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

Actuarial Valuation Report

For the Year Ending December 31, 2002

April 2003



Gabriel, Roeder, Smith & Company
Actuaries and Consultants



GABRIEL, ROEDER, SMITH & COMPANY
CONSULTANTS & ACTUARIES

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April 8, 2003

The Retirement Board of the
Municipal Employees' Annuity and Benefit
Fund of Chicago
221 North LaSalle Street
Suite 500
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, 2002. 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 2003. 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

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 Fund was also provided by the Fund's staff. We have tested this data for reasonableness.
- b) **Asset Values**—The values of assets of the Fund were provided by the Fund's staff. An actuarial value of assets was used to develop actuarial results for GASB Statement No. 25 and Statement No. 27.
- c) **Actuarial Method**—The actuarial method utilized by the Fund is the Entry-Age 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.
- d) **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 shows that a ratio of 1.35 is needed to adequately finance the Fund.

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.

Gabriel, Roeder, Smith and Company



Michael R. Kivi, F.S.A.
Senior Consultant



Alex Rivera, A.S.A.
Senior Consultant

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

ACTUARIAL VALUES	<u>December 31, 2001</u>	<u>December 31, 2002</u>	<u>% Change</u>
Termination Values			
Liability	\$ 4,434,004,223	\$ 4,768,588,091	7.55 %
Assets - Actuarial Value	6,466,797,543	6,403,982,494	(0.97)%
Deficiency/(Excess)	(2,032,793,320)	(1,635,394,403)	(19.55)%
Funded Ratio	145.85%	134.30%	(7.92)%
GASB #25 Values			
Actuarial Liability	\$ 6,934,176,477	\$ 7,577,100,377	9.27 %
Assets - Actuarial Value	6,466,797,543	6,403,982,494	(0.97)%
Unfunded Liability (Surplus)	467,378,934	1,173,117,883	151.00 %
Funded Ratio	93.26%	84.52%	(9.37)%
Annual Required Contribution (ARC)	\$ 92,711,870	\$ 158,614,805	71.08 %
Market Values			
Actuarial Liability	\$ 6,934,176,477	\$ 7,577,100,377	9.27 %
Assets - Market Value	5,820,765,697	5,128,210,403	(11.90)%
Unfunded Liability	1,113,410,780	2,448,889,974	119.94 %
Funded Ratio	83.94%	67.68%	(19.37)%
Book Values			
Actuarial Liability	\$ 6,934,176,477	\$ 7,577,100,377	9.27 %
Assets - Book Value	5,190,062,134	5,028,189,321	(3.12)%
Unfunded Liability (Surplus)	1,744,114,343	2,548,911,056	46.14 %
Funded Ratio	74.85%	66.36%	(11.34)%

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
SUMMARY OF ACTUARIAL VALUATION (CONT'D)**

	<u>December 31, 2001</u>	<u>December 31, 2002</u>	<u>% Change</u>
Assets			
Market Value - Beginning of Year	\$ 6,126,238,249	\$ 5,820,765,697	(4.99)%
Income			
Investment Income	(158,373,573)	(538,062,313)	239.74 %
Employer Contributions	131,439,834	130,966,381	(0.36)%
Employee Contributions	118,240,723	128,395,307	8.59 %
Subtotal	91,306,984	(278,700,625)	(405.23)%
Outgo (Refunds, Benefits & Expenses)	396,779,536	413,854,669	4.30 %
Net Change	(305,472,552)	(692,555,294)	126.72 %
Market Value - End of Year	\$ 5,820,765,697	\$ 5,128,210,403	(11.90)%
Book Value - Beginning of Year	\$ 5,101,919,939	\$ 5,190,062,134	1.73 %
Income			
Investment Income	235,241,174	(7,379,832)	(103.14)%
Employer Contributions	131,439,834	130,966,381	(0.36)%
Employee Contributions	118,240,723	128,395,307	8.59 %
Subtotal	484,921,731	251,981,856	(48.04)%
Outgo (Refunds, Benefits & Expenses)	396,779,536	413,854,669	4.30 %
Net Change	88,142,195	(161,872,813)	(283.65)%
Book Value - End of Year	\$ 5,190,062,134	\$ 5,028,189,321	(3.12)%
Actuarial Value - Beginning of Year	\$ 6,297,976,257	\$ 6,466,797,543	2.68 %
Income			
Investment Income	315,920,265	91,677,932	(70.98)%
Employer Contributions	131,439,834	130,966,381	(0.36)%
Employee Contributions	118,240,723	128,395,307	8.59 %
Subtotal	565,600,822	351,039,620	(37.94)%
Outgo (Refunds, Benefits & Expense)	396,779,536	413,854,669	4.30 %
Net Change	168,821,286	(62,815,049)	(137.21)%
Actuarial Value - End of Year	\$ 6,466,797,543	\$ 6,403,982,494	(0.97)%

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

	<u>December 31, 2001</u>	<u>December 31, 2002</u>	<u>% Change</u>
Members			
Active ¹	36,679	35,522	(3.15)%
Inactive	9,551	11,137	16.61 %
Retirees ²	15,365	15,550	1.20 %
Survivors	4,525	4,517	(0.18)%
Disabilities	505	389	(22.97)%
Children	198	212	7.07 %
Payroll Data			
Valuation Payroll	\$ 1,375,048,892	\$ 1,377,909,441	0.21 %
Average Salary	37,489	38,790	3.47 %

¹ Active members include disabled employees.

² Retired members included deferred employee annuitants.

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 ("the Fund") as of December 31, 2002. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2003.
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.

Actuarial Obligations of the Fund

The value of all future pension payments, calculated using the actuarial assumptions contained in this report, is the sum of payments to two major groups of beneficiaries - the retired lives and the actives lives.

1. Retired Lives:

For those currently receiving known benefits, i.e., current retirees, widows, widowers, and children, the value is determined based on estimated future longevity with the future benefit payment discounted to present time at the assumed investment earnings rate.

2. Active Lives:

The value of future payments for active employees who will receive benefits in the future is estimated, since the amount of pension is only known at the actual time of retirement. This estimate is made using various assumptions as to future salary increases, probable retirement age, and chance death, withdrawal, or disablement before retirement. For active employees, the goal is to have enough assets on hand at retirement to pay for all future benefits promised. To provide for an orderly accumulation of these required assets, an actuarial funding method is used.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
DISCUSSION OF VALUATION RESULTS (CONT'D)**

Using the "Entry Age Normal" funding method, assets are allocated as a level amount (expressed as a percentage of salary) over the employee's working lifetime. These allocated costs are called "normal costs" and are sufficient, if set aside each year, to fully fund his or her benefits when and if he or she retires. The actuarial reserve (amount of assets needed now) is then the present value of future benefits less the value of future normal costs to be paid.

The difference between the sum of actuarial reserves for active and retired lives ("the Actuarial Accrued Liability") and the present assets is called the "Unfunded Actuarial Accrued Liability." If assets exceed the liability, there is a surplus. The unfunded liability depends upon the benefits, the characteristics of the covered group of employees and retirees, the actuarial assumptions, and the actuarial funding method. The unfunded liability can be thought of as the amount of assets that will be needed in future years to provide for all future benefits payable when added to the future normal costs determined by the actuarial funding method.

For the pension fund to be in balance (funded ratio of 100%), the present value of all benefits payable in the future must equal the sum of present assets plus the present value of all future contributions. If a plan is 100% funded, it does not mean that no contributions are ever needed again. It simply means that the plan is where it should be. The assets of the plan are sufficient to provide for future benefits payable based on service to the date of valuation. **Future contributions are still needed** to provide the "normal costs" for service after the date of the valuation in order to have sufficient assets at retirement to provide the future payments of the total projected benefit.

Summary of Results

The annual required contributions (ARC) under GASB #25 for the year ending December 31, 2003 is \$158.6 million. This amount is net of employee contributions of \$120.0 million. The ARC last year, for the year ending December 31, 2002, was \$92.7 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 \$467 million to \$1,173 million during the year, resulting in a change in funding ratio from 93.3% to 84.5%. The increase in the Unfunded Actuarial Liability is largely attributable to a loss on the Actuarial Value of Assets and a change in plan provisions. 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 \$1,113 million to \$2,449 million, and the funded ratio decreased from 83.9% to 67.7%.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
DISCUSSION OF VALUATION RESULTS (CONT'D)**

Plan Membership

	<u>December 31, 2001</u>	<u>December 31, 2002</u>
Active Members		
Number	36,679	35,522
Vested	16,439	16,347
Non-vested	20,240	19,175
Average Age	45.4	45.6
Average Service	10.0	10.5
Average Annual salary	\$37,489	\$38,790
Inactive Members		
Number	9,551	11,137
Average Age	43.7	43.5
Average Service	3.43	3.55
Retirees		
Number	15,365	15,550
Average Age	73.0	73.1
Average Annual Benefit	\$20,364	\$21,211
Surviving Spouse		
Number	4,525	4,517
Average Age	76.3	76.4
Average Annual Benefit	\$10,435	\$10,639
Children		
	198	212
Total Members	66,318	66,938

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

Total members receiving benefits under the Fund increased 0.9% during 2002 from 19,890 to 20,067. Total expenditures for benefits increased from \$371 million in 2001 to \$387 million during 2002, or 4.3%.

Changes in Provisions of the Fund

PA 92-0599 and PA 92-0609 were passed in 2002, and made the following changes to the Fund Provisions:

1. The benefit multiplier was changed from 2.2% to 2.4% for new retirees. The benefit maximum was changed to 80% of final average salary from 75%. The spouse annuity uses the same increased multiplier, and the spouse is entitled to 50% of the annuity earned if the participant has more than 10 years of service.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
DISCUSSION OF VALUATION RESULTS (CONT'D)**

2. Timing of the first COLA increase for retirees was changed. For participants retiring prior to age 60, the first increase occurs no later than the later of either of the participant's third anniversary or reaching age 53. Increases apply only to life annuities.
3. The ordinary disability benefit will no longer be reduced for employee contributions, but disabled participants will still be credited with the amount that they would have contributed. The amount credited will not be refunded to employees who terminate and elect a refund.
4. Chicago Housing Authority and the Public Building Commission were added to the eligible employer list. Also included were provisions pertaining to the transfer of prior service with either of the organizations to the Municipal Employees' fund.
5. The age restriction was removed for inclusion of an adopted child and the service restriction was removed for all children's annuities; previously children adopted after age 55 were not included and there was a minimum of four years of service required for children's benefits.
6. Group health benefits were made available through 2003, changed from 2002.
7. Miscellaneous changes were made with respect to the aldermanic plan provisions and with respect to the voluntary transfer of credits and service in the Police Fund under certain conditions.

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.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
DISCUSSION OF VALUATION RESULTS (CONT'D)**

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.

2002 Experience Analysis

The Fund had an investment loss in 2002 of \$998 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 \$420 million due to the deferred recognition of investment gains and losses.

Individual salary increases varied among plan participants but the overall increase was slightly lower than anticipated by the actuarial assumptions, resulting in an experience gain of \$9 million.

