683 \$278,259,377	6,820 \$262,828,359	4,944 \$223,886,556	2,762 \$135,638,862	1,085 \$57,834,342	670 \$28,355,383	158 \$8,478,191	36,679 \$1,375,048,892	

1 – Includes 730 members with null date of birth
2 – Includes 1,371 members with null date of hire

EXHIBIT C

PART IV – TOTAL LIVES AND ANNUAL SALARIES OF BOARD OF EDUCATION PLAN MEMBERS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2001

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14 ²	15-19	20-24	25-29	30-34	35 & Over		
Under 20	22 \$290,337	12 \$182,264	- -	- -	- -	- -	- -	- -	- -	- -	34 \$472,601
20-24	163 3,430,771	402 8,619,757	10 \$170,847	- -	- -	- -	- -	- -	- -	- -	575 12,221,375
25-29	178 4,009,237	755 18,121,185	227 5,523,498	16 \$427,472	- -	- -	- -	- -	- -	- -	1,176 28,081,392
30-34	174 3,936,813	814 18,950,232	405 11,305,089	189 5,580,530	5 \$246,252	- -	- -	- -	- -	- -	1,587 40,018,916
35-39	172 3,658,047	970 21,663,692	593 15,120,487	428 12,155,144	178 6,769,164	4 \$154,392	- -	- -	- -	- -	2,345 59,520,926
40-44	142 3,155,111	915 20,793,877	738 18,297,423	627 16,521,863	371 13,769,482	56 2,599,310	- -	- -	- -	- -	2,849 75,137,066
45-49 ¹	101 2,091,210	701 16,440,758	628 16,403,001	612 15,581,787	395 13,235,424	150 6,888,403	75 \$4,204,063	5 \$246,982	- -	- -	2,667 75,091,628
50-54	65 1,643,818	439 10,225,249	423 10,769,633	535 13,795,926	404 12,154,361	169 6,323,577	113 5,456,399	83 3,369,631	4 \$262,958	- -	2,235 64,001,552
55-59	34 704,885	236 5,441,700	287 6,712,295	389 9,460,529	337 9,415,778	172 5,344,127	72 2,797,249	92 3,660,825	12 693,103	- -	1,631 44,230,491
60-64	18 226,786	114 2,662,845	186 4,358,775	252 5,876,721	204 5,539,643	129 3,593,828	71 2,481,145	142 4,538,810	24 1,396,747	- -	1,140 30,675,300
65 & Over	7 151,626	49 1,051,926	65 1,101,728	90 2,264,877	115 2,783,048	67 1,779,123	41 1,385,651	89 2,817,508	12 521,446	- -	535 13,856,933
Total	1,076 \$23,298,641	5,407 \$124,153,485	3,562 \$89,762,776	3,138 \$81,664,849	2,009 \$63,913,152	747 \$26,682,760	372 \$16,324,507	411 \$14,633,756	52 \$2,874,254	- -	16,774 \$443,308,180

¹ – Includes 3 members with null date of birth

² – Includes 1 member with null date of hire

EXHIBIT C

PART V – TOTAL LIVES AND ANNUAL SALARIES OF CITY PLAN MEMBERS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2001

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14 ²	15-19	20-24	25-29	30-34	35 & Over		
Under 20	1 \$7,072	152 \$1,165,158	- -	- -	- -	- -	- -	- -	- -	- -	153 \$1,172,230
20-24	6 218,040	362 9,250,212	77 \$1,744,228	- -	- -	- -	- -	- -	- -	- -	445 11,212,480
25-29	9 212,296	778 30,373,071	306 12,329,457	26 \$802,285	- -	- -	- -	- -	- -	- -	1,119 43,717,109
30-34	10 280,843	901 39,524,928	649 31,353,317	289 13,659,616	13 \$698,744	- -	- -	- -	- -	- -	1,862 85,517,448
35-39	13 407,385	803 34,476,378	703 34,526,133	642 31,305,258	222 11,613,737	13 \$620,988	- -	- -	- -	- -	2,396 112,949,879
40-44	13 400,192	756 33,145,541	703 34,053,103	727 36,474,169	618 35,148,465	232 12,438,687	2 \$82,992	- -	- -	- -	3,051 151,743,149
45-49 ¹	723 21,786,971	598 25,990,347	594 28,500,158	674 34,479,623	684 37,488,746	544 31,313,978	112 6,891,965	9 \$592,638	- -	- -	3,938 187,044,426
50-54	10 259,899	431 18,543,824	445 20,364,259	565 28,618,704	586 31,994,660	525 29,094,486	263 16,264,649	73 4,397,449	3 \$143,280	3 -	2,901 149,681,210
55-59	4 97,298	232 9,556,034	268 12,630,396	365 18,197,956	425 23,086,962	359 18,989,495	173 10,038,598	75 4,383,772	23 1,191,632	23 -	1,924 98,172,143
60-64	3 58,249	142 4,183,017	199 7,944,175	239 11,162,480	231 11,901,624	184 8,935,267	99 5,048,880	56 2,719,043	23 1,418,659	23 -	1,176 53,371,394
65 & Over	3 24,597	113 1,953,269	171 4,809,938	148 6,126,252	148 7,629,040	155 7,413,935	60 2,933,800	46 1,628,726	57 2,850,367	57 -	901 35,369,924
Total	795 \$23,752,842	5,268 \$208,161,779	4,115 \$188,255,164	3,675 \$180,826,343	2,927 \$159,561,978	2,012 \$108,806,836	709 \$41,260,884	259 \$13,721,628	106 \$5,603,938	106 -	19,866 \$929,951,392

1 – Includes 727 members with null date of birth
2 – Includes 1,370 members with null date of hire

EXHIBIT D

AGE AND SERVICE DISTRIBUTION FOR INACTIVES AS OF DECEMBER 31, 2001

Attained Age	Years of Service									Total
	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
Under 20	37	36	-	-	-	-	-	-	-	73
20-24	172	253	8	-	-	-	-	-	-	433
25-29	305	451	76	3	-	-	-	-	-	835
30-34	358	540	195	28	1	-	-	-	-	1,122
35-39	364	518	219	57	19	-	-	-	-	1,177
40-44	792	743	251	120	43	4	-	-	-	1,953
45-49	557	480	200	99	62	29	5	-	-	1,432
50-54	251	285	153	102	81	40	30	2	-	944
55-59	175	171	126	79	36	23	10	4	1	625
60-64	128	93	84	37	23	7	9	1	-	382
70 & Over	224	155	91	51	19	15	9	8	3	575
Total	3,363	3,725	1,403	576	284	118	63	15	4	9,551
Average Age										43.67
Average Service										3.43

For inactives without a birthdate on record, we assumed an average age of 44.

EXHIBIT E

STATISTICS ON EMPLOYEE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 2001

Age	Male		Female	
	No.	Annual Payments	No.	Annual Payments
Under 50	7	\$ 43,603	6	\$ 46,152
50	2	83,000	5	93,424
51	7	220,334	3	86,284
52	13	443,569	11	279,483
53	11	272,006	12	275,546
54	31	996,084	21	654,377
55	35	1,125,929	38	874,061
56	47	1,245,003	47	889,496
57	55	1,434,508	68	1,244,779
58	89	2,699,694	106	2,213,711
59	134	4,148,477	161	3,000,011
60	106	3,109,607	159	3,349,232
61	148	4,011,256	188	3,528,251
62	144	4,198,324	208	3,961,295
63	193	5,511,479	275	5,029,814
64	245	7,161,409	304	5,441,387
65	191	5,361,359	352	5,940,885
66	258	7,597,944	371	6,382,377
67	246	6,580,354	361	6,189,147
68	257	6,996,804	333	5,477,795
69	261	7,207,048	331	5,468,905
70	270	7,640,414	334	5,624,378
71	262	7,326,946	385	6,202,017
72	304	8,482,637	386	5,959,700
73	280	8,022,748	373	5,788,792
74	314	8,468,223	372	5,880,715
75	277	6,943,292	329	4,876,692
76	303	8,240,794	326	4,976,720
77	274	7,180,436	314	4,482,598
78	264	6,925,637	299	4,212,059
79	242	5,990,398	290	4,121,693
80	212	5,245,416	280	3,867,896
81	194	4,362,092	271	3,788,923
82	174	3,998,899	210	2,786,370
83	133	2,828,538	190	2,645,414
84	132	2,850,073	193	2,478,960
85 & over	504	9,305,353	831	10,455,495
Totals	6,619	\$174,259,687	8,743	\$138,574,830

EXHIBIT F

STATISTICS ON SURVIVING SPOUSE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 2001

Age	Male		Female	
	No.	Annual Payments	No.	Annual Payments
Under 30	-	\$ -	1	\$ 9,600
30	-	-	-	-
31	-	-	1	9,600
32	-	-	-	-
33	-	-	1	9,600
34	-	-	-	-
35	-	-	2	19,200
36	-	-	2	19,200
37	-	-	1	9,600
38	-	-	3	28,800
39	-	-	4	38,400
40	3	28,800	4	38,400
41	-	-	7	69,735
42	2	10,800	6	73,619
43	1	648	3	28,800
44	4	38,400	5	48,000
45	1	9,600	11	115,475
46	2	19,200	11	105,600
47	1	9,600	8	79,425
48	2	19,200	7	52,354
49	5	48,000	16	145,986
50	1	9,600	11	117,150
51	3	31,376	18	172,800
52	3	31,489	14	155,538
53	5	48,613	18	170,151
54	2	21,532	22	211,200
55	7	67,200	27	301,119
56	3	29,476	25	276,769
57	4	33,900	23	246,315
58	11	98,547	39	411,486
59	4	38,400	32	372,209
60	6	57,600	38	471,127
61	13	124,193	38	469,803
62	13	125,762	30	357,222
63	9	98,958	46	510,402
64	14	142,258	50	576,894
65	12	107,504	65	782,085
66	10	96,401	73	797,020
67	13	130,817	76	827,570
68	17	151,718	81	967,035
69	13	120,215	83	952,986

