MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

Actuarial Valuation Report

For the Year Ending December 31, 2005

April 2006

GRS

Gabriel Roeder Smith & Company

GRS

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April 11, 2006

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

Board Members:

At your request, we have performed an actuarial valuation for the Municipal Employees' Annuity and Benefit Fund of Chicago ("the Plan") as of December 31, 2005. An actuarial valuation of the Plan is performed annually. The valuation has been performed to measure the funding status of the Plan and determine the actuarially required contribution for 2006. It includes disclosure information required under Governmental Accounting Standards Board (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 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 Plan**—Data utilized for active members and persons receiving benefits from the Plan was provided by the Plan's staff. We have tested this data for reasonableness.

b) **Asset Values**—The values of assets of the Plan were provided by the Plan'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 Plan is the Entry Age Normal Actuarial Cost Method. The objective of this method is to recognize the costs of Plan 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**— Updated actuarial assumptions have been adopted beginning with this valuation from the recommendations of the experience study performed for the period from December 31, 1999, through December 31, 2004.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of the Plan when due. The provision of State Law establishing the Plan 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 Plan on the State reporting basis shows that a ratio of 2.55 is needed to adequately finance the Plan. It should be noted that the statutory employer contributions have been less than the Annual Required Contribution (ARC) for the past three years and are again expected to be less than the ARC for 2006. In order for employer contributions to be increased, the State legislature would first need to amend the statute.

The valuation results set forth in this report are based on the data and actuarial techniques described above, and upon the provisions of the Plan 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, F.S.A.
Senior Consultant

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

ACTUARIAL VALUES	December 31, 2004	December 31, 2005	Percent Change
Termination Values			
Liability	$ 6,382,908,951	$ 6,577,068,215	**3.04 %**
Assets - Actuarial Value	6,343,076,159	6,332,378,676	**(0.17)%**
Deficiency/(Excess)	39,832,792	244,689,539	**514.29 %**
Funded Ratio	**99.38%**	**96.28%**	**(3.12)%**
GASB #25 Values			
Actuarial Liability	$ 8,808,500,944	$ 9,250,211,817	**5.01 %**
Assets - Actuarial Value	6,343,076,159	6,332,378,676	**(0.17)%**
Unfunded Liabilty (Surplus)	2,465,424,785	2,917,833,141	**18.35 %**
Funded Ratio	**72.01%**	**68.46%**	**(4.94)%**
Annual Required Contribution (ARC)	$ 285,291,350	$ 325,913,986	**14.24 %**
Market Values			
Actuarial Liability	$ 8,808,500,944	$ 9,250,211,817	**5.01 %**
Assets - Market Value	6,242,741,942	6,356,888,734	**1.83 %**
Unfunded Liability	2,565,759,002	2,893,323,083	**12.77 %**
Funded Ratio	**70.87%**	**68.72%**	**(3.03)%**
Book Values			
Actuarial Liability	$ 8,808,500,944	$ 9,250,211,817	**5.01 %**
Assets - Book Value	5,183,689,930	5,279,937,024	**1.86 %**
Unfunded Liability (Surplus)	3,624,811,014	3,970,274,793	**9.53 %**
Funded Ratio	**58.85%**	**57.08%**	**(3.01)%**

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

	December 31, 2004	December 31, 2005	% Change
Assets			
Market Value - Beginning of Year	$ 5,922,789,999	$ 6,242,741,942	**5.40 %**
Income			
Investment Income	578,730,088	402,310,621	**(30.48)%**
Employer Contributions	153,919,476	155,067,116	**0.75 %**
Employee Contributions	155,884,575	122,542,484	**(21.39)%**
Subtotal	888,534,139	679,920,221	**(23.48)%**
Outgo (Refunds, Benefits & Expenses)	544,380,251	565,773,429	**3.93 %**
Outgo (Transfer to FABF)	24,201,945	-	
Net Change	319,951,943	114,146,792	**(64.32)%**
Market Value - End of Year	$ 6,242,741,942	$ 6,356,888,734	**1.83 %**
Book Value - Beginning of Year	$ 5,065,867,984	$ 5,183,689,930	**2.33 %**
Income			
Investment Income	376,600,091	384,410,923	**2.07 %**
Employer Contributions	153,919,476	155,067,116	**0.75 %**
Employee Contributions	155,884,575	122,542,484	**(21.39)%**
Subtotal	686,404,142	662,020,523	**(3.55)%**
Outgo (Refunds, Benefits & Expenses)	544,380,251	565,773,429	**3.93 %**
Outgo (Transfer to FABF)	24,201,945	-	
Net Change	117,821,946	96,247,094	**(18.31)%**
Book Value - End of Year	$ 5,183,689,930	$ 5,279,937,024	**1.86 %**
Actuarial Value - Beginning of Year	$ 6,384,098,957	$ 6,343,076,159	**(0.64)%**
Income			
Investment Income	217,755,347	277,466,346	**27.42 %**
Employer Contributions	153,919,476	155,067,116	**0.75 %**
Employee Contributions	155,884,575	122,542,484	**(21.39)%**
Subtotal	527,559,398	555,075,946	**5.22 %**
Outgo (Refunds, Benefits & Expense)	544,380,251	565,773,429	**3.93 %**
Outgo (Transfer to FABF)	24,201,945	-	
Net Change	(41,022,798)	(10,697,483)	**73.92 %**
Actuarial Value - End of Year	$ 6,343,076,159	$ 6,332,378,676	**(0.17)%**

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

	December 31, 2004	December 31, 2005	% Change
Members			
Active[1]	33,267	33,743	**1.43 %**
Inactive	12,161	8,440	**(30.60)%**
Retirees	18,253	18,221	**(0.18)%**
Deferred	7	3	**(57.14)%**
Survivors	4,472	4,467	**(0.11)%**
Disabilities	426	462	**8.45 %**
Children	201	204	**1.49 %**
Payroll Data			
Valuation Payroll	$ 1,303,127,528	$ 1,407,323,058	**8.00 %**
Average Salary	39,172	41,707	**6.47 %**

[1] *Active members include disabled employees.*

DISCUSSION OF VALUATION RESULTS

This report sets forth the results of the actuarial valuation of the Municipal Employees' Annuity and Benefit Fund of Chicago ("the Plan") as of December 31, 2005. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2006.
2. To develop the annual required contribution (ARC) under GASB #25 and GASB #43.
3. To develop the annual pension cost under GASB #27.
4. To review the funding status of the Plan.

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

For Plan 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 Plan

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 active 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 probability of 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.

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 plan to be in balance (funded ratio of 100 percent), 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 percent 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 contribution (ARC) under GASB #25 for the year ending December 31, 2006, is $303.3 million, which is for pension benefits only. This amount is net of employee contributions of $122.3 million.

GASB #43 requires the calculation of a separate ARC for Other Postemployment Benefits (OPEB) beginning with the Fund's 2006 fiscal year. The ARC for the 2006 fiscal year is determined in this December 31, 2005, actuarial valuation. The OPEB ARC for the fiscal year ending December 31, 2006, is $22.6 million.

Because of the requirements of GASB #43, there are some differences between the calculation of the ARC for pension benefits and the ARC for OPEB. These differences are summarized below.

	Pension ARC	OPEB ARC
Investment Return	8.00 % per year	4.50% per year
Assets	5-year smoothed market	No assets (Pay-as-you-go)
Amortization Period	40 years	30 years

GASB #43 requires that the investment return assumption (or "discount rate") used to value OPEB liabilities be based on the estimated long-term yield on the investments expected to be used to finance the payment of benefits. The investment return assumption of 4.50 percent reflects the fact that OPEB liabilities are considered to be funded on a pay-as-you-go basis. That is, the health insurance supplement is financed with current contributions, and no separate healthcare asset account exists to pay the health insurance supplement.

Beginning with the December 31, 2006, actuarial valuation, GASB #25 will require the use of a 30-year amortization period to determine the pension ARC, which is already required for the OPEB ARC beginning with this valuation.

The Unfunded Actuarial Liability increased from $2.465 billion to $2.918 billion during the year, resulting in a change in funding ratio from 72.0 percent to 68.5 percent. The increase in the Unfunded Actuarial Liability is largely attributable to a loss on the Actuarial Value of Assets and a shortfall in contributions relative to the actuarially determined contribution requirement. 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 and the Reconciliation of Funded Ratio in Table 2A.