There was an additional loss of \$49 million from all other factors, including actual retirement, termination, disability, mortality experience, and data changes. This is about 0.7 percent of the December 31, 2002 liabilities, which is a reasonable variation.

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

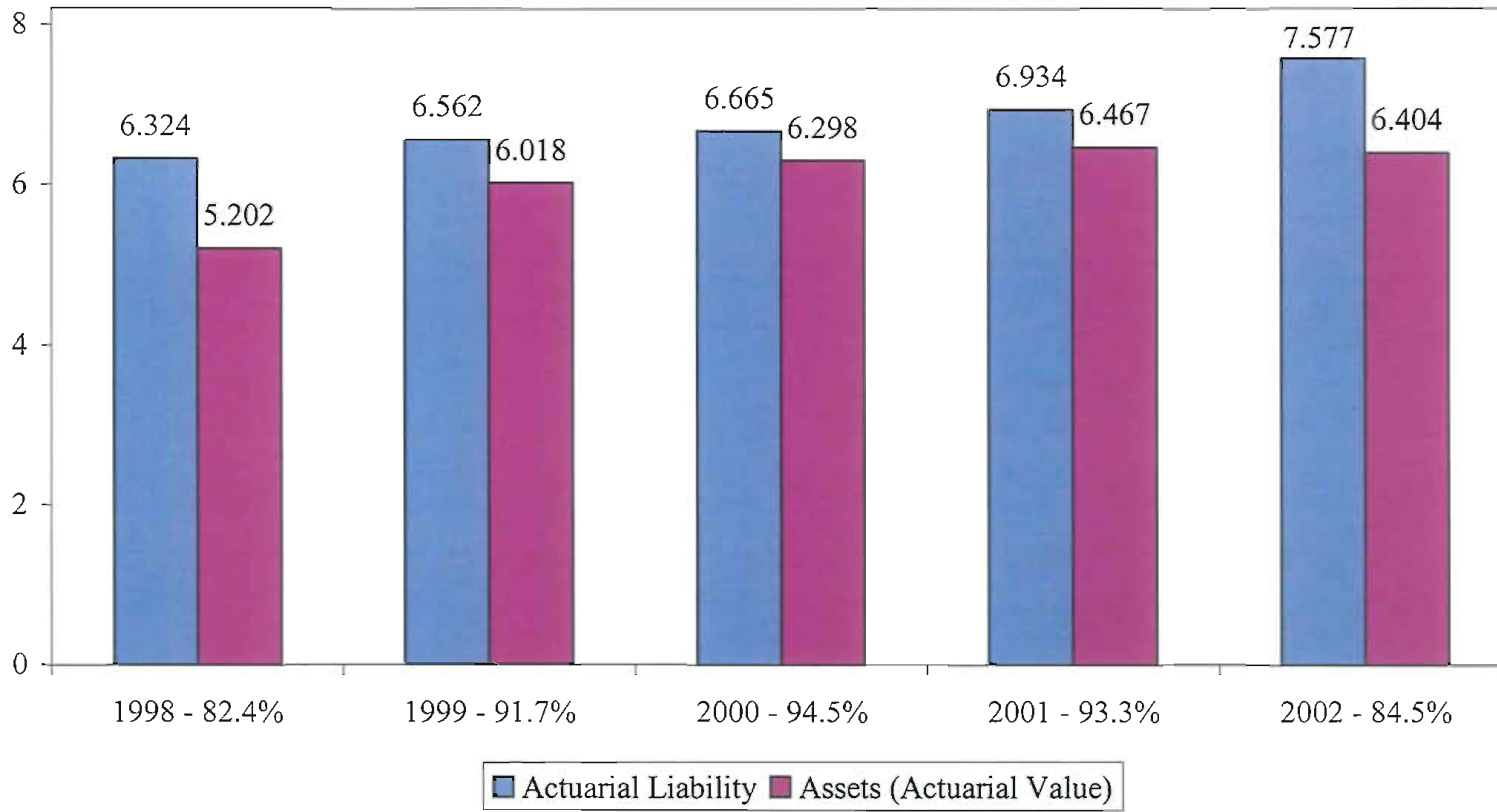
Changes in Assumptions

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

Funding Analysis

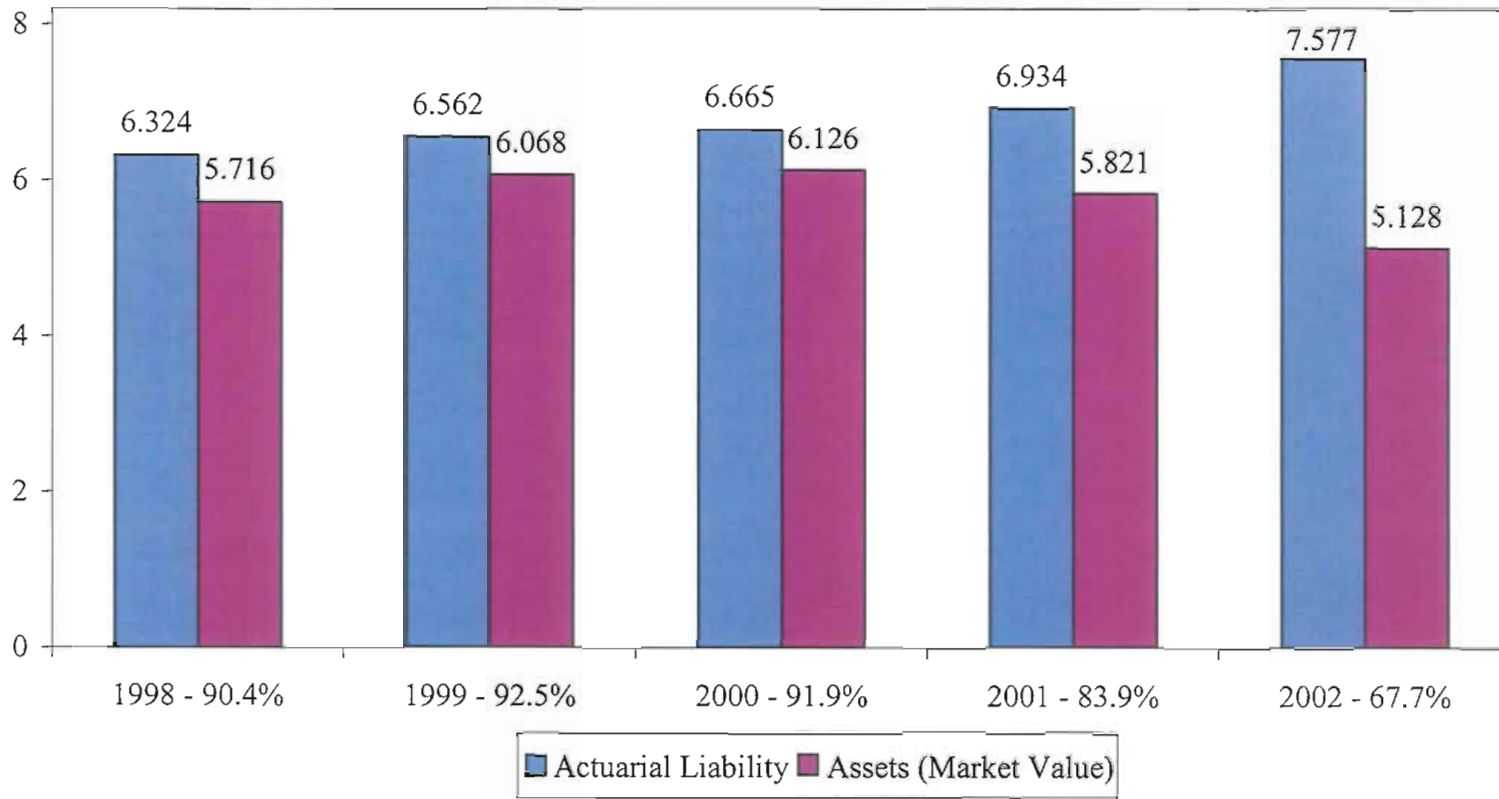
The following charts summarize the various measures of benefit security (funded ratio) examined in this valuation and highlight the trends of the measures.

**MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
 COMPONENTS OF FUNDED RATIO
 GASB #25/STATE REPORTING**



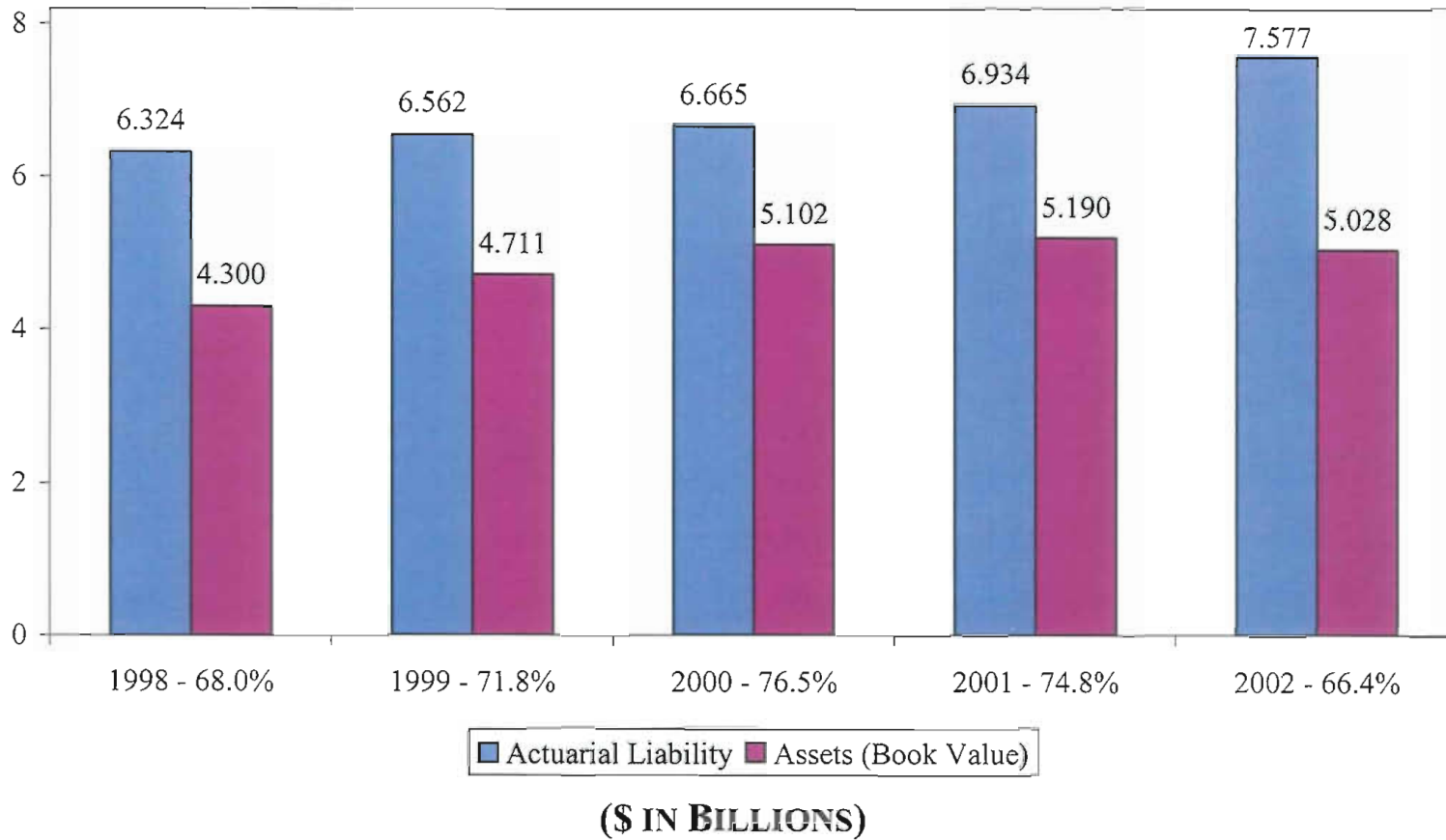
(\$ IN BILLIONS)

**MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
 COMPONENTS OF FUNDED RATIO
 BASED ON MARKET VALUE**



(\$ IN BILLIONS)

**MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
 COMPONENTS OF FUNDED RATIO
 BASED ON BOOK VALUE**



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



**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
DISCUSSION OF VALUATION RESULTS (CONT'D)**

Conclusion

On a market value basis, the funded ratio has dropped dramatically, from 83.9% in the last valuation to 67.7% in this valuation. When measured using the Actuarial Value of Assets, which smoothes gains and losses over a five-year period, the funding ratio decreased from 93.3% in 2001 to 84.5% in 2002. As recent market losses are recognized in the Actuarial Value of Assets in future years, further declines in the funded ratio are expected to emerge.