EXHIBIT F (CONTINUED)

STATISTICS ON SURVIVING SPOUSE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2001

Age	Male		Female	
	No.	Annual Payments	No.	Annual Payments
70	9	\$ 86,400	99	\$ 1,077,119
71	17	171,496	103	1,181,625
72	19	185,619	117	1,329,985
73	21	203,679	135	1,586,292
74	26	255,910	150	1,622,792
75	27	260,795	160	1,725,852
76	21	222,002	167	1,760,073
77	16	153,804	191	2,011,159
78	21	226,358	179	1,967,484
79	25	248,063	144	1,477,626
80	16	155,250	148	1,467,468
81	24	233,036	157	1,574,768
82	13	126,214	142	1,459,432
83	15	144,000	171	1,688,186
84	14	144,646	152	1,499,051
85 & over	67	653,508	873	8,522,767
Totals	535	\$5,220,584	3,990	\$41,999,956

EXHIBIT G

PART I - NUMBER OF REFUND PAYMENTS MADE DURING YEAR TO MALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2001

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	
Without Record							
Under 20	1	8	7	2	0	0	18
20-24	2	17	14	3	3	4	43
25-29	5	23	27	7	13	23	98
30-34	2	14	20	10	9	39	94
35-39	3	19	12	12	6	58	110
40-44	7	17	19	14	3	43	103
45-49	5	16	13	6	6	43	89
50-54	0	3	5	5	3	23	39
55-59	0	4	2	1	3	14	24
60 & Over	4	6	4	2	1	7	24
Totals	29	127	123	62	47	254	642

PART II - NUMBER OF REFUND PAYMENTS MADE DURING YEAR TO FEMALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2001

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	
Without Record							
Under 20	9	9	11	4	0	0	33
20-24	3	15	12	4	3	7	44
25-29	4	36	26	19	12	21	118
30-34	14	34	26	16	12	51	153
35-39	5	24	21	16	7	70	143
40-44	8	28	18	9	10	72	145
45-49	12	20	17	7	6	63	125
50-54	3	3	11	4	6	47	74
55-59	2	4	4	3	1	20	34
60 & Over	5	4	7	7	3	13	39
Totals	65	177	153	89	60	364	908

Includes refunds to actives and inactive.

EXHIBIT H

HEALTH INSURANCE SUPPLEMENT CLASSIFIED BY AGE AS OF DECEMBER 31, 2001

<u>Age</u>	<u>Single Coverage</u>	<u>Family Coverage</u>	<u>Total Coverage</u>	<u>Total Not Covered</u>	<u>Total Annuitants</u>	<u>% Covered Annuitants</u>
Employee Annuitants						
30-39	1	0	1	0	1	100.00%
40-49	7	1	8	4	12	66.67%
50-59	249	166	415	481	896	46.32%
60-69	1,330	866	2,196	2,735	4,931	44.53%
70-79	2,274	1,294	3,568	2,630	6,198	57.57%
80-89	1,409	451	1,860	1,100	2,960	62.84%
Over 90	211	29	240	124	364	65.93%
Total	5,481	2,807	8,288	7,074	15,362	53.95%
Spouse Annuitants						
Under 30	0	1	1	0	1	100.00%
30-39	2	4	6	8	14	42.86%
40-49	15	17	32	67	99	32.32%
50-59	63	25	88	184	272	32.35%
60-69	268	11	279	421	700	39.86%
70-79	760	0	760	887	1,647	46.14%
80-89	681	3	684	757	1,441	47.47%
Over 90	132	0	132	219	351	37.61%
Total	1,921	61	1,982	2,543	4,525	43.80%

EXHIBIT I

PART I MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2001

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	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	3	\$ 42,076	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0	3	\$ 42,076
30 to 34	0	0	0	0	2	35,260	2	45,185	0	0	0	0	4	80,445
35 to 39	0	0	0	0	1	32,503	1	15,079	0	0	0	0	2	47,582
40 to 44	0	0	0	0	2	43,074	3	67,661	0	0	1	14,363	6	125,098
45 to 49	0	0	0	0	2	36,403	3	63,571	5	127,917	2	41,060	12	268,951
50 to 54	0	0	1	27,102	3	61,109	5	100,986	8	147,552	8	196,347	25	533,096
55 to 59	0	0	1	24,231	1	19,875	0	0	8	171,725	7	163,477	17	379,308
60 & Over	0	0	1	3,025	4	57,230	5	120,239	14	296,705	4	80,098	28	557,297
Totals	0	\$ 0	6	\$ 96,434	15	\$ 285,454	19	\$ 412,721	35	\$ 743,899	22	\$ 495,345	97	\$ 2,033,853

PART II FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2001

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	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	4	\$ 78,651	2	\$ 25,945	0	\$ 0	0	\$ 0	0	\$ 0	6	\$ 104,596
30 to 34	0	0	3	62,094	3	58,651	3	93,972	0	0	0	0	9	214,717
35 to 39	0	0	3	60,018	2	51,065	8	136,769	2	49,117	0	0	15	296,969
40 to 44	0	0	2	36,544	9	78,787	9	149,962	3	60,660	4	83,734	27	409,687
45 to 49	0	0	4	63,721	1	16,566	7	94,192	6	126,320	3	65,032	21	365,831
50 to 54	0	0	2	37,036	5	68,299	8	129,891	15	236,189	12	275,680	42	747,095
55 to 59	0	0	0	0	5	71,104	6	58,026	7	89,539	19	314,941	37	533,610
60 & Over	0	0	1	12,823	8	88,088	9	124,596	19	330,962	18	278,253	55	834,722
Totals	0	\$ 0	19	\$ 350,887	35	\$ 458,505	50	\$ 787,408	52	\$ 892,787	56	\$ 1,017,640	212	\$ 3,507,227

Annual payments based on 50% salary.

EXHIBIT I

PART III MALE PARTICIPANTS RECEIVING DUTY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2001

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	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	3	\$ 104,398	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0	3	\$ 104,398
30 to 34	0	0	2	71,916	5	164,772	3	136,266	0	0	0	0	10	372,954
35 to 39	0	0	5	188,417	8	295,430	5	187,552	1	33,383	0	0	19	704,782
40 to 44	0	0	0	0	6	199,206	6	266,502	7	244,539	3	110,314	22	820,561
45 to 49	0	0	2	71,916	3	109,259	4	148,807	9	338,235	10	357,484	28	1,025,701
50 to 54	0	0	0	0	3	122,166	1	39,639	11	409,675	12	345,780	27	917,260
55 to 59	0	0	0	0	1	45,576	5	213,237	12	443,296	10	395,431	28	1,097,540
60 & Over	0	0	0	0	1	33,790	8	288,748	7	242,904	4	122,848	20	688,290
Totals	0	\$ 0	12	\$ 436,647	27	\$ 970,199	32	\$ 1,280,751	47	\$ 1,712,032	39	\$ 1,331,857	157	\$ 5,731,486

PART IV FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2001

Service:	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
Attained Age	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	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0
30 to 34	0	0	1	27,496	0	0	0	0	0	0	0	0	1	27,496
35 to 39	0	0	3	77,117	2	67,795	1	41,778	1	36,303	0	0	7	222,993
40 to 44	0	0	1	46,253	3	89,458	3	96,101	0	0	2	51,308	9	283,120
45 to 49	0	0	2	39,979	2	51,363	3	91,944	0	0	2	72,212	9	255,498
50 to 54	0	0	1	50,388	1	35,128	3	72,986	1	38,533	0	0	6	197,035
55 to 59	0	0	0	0	0	0	1	26,244	1	26,685	1	54,235	3	107,164
60 & Over	0	0	0	0	0	0	0	0	1	28,828	3	72,640	4	101,468
Totals	0	\$ 0	8	\$ 241,233	8	\$ 243,744	11	\$ 329,053	4	\$ 130,349	8	\$ 250,395	39	\$ 1,194,774

Annual payments based on 75% of salary. This would be offset by Worker's Compensation benefits.

EXHIBIT J

HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase	Actuarial Salary Assumption	CPI Chicago
1992	35,548	(1.98)%	\$1,016,438,280	4.91 %	\$28,593	7.03 %	6.00%	3.00%
1993	34,489	(2.98)%	\$990,566,232	(2.55)%	\$28,721	0.45 %	6.00%	3.00%
1994	36,254	5.12 %	\$1,080,425,256	9.07 %	\$29,802	3.76 %	6.00%	2.20%
1995	35,514	(2.04)%	\$1,087,913,784	0.69 %	\$30,633	2.79 %	6.00%	3.20%
1996	35,020	(1.39)%	\$1,076,057,784	(1.09)%	\$30,727	0.31 %	6.00%	2.70%
1997	34,839	(0.52)%	\$1,192,286,688	10.80 %	\$34,223	11.38 %	5.00%	2.70%
1998	33,119	(4.94)%	\$1,168,639,224	(1.98)%	\$35,286	3.11 %	5.00%	2.01%
1999	35,868	8.30 %	\$1,267,181,658	8.43 %	\$35,329	0.12 %	5.00%	2.57%
2000	36,089	0.62 %	\$1,243,439,345	(1.87)%	\$34,455	(2.47)%	5.00%	4.03%
2001	36,679	1.63 %	\$1,375,048,892	10.58 %	\$37,489	8.81 %	5.00%	0.82%
Average Increase (Decrease) for the Last 5 years		1.02%		5.19%		4.19%		2.43%