Based on the Market Value of Assets, the Unfunded Actuarial Liability increased from $2.566 billion to $2.893 billion, and the funded ratio decreased from 70.9 percent to 68.7 percent.

Plan Membership

	December 31, 2004	December 31, 2005
Active Members		
Number	33,267	33,743
Vested	15,030	15,533
Non-vested	18,237	18,210
Average Age	45.3	45.7
Average Service	10.1	10.4
Average Annual Salary	$39,172	$41,707
Inactive Members		
Number	12,161	8,440
Average Age	44.0	44.7
Average Service	3.6	4.8
Retirees		
Number	18,253	18,221
Average Age	71.0	71.8
Average Annual Benefit	$25,451	$26,178
Deferred		
Number	7	3
Average Age	53.4	53.1
Average Annual Benefit	$12,003	$8,192
Surviving Spouse		
Number	4,472	4,467
Average Age	76.2	76.8
Average Annual Benefit	$11,023	$11,211
Children	201	204
Total Members	68,361	65,078

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

Total members receiving benefits under the Plan decreased 0.2 percent during 2005, from 22,725 to 22,688, while the number of active members increased 1.4 percent from 33,267 to 33,743. Total expenditures for benefits increased from $499 million in 2004 to $533 million during 2005, or 6.8 percent.

Changes in Provisions of the Plan

The following Public Acts were passed in 2005 and made the following changes to the Fund Provisions.

PA 94-0079 was approved June 27, 2005.

Prohibits the investment or deposit from the retirement system or pension fund to certain entities doing business in or with the government of the Republic of the Sudan. Fund managing companies must certify that under Section 1-110.5 of the pension code that they have not loaned to, invested in, or otherwise transferred any of the pension fund assets to a forbidden entity.

PA 94-0471 was approved August 4, 2005.

Provides that, to qualify as an "emerging investment manager", the maximum value of an investment portfolio that a manager manages is $2,000,000,000 (was $400,000,000).

PA 94-0657 was approved August 22, 2005.

Provides for various changes in provisions and procedures concerning Qualified Illinois Domestic Relations Orders. Allows for alternate payee's benefit to be based on a percentage of employee's benefit. Effective July 1, 2006.

PA 94-0612 was approved August 22, 2005.

Provides a benefit to a spouse married to the employee after retirement 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 were 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.

In previous years, we had maintained many of the assumptions and methods used by the prior actuary, including loads to account for liabilities for future refunds, disabilities, child annuities and reciprocal annuities. As a result of the experience study that was performed for the period from December 31, 1999, through December 31, 2004, new assumptions were developed that more closely match recent plan experience. The recommendations from that study have been adopted and are reflected beginning with this valuation report.

2005 Experience Analysis

The Fund had an investment loss in 2005 of $86 million relative to the 8.00 percent expected rate of return on a market value basis. The loss on an actuarial value basis relative to the 8.00 percent expected rate of return was $219 million due to the deferred recognition of investment gains and losses.

Individual salary increases varied among plan participants, but the overall increase was higher than anticipated by the actuarial assumptions, resulting in an experience loss of $79 million.

The unfunded actuarial accrued liability decreased by $96 million due to changes in assumptions and methodology. This decrease in the unfunded actuarial accrued liability is the net result of:

- A decrease of $50 million as a result of the experience study;
- An increase of $64 million from the change in the OPEB discount rate; and
- A decrease of $110 million from the change in determination of retiree marital status.

There was an additional loss of $122 million from all other factors, including actual retirement, termination, disability, mortality experience, and data changes. This is about 1.3 percent of the December 31, 2005, liabilities, which is a reasonable variation.

Table 2 and 2A summarize the experience gains and losses for the year.

Changes in Assumptions

The actuarial assumptions have been changed since the last report to reflect the results of the experience study performed for the period from December 31, 1999, through December 31, 2004.

Following is a summary of the assumption changes:

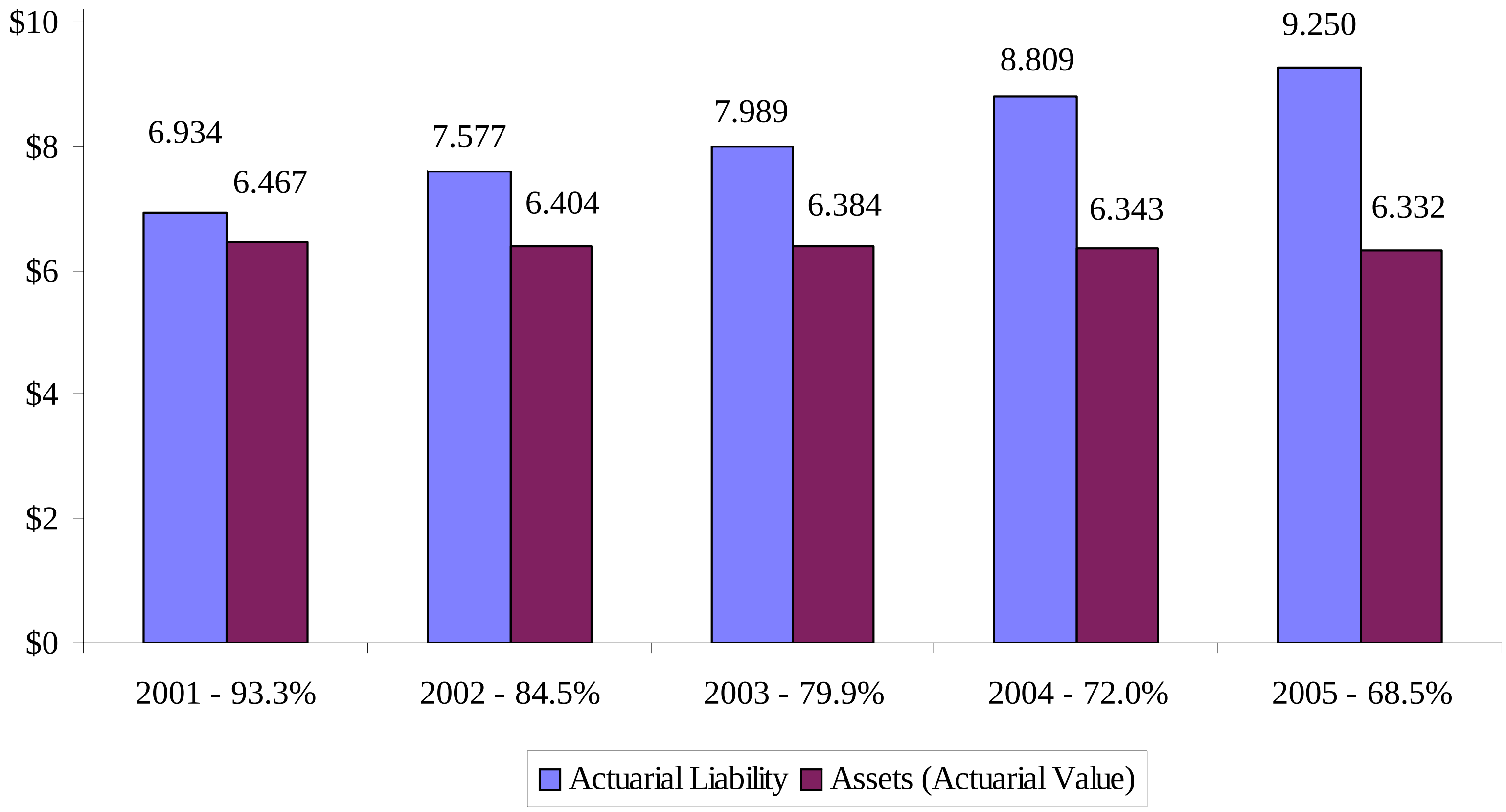
- Change salary increase assumption, from five percent at all ages, to a service-based table.
- Change retirement rates to better reflect higher rates during the first years of eligibility.
- Change turnover rates from age-and-service-based rates to service-based only.
- Change mortality rates from the 1983 Group Annuity Mortality with a two-year set-forward to the 1994 Group Annuity Mortality with a two-year set-forward.
- Change the valuation methodology for disability benefits to a term cost approach.
- Change the valuation methodology for inactive members.
- Change the valuation methodology for child beneficiaries.