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 2003

	<u>2002</u>	<u>2003</u>
(1) Normal Cost	\$ 168,543,796	\$ 177,517,094 <i>12.51%</i>
(2) Actuarial Accrued Liability (AAL)	\$ 6,934,176,477	\$ 7,577,100,377
(3) Unfunded AAL (UAAL)		
(a) Actuarial Value of Assets	\$ 6,466,797,543	\$ 6,403,982,494
(b) UAAL [2-3(a)]	\$ 467,378,934	\$ 1,173,117,883
(4) 40-Year Amortization (Level \$) Payable at BOY	\$ 36,291,179	\$ 91,090,607
(5) Minimum Actuarially Calculated Contribution		
(a) Interest Adjustment for Semimonthly Payment	\$ 7,642,391	\$ 10,021,751
(b) Total Minimum Contribution [1+4+5(a)]; but not less than zero	\$ 212,477,366	\$ 278,629,452
(c) Total Minimum Contribution (Percent of Pay)	15.45%	20.22%
(6) Estimated Member Contributions	\$ 119,765,496	\$ 120,014,647
(7) Annual Required Contribution (ARC)		
(a) Annual Required Contribution [5(b)-6]	\$ 92,711,870	\$ 158,614,805
(b) Annual Required Contribution (Percent of Pay)	6.74%	11.51%
(8) Estimated City Contribution (after 4% loss)	\$ 131,501,000	\$ 140,749,000
(9) City Contribution Deficiency/(Excess)		
(a) in Dollars [(7(a)-8)]	\$ (38,789,130)	\$ 17,865,805
(b) as a Percentage of Pay	(2.82%)	1.30%
(10) Combined City/Member Contributions Deficiency/(Excess)		
(a) in Dollars [5(b)-6-8]	\$ (38,789,130)	\$ 17,865,805
(b) as a Percentage of Pay	(2.82%)	1.30%

TABLE 2
MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

	2002	2001	2000	1999	1998
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
Beginning of Year	\$467,378,934	\$367,203,474	\$544,458,071	\$1,121,870,701	\$792,024,442
(Gains) Losses During the Year Attributable to:					
Contributions in excess of Normal Cost plus Interest	(50,118,958)	(61,169,938)	(116,656,502)	45,300,907	(70,978,306)
(Gain) Loss on Investment Return	419,605,037	182,147,072	102,925,143	(569,034,392)	(455,984,652)
(Gain) Loss from Salary Changes	(8,665,613)	118,932,900	(179,627,774)	30,493,969	(54,094,521)
(Gain) Loss from Retirement, Termination, & Mortality	49,293,343	(139,734,574)	16,104,536	47,080,346	146,470,875
(Gain) Loss from Data Corrections					
Differences in Liabilities From Prior Actuary				(422,338,196)	
Change in Methodology				291,084,736	
Change in Assumptions					10,593,807
Plan Amendments	295,625,140				753,839,056
Net Increase (Decrease) in UAAL	705,738,949	100,175,460	(177,254,597)	(577,412,630)	329,846,259
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
End of Year	\$1,173,117,883	\$467,378,934	\$367,203,474	\$544,458,071	\$1,121,870,701

TABLE 3
MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
SUMMARY OF BASIC ACTUARIAL VALUES

	APV of Projected Benefits	2003 Normal Cost
(1) Values for Active Members		
(a) Retirement	\$ 4,741,306,515	\$ 128,218,740
(b) Termination	208,601,357	22,425,917
(c) Death	131,555,081	6,141,076
(d) Health Insurance	65,356,985	2,313,038
(e) Disability, Children's Benefit & Reciprocal	454,978,883	13,861,235
(f) Expenses of Administration	0	4,557,088
Total for Actives	\$ 5,601,798,821	\$ 177,517,094
(2) Values for Members in Payment Status	3,551,167,505	0
(3) Grand Totals	\$ 9,152,966,326	\$ 177,517,094
Actuarial Present Value of Future Compensation		\$ 12,797,629,239

TABLE 4
MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
TERMINATION LIABILITIES

	<u>2001</u>	<u>2002</u>
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	\$ 3,381,254,824	\$ 3,551,167,505
Salary Deductions Contributed by Active Fund Members (with Interest)	<u>1,052,749,399</u>	<u>1,217,420,586</u>
Total	\$ 4,434,004,223	\$ 4,768,588,091
Actuarial Asset Value	6,466,797,543	6,403,982,494
Excess Upon Termination	<u>\$ 2,032,793,320</u>	<u>\$ 1,635,394,403</u>
Percent Funded	145.85%	134.30%

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		
	Active Member Contribution	Retirees and Beneficiaries	Active Members (ER Financed Portion)		By Assets		
					(1)	(2)	(3)
1993 ²	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 ^{1,2}	935,038,744	2,251,886,541	2,072,219,872	4,467,100,715	100.00%	100.00%	61.78%
1998 ^{1,2}	865,320,511	3,508,852,569	1,950,542,822	5,202,095,202	100.00%	100.00%	42.45%
1999 ^{1,3}	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%
2002 ²	1,217,420,586	3,551,167,505	2,808,512,286	6,403,982,494	100.00%	100.00%	58.23%

¹Change in actuarial assumptions

²Change in benefits

³Change 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, 2002

	New in 2002			Continuing from 2001			Total		
	Annuity	Prior Service	Total	Annuity	Prior Service	Total	Annuity	Prior Service	Total
	Payment Fund	Fund		Payment Fund	Fund		Payment Fund	Fund	
Statutory Reserve									
Retirees	\$ 75,436,684	\$ 210,271,107	\$ 285,707,791	\$ 643,748,477	\$ 2,172,298,944	\$ 2,816,047,421	\$ 719,185,161	\$ 2,382,570,051	\$ 3,101,755,212
Future Surviving Spouses	\$ 14,645,359	\$ 13,127,472	\$ 27,772,831	\$ 144,821,462	\$ 195,025,876	\$ 339,847,338	\$ 159,466,821	\$ 208,153,348	\$ 367,620,169
Spouses	\$ 14,773,070	\$ 14,586,182	\$ 29,359,252	\$ 119,277,273	\$ 158,781,932	\$ 278,059,205	\$ 134,050,343	\$ 173,368,114	\$ 307,418,457
Annual Benefits									
Retirees	\$ 7,196,616	\$ 12,707,402	\$ 19,904,018	\$ 85,985,995	\$ 223,851,422	\$ 309,837,417	\$ 93,182,611	\$ 236,558,824	\$ 329,741,435
Future Surviving Spouses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spouses	\$ 1,743,011	\$ 1,928,616	\$ 3,671,627	\$ 17,282,831	\$ 27,103,828	\$ 44,386,659	\$ 19,025,842	\$ 29,032,444	\$ 48,058,286

TABLE 7
MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
DEPARTMENT OF INSURANCE DISCLOSURE

	<u>2001</u>	<u>2002</u>
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	\$ 3,381,254,824	\$ 3,551,167,505
Current Employees:		
Accumulated Employee Contributions	1,052,749,399	1,217,420,586
Payable to Vested and Non-Vested Employees	<u>1,759,239,423</u>	<u>1,985,335,395</u>
Total APV	<u>\$ 6,193,243,646</u>	<u>\$ 6,753,923,486</u>
Net Assets Available for Benefits, Actuarial Value	<u>6,466,797,543</u>	<u>6,403,982,494</u>
Unfunded AAL (assets in excess of AAL)	\$ (273,553,897)	\$ 349,940,992
Percent Funded	104.42%	94.82%
Unfunded AAL as Percent of Payroll	(19.89)%	25.40%
Payroll	\$ 1,375,048,892	\$ 1,377,909,441

TABLE 8
MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL RESERVE LIABILITIES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002

Accrued Liabilities for Active Participants	\$ 3,698,930,282
Reserves For:	
Service Retirement Pension	\$ 2,835,367,510
Future Spouses of Current Retirees	350,935,593
Ordinary Disability Benefits	196,510,364
Duty Disability Benefits	52,093,954
Surviving Spouse Pension	322,279,980
Health Insurance Supplement	42,584,422
Children Annuitants	16,247,193
Reciprocal Benefits	<u>62,151,079</u>
Total Accrued Liabilities	7,577,100,377
Unfunded Actuarial Liabilities	1,173,117,883
Actuarial Net Assets	6,403,982,494

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, decreased from \$5.19 billion as of December 31, 2001 to \$5.03 billion as of December 31, 2002, while the market value of plan assets decreased from \$5.82 billion as of December 31, 2001 to \$5.13 billion as of December 31, 2002. Table 9 details the development of asset values during 2002 and Table 10 shows the development of the actuarial value of assets as of December 31, 2002.