EXHIBIT K

NEW ANNUITIES GRANTED DURING 2001

	Male Annuitants	Female Annuitants	Surviving Spouses of Deceased Employees	Surviving Spouses of Deceased Annuitants
Number retired / deceased	194	363	53	223
Average age attained	62.7	63.9	54.9	73.3
Average length of service	21.2	21.5	N/A	N/A
Average spouse age	58.9	66.7	N/A	N/A
Average annual salary (4 out of 10)	N/A	N/A	N/A	N/A
Average annual final salary	N/A	N/A	N/A	N/A
Total annual annuity	\$4,154,919	\$5,349,097	\$606,450	\$2,712,059
Average annual annuity	\$21,417	\$14,736	\$11,442	\$12,162
Total Actuarial Liability	\$42,922,852	\$63,738,302	\$6,894,071	\$16,280,148
Average Liability	\$221,252	\$175,588	\$130,077	\$73,005

EXHIBIT L

NEW RECIPROCAL ANNUITIES GRANTED DURING 2001

	Reciprocal	
	Male Annuitants	Female Annuitants
Number Retired	31	32
Average Age Attained	59.5	61.5
Number with Spouses	21	16
Average Spouse Age	55.62	63.88
Percentage with Spouse	67.74%	50.00%
Total Annual Annuity	\$523,404	\$394,905
Average Annual Annuity	\$16,884	\$12,341
Total Liability (8% 1983 GAM)	\$5,793,466	\$4,929,780
Average Liability	\$186,886	\$154,056

EXHIBIT M

RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Years	Annuitants			Disability		Compensation	Reciprocal	
	Employee	Spouse	Child	Ordinary	Duty	Annuitants	Employee	Spouse
1992	9,848	3,889	211	469	216	2	1,364	290
1993	11,958	3,932	220	381	147	1	1,581	312
1994	11,802	3,963	214	403	175	1	1,611	322
1995	11,776	3,997	217	459	165	1	1,611	336
1996	11,841	4,030	226	460	191	1	1,607	350
1997	11,774	4,083	221	464	166	1	1,599	354
1998	14,070	4,120	228	263	120	1	1,768	362
1999	13,985	4,115	213	298	152	1	1,732	399
2000	13,744	4,213	189	300	148	1	1,786	395
2001	13,608	4,138	198	309	196	2 *	1,754	387

* Compensation annuitants also included with spouse annuitants.

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
1992	\$ 12,034	73.1	\$13,934	66.1	22.80
1993	14,000	71.7	19,461	64.4	27.40
1994	14,304	72.1	10,455	65.1	18.90
1995	14,753	72.0	14,071	64.3	21.90
1996	15,210	72.6	15,090	64.2	22.60
1997	16,088	72.5	13,651	64.4	20.30
1998	18,928	71.5	23,471	62.4	27.60
1999	19,347	72.3	12,625	63.5	N/A
2000	19,789	72.6	13,986	64.5	17.40
2001	20,364	73.0	17,063	63.5	21.40

EXHIBIT O

HISTORY OF ANNUITIES 1992-2001

Employee Annuitants (Male and Female)			
<u>Year End</u>	<u>Number of Annuitants</u>	<u>Total Annuities</u>	<u>Average Annuities</u>
1992	11,212	\$ 134,922,888	\$ 12,034
1993	13,544	189,611,382	14,000
1994	13,413	191,863,794	14,304
1995	13,387	197,499,522	14,753
1996	13,448	204,538,699	15,210
1997	13,373	215,144,576	16,088
1998	15,838	299,778,262	18,928
1999	15,717	304,074,542	19,347
2000	15,530	307,317,729	19,789
2001	15,362	312,834,517	20,364
Surviving Spouse Annuities			
<u>Year End</u>	<u>Number of Annuitants</u>	<u>Total Annuities</u>	<u>Average Annuities</u>
1992	4,179	\$ 18,768,253	\$ 4,491
1993	4,244	19,673,396	4,636
1994	4,285	20,583,009	4,804
1995	4,333	21,424,168	4,944
1996	4,380	22,263,041	5,083
1997	4,437	31,086,606	7,006
1998	4,482	45,271,671	10,101
1999	4,514	46,074,319	10,207
2000	4,608	47,500,739	10,308
2001	4,525	47,220,540	10,435

EXHIBIT P

HISTORY OF RETIREES AND BENEFICIARIES ADDED TO PAYROLLS

Year	Added to Payroll		Removed from Payroll		Payroll End of Year		Average	Increase
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits	Annual Benefit	Average Benefit
Employee Annuitants (Male or Female)								
1992	987	\$ 13,752,775	548	\$ 2,749,757	11,212	\$134,922,888	\$12,034	4.62%
1993	3043	59,219,491	711	4,530,997	13,544	189,611,382	14,000	16.34%
1994	567	10,332,338	698	8,079,926	13,413	191,863,794	14,304	2.18%
1995	650	13,551,155	676	7,915,427	13,387	197,499,522	14,753	3.14%
1996	708	10,683,679	647	3,644,502	13,448	204,538,699	15,210	3.09%
1997	564	19,294,719	639	8,688,841	13,373	215,144,576	16,088	5.78%
1998	3135	94,348,388	670	9,714,702	15,838	299,778,262	18,928	17.65%
1999	640	7,574,818	725	11,859,024	15,717	304,074,542	19,347	2.21%
2000	593	8,293,448	780	5,050,261	15,530	307,317,729	19,789	2.28%
2001	557	9,504,016	725	3,987,228	15,362	312,834,517	20,364	2.91%
Surviving Spouse Annuitants (Not Including Compensation)								
1992	279	\$ 1,698,645	226	\$ 895,160	4,179	\$18,768,253	\$ 4,491	3.15%
1993	317	1,955,074	252	1,049,931	4,244	19,673,396	4,636	3.22%
1994	314	2,046,301	273	1,136,691	4,285	20,583,006	4,804	3.62%
1995	305	2,890,172	257	1,139,401	4,333	21,424,167	4,944	2.93%
1996	298	1,898,417	251	1,059,543	4,380	22,263,041	5,083	2.80%
1997	311	9,943,282	254	1,119,717	4,437	31,086,606	7,006	37.84%
1998	325	15,996,513	280	1,811,449	4,482	45,271,671	10,101	44.71%
1999	312	3,499,596	280	2,821,399	4,514	46,074,319	10,207	1.05%
2000	344	3,308,638	250	1,882,218	4,608	47,500,739	10,308	0.99%
2001	277	3,318,509	360	3,598,708	4,525	47,220,540	10,435	1.23%

1999
604

**Actuarial Methods and Assumptions
as of December 31, 2001**



MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 2001

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 principal Actuarial Cost Method used in this valuation 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 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.

CURRENT ACTUARIAL ASSUMPTIONS

Demographic Assumptions

Mortality: 1983 Group Annuity Mortality Table set forward two years.

RATE OF RETIREMENT:

Entry Ages										
<i>Male</i>										
Age	22	27	32	37	42	47	52	57	62	67
30										
31										
32	0.001									
33	0.002									
34	0.002									
35	0.002									
36	0.002									
37	0.002	0.002								
38	0.002	0.002								
39	0.002	0.002								
40	0.001	0.002								
41	0.001	0.002								
42	0.001	0.002	0.002							
43	0.001	0.002	0.002							
44	0.001	0.002	0.002							
45	0.001	0.001	0.002							
46	0.001	0.001	0.002							
47	0.001	0.001	0.002	0.002						
48	0.001	0.001	0.002	0.002						
49	0.001	0.001	0.002	0.002						
50	0.001	0.001	0.001	0.002						
51	0.001	0.001	0.001	0.002						
52	0.250	0.001	0.001	0.002	0.002					
53	0.150	0.001	0.001	0.002	0.002					
54	0.150	0.001	0.001	0.002	0.002					
55	0.300	0.300	0.050	0.010	0.002					
56	0.100	0.100	0.050	0.010	0.002					
57	0.150	0.100	0.300	0.010	0.001	0.001				
58	0.150	0.100	0.100	0.010	0.020	0.010				
59	0.150	0.150	0.100	0.020	0.020	0.010				
60	0.700	0.200	0.100	0.070	0.030	0.020	0.020	0.010		
61	0.700	0.150	0.150	0.050	0.030	0.030	0.030	0.030		
62	0.700	0.250	0.200	0.500	0.070	0.030	0.030	0.040		
63	0.700	0.350	0.100	0.100	0.050	0.030	0.070	0.050	0.010	
64	0.700	0.400	0.200	0.150	0.070	0.030	0.050	0.050	0.050	
65	0.700	0.700	0.350	0.400	0.400	0.300	0.250	0.100	0.100	
66	0.700	0.550	0.200	0.250	0.300	0.150	0.100	0.050	0.050	
67	0.500	0.900	0.300	0.150	0.500	0.200	0.150	0.100	0.100	
68	0.500	0.450	0.300	0.300	0.250	0.150	0.150	0.150	0.100	
69	0.500	0.700	0.300	0.300	0.250	0.300	0.150	0.200	0.100	
70	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

RATE OF RETIREMENT:

Entry Ages <i>Female</i>										
Age	22	27	32	37	42	47	52	57	62	67
30										
31										
32	0.001									
33	0.002									
34	0.002									
35	0.002									
36	0.002									
37	0.002	0.001								
38	0.002	0.002								
39	0.002	0.002								
40	0.002	0.002								
41	0.002	0.002								
42	0.002	0.002	0.002							
43	0.001	0.002	0.002							
44	0.001	0.002	0.002							
45	0.001	0.001	0.002							
46	0.001	0.001	0.002							
47	0.001	0.001	0.002	0.002						
48	0.001	0.001	0.001	0.002						
49	0.001	0.001	0.001	0.002						
50	0.001	0.001	0.001	0.002						
51	0.001	0.001	0.001	0.002						
52	0.250	0.001	0.001	0.002	0.002					
53	0.150	0.001	0.001	0.002	0.002					
54	0.150	0.001	0.001	0.001	0.002					
55	0.300	0.300	0.100	0.020	0.002					
56	0.150	0.150	0.020	0.020	0.002					
57	0.200	0.150	0.300	0.020	0.010	0.001				
58	0.250	0.150	0.150	0.040	0.010	0.001				
59	0.150	0.150	0.100	0.050	0.010	0.001				
60	0.500	0.250	0.100	0.100	0.050	0.030	0.020	0.050		
61	0.300	0.200	0.100	0.100	0.020	0.050	0.020	0.080		
62	0.300	0.250	0.200	0.500	0.060	0.050	0.050	0.100		
63	0.100	0.100	0.100	0.150	0.060	0.050	0.050	0.060	0.010	
64	0.450	0.250	0.250	0.100	0.150	0.050	0.050	0.050	0.040	
65	0.300	0.400	0.350	0.300	0.400	0.250	0.200	0.150	0.080	
66	0.700	0.300	0.300	0.300	0.250	0.150	0.100	0.100	0.080	
67	0.650	0.500	0.300	0.200	0.500	0.100	0.150	0.100	0.050	
68	0.350	0.400	0.300	0.250	0.200	0.200	0.100	0.200	0.100	
69	0.350	0.250	0.450	0.200	0.350	0.450	0.300	0.200	0.100	
70	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