In addition, as noted earlier, the discount rate for valuing OPEB liabilities has been decreased from 8.00 percent to 4.50 percent and the determination of marital status for current retirees has been changed from the use of an assumption to full reliance on the status reported in the data.

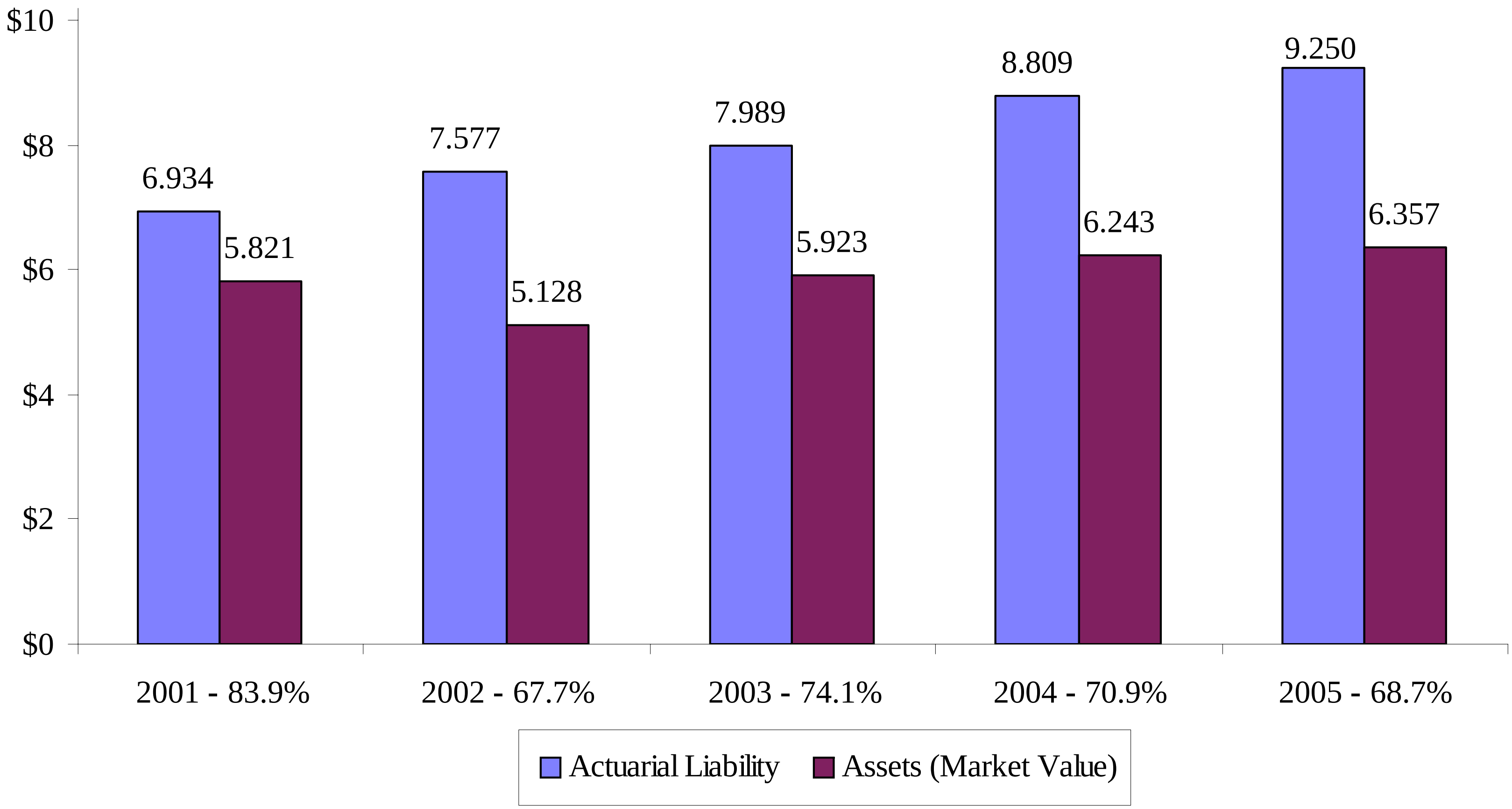
Funding Analysis

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

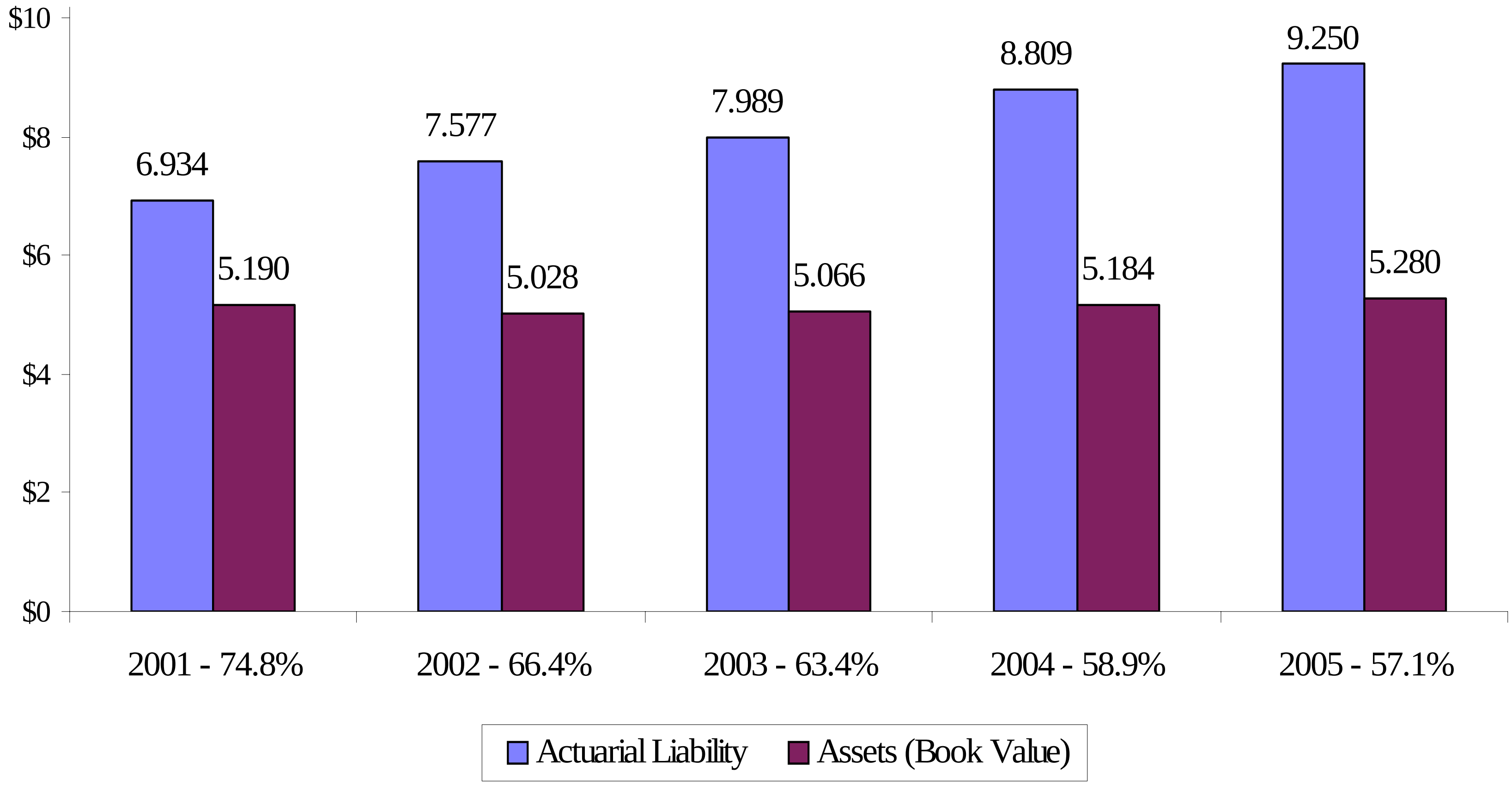
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
COMPONENTS OF FUNDED RATIO
GASB #25/STATE REPORTING
($ IN BILLIONS)