TABLE 9
RECONCILIATION OF ASSET VALUES
AS OF DECEMBER 31, 2002

	<u>Market Value</u>	<u>Cost Value</u>
(1) Value of Assets as of 12/31/2001	\$ 5,820,765,697	\$ 5,190,062,134
(2) Income for Plan Year:		
(a) Member Contributions	\$ 128,395,307	\$ 128,395,307
(b) City Contributions & Miscellaneous	130,966,381	130,966,381
(c) Investment Income Net of Expenses	<u>(538,062,313)</u>	<u>(7,379,832)</u>
(d) Total Income	\$ (278,700,625)	\$ 251,981,856
(3) Disbursements for Plan Year:		
(a) Benefit Payments	\$ 386,871,664	\$ 386,871,664
(b) Refunds and Rollovers	22,425,917	22,425,917
(c) Administration	<u>4,557,088</u>	<u>4,557,088</u>
(d) Total Disbursements	\$ 413,854,669	\$ 413,854,669
(4) Value of Assets as of 12/31/2002	\$ 5,128,210,403	\$ 5,028,189,321
(5) Estimated Rate of Return in 2002:		
(a) Gross (Investment Expense of \$15,778,745)	(9.11)%	0.16%
(b) Net of Investment Expense	(9.37)%	(0.14)%

TABLE 10
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
AS OF DECEMBER 31, 2002

(1) Expected Return on Market Value of Assets for Prior Year

(a) Market Value of Assets as of 12/31/2001	\$5,820,765,697
(b) Actual Income and Disbursements in Prior Year Weighted for Timing	

Item	Amount	Weight for Timing	Weighted Amount
i) Member Contributions	\$ 128,395,307	50.0%	\$ 64,197,654
ii) City Contributions & Misc.	130,966,381	50.0%	65,483,191
iii) Benefit Payments	(386,871,664)	50.0%	(193,435,832)
iv) Refunds	(22,425,917)	50.0%	(11,212,959)
v) Administration	(4,557,088)	50.0%	(2,278,544)
vi) Total			\$ (77,246,490)

(c) Market Value of Assets Adj. for Actual Income and Disbursements [(a) + (b)(vi)]	\$5,743,519,207
(d) Assumed Rate of Return on Plan Assets for the Year	8.00%
(e) Expected Return [(c) * (d)]	\$ 459,481,537

(2) Actual Return on Market Value of Assets for Prior Year

(a) Market Value of Assets as of 12/31/2001	\$5,820,765,697
(b) Income (less investment income) for Prior Plan Year	259,361,688
(c) Disbursements Paid in Prior Year	413,854,669
(d) Market Value of Assets as of 12/31/2002	5,128,210,403
(e) Actual Return [(d) + (c) - (b) - (a)]	\$ (538,062,313)

(3) Investment Gain/(Loss) for Prior Year

\$ (997,543,850)

(4) Actuarial Value of Assets as of 12/31/2002

(a) Market Value of Assets as of 12/31/2002	\$5,128,210,403
(b) Deferred Investment Gains and (Losses) for Last 5 Years	

Plan Year	Gain/(Loss)	Weight for Timing	Deferred Amount
i) 1998	-	0.00%	-
ii) 1999	\$ 63,148,044	20.00%	12,629,609
iii) 2000	(262,033,541)	40.00%	\$ (104,813,416)
iv) 2001	(642,588,674)	60.00%	(385,553,204)
v) 2002	(997,543,850)	80.00%	(798,035,080)
vi) Total	\$ (1,839,018,021)		\$(1,275,772,091)

(c) Actuarial Value of Assets [(a) - (b) (vi)]	\$6,403,982,494
--	-----------------

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.

Plan Members Data



EXHIBIT A 1
SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS
FOR FISCAL YEAR ENDING DECEMBER 31, 2002

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Number of Active Members at Beginning of Year ¹	14,928	21,751	36,679
Reclassify Gender	(132)	132	0
Totals	<u>14,796</u>	<u>21,883</u>	<u>36,679</u>
Increases:			
Members Added During the Year	745	1,366	2,111
Members Returning From Inactive	<u>202</u>	<u>320</u>	<u>522</u>
	947	1,686	2,633
Totals	15,743	23,569	39,312
Decreases:			
Terminations During Year	1,706	2,084	3,790
Number of Active Members at End of Year	14,037	21,485	35,522
Members Added During the Year			
New	744	1,363	2,107
Transfer from Permanent File (PF to A)	1	3	4
Activate Laborer (LP to A)	<u>0</u>	<u>0</u>	<u>0</u>
	745	1,366	2,111
Terminations			
Withdrawal (With Refunds)	349	498	847
Withdrawal (Without Refunds)	972	1,090	2,062
Withdrawal (Additional Payroll)	6	1	7
Transfer Payment to Laborers	46	3	49
Retirements	292	444	736
Deaths	<u>41</u>	<u>48</u>	<u>89</u>
Totals	1,706	2,084	3,790

¹All employees receiving ordinary and duty disability benefits are included in the active count.

EXHIBIT A 2
SUMMARY OF CHANGES IN INACTIVE PARTICIPANTS
FOR FISCAL YEAR ENDING DECEMBER 31, 2002

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Number of Inactive Members at Beginning of Year	4,287	5,264	9,551
Reclassify Gender	(63)	63	0
Totals	<u>4,224</u>	<u>5,327</u>	<u>9,551</u>
Increases:			
Members Added During the Year	491	447	938
Members Transferring from Active	972	1,090	2,062
Totals	<u>1,463</u>	<u>1,537</u>	<u>3,000</u>
Totals	5,687	6,864	12,551
Decreases:			
Terminations During Year	589	825	1,414
Number of Inactive Members at End of Year	5,098	6,039	11,137
Members Added During the Year			
New ¹	480	442	922
Transfer from Permanent File (PF to A)	11	5	16
Activate Laborer (LP to A)	0	0	0
Totals	<u>491</u>	<u>447</u>	<u>938</u>
Terminations			
Withdrawal (With Refunds)	191	345	536
Withdrawal (Without Refunds)	202	320	522
Withdrawal (Additional Payroll)	31	30	61
Transfer Payment to Laborers	79	5	84
Retirements	68	104	172
Deaths	18	21	39
Totals	<u>589</u>	<u>825</u>	<u>1,414</u>

¹ 25 new Inactives of unknown gender are included as males.

EXHIBIT B
SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES
FOR FISCAL YEAR ENDING DECEMBER 31, 2002

	Number at Beginning of Year	Additions During Year	Terminations During Year	Number at End of Year
Employee Annuitants	15,362	910	726	15,546
Deferred Employee Annuitants	3	1	0	4
Surviving Spouse Annuitants	4,525	294	302	4,517
Child Annuitants	198	40	26	212
Ordinary Disability Benefit	309	594	643	260
Duty Disability Benefit	196	353	420	129
Totals	20,593	2,192	2,117	20,668

EXHIBIT C
PART I – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE
PARTICIPANTS CLASSIFIED BY
AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2002

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
Under 20	25 \$240,520	49 \$389,887	-	-	-	-	-	-	-	-	74 \$630,407
20-24	63 \$1,365,400	300 \$6,822,769	40 1,152,598	-	-	-	-	-	-	-	403 \$9,340,767
25-29	52 \$1,372,842	579 \$19,861,798	194 8,309,645	12 394,246	-	-	-	-	-	-	837 \$29,938,531
30-34	78 \$2,187,636	612 \$25,280,343	455 21,386,857	165 8,387,346	9 488,170	-	-	-	-	-	1,319 \$57,730,352
35-39	42 \$1,225,708	612 \$25,753,656	528 27,084,195	430 21,601,431	203 10,498,876	2 120,469	-	-	-	-	1,817 \$86,284,335
40-44	54 \$1,747,211	606 \$25,964,197	491 24,423,917	480 25,577,482	542 29,861,298	147 8,820,488	4 242,688	-	-	-	2,324 \$116,637,281
45-49	28 \$819,526	436 \$18,509,311	397 20,224,658	471 25,519,026	597 33,153,303	396 24,158,606	127 8,289,463	8 536,580	-	-	2,460 \$131,210,473
50-54	26 \$718,310	310 \$13,570,791	268 13,894,357	343 18,398,193	505 28,183,074	315 19,737,918	256 16,531,431	68 4,384,844	1 46,596	10	2,092 \$115,465,514
55-59	16 \$553,499	179 \$7,209,873	195 9,679,265	218 11,427,291	329 18,541,204	200 12,357,161	147 9,197,973	85 5,164,495	10 717,328	10	1,379 \$74,848,089
60-64	9 \$156,540	96 \$3,604,890	126 6,201,254	140 7,018,474	226 12,153,127	77 4,177,234	63 4,183,510	44 2,514,553	27 1,774,900	27	808 \$41,784,482
65-70 <i>65-69</i>	4 \$129,237	50 \$1,570,152	62 2,434,911	70 3,464,912	74 3,769,008	44 2,380,347	16 1,001,735	18 965,470	16 1,088,731	16	354 \$16,804,503
70 & Over	3 \$118,248	22 \$444,287	31 892,498	22 1,037,282	39 1,873,493	21 1,151,305	13 789,828	6 250,556	11 697,715	11	168 \$7,255,212
w/o DOB	2 \$53,872	-	-	-	-	-	-	-	-	-	2 \$53,872
Total	402 \$10,688,549	3,851 \$148,981,954	2,787 \$135,684,155	2,351 \$122,825,683	2,524 \$138,521,553	1,202 \$72,903,528	626 \$40,236,628	229 \$13,816,498	65 \$4,325,270		14,037 \$687,983,818

EXHIBIT C
PART II – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE
PARTICIPANTS CLASSIFIED BY
AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2002

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
Under 20	22 \$203,345	70 \$541,267	- -	- -	- -	- -	- -	- -	- -	- -	92 \$744,612
20-24	111 \$2,342,628	453 \$9,429,520	53 1,204,763	- -	- -	- -	- -	- -	- -	- -	617 \$12,976,911
25-29	141 \$3,572,102	870 \$25,032,680	275 8,478,869	19 607,473	- -	- -	- -	- -	- -	- -	1,305 \$37,691,124
30-34	109 \$2,772,928	1,056 \$31,562,037	643 23,850,032	277 9,925,266	12 482,287	- -	- -	- -	- -	- -	2,097 \$68,592,550
35-39	114 \$2,552,801	1,080 \$28,665,309	721 24,855,421	579 21,235,595	190 8,242,707	8 388,891	- -	- -	- -	- -	2,692 \$85,940,724
40-44	82 \$2,012,932	1,115 \$28,571,728	894 27,651,346	772 25,614,545	399 16,454,488	148 7,319,721	4 201,840	- -	- -	- -	3,414 \$107,826,600
45-49	72 \$1,701,199	876 \$23,119,170	784 25,164,841	787 25,499,770	488 18,881,333	287 14,446,687	77 4,277,400	18 1,211,151	- -	- -	3,389 \$114,301,551
50-54	51 \$951,047	578 \$15,545,160	597 18,581,353	755 23,985,881	532 18,691,043	372 17,281,700	149 7,902,103	102 4,658,334	8 353,887	8 353,887	3,144 \$107,950,508
55-59	42 \$998,179	316 \$8,129,373	328 9,928,712	506 15,605,314	472 15,939,339	362 15,492,658	146 6,740,507	107 4,662,452	22 1,097,449	22 1,097,449	2,301 \$78,593,983
60-64	15 \$300,623	169 \$3,448,113	252 7,072,808	285 8,814,495	296 9,621,415	228 8,731,031	117 4,785,154	112 3,709,882	29 1,380,467	29 1,380,467	1,503 \$47,863,988
65-70	8 \$75,961	70 \$1,047,494	87 2,023,300	106 3,003,843	106 3,563,237	94 3,723,652	43 1,450,992	78 2,621,269	22 884,037	22 884,037	614 \$18,393,785
70 & Over	4 \$59,226	39 \$453,537	38 702,026	48 1,127,145	47 1,373,300	55 2,247,539	25 1,050,004	39 1,185,880	22 850,630	22 850,630	317 \$9,049,287
w/o DOB	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- \$0
Total	771 \$17,542,971	6,692 \$175,545,388	4,672 \$149,513,471	4,134 \$135,419,327	2,542 \$93,249,149	1,554 \$69,631,879	561 \$26,408,000	456 \$18,048,968	103 \$4,566,470	103 \$4,566,470	21,485 \$689,925,623