RATE OF TERMINATION:

Entry Ages <i>Male</i>										
Age	22	27	32	37	42	47	52	57	62	67
22	0.300									
23	0.270									
24	0.240									
25	0.210									
26	0.180									
27	0.150	0.250								
28	0.130	0.230								
29	0.110	0.210								
30	0.090	0.190								
31	0.070	0.170								
32	0.050	0.150	0.150							
33	0.042	0.130	0.140							
34	0.036	0.110	0.130							
35	0.030	0.090	0.120							
36	0.024	0.070	0.110							
37	0.018	0.048	0.100	0.100						
38	0.016	0.042	0.090	0.090						
39	0.014	0.036	0.080	0.080						
40	0.013	0.030	0.070	0.070						
41	0.011	0.024	0.060	0.060						
42	0.009	0.018	0.048	0.050	0.100					
43	0.007	0.016	0.044	0.050	0.092					
44	0.005	0.014	0.040	0.050	0.084					
45	0.004	0.013	0.036	0.050	0.076					
46	0.002	0.011	0.032	0.050	0.068					
47	0.000	0.009	0.028	0.048	0.060	0.080				
48		0.007	0.022	0.042	0.058	0.078				
49		0.005	0.016	0.036	0.056	0.076				
50		0.004	0.011	0.030	0.054	0.074				
51		0.002	0.005	0.024	0.048	0.072				
52		0.000	0.000	0.018	0.038	0.070	0.080			
53				0.014	0.028	0.060	0.074			
54				0.010	0.018	0.050	0.068			
55				0.007	0.008	0.040	0.062			
56				0.003	0.010	0.030	0.056			
57				0.000	0.000	0.018	0.050	0.080		
58						0.014	0.040	0.064		
59						0.010	0.030	0.048		
60						0.003	0.020	0.032		

RATE OF TERMINATION:

Entry Ages Female										
Age	22	27	32	37	42	47	52	57	62	67
22	0.200									
23	0.190									
24	0.180									
25	0.170									
26	0.160									
27	0.150	0.170								
28	0.140	0.166								
29	0.130	0.162								
30	0.120	0.158								
31	0.110	0.154								
32	0.100	0.150	0.100							
33	0.086	0.140	0.098							
34	0.074	0.130	0.096							
35	0.062	0.120	0.094							
36	0.050	0.110	0.092							
37	0.038	0.099	0.090	0.080						
38	0.034	0.084	0.078	0.074						
39	0.030	0.070	0.066	0.068						
40	0.026	0.056	0.054	0.062						
41	0.022	0.042	0.042	0.056						
42	0.018	0.028	0.028	0.050	0.100					
43	0.015	0.022	0.026	0.050	0.096					
44	0.011	0.017	0.024	0.050	0.092					
45	0.007	0.011	0.022	0.050	0.088					
46	0.004	0.006	0.020	0.050	0.084					
47	0.000	0.000	0.018	0.048	0.080	0.070				
48			0.017	0.042	0.070	0.066				
49			0.011	0.036	0.060	0.062				
50			0.007	0.030	0.050	0.058				
51			0.004	0.024	0.040	0.054				
52			0.000	0.018	0.028	0.050	0.070			
53				0.015	0.026	0.048	0.068			
54				0.011	0.024	0.046	0.066			
55				0.007	0.022	0.044	0.064			
56				0.004	0.020	0.042	0.062			
57				0.000	0.018	0.038	0.060	0.060		
58					0.014	0.032	0.060	0.054		
59					0.010	0.026	0.050	0.048		
60					0.000	0.001	0.050	0.042		

Economic Assumptions

- Investment Return Rate: 8.00% per annum (net of investment expense). This assumption contains a 3% inflation assumption and a 5% real rate of return assumption.
- Future Salary Increases: The assumed rate of individual salary increases is 5.0% per year. The salary assumption includes a 3% inflation and 2% merit and longevity assumption.
- Asset Value: The Actuarial Value of Assets is smoothed by using a five-year phase-in of each year's unexpected investment gains and losses.

Other Assumptions

- Marital Status: It is assumed that 85% of members have an eligible spouse. The male spouse is assumed four years older than the female spouse. No assumption is made about other dependents.
- Group Health Insurance: It is assumed for valuation purposes that the current health insurance supplement will continue for life for all employee annuitants (and their future surviving spouses). The amount of the Fund paid health insurance from January 1, 1993 until June 30, 2002 is \$75.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and \$45.00 if qualified. It is assumed that all annuitants age 65 and older will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future surviving spouses of retirees are assumed to be eligible for Medicare, as well as surviving spouse annuitants that are currently receiving a health insurance supplement.
- Required Ultimate Multiple: Is based on the actuarial requirements (adjusted for tax levy loss) less expected employee contributions divided by the actual employee contributions made in the second prior year.
- Loss in Tax Levy: 4% overall loss on tax levy is assumed.

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

THREE METHODS OF FINANCING UNFUNDED LIABILITY

Normal Cost

Plus Interest Method:

This is the method of valuation that was used in reports prior to 1997. It is intended to continue the current provisions of the Article governing the Fund in full force and effect on a permanent basis, and in the amount required each year to keep the unfunded liability from increasing if all assumptions are realized.

The normal cost plus interest only method of funding is that recommended by the former Illinois Public Employees' Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.

Normal Cost Plus

40 Year Amortization

Method:

GASB #25 now requires an amortization of the unfunded liability, as does ERISA's minimum funding standards which require the initial unfunded liability existing on January 1, 1976, be amortized over a 40 year period. We have calculated the cost of amortizing the existing unfunded liability.

Both of these cost methods, the normal cost plus interest method and the normal cost plus 40 year amortization method, express the past service costs as a level annual dollar amount. It assumes that there will be a stable membership with a growing payroll. Consequently, as the total payroll increases in the future, the level annual amount becomes a decreasing percent of the total payroll.

Under both methods, level dollar amounts represent a greater percent of payroll initially and a decreasing percent of payroll as future payrolls increase.

Level Annual Percent
of Payroll Method:

An alternative method for funding that is receiving increased attention for public employee pension plans is a method that sets the funding standard cost objective as a level annual percent of payroll rather than as a level annual amount. This method will result in increasingly greater dollar amounts each year as payrolls increase.

This constant percent of payroll method is not an acceptable method under ERISA, but is permitted under GASB #25. It may be more acceptable in the future in view of the presumably permanent nature of public retirement systems with a constant flow of new entrants and the desire to place a relatively constant tax burden (as percentage of salary) on future generations of taxpayers. Please note that if this amount is recomputed each year with the same "open" amortization period, the unfunded liability will never be amortized.

For the Retirement Board's guidance, we have estimated the financial effects of different amortization methods. The costs under these funding methods are contingent upon all actuarial assumptions being met and continued active membership at the same level. These three methods meet the requirements set forth in Illinois Compiled Statutes, Chapter 40, Section 5/1A-102. The results are given in the following table:

Actuarial Assets with Various Amortization Methods	Required 2002 Tax Levy	Required Multiple	Unfunded Liability Will	Portion Applicable to Unfunded Liability
1. Normal Cost Plus Interest Only	N/A	.80	Remain Constant	\$34,620,662
2. Normal Cost Plus 40-Year Level Dollar Amortization	N/A	.82	Decrease	\$36,291,179
3. Normal Cost Plus 40-Year Level % of Payroll	N/A	.65	Increase	\$19,206,875
4. Present Law	\$136,980,000	1.25		

In determining funding policy, it is essential to provide a margin of safety for unfavorable operating experience such as salaries over anticipated salaries, decreasing age of retirement, increasing longevity, and declining fund membership.

**Summary of Provisions of the Fund
as of December 31, 2001**

PLAN DESCRIPTION

Any employee of the City of Chicago or the Board of Education employed under the provisions of the municipal personnel who is not participating in any other pension fund or retirement system is covered by the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Plan) which is a defined benefit single employer pension plan with a defined contribution minimum. Although this is a single employer plan, the defined benefits, as well as the employer and employee contribution levels, are mandated in Illinois Compiled Statutes (Chapter 40, Pensions, Article 5/8) and may be amended only by the Illinois legislature. The City of Chicago accounts for the plan as a pension trust fund. The payroll for employees covered by the Municipal Plan for the year ended December 31, 2001 was \$1,375,048,892 and includes City of Chicago payroll and Board of Education payroll. At December 31, 2001, the Municipal Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits (includes 505 disabilities)	20,593
Terminated inactive employees entitled to benefits or a refund of contributions but not yet receiving them	9,551
Current employees (includes 505 disabilities)	
Vested	16,439
Non-vested	<u>20,240</u>
Total	<u>36,679</u>

The Municipal Fund provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial city contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.2% per year of service times the final average salary (highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by ¼ of 1% for each month the employee is under age 60 if the employee has less than 25 years of service. The annuity is not discounted if the employee is age 50 with at least 30 years of service. Beginning January 1, 1999, there is a 10 year deferred vested benefit payable at age 60. The original annuity is limited to 75% of the highest average annual salary. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of \$850 per month. The monthly annuity is increased by 3% at the first payment date following the later of age 60 or the first anniversary of retirement, and by 3% annually thereafter.