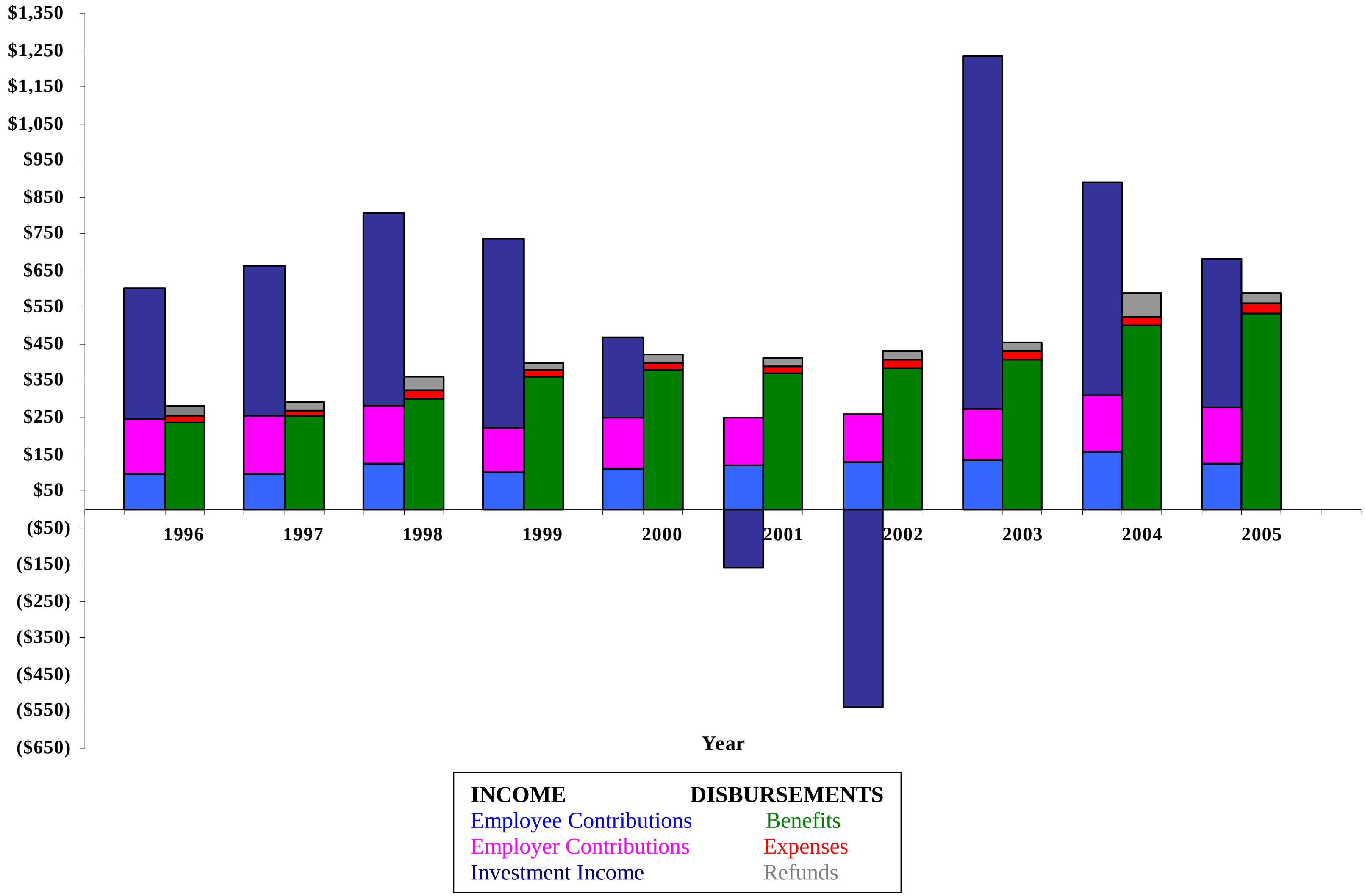
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
COMPONENTS OF FUNDED RATIO
BASED ON MARKET VALUE
($ IN BILLIONS)



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



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



Conclusion

On a market value basis, the funded ratio has decreased from 70.9 percent in the last valuation to 68.7 percent in this valuation due to contribution shortfalls and recognition of deferred losses. When measured using the Actuarial Value of Assets, which smoothes gains and losses over a five-year period, the funding ratio decreased from 72.0 percent in 2004 to 68.5 percent in 2005. Future decreases in the funded ratio are expected to occur as a result of contributions that are insufficient to adequately finance the Plan.

Actuarial Computations

TABLE 1
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION UNDER GASB #25 AND GASB #43 FOR 2006

	2005	2006 [1,2]
(1) Normal Cost	$ 193,012,743	$ 208,458,336
(2) Actuarial Accrued Liability (AAL)	$ 8,808,500,944	$ 9,250,211,817
(3) Unfunded AAL (UAAL)		
(a) Actuarial Value of Assets	$ 6,343,076,159	$ 6,332,378,676
(b) UAAL [2-3(a)]	$ 2,465,424,785	$ 2,917,833,141
(4) Amortization (Level $) Payable at BOY	$ 191,436,038	$ 222,608,746
(5) Minimum Actuarially Calculated Contribution		
(a) Interest Adjustment for Semimonthly Payment	$ 14,343,780	$ 17,131,253
(b) Total Minimum Contribution [1+4+5(a)]; but not less than zero	$ 398,792,561	$ 448,198,335
(c) Total Minimum Contribution (Percent of Pay)	30.60%	31.85%
(6) Estimated Member Contributions	$ 113,501,211	$ 122,284,349
(7) Annual Required Contribution (ARC)		
(a) Annual Required Contribution [5(b)-6]	$ 285,291,350	$ 325,913,986
(b) Annual Required Contribution (Percent of Pay)	21.89%	23.16%
(8) Estimated City Contribution (after 4% loss)	$ 153,389,000	$ 153,184,000
(9) City Contribution Deficiency/(Excess)		
(a) in Dollars [(7(a)-8]	$ 131,902,350	$ 172,729,986
(b) as a Percentage of Pay	10.12%	12.27%
(10) Combined City/Member Contributions Deficiency/(Excess)		
(a) in Dollars [5(b)-6-8]	$ 131,902,350	$ 172,729,986
(b) as a Percentage of Pay	10.12%	12.27%

[1] *The normal cost and actuarial accrued liabilities for the health insurance supplement are based on a discount rate of 4.50 percent.*

[2] *Amortization period of 40 years for pension and 30 years for the health insurance supplement. The amortization period will reduce to 30 years for pension for calculation of the 2007 ARC. The amortization factor for the health insurance supplement is based on an interest rate of 4.50 percent.*

TABLE 1A
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION FOR PENSION AND HEALTHCARE UNDER GASB #25 AND GASB #43 FOR 2006

	Pension	Health Ins. Supplement[1]	Total
(1) Normal Cost	$ 198,624,045	$ 9,834,291	$ 208,458,336
(2) Actuarial Accrued Liability (AAL)	$ 9,040,902,556	$ 209,309,261	$ 9,250,211,817
(3) Unfunded AAL (UAAL)			
(a) Actuarial Value of Assets	$ 6,332,378,676	$ -	$ 6,332,378,676
(b) UAAL [2-3(a)]	$ 2,708,523,880	$ 209,309,261	$ 2,917,833,141
(4) Amortization (Level $) Payable at BOY[2]	$ 210,312,269	$ 12,296,477	$ 222,608,746
(5) Minimum Actuarially Calculated Contribution			
(a) Interest Adjustment for Semimonthly Payment	$ 16,619,859	$ 511,394	$ 17,131,253
(b) Total Minimum Contribution [1+4+5(a)]; but not less than zero	$ 425,556,173	$ 22,642,162	$ 448,198,335
(c) Total Minimum Contribution (Percent of Pay)	30.24%	1.61%	31.85%
(6) Estimated Member Contributions	$ 122,284,349	$ -	$ 122,284,349
(7) Annual Required Contribution (ARC)			
(a) Annual Required Contribution [5(b)-6]	$ 303,271,824	$ 22,642,162	$ 325,913,986
(b) Annual Required Contribution (Percent of Pay)	21.55%	1.61%	23.16%
(8) Estimated City Contribution (after 4% loss)	$ 144,060,861	$ 9,123,139[3]	$ 153,184,000
(9) City Contribution Deficiency/(Excess)			
(a) in Dollars [(7(a)-8]	$ 159,210,963	$ 13,519,023	$ 172,729,986
(b) as a Percentage of Pay	11.31%	0.96%	12.27%
(10) Combined City/Member Contributions Deficiency/(Excess)			
(a) in Dollars [5(b)-6-8]	$ 159,210,963	$ 13,519,023	$ 172,729,986
(b) as a Percentage of Pay	11.31%	0.96%	12.27%

[1] The normal cost and actuarial accrued liabilities for the health insurance supplement are based on a discount rate of 4.50 percent.