EXHIBIT C
PART III – TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE
PARTICIPANTS CLASSIFIED BY
AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2002

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
Under 20	47 \$443,865	119 \$931,154	- -	- -	- -	- -	- -	- -	- -	- -	166 \$1,375,019
20-24	174 \$3,708,028	753 \$16,252,289	93 2,357,361	- -	- -	- -	- -	- -	- -	- -	1,020 \$22,317,678
25-29	193 \$4,944,944	1,449 \$44,894,478	469 16,788,514	31 1,001,719	- -	- -	- -	- -	- -	- -	2,142 \$67,629,655
30-34	187 \$4,960,564	1,668 \$56,842,380	1,098 45,236,889	442 18,312,612	21 970,457	- -	- -	- -	- -	- -	3,416 \$126,322,902
35-39	156 \$3,778,509	1,692 \$54,418,965	1,249 51,939,616	1,009 42,837,026	393 18,741,583	10 509,360	- -	- -	- -	- -	4,509 \$172,225,059
40-44	136 \$3,760,143	1,721 \$54,535,925	1,385 52,075,263	1,252 51,192,027	941 46,315,786	295 16,140,209	8 444,528	- -	- -	- -	5,738 \$224,463,881
45-49	100 \$2,520,725	1,312 \$41,628,481	1,181 45,389,499	1,258 51,018,796	1,085 52,034,636	683 38,605,293	204 12,566,863	26 1,747,731	- -	- -	5,849 \$245,512,024
50-54	77 \$1,669,357	888 \$29,115,951	865 32,475,710	1,098 42,384,074	1,037 46,874,117	687 37,019,618	405 24,433,534	170 9,043,178	9 400,483	- -	5,236 \$223,416,022
55-59	58 \$1,551,678	495 \$15,339,246	523 19,607,977	724 27,032,605	801 34,480,543	562 27,849,819	293 15,938,480	192 9,826,947	32 1,814,777	- -	3,680 \$153,442,072
60-64	24 \$457,163	265 \$7,053,003	378 13,274,062	425 15,832,969	522 21,774,542	305 12,908,265	180 8,968,664	156 6,224,435	56 3,155,367	- -	2,311 \$89,648,470
65-70	12 \$205,198	120 \$2,617,646	149 4,458,211	176 6,468,755	180 7,332,245	138 6,103,999	59 2,452,727	96 3,586,739	38 1,972,768	- -	968 \$35,198,288
70 & Over	7 \$177,474	61 \$897,824	69 1,594,524	70 2,164,427	86 3,246,793	76 3,398,844	38 1,839,832	45 1,436,436	33 1,548,345	- -	485 \$16,304,499
w/o DOB	2 \$53,872	- -	- -	- -	- -	- -	- -	- -	- -	- -	2 \$53,872
Total	1,173 \$28,231,520	10,543 \$324,527,342	7,459 \$285,197,626	6,485 \$258,245,010	5,066 \$231,770,702	2,756 \$142,535,407	1,187 \$66,644,628	685 \$31,865,466	168 \$8,891,740	- -	35,522 \$1,377,909,441

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, 2002

Attained Age	Completed Years of Service									Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 20	9	11	-	-	-	-	-	-	-	20
	\$113,359	\$182,934	-	-	-	-	-	-	-	\$296,293
20-24	151	464	20	-	-	-	-	-	-	635
	\$3,118,932	\$9,376,573	873,952	-	-	-	-	-	-	\$13,369,457
25-29	160	786	166	10	-	-	-	-	-	1,122
	\$3,665,555	\$19,137,735	4,252,779	259,333	-	-	-	-	-	\$27,315,402
30-34	156	889	440	167	9	-	-	-	-	1,661
	\$3,758,987	\$21,901,381	12,657,840	4,781,997	350,233	-	-	-	-	\$43,450,438
35-39	129	993	543	398	157	2	-	-	-	2,222
	\$2,739,348	\$22,650,146	15,497,778	11,642,918	6,236,335	108,608	-	-	-	\$58,875,133
40-44	107	1,057	699	605	364	57	-	-	-	2,889
	\$2,471,720	\$24,302,684	17,855,022	16,829,082	13,221,869	2,579,892	-	-	-	\$77,260,269
45-49	78	780	617	621	418	137	81	7	-	2,739
	\$1,631,612	\$17,630,508	17,119,227	16,953,702	13,886,398	6,349,837	4,744,443	399,716	-	\$78,715,443
50-54	63	499	422	574	449	146	112	83	6	2,354
	\$1,038,185	\$11,413,403	11,109,580	15,301,547	13,608,558	5,734,040	5,489,780	3,582,649	272,707	\$67,550,449
55-59	44	278	243	379	381	169	85	97	11	1,687
	\$1,019,444	\$6,344,387	6,133,183	9,528,764	11,242,648	5,552,631	3,639,786	3,903,993	661,187	\$48,026,023
60-64	16	134	185	209	267	125	64	106	25	1,131
	\$398,569	\$2,903,790	4,784,184	5,063,750	7,126,193	3,713,713	2,426,156	3,490,182	1,456,335	\$31,362,872
65-70	3	44	47	80	81	41	26	73	9	404
	\$38,231	\$833,449	974,895	1,995,568	2,099,947	1,204,245	728,584	2,360,578	407,657	\$10,643,154
70 & Over	5	18	17	18	37	17	13	26	9	160
	\$112,771	\$472,535	281,987	414,868	848,606	398,717	393,002	770,734	360,577	\$4,053,797
w/o DOB	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	\$0
Total	921	5,953	3,399	3,061	2,163	694	381	392	60	17,024
	\$20,106,713	\$137,149,525	\$91,540,427	\$82,771,529	\$68,620,787	\$25,641,683	\$17,421,751	\$14,507,852	\$3,158,463	\$460,918,730

EXHIBIT C
PART V – TOTAL LIVES AND ANNUAL SALARIES OF CITY PLAN MEMBERS CLASSIFIED BY
AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2002

Attained Age	Completed Years of Service									Total	
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
Under 20	38 \$330,506	108 \$748,220	- -	- -	- -	- -	- -	- -	- -	- -	146 \$1,078,726
20-24	23 \$589,098	288 \$6,849,716	73 1,483,409	- -	- -	- -	- -	- -	- -	- -	384 \$8,922,223
25-29	33 \$1,279,390	661 \$25,700,219	302 12,498,737	21 742,386	- -	- -	- -	- -	- -	- -	1,017 \$40,220,732
30-34	30 \$1,126,580	777 \$34,798,399	655 32,374,164	275 13,530,615	11 592,430	- -	- -	- -	- -	- -	1,748 \$82,422,188
35-39	27 \$1,039,161	697 \$31,652,443	704 36,302,346	608 31,019,648	235 12,464,376	8 400,752	- -	- -	- -	- -	2,279 \$112,878,726
40-44	27 \$1,131,419	659 \$29,917,852	682 33,881,885	646 34,321,163	574 32,876,963	237 13,512,451	8 444,528	- -	- -	- -	2,833 \$146,086,261
45-49	20 \$807,340	531 \$23,973,715	564 28,270,272	636 34,031,034	664 37,938,617	544 32,135,700	121 7,685,474	19 1,348,015	- -	- -	3,099 \$166,190,167
50-54	13 \$535,731	389 \$17,702,548	441 21,257,606	522 26,994,206	586 33,121,129	540 31,174,558	292 18,876,622	87 5,460,529	3 127,776	- -	2,873 \$155,250,705
55-59	13 \$433,364	216 \$8,961,761	280 13,474,794	343 17,414,869	419 23,204,563	393 22,297,188	206 12,165,132	95 5,922,954	21 1,153,590	- -	1,986 \$105,028,215
60-64	8 \$58,594	131 \$4,149,213	193 8,489,878	216 10,769,219	255 14,648,349	179 9,130,254	116 6,542,508	50 2,734,253	31 1,699,032	- -	1,179 \$58,221,300
65-70	9 \$166,967	76 \$1,784,197	102 3,483,316	96 4,473,187	99 5,232,298	97 4,899,754	33 1,724,143	23 1,226,161	29 1,565,111	- -	564 \$24,555,134
70 & Over	2 \$64,703	43 \$425,289	52 1,312,538	52 1,749,559	48 2,352,011	59 3,000,127	25 1,446,830	19 665,702	24 1,187,768	- -	324 \$12,204,527
w/o DOB	2 \$53,872	- -	- -	- -	- -	- -	- -	- -	- -	- -	2 \$53,872
Total	245 \$7,616,725	4,576 \$186,663,572	4,048 \$192,828,945	3,415 \$175,045,886	2,891 \$162,430,736	2,057 \$116,550,784	801 \$48,885,237	293 \$17,357,614	108 \$5,733,277	- -	18,434 \$913,112,776

EXHIBIT D
AGE AND SERVICE DISTRIBUTION FOR INACTIVES
AS OF DECEMBER 31, 2002

Attained Age	Years of Service									Total
	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
Under 20	39	70	-	-	-	-	-	-	-	109
20-24	218	265	11	-	-	-	-	-	-	494
25-29	321	562	65	1	-	-	-	-	-	949
30-34	437	684	140	27	-	-	-	-	-	1,288
35-39	433	672	172	68	16	1	-	-	-	1,362
40-44	447	611	211	120	58	5	-	-	-	1,452
45-49	432	586	192	127	83	36	5	2	-	1,463
50-54	337	421	163	119	92	49	29	3	-	1,213
55-59	216	269	115	93	53	31	9	6	1	793
60-64	157	143	74	55	33	15	7	7	2	493
65-69	128	81	34	27	19	4	7	-	1	301
70 & Over	149	101	62	31	10	11	6	5	3	378
w/o DOB	604	215	17	4	1	1	-	-	-	842
Total	3,918	4,680	1,256	672	365	153	63	23	7	11,137
Average Age										43.50
Average Service										3.55

For inactives without a birthdate on record, we assumed an average age of 43.5.