Covered employees are required to contribute 8.5% of their salary to the Municipal Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when an employee became a participant).

The City of Chicago is required by state statutes to contribute the remaining amounts necessary to finance the requirements of the Fund. It is required to levy a tax at a rate 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 1.25 annually.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2001**

MEMBERS

Persons appointed under civil service who are employed by the City and Board of Education of Chicago (other than teachers); temporary and non-career service employees who have a total of at least one year of service and have four consecutive months of service immediately prior to filing written application with the Retirement Board; aldermen and other officials of the City and the Board of Education of Chicago who shall, while in office, file written application with the Retirement Board. Beginning January 1, 1984, temporary and non-career service employees will automatically be members. Aldermen and other officials of the City and the Board of Education of Chicago will still file written application with the Retirement Board.

SERVICE

For all purposes except minimum annuity and ordinary disability credit, service in four months in any calendar year constitutes one year of service credit.

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

RETIREMENT ANNUITY

Money Purchase Formula

Maximum is 60% of highest salary. Applies in cases where an employee is age 55 or older and has a minimum of 10 years of service. If employee is age 55 to 60 with service less than 20 years, the annuity is based on all employee deductions plus 1/10 of the City contributions for each year over 10. In the case of withdrawal before age 55 and application after age 55, the annuity is based on employee deductions plus 1/10 of the City contributions for each year over 10, with interest to date of application or age 55, whichever is later. The age factor for age 55 is used.

The annuity is based on all employee deductions and City contributions in cases where the employee is (a) age 55 to 60 with 20 or more years of service; (b) age 60 or older; or (c) resigning at the time of disability credit expiration.

Minimum Annuity Formula

Maximum is 75% of final average salary.

- (a) An employee age 60 or older with at least 10 years of service withdrawing on or after January 1, 1999, or an employee age 55 or older withdrawing on or after July 1, 1990, with at least 20 years of service, or an employee age 50 or older withdrawing on or after June 27, 1997 with at least 30 years of service, is qualified for an annuity equal to 2.2%, for each year of service, of the final average salary during the four highest consecutive years within the last 10 years of service prior to retirement. This annuity is discounted 0.25% for each month the employee is younger than age 60 unless he has at least 25 years of service, or 30 years of service if the employee withdrew before June 27, 1997. The employee could also choose the old factors (1.8%, 2.0%, 2.2%, and 2.4%) for each 10 years of service credit if it is to his benefit.
- (b) An employee who is at least age 65 with 15 or more years of service is qualified for an annuity equal to 1% for each year of service multiplied by the final average salary added to the sum of \$25 for each year of service.
- (c) The employee will receive a minimum annuity of \$850 per month if the employee retires at age 60 or older with at least 10 years of service on or after January 1, 1999.

Reversionary Annuity

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

Reciprocal Annuity

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

Automatic Increase in Annuity

An employee who is age 60 or older is entitled to receive an increase of 3% of the original annuity. This increase begins in January of the year immediately following the year of the first anniversary of retirement. An employee who retires prior to age 60 will receive such increase beginning in January of the year following the year he attained age 60. Effective for retirements on or after January 1, 1987, the first increase shall begin upon the first annuity payment date following the first anniversary of retirement, or age 60 if later. Beginning January 1, 1999, increases are calculated as 3% of the monthly annuity payable at the time of increase. Increases apply only to life annuities.

Elected City Officer's Optional Plan

An alternative plan for elected officials of 3% of the Final Salary for the first 8 years, 4% for the next four years and 5% thereafter, subject to the maximum 80%, is available. The elected official must contribute an additional 3% of salary to receive these benefits. This plan also enclosed alternative widow and disability benefit formulas. This plan became effective upon approval from the IRS on September 17, 1991.

SPOUSE ANNUITY

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

Money Purchase Formula

When an employee retires, the spouse's annuity is fixed, based on employee deductions and City pay credits made for spouses' annuity purposes and a joint life age factor. (If the employee is a female, these are deductions accumulated since October 1974).

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

For 3% annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" shall continue to be used; however, surviving spouse's single life annuities and reversionary annuities shall be computed using the best factor (the factor producing the highest annuity), without regard to gender.

Spouses' Minimum Annuity Formula

If the employee retires or dies in service before July 1, 1990, and is at least age 60 with 20 or more years of service, the spouse's annuity is equal to half the amount of annuity that the employee was entitled to receive at the time of death, if death occurred before retirement, or was entitled to receive on the date of retirement, if the employee died after retirement. The spouse's annuity must then be discounted .25% for each month that the spouse is under age 60 at the time the annuity is fixed.

If the employee retires or dies in service after July 1, 1990 and is at least age 55 with 20 or more years of service, or if the employee retires or dies in service on or after June 27, 1997 and is at least age 50 with 30 or more years of service, the spouse's annuity is equal to half the amount of annuity the employee was entitled to receive at the time of retirement or death in service. This annuity must then be discounted .25% for each month the spouse is under age 55 at the time the employee retires or dies in service.

If the employee dies on or after June 27, 1997 while receiving a retirement annuity, the spouse may choose an annuity of one-half of the employee's annuity at death. This annuity is discounted for his/her age under 55 at the time of the employee's death, unless the employee was at least age 50 with 30 or more years of service, or at least age 55 with 25 or more years of service, and died on or after January 1, 1998 and withdrew from service on or after June 27, 1997, in which case the spouse annuity would be discounted for spouse age under 50 at the time of the employee's death.

In the case of the spouse of a female employee, the employee must have made contributions for her spouse for at least 20 years to qualify for the minimum annuity formula. Current female employees may elect to pay spouse contributions for their full service before October 1974.

The spouse will receive a minimum annuity of \$800 per month if the employee retires with at least 10 years of service or dies in service with at least five years of service on or after January 1, 1999.

Child's Annuity

A child's annuity is provided for unmarried children of a deceased employee who are under the age of 18, if the child was conceived or born before the withdrawal from service, or legally adopted at least one year before the child's annuity becomes payable. The annuity is \$220 per month while the spouse of the deceased employee is alive and \$250 per month if the spouse is deceased. Except for duty death, the deceased employee must have had four years of service or at least two years from latest re-entrance if he had previously resigned from service.

FAMILY MAXIMUM

Non-Duty Death: 60% of final monthly salary.

Duty Death: 70% of final monthly salary.

DISABILITIES

Duty Disability Benefits

Any employee who becomes disabled as the result of an injury incurred in the performance of any act of duty shall have a right to receive a duty disability benefit in the amount of 75% of salary at date of injury, plus \$10 a month for each unmarried child (the issue of the employee) less than age 18. Child's duty disability benefit is limited to 15% of the employee's salary as of the date of injury. Duty disability benefits begin one day after the later of the last day worked or the last day paid.

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

A duty disability benefit is payable to age 65 if the disability benefits begin before age 60. For an employee who begins disability on or after age 60, disability will continue for five years or to age 70, whichever occurs first. The age 70 limitation was removed beginning January 1, 1987. As of January 1, 1991, a duty disability benefit which continues for more than five years and which starts before the employee's age 60, will be increased by 10% on January 1st of the sixth year.

The City contributes salary deductions for annuity purposes for the duty disability benefit. Such amounts contributed by the City after December 31, 1981, while the employee is receiving duty disability benefits, are not refundable to the employee and will be used for annuity purposes only.

Ordinary Disability Benefit

This benefit is granted for disability incurred other than in performance of an act of duty and is 50% of salary as of the last day worked less the sum ordinarily deducted from salary for annuity purposes. The first payment shall be made one month after the disablement occurs. Disability is payable until age 65 and limited to a maximum of 25% of the employee's total service or five years, whichever occurs first if disability benefits begin before age 60. For an employee who begins disability on or after age 60, disability will continue for a period not greater than 25% of the employee's total service, but not more than five years or age 70, whichever occurs first. The age 70 limitation was removed beginning January 1, 1987.

GROUP HEALTH HOSPITAL AND SURGICAL INSURANCE PREMIUMS

The pension fund may provide up to a maximum of \$75 per month for non-Medicare eligible annuitants (employees or surviving spouses, without regard to age or years of service) and up to \$45 per month for Medicare eligible annuitants until June 30, 2002. The annuitant must be enrolled in the City or Board of Education group health plans.

REFUNDS

To Employees

An employee who resigns before age 55, or before age 60 with less than 10 years of service is entitled to all salary deductions accumulated with interest to date of resignation, plus the 0.5% deducted for annuity increase purposes without interest.

To Estate

Amounts contributed by an employee, excluding the 0.5% deductions for annuity increase, that have not been paid out as annuity, are refundable to his or her estate, with interest either to the date of retirement or death, if the employee died in service.

Refund in lieu of Annuity

If the annuity of an employee or spouse is less than \$800 a month, the employee or spouse may elect to receive a refund, as above, in lieu of an annuity.

Spouses' Annuity Contributions

If unmarried at the time of retirement, the employee is entitled to a refund, with interest, of contributions made for the spouse.

The employee's pension deductions paid by the city while the employee is receiving duty disability benefits are no longer refunded to the employee if the duty disability was granted after December 31, 1981. These deductions are now used only for annuity purposes.

DEDUCTIONS AND CONTRIBUTIONS

Covered employees are required to contribute 8.5% of their salary to the Fund.

The City shall annually levy a tax which, when added to the amounts deducted from the salaries of the employees, or otherwise contributed by them, will be sufficient for the requirements of the Fund. The tax will produce an amount that does not exceed the 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 1.25 for the year 1999 and each year thereafter.

TAX SHELTER OF EMPLOYEE SALARY DEDUCTIONS

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

Historic Information



LEGISLATIVE CHANGES 1979 THROUGH 2001

1979 Session

SB 964

- Disability benefit for chronic alcoholism, pregnancy, or childbirth.

HB 1023

- Reciprocal Act: changes proportionate pension credits under the "alternative formula."