[2] Amortization period of 40 years for pension and 30 years for the health insurance supplement. The amortization period will reduce to 30 years for pension for calculation of the 2007 ARC. The amortization factor for the health insurance supplement is based on an interest rate of 4.50 percent.

[3] Represents expected benefit payments in 2006 for the health insurance supplement.

TABLE 1B
DEVELOPMENT OF CITY CONTRIBUTION REQUIREMENTS

	Fiscal Year 2006	Fiscal Year 2007
Preliminary Determination of City Contribution		
Applicable Members' Contribution, Two Years Prior	$ 127,653,540	$ 121,324,051
Statutory Contribution Multiple	1.25	1.25
Statutory City Contribution	159,566,900	151,655,100
Actuarial Liability at Valuation Date	8,808,500,944	9,250,211,817
Actuarial Value of Assets at Valuation Date	6,343,076,159	6,332,378,676
Funded Ratio	72.01%	68.46%

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

	2005	2004	2003	2002	2001
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
Beginning of Year	$2,465,424,785	$1,604,537,599	$1,173,117,883	$467,378,934	$367,203,474
(Gains) Losses During the Year Attributable to:					
Contributions Less Than (in Excess of) Normal Cost plus Interest	117,187,386	32,776,482	3,456,024	(50,118,958)	(61,169,938)
(Gain) Loss on Investment Return	218,674,940	282,820,577	358,329,234	419,605,037	182,147,072
(Gain) Loss from Salary Changes	79,469,300	(48,441,973)	(70,999,285)	(8,665,613)	118,932,900
(Gain) Loss from Retirement, Termination, & Mortality	122,267,607	109,401,939	109,170,676	49,293,343	(139,734,574)
(Gain) Loss from Data Corrections	-				
(Gain) Loss from Transfers	-	24,201,945			
Change in Methodology	-				
Non-ERI Service Credit Changes and Purchases	10,339,947	95,475,721			
Change in Assumptions	(95,530,824)				
Plan Amendments	-	364,652,495	31,463,067	295,625,140	
Net Increase (Decrease) in UAAL	452,408,356	860,887,186	431,419,716	705,738,949	100,175,460
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
End of Year	$2,917,833,141	$2,465,424,785	$1,604,537,599	$1,173,117,883	$467,378,934

TABLE 2A
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
RECONCILIATION OF FUNDED RATIO

	2005
Funded Ratio Beginning of Year	**72.01%**
Expected Increase If All Assumptions Realized	1.00%
Expected Funded Ratio	**73.01%**
Gains (Losses) During the Year Attributable to:	
Contributions in Excess of (Less Than) Normal Cost plus Interest	-1.29%
Gain/(Loss) on Investment Return	-2.39%
Gain/(Loss) from Salary Changes	-0.60%
Gain/(Loss) from Retirement, Termination, & Mortality	-0.90%
Gain/(Loss) from Data Corrections	0.00%
Gain/(Loss) from Transfers	0.00%
Change in Methodology	0.00%
Non-ERI Service Credit Changes and Purchases	-0.07%
Change in Assumptions	0.70%
Plan Amendments	0.00%
Total Gains (Losses) During the Year	**-4.55%**
Funded Ratio End of Year	**68.46%**

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

	APV of Projected Benefits	2006 Normal Cost
(1) Values for Active and Inactive Members		
(a) Retirement	$ 4,732,756,649	$ 133,259,778
(b) Termination - Vested	374,923,581	20,912,605
(c) Termination - Non Vested	86,713,822	23,668,137
(d) Death	91,251,322	4,683,334
(e) Inactive Vested and Non-Vested	212,964,791	-
(f) Health Insurance	208,453,518	9,834,291
(g) Disability	-	10,554,923
(h) Expenses of Administration	-	5,545,268
Total for Actives and Inactives	$ 5,707,063,683	$ 208,458,336
(2) Values for Members in Payment Status	$ 5,325,007,461	$ -
(3) Grand Totals	$ 11,032,071,144	$ 208,458,336
Actuarial Present Value of Future Compensation		$ 13,039,093,368

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

	2004	2005
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	$ 5,217,025,314	$ 5,325,007,461
Salary Deductions Contributed by Active and Inactive Fund Members (with Interest)	1,165,883,637	1,252,060,754
Total	$ 6,382,908,951	$ 6,577,068,215
Actuarial Asset Value	6,343,076,159	6,332,378,676
Excess Upon Termination	$ (39,832,792)	$ (244,689,539)
Percent Funded	99.38%	96.28%

TABLE 5
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
ACTUARIAL ACCRUED LIABILITY PRIORITIZED SOLVENCY TEST

Valuation Date 12/31	(1) Active and Inactive Member Contribution	(2) Retirees and Beneficiaries	(3) Active and Inactive Members (ER Financed Portion)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets (1)	(2)	(3)
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%
2003 [2]	1,285,968,607	3,740,757,718	2,961,910,231	6,384,098,957	100.00%	100.00%	45.83%
2004 [2]	1,165,883,637	5,217,025,314	2,425,591,993	6,343,076,159	100.00%	99.24%	0.00%
2005 [1]	1,252,060,754	5,325,007,461	2,673,143,602	6,332,378,676	100.00%	95.40%	0.00%

[1]*Change in actuarial assumptions*
[2]*Change in benefits*
[3]*Change in actuary*

The prioritized solvency test is another means of checking a plan's progress under its funding program, based on the Actuarial Accrued Liability. In this test the plan's present assets (cash and investments) are compared with obligations in order of priority: (1) active and inactive member contributions on deposit; (2) the present value of future benefits to present retired lives; (3) the employer financed portion for present active and inactive members. In a plan that has been following the discipline of financing, the obligation for active and inactive member contributions on deposit (present value 1) and the present value of future benefits to present retired lives (present value 2) will be fully covered by present assets (except in rare circumstances). In addition, the Actuarial Accrued Liability for present active and inactive members (present value 3) will be partially covered by the remainder of present assets. Generally, if the plan 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, 2005

	New in 2005			Continuing from 2004			Total		
	Annuity Payment Fund	**Prior Service Fund**	**Total**	**Annuity Payment Fund**	**Prior Service Fund**	**Total**	**Annuity Payment Fund**	**Prior Service Fund**	**Total**
Statutory Reserve [1]									
Retirees	$ 58,042,198	$ 171,996,581	$ 230,038,779	$1,024,183,468	$3,821,615,525	$4,845,798,993	$1,082,225,666	$3,993,612,106	$5,075,837,772
Future Surviving Spouses	$ 9,954,491	$ 9,316,884	$ 19,271,375	$ 229,922,864	$ 327,701,213	$ 557,624,077	$ 239,877,355	$ 337,018,097	$ 576,895,452
Spouses	$ 14,186,160	$ 13,576,659	$ 27,762,819	$ 132,694,275	$ 158,250,539	$ 290,944,814	$ 146,880,435	$ 171,827,198	$ 318,707,633
Annual Benefits									
Retirees	$ 5,426,025	$ 10,241,955	$ 15,667,980	$ 121,991,100	$ 339,329,868	$ 461,320,968	$ 127,417,125	$ 349,571,823	$ 476,988,948
Future Surviving Spouses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spouses	$ 1,678,629	$ 1,717,887	$ 3,396,516	$ 19,633,627	$ 27,048,089	$ 46,681,716	$ 21,312,256	$ 28,765,976	$ 50,078,232