EXHIBIT E
STATISTICS ON EMPLOYEE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2002

Age	Male		Female	
	No.	Annual Payments	No.	Annual Payments
Under 50	8	\$ 45,188	7	\$ 53,793
50	4	133,329	2	80,858
51	9	364,058	7	168,149
52	11	383,079	6	233,134
53	25	991,516	14	381,597
54	21	769,121	20	581,369
55	56	1,821,183	56	1,523,261
56	52	1,786,707	60	1,467,148
57	63	1,854,487	61	1,259,122
58	66	1,839,120	86	1,846,557
59	101	3,294,750	121	2,818,328
60	157	4,964,333	198	3,667,975
61	124	3,656,224	192	4,125,414
62	160	4,411,120	222	4,251,201
63	163	4,810,937	243	4,641,733
64	209	6,082,589	307	6,011,291
65	262	7,736,235	348	6,354,953
66	207	5,811,840	377	6,633,125
67	270	8,052,721	394	6,956,397
68	254	7,013,563	375	6,629,388
69	258	7,114,590	342	5,778,840
70	261	7,299,006	339	5,720,511
71	268	7,709,125	333	5,801,737
72	258	7,397,386	392	6,519,392
73	288	8,277,866	395	6,341,320
74	274	8,212,751	374	5,960,991
75	306	8,480,751	366	5,970,497
76	268	6,931,349	322	4,944,490
77	281	7,985,366	321	5,051,472
78	259	7,090,448	301	4,387,607
79	249	6,653,211	290	4,188,628
80	219	5,597,868	277	4,023,525
81	201	5,195,913	270	3,864,571
82	176	4,089,152	253	3,640,386
83	157	3,742,334	199	2,723,661
84	120	2,595,070	176	2,561,834
85 & over	525	10,457,230	910	11,925,665
Totals	6,590	\$180,651,516	8,956	\$149,089,920

EXHIBIT F
STATISTICS ON SURVIVING SPOUSE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2002

Age	Male		Female	
	No.	Annual Payments	No.	Annual Payments
Under 30	-	\$ -	1	\$ 1,200
30	-	-	1	9,600
31	-	-	-	-
32	-	-	1	9,600
33	-	-	-	-
34	-	-	1	9,600
35	-	-	-	-
36	-	-	2	19,200
37	-	-	2	19,200
38	-	-	1	9,600
39	-	-	3	28,800
40	-	-	4	38,400
41	4	38,400	5	48,000
42	1	1,200	8	79,335
43	1	9,600	7	74,994
44	1	648	4	38,400
45	5	48,000	6	57,600
46	2	19,200	14	144,275
47	2	19,200	12	115,200
48	1	9,600	9	89,025
49	2	19,200	9	84,156
50	7	73,947	17	155,586
51	1	9,600	15	161,633
52	3	31,376	19	182,400
53	3	31,500	15	157,443
54	5	48,613	21	219,134
55	4	48,334	24	249,456
56	8	76,800	29	323,524
57	3	29,476	27	299,672
58	4	33,900	28	322,560
59	15	133,501	43	477,945
60	5	53,714	38	449,294
61	6	57,600	41	516,120
62	15	143,393	41	503,413
63	13	125,762	35	434,669
64	10	108,558	47	526,351
65	16	161,458	49	558,019
66	11	97,904	66	796,582
67	13	133,553	75	864,317
68	13	130,817	84	934,174
69	16	150,518	89	1,120,903

EXHIBIT F (CONT'D)
STATISTICS ON SURVIVING SPOUSE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2002

Age	Male		Female	
	No.	Annual Payments	No.	Annual Payments
70	14	\$ 138,215	88	\$ 1,062,987
71	14	143,557	100	1,134,162
72	14	142,696	109	1,290,955
73	17	166,419	124	1,415,594
74	23	239,355	140	1,700,027
75	27	273,758	152	1,678,919
76	31	298,733	167	1,830,207
77	23	243,119	161	1,705,728
78	18	178,426	196	2,128,455
79	20	216,758	176	1,981,955
80	26	257,663	140	1,450,254
81	16	155,250	157	1,567,778
82	22	218,336	150	1,514,101
83	15	146,859	134	1,383,242
84	14	134,400	159	1,604,166
85 & over	76	751,018	911	8,930,442
Totals	560	\$5,549,934	3,957	\$42,508,352

EXHIBIT G

PART I – NUMBER OF REFUND PAYMENTS MADE DURING YEAR TO MALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2002

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	Between 5 and Over	
Under 20	4	10	10	1	-	-	25
20 to 24	8	11	15	8	1	1	44
25 to 29	4	9	9	15	9	8	54
30 to 34	5	19	16	19	7	39	105
35 to 39	5	14	15	13	5	36	88
40 to 44	3	8	5	10	7	50	83
45 to 49	2	5	6	6	5	37	61
50 to 54	1	2	5	4	1	21	34
55 to 59	-	3	3	2	4	9	21
60 & Over	2	2	2	5	3	4	18
w/o DOB	4	1	1	-	1	-	7
Totals	38	84	87	83	43	205	540

PART II – NUMBER OF REFUND PAYMENTS MADE DURING YEAR TO FEMALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2002

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	Between 5 and Over	
Under 20	4	10	12	3	-	-	29
20 to 24	6	23	15	11	7	-	62
25 to 29	9	18	24	11	9	20	91
30 to 34	5	25	28	24	12	33	127
35 to 39	9	24	18	11	11	48	121
40 to 44	5	19	20	16	10	86	156
45 to 49	6	10	14	8	6	59	103
50 to 54	6	7	4	6	3	50	76
55 to 59	-	4	4	4	2	17	31
60 & Over	6	7	7	9	4	13	46
w/o DOB	-	-	1	-	-	-	1
Totals	56	147	147	103	64	326	843

EXHIBIT H
HEALTH INSURANCE SUPPLEMENT
CLASSIFIED BY AGE AS OF DECEMBER 31, 2002

<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	-	1	-	1	100.00%
40-49	7	2	9	5	14	64.29%
50-59	237	189	426	415	841	50.65%
60-69	1,351	854	2,205	2,856	5,061	43.57%
70-79	2,220	1,254	3,474	2,672	6,146	56.52%
80-89	1,450	469	1,919	1,164	3,083	62.24%
Over 90	235	27	262	138	400	65.50%
Total	5,501	2,795	8,296	7,250	15,546	53.36%
Spouse Annuitants						
Under 30	-	-	-	1	1	0.00%
30-39	2	3	5	6	11	45.45%
40-49	13	19	32	65	97	32.99%
50-59	74	25	99	192	291	34.02%
60-69	255	10	265	417	682	38.86%
70-79	746	2	748	867	1,615	46.32%
80-89	697	3	700	758	1,458	48.01%
Over 90	146	0	146	216	362	40.33%
Total	1,933	62	1,995	2,522	4,517	44.17%

EXHIBIT I
PART I MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2002

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	-	\$ -	1	\$ 7,592	-	\$ -	-	\$ -	-	\$ -	-	\$ -	1	\$ 7,592
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	1	10,099	-	-	-	-	-	-	-	-	1	10,099
40 to 44	-	-	-	-	1	23,000	1	15,367	2	30,908	1	15,367	5	84,642
45 to 49	-	-	-	-	2	41,701	-	-	4	110,318	4	80,355	10	232,374
50 to 54	-	-	-	-	-	-	5	84,657	5	108,150	6	149,496	16	342,303
55 to 59	-	-	-	-	-	-	1	29,000	7	154,018	7	173,064	15	356,082
60 & Over	-	-	1	39,011	2	18,503	5	120,876	6	121,469	3	67,767	17	367,626
Totals	-	\$ -	3	\$ 56,702	5	\$ 83,204	12	\$ 249,900	24	\$ 524,863	21	\$ 486,049	65	\$ 1,400,718

PART II FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2002

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	-	\$ -	6	\$ 77,968	1	\$ 16,069	-	\$ -	-	\$ -	-	\$ -	7	\$ 94,037
30 to 34	-	-	-	-	8	127,445	1	18,883	-	-	-	-	9	146,328
35 to 39	-	-	1	11,411	4	67,919	4	75,366	2	42,252	-	-	11	196,948
40 to 44	-	-	6	82,530	4	48,976	7	124,657	3	51,895	3	55,704	23	363,762
45 to 49	-	-	4	46,098	3	53,273	3	51,172	5	79,971	9	206,193	24	436,707
50 to 54	-	-	3	50,164	2	28,237	12	204,105	7	127,616	13	288,780	37	698,902
55 to 59	1	7,650	2	30,960	2	23,853	7	98,907	9	151,717	12	210,508	33	523,595
60 & Over	-	-	-	-	4	57,792	11	162,913	14	215,012	22	303,143	51	738,860
Totals	1	\$ 7,650	22	\$ 299,131	28	\$ 423,564	45	\$ 736,003	40	\$ 668,463	59	\$ 1,064,328	195	\$ 3,199,139

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, 2002

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	-	\$ -	2	\$ 84,279	1	\$ 31,273	-	\$ -	-	\$ -	-	\$ -	3	\$ 115,552
30 to 34	-	-	1	42,234	1	17,560	1	44,694	-	-	-	-	3	104,488
35 to 39	-	-	1	47,344	7	233,060	1	31,076	1	33,383	-	-	10	344,863
40 to 44	-	-	-	-	3	113,414	3	134,474	5	186,570	1	43,136	12	477,594
45 to 49	-	-	-	-	3	60,212	5	199,988	6	207,664	7	237,267	21	705,131
50 to 54	-	-	-	-	-	-	2	79,856	6	205,160	11	389,321	19	674,337
55 to 59	-	-	-	-	1	43,499	3	129,345	6	211,817	7	266,432	17	651,093
60 & Over	-	-	-	-	-	-	6	196,232	7	248,216	2	54,907	15	499,355
Totals	-	\$ -	4	\$ 173,857	16	\$ 499,018	21	\$ 815,665	31	\$ 1,092,810	28	\$ 991,063	100	\$ 3,572,413

PART IV FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2002

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	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
30 to 34	-	-	2	44,635	-	-	-	-	-	-	-	-	2	44,635
35 to 39	-	-	1	15,614	1	46,253	1	41,778	-	-	-	-	3	103,645
40 to 44	-	-	-	-	-	-	2	63,486	1	24,452	-	-	3	87,938
45 to 49	-	-	1	14,166	3	69,586	1	43,603	1	26,140	2	58,977	8	212,472
50 to 54	-	-	-	-	1	35,128	3	86,567	2	63,346	1	23,741	7	208,782
55 to 59	-	-	-	-	-	-	1	21,973	1	26,685	-	-	2	48,658
60 & Over	-	-	-	-	-	-	2	37,919	2	60,678	-	-	4	98,597
Totals	-	\$ -	4	\$ 74,415	5	\$ 150,967	10	\$ 295,326	7	\$ 201,301	3	\$ 82,718	29	\$ 804,727

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
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 %
2002	35,522	(3.15)%	\$ 1,377,909,441	0.21 %	\$38,790	3.47 %	5.00%	2.50 %
Average Increase (Decrease) for the Last 5 years		0.49%		3.07%		2.61%		2.39%

EXHIBIT K
NEW ANNUITIES GRANTED DURING 2002

	Male Annuitants	Female Annuitants	Surviving Spouses of Deceased Employees	Surviving Spouses of Deceased Annuitants
Number Retired / Deceased ^{1,2}	350	547	55	232
Average Age Attained	62.2	63.9	56.5	74.0
Average Length of Service	21.6	22.3	16.0	N/A
Average Annual Salary (4 out of 10) \$	50,679	\$ 31,053	N/A	N/A
Average Annual Final Salary	N/A	N/A	N/A	N/A
Total Annual Annuity \$	9,928,132	\$ 11,067,888	\$ 581,571	\$ 3,090,055
Average Annual Annuity \$	28,366	\$ 20,234	\$ 10,574	\$ 13,319
Total Actuarial Liability \$	118,844,166	\$ 128,469,071	\$ 5,669,370	\$ 22,535,662
Average Liability \$	339,555	\$ 234,861	\$ 103,079	\$ 97,136

¹Does not include 11 employee annuitants and 7 widow annuitants no longer on annuity at the end of 2002.