HB 2012

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

1980 Session

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.

Spring 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.

HB 212

- Eliminates refund of City contributions made while an employee is receiving duty disability benefits.

HB 213

- \$200 refund in lieu of annuity.

HB 215

- Authorizes securities lending.

Spring 1982 Session

SB 1147

- Minimum reporting and actuarial information for 1984.

SB 1180

- Board of Education may incur an obligation to "pick up" employee contributions. These contributions may be paid by a special Pension Contribution Liability Tax. If levied, no payment is required until actual collection of the tax.

SB 1452

- Provides that an active member of the General Assembly who was employed by the City of Chicago by temporary appointment or in an exempt position, and could have elected to participate in the Fund but did not so elect, may establish credit for such service by making the required contribution.

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 740

- Pension credit may be established for services rendered for a transportation system operated by a public utility prior to the establishment of the CTA.

HB 2286

- Allows persons who withdrew from service or became eligible for survivors' benefits in 1981 and who receive a monthly annuity between \$100 and \$200 to elect a refund in lieu of annuity.

Spring 1983 Session

SB22

- Delegation of investment authority restrictions.

HB 380

- Maximum survivor annuity from \$400 to \$500; 10% increase in duty disability benefit January 1 of the sixth year.

HB 514

- 10% prudent person investment category.

HB 637

- Allows an active member of the General Assembly to establish credit in this fund for time for which he or she could have elected to participate with interest at 6% and to transfer credits to the Park Fund.

HB 1144

- Revises provision allowing a person who withdrew from service or began receiving a widow's annuity in 1981 to elect to receive a refund in lieu of annuity by extending the deadline for election by one year to March 1, 1984, and by raising the amount subject to refund to \$250 per month.
- 3% post-retirement annuity increase for those who qualify.
- Mandatory coverage for all employees in temporary positions.
- Reversionary annuity revisions - table of factors.
- Credit for Executive Director of Chicago Land Clearance Commission or Chicago Dwellings Association or for service as administrator of Illinois--Indiana Bi-State Commission--if certain contributions are made before April 1, 1984.

Federal Law and Regulation or Supreme Court Decision

- For an employee under the age of 70 who commences disability on or after attainment of age 60 in service, the ordinary disability benefit payments shall not exceed in the aggregate throughout the employee's service a period equal to 1.4 of the total service rendered prior to the date of the disability but no more than five years or age 70, whichever is earlier. The duty disability payments shall be payable for a period of five years or age 70, whichever occurs first.
- For 3% annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" shall continue to be used; however, widows' single life annuities and reversionary annuities shall be computed using the best factor (the factor producing the highest annuity, not depending upon sex).

1984 Session

- Illinois Public Employees' Pension Laws Commission abolished.

1985 Session

HB 561

- 1.80, 2.00, 2.20, 2.40% benefit accrual rate for those born before January 1, 1936, and retiring after July 18, 1985.
- Reduction in age discount factor (employee and widow) from 0.5% to 0.25% for employees born before January 1, 1936, and retiring after July 18, 1985.
- Health insurance supplement up to \$25 per month if the employee is age 65 or older with at least 15 years of service (for each employee annuitant in receipt of annuity and for each employee who retires on annuity in the future).
- Disability provisions extended to age 70 in certain cases.
- Unisex money purchase factors for widows/widowers.
- Membership provisions extended to age 70.
- Board of Education employee contribution "pick up" included in the definition of salary for contribution and benefit purposes (retroactive).

1986 Session

HB 2630

- Beginning for retirement or death in service on or after January 23, 1987, the spouse dollar cap is eliminated.
- Beginning for retirement on or after January 1, 1987, the first annuity increase will begin on the first annuity payment date following the first anniversary of retirement or age 60 if later.

1987 Session

HB 2715

- 1.80, 2.00, 2.20, 2.40% benefit accrual rates for those born on or after January 1, 1936, and retiring on or after January 1, 1988.
- Reduction in an age discount factor (employee and widow) from .5% to .25% for employees born on or after January 1, 1936, and retiring or dying in service on or after January 1, 1988. No discount for employee age less than 60 if employee has at least 35 years of service.
- Minimum employee annuity of \$250 and minimum spouse of \$200 under certain conditions.
- Elimination of cap on maximum widow's annuity for spouses of certain retired employees with repayment of any "excess spouse" refund.
- Change amount of children's benefits to \$120 or \$150, effective January 1, 1988.
- Provides for certain "Good Government" initiatives.

1988 Session

- No legislative changes.

1989 Session

SB 95

- Signed August 23, 1989. 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. Widows will now be supplemented and employee annuitants will no longer be required to meet the age 65 and 15 years of service requirements. The City will be required to pay 50% of the aggregated 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 1997 for the retired group.

HB 332

- Signed August 23, 1989. Eliminated age related discriminatory provisions as required by Federal law or regulation. Provided for Age Discrimination changes effective January 1, 1988 to eliminate age 65 requirements for marriage in service and children's benefits, provided contributions after age 65 for spouse benefits, provided employee accumulation annuities be computed after age 70, provided employee and spouse accumulation annuities not be "fixed" at age 65, provided no age 70 restriction on disability benefits, provided for active members over age 65 that their accounts be "unfixed" and accumulate interest until the date of withdrawal, and provided that there be no age 70 membership limitation and removed the permitted "no spouse" refund at age 65.
- Allow for local labor officials on a leave of absence from the Fund to contribute for their service as a local labor official.

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. Beginning for withdrawals on or after January 1, 1991, annuity payments will be made as of the first day of the calendar month during the annuity payment period.
- 2.2% benefit accrual rate for employees retiring on or after July 1, 1990.
- No discount for employee age less than 60 if employee has at least 30 years of service and retires on or after July 1, 1990.
- Minimum employee annuity of \$350 and minimum spouse of \$300 under certain conditions.
- Spouses and widows of employees retiring or dying in service on or after July 1, 1990 with 20 or more years of service at age 55 or over will be eligible for half of the employee's annuity discounted .25% for each month the spouse or widow is less than 55.
- Retroactive eligibility for 35 years no discount and spouse and widow annuities computed as half of employee annuity.
- Refund in lieu of \$300 annuity.
- Disability benefit retroactive one year from application; duty disability deductions in lieu for heart attack or stroke.
- An alternative plan for elected officials of 3% of salary for the first 8 years, 4% for the next 4 years and 5% thereafter, subject to a maximum of 80%, is available. The elected official must contribute an additional 3% of salary to receive these benefits. This plan also includes alternative widow and disability benefit formulas. This plan will become effective upon approval from the IRS.
- Collateral for securities lending expanded.
- Fractional payment for refund repayment and temporary service authorized. Credit established by fractional payment shall be earliest service for which credit may be established.

1991 Session

HB 971

- Signed November 19, 1991. Eligibility for the alternative plan for elected officials was extended to persons who hold office as a City officer on April 30, 1991 until 30 days after the date the plan takes effect, notwithstanding the ending of his term of office prior to that effective date.

1992 Session

SB 1650

- Signed January 25, 1993.
- Transfer provisions for County elected officers and judges.
- **Early Retirement Incentive** was created for withdrawals from December 31, 1992 to June 30, 1993.
 - Requires a total of 20 years of service (with at least 10 in this fund, 5 in a Reciprocal fund and up to 5 purchased under ERI).
 - Requires age 55 or older.
 - Requires an election form to be filed before June 1, 1993.
 - Retired under this Article.
 - Provides for elimination of the age discount for employees 55-60.
 - Provides for 80% maximum final average salary compared to the present 75%.
 - Provides for an optional purchase of up to 5 years of service credit for 4.25% of the November 1, 1992 salary.
 - Provides for a 24-month option to pay for ERI service.
 - Provides for a tax levy derived from ERI contributions.

1993 Session

- No legislative changes.

1994 Session

- No legislative changes.

1995 Session

SB 114

- Approved July 14, 1995.
- 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 Members 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.
 - Excess benefit plans are permitted to provide Members 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.
 - 5 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 15

- Approved June 27, 1997.
- For withdrawals from service occurring on or after July 1, 1990, an alternate method of calculating salary using the annual equivalent of average salary instead of the salary rate applicable for the greatest part of the year is allowed.
- Annuities effective on or after January 1, 1998 will be payable on the first day of the calendar month.
- The prudent person rule for investing is allowed.
- An eligible employee is allowed to contribute for all periods of temporary service while still in City service, for up to 90 days after withdrawal from City service, or while in reciprocal service.
- The Board is allowed to adopt rules prescribing the manner of repaying refunds and purchasing any optional credit including accepting rollovers for payments.
- The City is allowed to use deposits from any legal source (including borrowing) in lieu of all or part of the tax levy on or after June 27, 1997.

HB 313

- Approved June 27, 1997. For withdrawals from service occurring on or after June 27, 1997, an employee (or surviving spouse) age 50 or over with at least 30 years of service is eligible to receive an annuity based on the minimum annuity formula.
- For withdrawals from service occurring on or after June 27, 1997, an employee under age 60, with at least 25 years of service, is not subject to an age discount
- The surviving spouse of a retiree dying on or after June 27, 1997, while receiving an annuity is eligible for one half of the employee's annuity at death, discounted for spouse's age under 55 at the time of employee's death.
- Beginning June 27, 1997, employees already receiving annuity will receive a minimum annuity of \$550 for life (reciprocal annuitants must have at least 5 years of Municipal service). Any future employee annuitant withdrawing from service after attainment of age 60 with 10 or more years of service would qualify for this minimum.