[1] *As required by State statutes, calculated using the Combined Annuity Mortality Table with interest at 3.00 percent per annum, except for employees and spouses of employees who were participants on or before January 1, 1952, for whom the American Experience Table of Mortality with interest at 4.00 percent per annum is used.*

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

	2004	2005
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	$ 5,217,025,314	$ 5,325,007,461
Current Active and Inactive Employees:		
Accumulated Employee Contributions	1,165,883,637	1,252,060,754
Payable to Vested and Non-Vested Employees	1,614,072,418	1,275,273,873
Total APV	$ 7,996,981,369	$ 7,852,342,087
Net Assets Available for Benefits, Actuarial Value	6,343,076,159	6,332,378,676
Unfunded AAL (AAL in excess of assets)	$ 1,653,905,210	$ 1,519,963,411
Percent Funded	79.32%	80.64%
Unfunded AAL as Percent of Payroll	126.92%	108.00%
Payroll	$ 1,303,127,528	$ 1,407,323,058

TABLE 8
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
ACTUARIAL RESERVE LIABILITIES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2005

Accrued Liabilities for Active and Inactive Participants [1]	$ 3,925,204,356
Reserves For:	
Service Retirement Pension	$ 4,530,540,976
Future Spouses of Current Retirees	367,793,931
Surviving Spouse Pension	333,358,649
Health Insurance Supplement	91,482,912
Children Annuitants	1,830,993
Total Accrued Liabilities	$ 9,250,211,817
Unfunded Actuarial Liabilities	$ 2,917,833,141
Actuarial Net Assets	$ 6,332,378,676

[1] *Accrued liabilities for active participants includes retirement liability for members in ordinary or duty disabled status. Liability for disability benefits is recognized as a one-year term cost of 0.75 percent of pay added to the normal cost.*

Assets of the Plan

ASSETS OF THE PLAN

The book value of plan assets, net of accounts payable, increased from $5.18 billion as of December 31, 2004, to $5.28 billion as of December 31, 2005, and the market value of plan assets increased from $6.24 billion as of December 31, 2004, to $6.36 billion as of December 31, 2005. Table 9 details the development of asset values during 2005 and Table 10 shows the development of the actuarial value of assets as of December 31, 2005.

TABLE 9
RECONCILIATION OF ASSET VALUES
AS OF DECEMBER 31, 2005

		Market Value	Book Value
(1)	Value of Assets as of 12/31/2004	$ 6,242,741,942	$ 5,183,689,930
(2)	Income for Plan Year:		
	(a) Member Contributions	$ 122,542,484	$ 122,542,484
	(b) City Contributions & Miscellaneous	155,067,116	155,067,116
	(c) Investment Income Net of Expenses	402,310,621	384,410,923
	(d) Total Income	$ 679,920,221	$ 662,020,523
(3)	Disbursements for Plan Year:		
	(a) Benefit Payments - Pension	$ 524,613,684	$ 524,613,684
	(b) Benefit Payments - Health Insurance Supplement	8,877,021	8,877,021
	(c) Refunds and Rollovers	26,737,456	26,737,456
	(d) Administration	5,545,268	5,545,268
	(e) Total Disbursements	$ 565,773,429	$ 565,773,429
(4)	Value of Assets as of 12/31/2005	$ 6,356,888,734	$ 5,279,937,024
(5)	Estimated Rate of Return in 2005:		
	(a) Gross (Investment Expense of $21,666,395)	6.96 %	8.08 %
	(b) Net of Investment Expense	6.60 %	7.63 %

TABLE 10
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
AS OF DECEMBER 31, 2005

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

(a) Market Value of Assets as of 12/31/2004 — $ 6,242,741,942

(b) Actual Income and Disbursements in Prior Year Weighted for Timing

	Item		Amount	Weight for Timing		Weighted Amount
i)	Member Contributions	$	122,542,484	50.0%	$	61,271,242
ii)	City Contributions & Misc.		155,067,116	50.0%		77,533,558
iii)	Benefit Payments		(533,490,705)	50.0%		(266,745,353)
iv)	Refunds		(26,737,456)	50.0%		(13,368,728)
v)	Administration		(5,545,268)	50.0%		(2,772,634)
vi)	Total				$	(144,081,915)

(c)	Market Value of Assets Adj. for Actual Income and Disbursements [(a) + (b)(vi))]	$	6,098,660,027
(d)	Assumed Rate of Return on Plan Assets for the Year		8.00%
(e)	Expected Return [(c) * (d)]	$	487,892,802

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

(a)	Market Value of Assets as of 12/31/2004	$	6,242,741,942
(b)	Income (less investment income) for Prior Plan Year		277,609,600
(c)	Disbursements Paid in Prior Year		565,773,429
(d)	Market Value of Assets as of 12/31/2005		6,356,888,734
(e)	Actual Return [(d) + (c) - (b) - (a)]	$	402,310,621

(3) **Investment Gain/(Loss) for Prior Year** — $ (85,582,181)

(4) **Actuarial Value of Assets as of 12/31/2005**

(a) Market Value of Assets as of 12/31/2005 — $ 6,356,888,734

(b) Deferred Investment Gains and (Losses) for Last 5 Years

	Plan Year		Gain/(Loss)	Weight for Timing		Deferred Amount
i)	2001	$	(642,588,674)	0.00%	$	-
ii)	2002		(997,543,850)	20.00%		(199,508,770)
iii)	2003		558,324,412	40.00%		223,329,765
iv)	2004		115,258,014	60.00%		69,154,808
v)	2005		(85,582,181)	80.00%		(68,465,745)
vi)	Total	$	(1,052,132,279)		$	24,510,058

(c) Actuarial Value of Assets [(a) - (b) (vi)] — $ 6,332,378,676

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 percent per year.

Plan Members Data

EXHIBIT A 1
SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS
FOR FISCAL YEAR ENDING DECEMBER 31, 2005

	Male	Female	Total
Number of Active Members at Beginning of Year [1]	12,756	20,511	33,267
Reclassify Gender	6	(6)	0
Totals	12,762	20,505	33,267
Increases:			
Members Added During the Year	1,184	1,802	2,986
Members Returning From Inactive	404	790	1,194
	1,588	2,592	4,180
Totals	14,350	23,097	37,447
Decreases:			
Terminations During Year	1,311	2,393	3,704
Number of Active Members at End of Year	13,039	20,704	33,743
Members Added During the Year			
New	1,181	1,800	2,981
Transfer from Permanent File (PF to A)	2	2	4
Activate Laborer (LP to A)	1	0	1
	1,184	1,802	2,986
Terminations			
Withdrawal (With Refunds)	320	497	817
Withdrawal (Without Refunds)	800	1,484	2,284
Withdrawal (Additional Payroll)	8	5	13
Transfer Payment to Laborers	11	0	11
Retirements	147	368	515
Deaths	25	39	64
Totals	1,311	2,393	3,704

[1] *All 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, 2005

	Male	Female	Total
Number of Inactive Members at Beginning of Year	5,008	7,153	12,161
Reclassify Gender	2	(2)	0
Totals	5,010	7,151	12,161
Increases:			
Members Added During the Year	223	298	521
Members Transferring from Active	800	1,484	2,284
	1,023	1,782	2,805
Totals	6,033	8,933	14,966
Decreases:			
Terminations During Year	2,652	3,874	6,526
Number of Inactive Members at End of Year	3,381	5,059	8,440
Members Added During the Year			
New[1]	214	291	505
Transfer from Permanent File (PF to A)	9	6	15
Transfer from Employee Payable (EP to T)	0	1	1
	223	298	521
Terminations			
Withdrawal (With Refunds)	204	337	541
Transfer to Active	404	790	1,194
Withdrawal (Additional Payroll)	130	189	319
Miscellaneous Closeout	1,785	2,412	4,197
Refund to Laborers	37	7	44
Transfer to Judges	1	1	2
Transfer Payment to Laborers	2	0	2
Retirements	68	111	179
Deaths	21	27	48
Totals	2,652	3,874	6,526