²Includes 1 deferred employee annuitant

EXHIBIT L
NEW RECIPROCAL ANNUITIES GRANTED DURING 2002

	Reciprocal	
	Male Annuitants	Female Annuitants
Number Retired	53	73
Average Age Attained	60.4	62.0
Average Municipal Service	12.7	11.9
Average Total Service	29.9	29.3
Average Annual Salary Last Fund [4 out of 10]	\$ 68,949	\$ 54,917
Total Annual Annuity	\$ 1,142,773	\$ 1,088,824
Average Annual Annuity	\$ 21,562	\$ 14,915
Total Liability (8% 1983 GAM)	\$ 14,513,744	\$ 13,990,138
Average Liability	\$ 273,844	\$ 191,646

EXHIBIT M
RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Years	Annuitants			Disability		Compensation	Reciprocal	
	Employee	Spouse	Child	Ordinary	Duty	Annuitants	Employee	Spouse
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	1,754	387
2002	13,725	4,132	212	260	129	2 ¹	1,821	385

¹Compensation 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
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
2002	21,211	73.1	23,407	63.2	22.03

EXHIBIT O
HISTORY OF ANNUITIES 1993-2002

Employee Annuitants (Male and Female)			
Year End	Number of Annuitants	Total Annuities	Average Annuities
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
2002	15,546	329,741,436	21,211
Surviving Spouse Annuities			
Year End	Number of Annuitants	Total Annuities	Average Annuities
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
2002	4,517	48,058,286	10,639

307,317,722

EXHIBIT P
HISTORY OF RETIREES AND BENEFICIARIES
ADDED TO PAYROLLS

Year	Added to Payroll		Removed from Payroll		Payroll End of Year		Average Annual Benefit	Increase in Average Benefit
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
Employee Annuitants (Male or Female)								
1993	3,043	\$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	3,135	94,348,388	670	9,714,702	15,838	299,778,262	18,928	17.65%
1999	640	7,574,818	725	3,278,538	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%
2002	910	20,996,020	726	4,089,101	15,546	329,741,436	21,211	4.16%
Surviving Spouse Annuitants (Not Including Compensation)								
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%
2002	294	3,671,626	302	2,833,880	4,517	48,058,286	10,639	1.95%

EXHIBIT Q
SCHEDULE OF RETIRED MEMBERS
BY TYPE OF BENEFIT AS OF DECEMBER 31, 2002

Amount of Monthly Benefit	Number of Employee Annuitants	Number of Spouse Annuitants	Number of Child Annuitants	Total Number of Annuitants
Deferred	4	-	-	4
\$1-\$250	323	69	212	604
251 - 500	203	57	-	260
501 - 750	81	27	-	108
751 - 1000	5,224	3,709	-	8,933
1,001 - 1250	1,318	257	-	1,575
1,251 - 1500	1,437	176	-	1,613
1,501 - 1750	1,147	101	-	1,248
1,751 - 2000	903	57	-	960
2,001 - 2250	782	30	-	812
2,251 - 2500	737	14	-	751
2,501 - 2750	572	6	-	578
2,751 - 3000	507	9	-	516
3,001 - 3250	458	4	-	462
3,251 - 3500	440	1	-	441
3,501 - 3750	324	-	-	324
3,751 - 4000	329	-	-	329
4,001 - 4250	226	-	-	226
4,251 - 4500	167	-	-	167
4,501 - 4750	122	-	-	122
4,751 - 5000	78	-	-	78
Over \$5,000	168	-	-	168
Totals	15,550	4,517	212	20,279

**Actuarial Methods and Assumptions
as of December 31, 2002**



**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002**

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.

Experience gains (losses) decrease (increase) the UAAL and thus are amortized as part of the UAAL.

CURRENT ACTUARIAL ASSUMPTIONS

Demographic Assumptions

Mortality: 1983 Group Annuity Mortality Table set forward two years. (Adopted 1997)

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

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	

Rates of retirement adopted 1998.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

RATE OF RETIREMENT:

Age	Entry Ages									
	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

Rates of retirement adopted 1998.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

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		

Rates of termination adopted 1998.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

RATE OF TERMINATION:

Age	Entry Ages									
	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		

Rate of termination adopted 1998.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

Economic Assumptions

- Investment Return Rate: 8.00% per annum (net of investment expense). This assumption contains a 3.00% inflation assumption and a 5.00% real rate of return assumption. Adopted 1999.
- Future Salary Increases: The assumed rate of individual salary increases is 5.00% per year. The salary assumption includes a 3.00% inflation and 2.00% merit and longevity assumption. Adopted 1999.
- 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. Adopted 1999.

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. Adopted 1999.
- 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, 2003 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.
- Reciprocal Loading: Based on a loading of the retirement liability.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

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.

**MUNICIPAL EMPLOYEES' ANNUITY AND
BENEFIT FUND OF CHICAGO
ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

THREE METHODS OF FINANCING UNFUNDED LIABILITY (CONT'D)

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, and Section 5/1A-102. The results are given in the following table:

<u>Actuarial Assets with Various Amortization Methods</u>	<u>Required 2003 Tax Levy</u>	<u>Required Multiple</u>	<u>Unfunded Liability Will</u>	<u>Portion Applicable to Unfunded Liability</u>
1. Normal Cost Plus Interest Only	N/A	1.32	Remain Constant	\$86,897,621
2. Normal Cost Plus 40-Year Level Dollar Amortization	N/A	1.35	Decrease	\$91,090,607
3. Normal Cost Plus 40-Year Level % of Payroll	N/A	.97	Increase	\$48,209,124
4. Present Law	\$146,613,000	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, 2002**



**SUMMARY OF PROVISIONS OF THE FUND
AS OF DECEMBER 31, 2002**

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, and 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, 2002 was \$1,377,909,441 and includes City of Chicago payroll and Board of Education payroll. At December 31, 2002, the Municipal Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits (includes 389 disabilities)	20,668
Terminated inactive employees entitled to benefits or a refund of contributions but not yet receiving them	11,137
Current employees (includes 389 disabilities)	
Vested	16,347
Non-vested	<u>19,175</u>
Total	35,522

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 2.4% 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 $\frac{1}{4}$ 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 reduced if the employee is age 50 with at least 30 years of service. The original annuity is limited to 80% of the highest average annual salary. Beginning January 1, 1999, there is a 10-year deferred vested benefit payable at age 60. Employees who withdraw from service 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; except that for an employee retiring prior to age 60 the first increase will not occur later than (1) the third anniversary of retirement or (2) the attainment of age 53.

**SUMMARY OF PROVISIONS OF THE FUND
AS OF DECEMBER 31, 2002 (CONT'D)**

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 PROVISIONS OF THE FUND AS OF DECEMBER 31, 2002 (CONT'D)

DEFINITIONS

These terms are defined in Article 1A of the Illinois Pension Code *Regulation of Public Pensions*.

“Accrued liability” means the actuarial present value of future benefit payments and appropriate administrative expenses under a plan, reduced by the actuarial present value of all future normal costs (including any participant contributions) with respect to the participant included in the actuarial valuation of the plan.

“Actuarial present value” means the single amount, as of a given valuation date, that results from applying actuarial assumptions to an amount or series of amounts payable or receivable at various times.

“Actuarial value of assets” means the value assigned by the actuary to the assets of a plan for the purposes of an actuarial valuation.

“Beneficiary” means a person eligible for or receiving benefits from the pension fund.

“Credited projected benefit” means that portion of a participant’s projected benefit based on an allocation taking into account service to date determined in accordance with the terms of the plan based on anticipated future compensation.

“Current value” means the fair market value when available; otherwise, the fair value as determined in good faith by a trustee, assuming an orderly liquidation at the time of the determination.

“Normal cost” means that part of the actuarial present value of all future benefit payments and appropriate administrative expenses assigned to the current year under the actuarial valuation method used by the plan (excluding any amortization of the unfunded accrued liability).

“Participant” means a participating member or deferred pensioner or annuitant of the pension fund, or a beneficiary thereof.

“Pension fund” or “Fund” means the Municipal Employee’s and Retirement Board Employees’ Annuity Benefit Fund of Chicago established under Article 8 of the Illinois Pension Code.

“Plan year” means the calendar year for which the records of a given plan are kept.

“Projected benefits” means benefit amounts which are expected to be paid at various future times under a particular set of actuarial assumptions, taking into account, as applicable, the effect of advancement in age and past and anticipated future compensation and service credits.

SUMMARY OF PROVISIONS OF THE FUND AS OF DECEMBER 31, 2002 (CONT'D)

“Supplemental annual cost” means that portion of the unfunded accrued liability assigned to the current year under one of the following bases:

1. interest only on the unfunded accrued liability;
2. the level annual amount required to amortize the unfunded accrued liability over a period not exceeding 40 years;
3. the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 40 years as a level percentage of payroll.

“Total annual cost” means the sum of the normal cost plus the supplemental annual cost.

“Unfunded accrued liability” means the excess of the accrued liability over the actuarial value of the assets of a plan.

“Vested pension benefit” means an interest obtained by a participant or beneficiary in that part of an immediate or deferred benefit under a plan which arises from the participant’s service and is not conditional upon the participant’s continued service for an employer any of whose employees are covered under the plan, and which has been forfeited under the terms of the plan.

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. Current and former employees of the Chicago Housing Authority and the Public Building Commission who have service in the Fund or who reinstate service in this Fund, may elect to participate in this Fund with respect to their employment with the Chicago Housing Authority or the Public Building Commission under certain conditions.

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 five other months. For Ordinary Disability credit, the exact number of days, months and years is used.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2002**

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 80% of final average salary.

- a) An employee age 60 or older with at least 10 years of service, or an employee age 55 or older with at least 20 years of service, or an employee age 50 or older with at least 30 years of service, is entitled to an annuity equal to 2.4% for each year of service of the final average salary during the four highest consecutive years within the last 10 years of service prior to retirement. If the employee withdraws from service before age 60 with less than 20 years of service, he can begin to receive an annuity no earlier than age 60. For an employee who is eligible to begin receiving an annuity before age 60, the annuity is discounted 0.25% for each month the employee is younger than age 60 unless he has at least 25 years of service.
- b) The employee will receive a minimum annuity of \$850 per month if the employee withdraws 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

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

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

A retired employee receives an annual increase of 3% of the monthly annuity payable at the time of the increase. The first increase occurs at the first payment date following the first anniversary of retirement, or age 60, if later; except that the first increase will not occur later than the last to occur of (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002. 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.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

Spouses' Minimum Annuity Formula

If the employee retires or dies in service and is at least age 55 with 20 or more years of service, or is at least age 50 with 30 or more years of service, the spouse's annuity is equal to half the amount of 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 (or age 50 if the employee had at least 25 years of service) at the time the employee retires or dies in service.