- Beginning June 27, 1997, widow(er)s already receiving annuity will receive a minimum annuity of \$500 for life (reciprocal annuitants must have at least 5 years of Municipal service). For future spouses of retirees, 10 years of service is required. For spouses of employees dying in service in the future, 5 years of service is required.
- Beginning June 27, 1997, the child's annuity will be increased to \$220 per month if the spouse of the deceased employee parent survives or \$250 per month if no such spouse survives.
- Coverage in the City group health insurance is extended through June 30, 2002, with some modification in the plans offered. Pension fund supplement remains \$45 and \$75 for Medicare eligible and non-Medicare eligible annuitants respectively.
- Spouses of employees dying in service after age 50 on or after June 27, 1997 will be eligible to receive 50% of the annuity that the employee would have received. This annuity will be reduced by .25% per month for each month that the spouse is below the age of 55.
- Spouses of employees dying after retirement on or after June 27, 1997 will be eligible to receive 50% of the employee's annuity at death. This annuity will be reduced by .25% per month for each month that the spouse is below the age of 55.

HB 1641

- Approved August 22, 1997.
- Beginning August 22, 1997, for surviving spouses of employees who retired or died in service before January 23, 1987, the previous \$300, \$400, or \$500 maximum spouse annuity limitation is removed. If an excess spouse refund was paid, it must be repaid with interest.
- Service paid under Section 8-230 can be counted for ordinary disability purposes for periods of disability on or after August 22, 1997.
- Early Retirement Incentive was created for withdrawals from December 31, 1997 to June 30, 1998.
 - Requires an election form to be filed before June 1, 1998.
 - Requires a member to be a current contributor on November 1, 1997 and have not previously retired under this Article.
 - Provides for elimination of the age discount for employees age 55 to 60.
 - Provides for 80% maximum final average salary compared to the present 75%.
 - Provides for an optional purchase of up to 5 years of service credit for 4.25% of the November 1, 1997 salary.
 - Provides for a 24 month option to pay for ERI service.
 - Provides for a tax levy derived from ERI contributions.

1998 Session

HB 3515

- Approved August 14, 1998.
- Beginning January 1, 1999, the automatic increase for employee annuitants changed to 3% compounded for all past, current, and future annuitants regardless of the effective date of the annuity. Term annuities are not eligible for the increase.
- Employees withdrawing after January 1, 1999 will be eligible for the minimum formula upon attainment of age 60 if they have at least 10 years of service.
- Beginning January 1, 1999, employees already receiving an annuity as of August 14, 1998 will receive a minimum annuity of \$850 for life (reciprocal annuitants must have at least 5 years of Municipal service). Any future employee annuitant withdrawing from service after August 14, 1998 after attainment of age 60 with 10 or more years of service would qualify for this minimum.
- Beginning January 1, 1999, widow(er)s already receiving annuity as of August 14, 1998 will receive a minimum of \$800 for life (reciprocal annuitants must have at least 5 years of Municipal service). For future spouses of retirees dying after August 14, 1998, 10 years of service is required. For spouses of employees dying in service after August 14, 1998, 5 years of service is required.
- The conditions of the reversionary option were changed as follows:
 - The nullification of reversionary payment due to employee dying was reduced to 365 days after written designation was filed with the board and now applies only to parents, children, and siblings (not spouses).
 - Employees may reduce their monthly annuity by as much as \$400.
 - The increased annuity for spouse may now be as much as 100% of the reduced employee annuity.
- Spouses and widows that are eligible for the "50% employee amount" will no longer have this amount reduced for under age 55 if the employee dies on or after January 1, 1998 and withdrew from service on or after June 27, 1997, and the employee retired after age 55 with at least 25 years of service or after age 50 with at least 30 years of service. The age discount will only apply if the spouse is under age 50.
- The child of an annuitant who withdraws after January 1, 1998 having attained age 50 with at least 30 years of service is eligible for a child annuity upon the death of the annuitant.
- The required employer multiple has been set at 1.25 for 1999 and beyond.
- Money deposited under 5/8-173(f) may be used by the fund for any of the purposes for which the proceeds of the tax levied by the city under this section may be used.
- An employee or former employee may pay and receive credit for all periods of full-time employment by the Public Building Commission as long as they are not receiving credit for the same service from another retirement system. Employee must pay employee and employer contributions based on the salary received from the Public Building Commission for employment. Repayment must be made before annuity begins.
- Annuitants may authorize a portion of their annuity to be withheld for payment of dues to the labor organization by which they were represented. A minimum of 25 annuitants must choose an organization for it to be included in this plan.

HB 1612

- Effective July 1, 1999, Qualified Illinois Domestic Relations Orders were recognized.

1999 Session

- No Changes

2000 Session

HB 1583

- Approved July 6, 2000.
- An employee or widow whose annuity would amount to less than \$800 per month may elect to receive a refund in lieu of annuity. Formerly, only employees and widows whose annuity would be less than \$300 per month could choose a refund.
- The reversionary annuity tables have been extended down to age 50 from age 55 to comply with the change in the law allowing retirement at age 50 with 30 years of service.
- The Board is allowed to pay an annuity (if the person qualifies) directly to a Medicare approved, State certified nursing home or to a publicly owned and operated nursing home, hospital, or mental institution. Each person must qualify under the provisions of this amendment.
- Annuities of widows who remarry on or after the date 60 days after the effective date of this amendment would not be terminated upon remarriage.
- For annuities effective before January 1, 1998, all annuity payments will be made on the first day of the calendar month, for the entire month without proration.

2001 Session

EGTRRA

- On June 7, 2001, the Economic Growth and Tax Relief Reconciliation Act of 2001 was signed by President Bush.
- Beginning January 1, 2002, payments for eligible optional service credits may be made with funds rolled over from a 457 deferred compensation plan or a 403(b) tax deferred annuity plan (if allowed by the 457 or 403(b) plan).

EXHIBIT Q

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF RECOMMENDED EMPLOYER MULTIPLES AND TAXES LEVIED

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 40 Year Amortization	Normal Cost Plus 40 Year % of Salary Amortization	Tax Levy Year	Total Tax Levy		
						City	Park	
1982 ^a	1.69	1.82	1.92	1.26	1982	\$ 59,043,000	\$ 57,000	\$ 59,100,000
1983 ^b	1.69	2.05	2.16	1.48	1983	62,700,000	55,000	62,755,000
1984	1.69	1.95	2.04	1.46	1984	71,736,000	54,000	71,790,000
1985 ^{a,b}	1.69	1.98	2.08	1.48	1985	73,215,000	50,000	73,265,000
1986 ^{a,b}	1.69	1.77	1.84	1.34	1986	81,059,000	45,000	81,104,000
1987 ^{a,b}	1.69	1.83	1.90	1.40	1987	90,799,000	45,000	90,844,000
1988	1.69	1.80	1.87	1.39	1988	97,051,000	39,000	97,090,000
1989 ^{a,b}	1.69	1.44	1.49	1.08	1989	101,532,000	37,000	101,569,000
1990 ^{a,b}	1.69	1.75	1.80	1.31	1990	107,000,000	30,000	107,030,000
1991 ^b	1.69	1.65	1.70	1.24	1991	114,530,000	26,000	114,556,000
1992	1.69	1.70	1.75	1.29	1992	123,173,000	27,000	123,200,000
1993 ^b	1.69	1.90	1.96	1.44	1993	137,373,000	27,000	137,400,000
1994	1.69	1.78	1.84	1.32	1994	139,618,000	24,000	139,642,000
1995	1.69	1.81	1.87	1.38	1995	162,433,000	13,000	162,446,000
1996	1.69	1.71	1.75	1.34	1996	156,985,000	5,700	156,990,700
1997 ^{a,b,c}	1.69	1.16	1.19	0.92	1997	159,874,300	10,000	159,884,300
1998 ^{a,b}	1.25	1.73	1.77	1.38	1998	159,083,000	5,900	159,088,900
1999 ^{a,d}	1.25	0.87	0.89	0.68	1999	122,717,400	4,600	122,722,000
2000	1.25	0.80	0.81	0.67	2000	142,421,600	2,400	142,424,000
2001	1.25	0.80	0.82	0.65	2001	135,624,600	0	135,624,600

- a* Change in actuarial assumptions.
- b* Change in benefits.
- c* Change in asset valuation method to GASB.
- d* Change in actuary.

EXHIBIT R

ANNUAL REQUIRED CONTRIBUTIONS OF EMPLOYER AND TREND INFORMATION

Year	Annual Required Contribution (ARC) of the Employer ¹	Required Statutory Basis ²	Actual ³	Percent of ARC Contributed
1992	\$110,113,785	\$117,896,050	\$119,851,582	108.84%
1993	114,286,388	131,552,200	133,957,499	117.21%
1994	121,536,892	133,637,250	137,076,271	111.16%
1995	127,020,331	155,935,200	159,275,835	125.39%
1996	123,313,173	150,244,150	152,556,327	123.71%
1997	100,278,969	153,004,815	156,832,214	156.40%
1998	108,174,346	152,248,055	158,564,165	146.58%
1999	157,514,076	117,813,120	119,644,186	75.96%
2000	93,016,467	136,727,040	140,171,920	150.70%
2001	83,526,133	130,199,616	131,439,834	157.36%

¹ Under Normal Cost plus 40 Year Level-Dollar Amortization. Negative ARC values are set to zero, as no contribution is then required

² Tax levy after 4% loss

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

Year	Assets Available for Benefits as a % of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus) as a % of Covered Payroll End of Year	Employer Contribution as a % of Covered Payroll Beginning of Year
1992	75.03%	89.57 %	12.37%
1993	75.98%	97.16 %	13.18%
1994	74.03%	101.60 %	13.84%
1995	78.67%	86.38 %	14.74%
1996	86.57%	56.34 %	14.02%
1997	84.94%	66.43 %	14.57%
1998	82.26%	96.00 %	13.30%
1999	91.70%	42.97 %	10.24%
2000	94.49%	29.53 %	11.06%
2001	93.26%	33.99 %	10.57%

GASB Exhibits



EXHIBIT A-1

GASB #25 AND #27 DISCLOSURES

GASB: Financial Accounting Information

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pensions by State and Local Governmental Employers. 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 history of funding progress under GASB (we included additional years prior to GASB #25). 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 payroll.

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.

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 city contributions made.