[1] *4 new inactives of unknown gender are included as males.*

EXHIBIT B
SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES
FOR FISCAL YEAR ENDING DECEMBER 31, 2005

	Number at Beginning of Year	Additions During Year	Terminations During Year	Number at End of Year
Employee Annuitants	18,253	698	730	18,221
Deferred Employee Annuitants	7	1	5	3
Surviving Spouse Annuitants	4,472	255	260	4,467
Child Annuitants	201	28	25	204
Ordinary Disability Beneficiaries	294	301	291	304
Duty Disability Beneficiaries	132	668	642	158
Totals	**23,359**	**1,951**	**1,953**	**23,357**

EXHIBIT C
PART I – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2005

Attained Age	Completed Years of Service: Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	14	22	-	-	-	-	-	-	-	**36**
	$ 232,341	$ 205,260	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 437,601**
20-24	61	284	46	-	-	-	-	-	-	**391**
	$ 1,481,086	$ 7,089,202	$ 1,260,617	$ -	$ -	$ -	$ -	$ -	$ -	**$ 9,830,905**
25-29	88	468	260	22	-	-	-	-	-	**838**
	$ 3,413,966	$ 16,471,595	$ 10,981,636	$ 1,057,721	$ -	$ -	$ -	$ -	$ -	**$ 31,924,918**
30-34	89	438	495	153	10	-	-	-	-	**1,185**
	$ 3,810,123	$ 19,289,576	$ 25,204,647	$ 8,026,188	$ 469,603	$ -	$ -	$ -	$ -	**$ 56,800,137**
35-39	101	428	576	355	172	8	-	-	-	**1,640**
	$ 4,507,897	$ 19,298,768	$ 31,267,645	$ 21,266,814	$ 10,048,657	$ 485,587	$ -	$ -	$ -	**$ 86,875,368**
40-44	80	407	526	453	431	208	10	-	-	**2,115**
	$ 2,973,140	$ 18,042,561	$ 29,172,581	$ 26,984,093	$ 25,412,881	$ 12,657,512	$ 696,199	$ -	$ -	**$ 115,938,967**
45-49	71	342	484	393	493	562	127	10	-	**2,482**
	$ 2,712,102	$ 15,594,936	$ 26,950,490	$ 23,731,952	$ 30,072,955	$ 36,522,822	$ 9,102,669	$ 710,997	$ -	**$ 145,398,923**
50-54	42	244	322	336	408	417	184	63	1	**2,017**
	$ 1,604,945	$ 11,237,109	$ 18,145,868	$ 19,975,646	$ 25,467,460	$ 26,608,592	$ 12,435,636	$ 4,545,028	$ 35,894	**$ 120,056,178**
55-59	35	148	224	199	268	246	75	51	22	**1,268**
	$ 1,454,121	$ 6,544,573	$ 12,374,864	$ 11,570,118	$ 15,319,697	$ 15,097,396	$ 4,767,463	$ 3,391,446	$ 1,422,878	**$ 71,942,556**
60-64	10	68	136	120	145	102	41	26	20	**668**
	$ 348,091	$ 2,435,984	$ 7,111,147	$ 6,892,604	$ 8,679,876	$ 6,050,312	$ 2,434,095	$ 1,606,813	$ 1,321,588	**$ 36,880,510**
65-69	5	39	44	52	41	39	8	5	10	**243**
	$ 140,375	$ 1,251,886	$ 1,832,066	$ 3,018,612	$ 2,221,517	$ 2,121,457	$ 595,714	$ 416,364	$ 740,887	**$ 12,338,878**
70 & Over	3	28	35	28	21	22	6	5	8	**156**
	$ 74,737	$ 441,127	$ 892,294	$ 1,144,821	$ 967,154	$ 1,206,941	$ 414,073	$ 286,514	$ 579,613	**$ 6,007,274**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**599**	**2,916**	**3,148**	**2,111**	**1,989**	**1,604**	**451**	**160**	**61**	**13,039**
	$ 22,752,924	**$ 117,902,577**	**$ 165,193,855**	**$ 123,668,569**	**$ 118,659,800**	**$ 100,750,619**	**$ 30,445,849**	**$ 10,957,162**	**$ 4,100,860**	**$ 694,432,215**

EXHIBIT C
PART II – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2005

	Completed Years of Service									
Attained Age	**Under 1**	**1-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 & Over**	**Total**
Under 20	9	40	-	-	-	-	-	-	-	**49**
	$ 112,310	$ 320,370	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 432,680**
20-24	107	352	77	-	-	-	-	-	-	**536**
	$ 2,582,916	$ 7,500,026	$ 1,655,430	$ -	$ -	$ -	$ -	$ -	$ -	**$ 11,738,372**
25-29	145	773	370	31	-	-	-	-	-	**1,319**
	$ 4,229,547	$ 24,602,019	$ 12,015,122	$ 1,036,264	$ -	$ -	$ -	$ -	$ -	**$ 41,882,952**
30-34	115	684	785	255	23	-	-	-	-	**1,862**
	$ 3,196,801	$ 22,692,932	$ 29,743,220	$ 9,902,361	$ 981,987	$ -	$ -	$ -	$ -	**$ 66,517,301**
35-39	116	716	846	475	243	2	-	-	-	**2,398**
	$ 3,556,022	$ 21,978,946	$ 31,961,494	$ 19,956,388	$ 10,901,860	$ 128,687	$ -	$ -	$ -	**$ 88,483,397**
40-44	84	724	1,093	660	538	165	8	-	-	**3,272**
	$ 2,184,810	$ 19,623,131	$ 36,007,875	$ 24,889,553	$ 23,443,290	$ 8,654,088	$ 507,504	$ -	$ -	**$ 115,310,251**
45-49	61	725	958	735	673	354	104	10	-	**3,620**
	$ 1,428,975	$ 18,454,604	$ 30,497,187	$ 25,059,136	$ 27,562,684	$ 18,488,020	$ 6,016,077	$ 618,085	$ -	**$ 128,124,768**
50-54	54	504	721	672	677	357	123	55	3	**3,166**
	$ 1,499,338	$ 13,171,045	$ 22,694,855	$ 23,325,777	$ 26,108,559	$ 15,997,522	$ 6,424,775	$ 3,312,035	$ 220,104	**$ 112,754,010**
55-59	44	298	468	481	530	305	105	51	39	**2,321**
	$ 970,732	$ 7,667,729	$ 14,897,727	$ 16,137,821	$ 19,045,300	$ 12,513,486	$ 4,501,713	$ 2,584,859	$ 1,685,533	**$ 80,004,900**
60-64	15	151	248	202	310	201	99	45	30	**1,301**
	$ 330,446	$ 3,275,135	$ 7,321,372	$ 6,532,178	$ 10,957,525	$ 7,608,874	$ 3,663,478	$ 1,779,100	$ 1,194,850	**$ 42,662,958**
65-69	3	50	112	96	93	77	53	35	45	**564**
	$ 90,250	$ 752,155	$ 2,751,543	$ 2,817,454	$ 2,680,747	$ 3,132,537	$ 1,955,417	$ 1,401,921	$ 1,624,466	**$ 17,206,490**
70 & Over	4	38	57	45	26	40	31	16	39	**296**
	$ 54,213	$ 518,552	$ 828,991	$ 1,239,982	$ 892,407	$ 1,439,849	$ 1,033,726	$ 532,131	$ 1,232,913	**$ 7,772,764**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**757**	**5,055**	**5,735**	**3,652**	**3,113**	**1,501**	**523**	**212**	**156**	**20,704**
	$ 20,236,360	**$ 140,556,644**	**$ 190,374,816**	**$ 130,896,914**	**$ 122,574,359**	**$ 67,963,063**	**$ 24,102,690**	**$ 10,228,131**	**$ 5,957,866**	**$ 712,890,843**