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

If the employee dies in service on or after August 27, 2002, with at least 10 years of service, the spouse is entitled to an annuity of half of the minimum formula annuity earned and accrued to the credit of the employee at the date of death. For the purposes of this benefit, the minimum formula annuity earned and accrued to the credit of the employee is equal to 2.40% for each year of service of the highest average annual salary for any four consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80% of the highest average annual salary. This annuity is not reduced due to the age of the employee or spouse. The spouse is eligible for this annuity only if the marriage was in effect for 10 full years or more.

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

Child's Annuity

A child's annuity is provided for unmarried children of a deceased employee who are under the age of 18, if the child was born 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.

FAMILY MAXIMUM

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

Duty Death: 70% of final monthly salary.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

DISABILITIES

Duty Disability Benefits

Any employee who becomes disabled as the result of an injury incurred in the performance of any act of duty has a right to receive a duty disability benefit in the amount of 75% of salary at date of injury, plus \$10 a month for each unmarried child 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. 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 Benefits

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. The first payment shall be made one month after the disablement occurs provided the employee is not then in receipt of salary. Disability is and limited to a maximum of 25% of the employee's total service or five years, whichever occurs first.

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

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

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, 2003. 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's annuity.

Disability Deductions

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, or if the ordinary disability was granted after December 31, 2000. These deductions are now used only for annuity purposes.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2002 (CONT'D)**

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 20, 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 20, 1981. Beginning May 28, 2000, the remainder of contributions due for Board of Education employee salary deductions (7% of salary) 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 2002

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.

LEGISLATIVE CHANGES 1979 THROUGH 2002

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.

LEGISLATIVE CHANGES 1979 THROUGH 2002 (CONT'D)

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).

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

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.

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

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.

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

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 five 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.

LEGISLATIVE CHANGES 1979 THROUGH 2002 (CONT'D)

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.
 - Five-year averaging for lump sum distributions was repealed effective January 1, 2000.
 - Annuity payments will be taxed according to a simplified general rule which uses investment and age as of annuity starting date for annuities which start on or after November 19, 1996.

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

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 five 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 five 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, five years of service is required.

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

- 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 five 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.

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

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 five 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 five 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, five 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.

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

- 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).

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

2002 Session

SB 314

- Effective July 1, 2002.
- The accrual rate for the minimum formula annuity is changed from 2.2% to 2.4% of final average salary and the maximum annuity is changed from 75% to 80% of final average salary for employees withdrawing from service on or after January 1, 2002.
- The 3% post-retirement automatic increase will now begin no later than 3 years after retirement for an eligible retiree (An eligible retiree is an employee annuitant, not a widow or widower annuitant, originally granted a lifetime annuity). For eligible retirees less than age 60 on the first anniversary of retirement, the 3% increase will begin at the earlier of age 60, and the latest of the following dates:
 - The third anniversary of retirement
 - The attainment of age 53; or
 - January 1, 2002

For eligible retirees age 60 or older on the first anniversary of retirement, the 3% increase will begin on the first anniversary of retirement.

HB 5168

- Effective June 28, 2002.
- For the eligible spouse of an employee who dies in service on or after August 28, 2002, with at least 10 years of service, the annuity is no less than 50% of the minimum formula annuity the employee would have been entitled to based on service and salary to the date of death without regard to age eligibility requirements. This is equal to 2.4% of final average salary for each year of service. The employee and the spouse must have been married for ten years.
- For children of employees who die in service on or after June 28, 2002, there is no service requirement for eligibility for children's annuity.
- The definition of "child" now includes any child adopted before employee withdraws from service and at least one year prior to the date any benefit for the child accrues. Previously the adoption also had to take place before the employee attained age 55.
- For ordinary disability benefits paid on or after January 1, 2001, the ordinary disability benefit is 50% of the employee's salary at the date of disability with the amounts ordinarily contributed by the employee for annuity purposes contributed by the Fund. These contributions are not refundable.

LEGISLATIVE CHANGES 1979 THROUGH 2002(CONT'D)

- The pension fund subsidy for retiree health insurance was extended through June 30, 2003. For annuitants (older than child annuitants) taking the employer-provided plan, the subsidy is \$75 month if the annuitant is not eligible for Medicare, and \$45 per month if the annuitant is eligible for Medicare.
- Current and former Chicago Housing Authority employees who have service in this Fund or who reinstate service in this Fund may elect to participate in this Fund with respect to their employment with the Chicago Housing Authority under certain conditions. Contributions can be made for past service as well as current service.
- Current and former Public Building Commission employees who have service in this Fund or who reinstate service in this Fund may elect to participate in this Fund with respect to their employment with the Public Building Commission under certain conditions. Contributions can be made for past service as well as current service.
- An employee with 10 years of service in this Fund may establish service credit for up to seven years of full-time employment by the Illinois Housing Development Authority.
- The City Clerk and City Treasurer may elect to establish alternative credits in the Aldermanic Plan.
- Chicago aldermen may receive an annuity at age 55 with 10 years of service or age 60 with eight years of service.
- An alderman in service on June 1, 1995, can make payments for prior service up to 30 days after the effective date, even though he might be out of service or retired.
- A member of the Fund who has service in Police Fund may apply to Police to transfer his credits and service to Municipal under certain conditions. This must be done within 90 days of the effective date. Employee and employer contributions will be transferred.

EXHIBIT R
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 ¹	1.69	1.82	1.92	1.26	1982	\$ 59,043,000	\$ 57,000	\$ 59,100,000
1983 ²	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 ^{1,2}	1.69	1.98	2.08	1.48	1985	73,215,000	50,000	73,265,000
1986 ^{1,2}	1.69	1.77	1.84	1.34	1986	81,059,000	45,000	81,104,000
1987 ^{1,2}	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 ^{1,2}	1.69	1.44	1.49	1.08	1989	101,532,000	37,000	101,569,000
1990 ^{1,2}	1.69	1.75	1.80	1.31	1990	107,000,000	30,000	107,030,000
1991 ²	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 ²	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 ^{1,2,3}	1.69	1.16	1.19	0.92	1997	159,874,300	10,000	159,884,300
1998 ^{1,2}	1.25	1.73	1.77	1.38	1998	159,083,000	5,900	159,088,900
1999 ^{1,4}	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
2002 ²	1.25	1.32	1.35	0.97	2002	136,980,000	0	136,980,000

¹Change in actuarial assumptions.

²Change in benefits.

³Change in asset valuation method to GASB.

⁴Change in actuary.

EXHIBIT S
ANNUAL REQUIRED CONTRIBUTIONS OF EMPLOYER
AND TREND INFORMATION

Year	Annual Required Contribution (ARC) of the Employer¹	Required Statutory Basis²	Actual³	Percent of ARC Contributed
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%
2002	92,711,870	131,500,800	130,966,381	141.26%

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
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%
2002	84.52%	85.14 %	9.52%

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-1
GASB #25 AND #27 DISCLOSURES (CONT'D)

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]
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%
2002	6,403,982,494	7,577,100,377	1,173,117,883	84.52%	1,377,909,441	85.14%

EXHIBIT A-3
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #25

	2002	2001	2000	1999	1998
1. Contribution Multiplier	1.25	1.25	1.25	1.25	1.69
2. Payroll (beginning of year)	\$ 1,375,048,892	\$ 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	\$ 130,966,381	\$ 131,439,834	\$ 140,171,920	\$ 119,644,186	\$ 158,564,165
4. City of Chicago Contribution as a Percent of Covered Payroll	9.52%	10.57%	11.06%	10.24%	13.30%
5. Employee Contributions	\$ 128,395,307	\$ 118,240,723	\$ 107,371,034	\$ 102,454,040	\$ 124,675,115
6. Employee Contributions as a Percent of Covered Payroll	9.34%	9.51%	8.47%	8.77%	10.46%
7. Current Year Normal Cost	\$ 168,543,796	\$ 156,416,139	\$ 153,795,162	\$ 169,007,509	\$ 148,348,975
8. Normal Cost as a Percent of Covered Payroll	12.26%	12.58%	12.14%	14.46%	12.44%
9. 40-Year Level Dollar Amortization of the Unfunded Liability	\$ 36,291,179	\$ 28,512,725	\$ 42,276,242	\$ 90,528,771	\$ 63,911,999
10. 40-Year Level Dollar Amortization as a Percent of Covered Payroll	2.64%	2.29%	3.34%	7.75%	5.36%
11. Interest Adjustment for Semi-Monthly Payment	\$ 7,642,391	\$ 6,899,694	\$ 7,315,422	N/A	N/A
12. Actuarially Determined Contribution (ADC) ¹ (NC + 40-year level dollar + interest adjustment)	\$ 212,477,366	\$ 191,828,558	\$ 203,386,826	\$ 259,536,280	\$ 212,260,974
13. ADC as a Percent of Covered Payroll	15.45%	15.43%	16.05%	22.21%	17.80%
14. Annual Required Contribution (ARC) ¹ (ADC - estimated employee contributions)	\$ 92,711,870	\$ 83,526,133	\$ 93,016,467	\$ 157,514,076	\$ 108,413,899
15. ARC as a Percent of Covered Payroll	6.74%	6.72%	7.34%	13.48%	9.09%

¹ADC and ARC amounts cannot be less than zero.

In the year 2002 the City contributed \$130,966,381. In 2002, the employee contributions were \$128,395,307, or 9.34% of payroll. There was an excess of City contributions over ARC of \$38,254,511.

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	2002
Contribution Rates						
Plan Members:	8.5%	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	1.25
Annual Pension Cost						
Annual Required Contribution (ARC)	\$ 194,218,814	\$ 108,174,346	\$ 157,514,076	\$ 93,016,467	\$ 83,526,133	\$ 92,711,870
Interest on NPO	(11,923,863)	(16,832,011)	(20,863,197)	(18,001,235)	(21,697,440)	(25,581,562)
Adjustment to ARC	12,024,406	16,832,011	20,249,897	18,954,128	21,059,616	24,829,559
Annual Pension Cost	\$ 194,319,357	\$ 108,174,346	\$ 156,900,776	\$ 93,969,360	\$ 82,888,309	\$ 91,959,867
Employer Contributions	\$ 156,832,216	\$ 158,564,165	\$ 121,126,249	\$ 140,171,920	\$ 131,439,834	\$ 130,966,381
Net Pension Obligations (NPO)						
NPO at Beginning of Year	\$(149,048,289)	\$(210,400,142)	\$(260,789,961)	\$(225,015,434)	\$(271,217,994)	\$(319,769,519)
Increase/(Decrease) in NPO	(61,351,853)	(50,389,819)	35,774,527	(46,202,560)	(48,551,525)	(39,006,514)
NPO at End of Year	\$(210,400,142)	\$(260,789,961)	\$(225,015,434)	\$(271,217,994)	\$(319,769,519)	\$(358,776,033)

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
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)
2002	91,959,867	142.42%	(358,776,033)

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)