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

This exhibit shows a six-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
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
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]
1992	\$ 2,735,313,710	\$ 3,645,744,440	\$ 910,430,730	75.03%	\$ 1,016,438,280	89.57%
1993	3,044,072,035	4,006,489,396	962,417,361	75.98%	990,566,232	97.16%
1994	3,129,379,505	4,227,053,182	1,097,673,677	74.03%	1,080,425,256	101.60%
1995	3,466,557,418	4,406,303,090	939,745,672	78.67%	1,087,913,784	86.38%
1996	3,907,997,927	4,514,208,388	606,210,461	86.57%	1,076,057,784	56.34%
1997	4,467,100,715	5,259,125,157	792,024,442	84.94%	1,192,286,688	66.43%
1998	5,202,095,202	6,323,965,903	1,121,870,701	82.26%	1,168,639,224	96.00%
1999	6,017,841,114	6,562,299,185	544,458,071	91.70%	1,267,181,658	42.97%
2000	6,297,976,257	6,665,179,731	367,203,474	94.49%	1,243,439,345	29.53%
2001	6,466,797,543	6,934,176,477	467,378,934	93.26%	1,375,048,892	33.99%

EXHIBIT A-3

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #25

	2001	2000	1999	1998
1. Contribution Multiplier	1.25	1.25	1.25	1.69
2. Payroll (beginning of year)	\$ 1,243,439,345	\$ 1,267,181,658	\$ 1,168,639,224	\$ 1,192,286,688
3. City of Chicago Contribution, Net of Reserve for Loss in Tax Collection	\$ 131,439,834	\$ 140,171,920	\$ 119,644,186	\$ 158,564,165
4. City of Chicago Contribution as a Percent of Covered Payroll	10.57%	11.06%	10.24%	13.30%
5. Employee Contributions	\$ 118,240,723	\$ 107,371,034	\$ 102,454,040	\$ 124,675,115
6. Employee Contributions as a Percent of Covered Payroll	9.51%	8.47%	8.77%	10.46%
7. Current Year Normal Cost	\$ 156,416,139	\$ 153,795,162	\$ 169,007,509	\$ 148,348,975
8. Normal Cost as a Percent of Covered Payroll	12.58%	12.14%	14.46%	12.44%
9. 40-Year Level Dollar Amortization of the Unfunded Liability	\$ 28,512,725	\$ 42,276,242	\$ 90,528,771	\$ 63,911,999
10. 40-Year Level Dollar Amortization as a Percent of Covered Payroll	2.29%	3.34%	7.75%	5.36%
11. Interest Adjustment for Semi-Monthly Payment	\$ 6,899,694	7,315,422	N/A	N/A
12. Actuarially Determined Contribution (ADC)* (NC + 40-year level dollar + interest adjustment)	\$ 191,828,558	\$ 203,386,826	\$ 259,536,280	\$ 212,260,974
13. ADC as a Percent of Covered Payroll	15.43%	16.05%	22.21%	17.80%
14. Annual Required Contribution (ARC)* (ADC - estimated employee contributions)	\$ 83,526,133	\$ 93,016,467	\$ 157,514,076	\$ 108,413,899
15. ARC as a Percent of Covered Payroll	6.72%	7.34%	13.48%	9.09%

* ADC and ARC amounts cannot be less than zero.

In the year 2001 the City contributed \$131,439,834. In 2001, the employee contributions were \$118,240,723, or 9.51% of payroll. There was an excess of City contributions over ARC of \$47,913,701.

It is estimated for 2002 that the statutory contributions will be enough to meet (and exceed) the Annual Required Contribution.

EXHIBIT A-4

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SUPPLEMENTARY INFORMATION FOR GASB #25 AND GASB #27

The information presented in this required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information for the latest actuarial valuation is as follows:

Valuation date	December 31, 2001
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar open
Remaining Amortization Period	40 years
Actuarial Assumptions:	
Investment Rate of Return *	8.0% per year
Projected Salary Increases *	5.0% per year
* Includes Inflation at:	3.0% per year
Post Retirement Benefit Increases	3.0% per year beginning after annuitant reaches age 60

Actuarial Accrued Liability (AAL)

	2000	2001
Payable to Retirees and Beneficiaries	\$ 3,380,841,203	\$ 3,381,254,824
Current Employees:		
Accumulated Employee Contributions Including		
Statutory Interest	986,495,384	1,052,749,399
Payable to Vested and Non-Vested Employees (not split)	2,297,843,144	2,500,172,254
Total Actuarial Accrued Liability	\$ 6,665,179,731	\$ 6,934,176,477
Net Plan Actuarial Assets	6,297,976,257	6,466,797,543
Unfunded AAL (assets in excess of AAL)	\$ 367,203,474	\$ 467,378,934
Percent Funded	94.49%	93.26%
Unfunded AAL as Percent of Payroll	29.53%	33.99%
Payroll	\$ 1,243,439,345	\$ 1,375,048,892

EXHIBIT A-5

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27 FROM 1997

Year Ending December 31:	1997	1998	1999	2000	2001
Contribution Rates					
Plan Members:	8.5%	8.5%	8.5%	8.5%	8.5%
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:					
	1.69	1.25	1.25	1.25	1.25
Annual Pension Cost					
Annual Required Contribution (ARC)	\$ 194,218,814	\$ 108,174,346	\$ 157,514,076	\$ 93,016,467	\$ 83,526,133
Interest on NPO	(11,923,863)	(16,832,011)	(20,863,197)	(18,001,235)	(21,697,440)
Adjustment to ARC	12,024,406	16,832,011	20,249,897	18,954,128	21,059,616
Annual Pension Cost	<u>\$ 194,319,357</u>	<u>\$ 108,174,346</u>	<u>\$ 156,900,776</u>	<u>\$ 93,969,360</u>	<u>\$ 82,888,309</u>
Employer Contributions ¹	\$ 156,832,216	\$ 158,564,165	\$ 121,126,249	\$ 140,171,920	\$ 131,439,834
Net Pension Obligations (NPO)					
NPO at Beginning of Year	\$(149,048,289)	\$(210,400,142)	\$ (260,789,961)	\$(225,015,434)	\$(271,217,994)
Increase/(Decrease) in NPO	<u>(61,351,853)</u>	<u>(50,389,819)</u>	<u>35,774,527</u>	<u>(46,202,560)</u>	<u>(48,551,525)</u>
NPO at End of Year	<u>\$(210,400,142)</u>	<u>\$(260,789,961)</u>	<u>\$ (225,015,434)</u>	<u>\$(271,217,994)</u>	<u>\$(319,769,519)</u>

EXHIBIT A-6

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

PENSION COST SUMMARY FOR GASB #27

Year Ended December 31	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
1995	\$ 127,077,328	125.34%	\$ (117,361,360)
1996	123,392,342	123.64%	(149,048,289)
1997	100,379,512	156.24%	(210,400,142)
1998	108,174,346	146.58%	(260,789,961)
1999	156,900,776	77.20%	(225,015,434)
2000	93,969,360	149.17%	(271,217,994)
2001	82,888,309	158.57%	(319,769,519)

EXHIBIT A-7

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

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	\$ 88,977,737	\$ 97,968,692	\$ 102,508,633	\$ 97,096,679	\$ 112,142,424	\$ 118,648,314	\$ 127,216,909	\$ 128,073,255	\$ 130,280,273	\$ 139,953,559
40 Year Amortization	64,525,862	63,861,328	64,292,258	55,269,863	76,643,717	73,815,385	73,466,733	77,661,767	88,576,205	75,832,286
Total ADC	\$153,503,599	\$161,830,020	\$166,800,891	\$152,366,542	\$188,786,141	\$192,463,699	\$200,683,642	\$205,735,022	\$218,856,478	\$215,785,845
Interest on NPO	-	439,828	855,310	947,637	(946,630)	(1,271,063)	(2,131,133)	(5,214,560)	(6,759,558)	(9,388,909)
Adjustment to ADC	-	(448,998)	(862,522)	(955,628)	954,612	1,281,780	2,149,103	5,258,530	6,816,555	9,468,078
Annual Pension Cost	\$153,503,599	\$161,820,849	\$166,793,679	\$152,358,552	\$188,794,123	\$192,474,417	\$200,701,611	\$205,778,991	\$218,913,475	\$215,865,014
Contributions for Year										
Employer Contributions	\$ 86,928,550	\$ 92,913,800	\$ 97,196,000	\$102,422,150	\$110,807,484	\$ 119,851,582	\$ 133,957,499	\$ 137,076,271	\$ 159,275,835	\$ 152,556,327
Employee Contributions	60,710,680	64,080,041	68,443,590	73,614,748	82,042,041	83,373,713	105,286,953	88,015,188	92,504,531	94,995,616
Total Contributions	\$147,639,230	\$156,993,841	\$165,639,590	\$176,036,898	\$192,849,525	\$203,225,295	\$239,244,452	\$225,091,459	\$251,780,366	\$247,551,943
Net Pension Obligations (NPO)										
NPO at Beginning of Year	\$ 0	\$ 5,864,369	\$ 10,691,377	\$ 11,845,466	\$ (11,832,880)	\$ (15,888,282)	\$ (26,639,160)	\$ (65,182,001)	\$ (84,494,469)	\$ (117,361,360)
Annual Pension Cost	153,503,599	161,820,849	166,793,679	152,358,552	188,794,123	192,474,417	200,701,611	205,778,991	218,913,475	215,865,014
Total Contributions	(147,639,230)	(156,993,841)	(165,639,590)	(176,036,898)	(192,849,525)	(203,225,295)	(239,244,452)	(225,091,459)	(251,780,366)	(247,551,943)
NPO at End of Year	\$ 5,864,369	\$ 10,691,377	\$ 11,845,466	\$ (11,832,880)	\$ (15,888,282)	\$ (26,639,160)	\$ (65,182,001)	\$ (84,494,469)	\$ (117,361,360)	\$ (149,048,289)