EXHIBIT C
PART III – TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2005

	Completed Years of Service									
Attained Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	23	62	-	-	-	-	-	-	-	**85**
	$ 344,651	$ 525,630	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 870,281**
20-24	168	636	123	-	-	-	-	-	-	**927**
	$ 4,064,002	$ 14,589,228	$ 2,916,047	$ -	$ -	$ -	$ -	$ -	$ -	**$ 21,569,277**
25-29	233	1,241	630	53	-	-	-	-	-	**2,157**
	$ 7,643,513	$ 41,073,614	$ 22,996,758	$ 2,093,985	$ -	$ -	$ -	$ -	$ -	**$ 73,807,870**
30-34	204	1,122	1,280	408	33	-	-	-	-	**3,047**
	$ 7,006,924	$ 41,982,508	$ 54,947,867	$ 17,928,549	$ 1,451,590	$ -	$ -	$ -	$ -	**$ 123,317,438**
35-39	217	1,144	1,422	830	415	10	-	-	-	**4,038**
	$ 8,063,919	$ 41,277,714	$ 63,229,139	$ 41,223,202	$ 20,950,517	$ 614,274	$ -	$ -	$ -	**$ 175,358,765**
40-44	164	1,131	1,619	1,113	969	373	18	-	-	**5,387**
	$ 5,157,950	$ 37,665,692	$ 65,180,456	$ 51,873,646	$ 48,856,171	$ 21,311,600	$ 1,203,703	$ -	$ -	**$ 231,249,218**
45-49	132	1,067	1,442	1,128	1,166	916	231	20	-	**6,102**
	$ 4,141,077	$ 34,049,540	$ 57,447,677	$ 48,791,088	$ 57,635,639	$ 55,010,842	$ 15,118,746	$ 1,329,082	$ -	**$ 273,523,691**
50-54	96	748	1,043	1,008	1,085	774	307	118	4	**5,183**
	$ 3,104,283	$ 24,408,154	$ 40,840,723	$ 43,301,423	$ 51,576,019	$ 42,606,114	$ 18,860,411	$ 7,857,063	$ 255,998	**$ 232,810,188**
55-59	79	446	692	680	798	551	180	102	61	**3,589**
	$ 2,424,853	$ 14,212,302	$ 27,272,591	$ 27,707,939	$ 34,364,997	$ 27,610,882	$ 9,269,176	$ 5,976,305	$ 3,108,411	**$ 151,947,456**
60-64	25	219	384	322	455	303	140	71	50	**1,969**
	$ 678,537	$ 5,711,119	$ 14,432,519	$ 13,424,782	$ 19,637,401	$ 13,659,186	$ 6,097,573	$ 3,385,913	$ 2,516,438	**$ 79,543,468**
65-69	8	89	156	148	134	116	61	40	55	**807**
	$ 230,625	$ 2,004,041	$ 4,583,609	$ 5,836,066	$ 4,902,264	$ 5,253,994	$ 2,551,131	$ 1,818,285	$ 2,365,353	**$ 29,545,368**
70 & Over	7	66	92	73	47	62	37	21	47	**452**
	$ 128,950	$ 959,679	$ 1,721,285	$ 2,384,803	$ 1,859,561	$ 2,646,790	$ 1,447,799	$ 818,645	$ 1,812,526	**$ 13,780,038**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**1,356**	**7,971**	**8,883**	**5,763**	**5,102**	**3,105**	**974**	**372**	**217**	**33,743**
	$ 42,989,284	**$ 258,459,221**	**$ 355,568,671**	**$ 254,565,483**	**$ 241,234,159**	**$ 168,713,682**	**$ 54,548,539**	**$ 21,185,293**	**$ 10,058,726**	**$ 1,407,323,058**

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, 2005

Attained Age	Completed Years of Service: Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	18	4	-	-	-	-	-	-	-	**22**
	$ 279,951	$ 55,528	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 335,479**
20-24	124	443	37	-	-	-	-	-	-	**604**
	$ 2,831,664	$ 10,642,472	$ 1,454,826	$ -	$ -	$ -	$ -	$ -	$ -	**$ 14,928,962**
25-29	156	900	304	8	-	-	-	-	-	**1,368**
	$ 4,426,585	$ 26,818,356	$ 9,342,312	$ 242,289	$ -	$ -	$ -	$ -	$ -	**$ 40,829,542**
30-34	129	739	559	169	11	-	-	-	-	**1,607**
	$ 3,818,631	$ 23,472,484	$ 17,596,624	$ 5,401,150	$ 421,251	$ -	$ -	$ -	$ -	**$ 50,710,140**
35-39	129	783	621	321	156	7	-	-	-	**2,017**
	$ 3,950,200	$ 22,979,410	$ 18,860,880	$ 10,907,863	$ 6,101,903	$ 376,634	$ -	$ -	$ -	**$ 63,176,890**
40-44	88	784	865	513	374	162	2	-	-	**2,788**
	$ 2,077,745	$ 20,443,341	$ 24,694,341	$ 15,801,531	$ 13,852,231	$ 7,783,033	$ 105,447	$ -	$ -	**$ 84,757,669**
45-49	71	736	752	575	507	295	45	1	-	**2,982**
	$ 1,698,611	$ 18,522,437	$ 20,673,263	$ 17,507,267	$ 17,001,233	$ 13,754,434	$ 2,639,278	$ 73,913	$ -	**$ 91,870,436**
50-54	45	526	554	504	500	264	92	61	1	**2,547**
	$ 1,072,734	$ 13,908,045	$ 15,634,372	$ 14,926,795	$ 16,106,970	$ 10,587,498	$ 4,531,881	$ 3,925,623	$ 35,894	**$ 80,729,812**
55-59	44	291	342	336	427	247	68	38	43	**1,836**
	$ 825,822	$ 7,889,003	$ 9,524,954	$ 9,785,311	$ 13,077,795	$ 9,072,644	$ 2,792,913	$ 1,951,192	$ 2,108,240	**$ 57,027,874**
60-64	17	149	188	160	253	149	69	27	29	**1,041**
	$ 355,099	$ 3,388,993	$ 5,081,684	$ 4,331,711	$ 7,813,154	$ 4,896,338	$ 2,471,790	$ 1,084,311	$ 1,329,861	**$ 30,752,941**
65-69	6	53	64	57	80	55	35	15	32	**397**
	$ 98,193	$ 1,063,438	$ 1,790,473	$ 1,590,848	$ 2,196,989	$ 1,747,840	$ 1,334,606	$ 459,819	$ 1,277,699	**$ 11,559,905**
70 & Over	5	34	27	15	20	23	16	11	19	**170**
	$ 62,545	$ 513,510	$ 594,862	$ 274,558	$ 620,677	$ 591,714	$ 415,159	$ 322,663	$ 714,944	**$ 4,110,632**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**832**	**5,442**	**4,313**	**2,658**	**2,328**	**1,202**	**327**	**153**	**124**	**17,379**
	$ 21,497,780	**$ 149,697,017**	**$ 125,248,591**	**$ 80,769,323**	**$ 77,192,203**	**$ 48,810,135**	**$ 14,291,074**	**$ 7,817,521**	**$ 5,466,638**	**$ 530,790,282**

EXHIBIT C

PART V – TOTAL LIVES AND ANNUAL SALARIES OF CITY PLAN MEMBERS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2005

Attained Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
	Completed Years of Service									
Under 20	5	58	-	-	-	-	-	-	-	**63**
	$ 64,700	$ 470,102	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 534,802**
20-24	44	189	86	-	-	-	-	-	-	**319**
	$ 1,232,338	$ 3,826,402	$ 1,461,221	$ -	$ -	$ -	$ -	$ -	$ -	**$ 6,519,961**
25-29	77	338	325	45	-	-	-	-	-	**785**
	$ 3,216,928	$ 14,145,694	$ 13,621,504	$ 1,851,696	$ -	$ -	$ -	$ -	$ -	**$ 32,835,822**
30-34	75	383	719	238	22	-	-	-	-	**1,437**
	$ 3,188,293	$ 18,510,024	$ 37,279,301	$ 12,483,381	$ 1,030,339	$ -	$ -	$ -	$ -	**$ 72,491,338**
35-39	88	359	797	508	259	3	-	-	-	**2,014**
	$ 4,113,719	$ 18,180,410	$ 44,086,979	$ 30,258,659	$ 14,848,614	$ 237,640	$ -	$ -	$ -	**$ 111,726,021**
40-44	76	345	752	595	592	211	16	-	-	**2,587**
	$ 3,080,205	$ 17,126,224	$ 40,378,917	$ 35,704,368	$ 34,822,751	$ 13,528,567	$ 1,098,256	$ -	$ -	**$ 145,739,288**
45-49	61	329	683	551	657	621	185	19	-	**3,106**
	$ 2,442,466	$ 15,383,947	$ 36,188,816	$ 31,095,295	$ 40,446,780	$ 41,256,408	$ 12,424,504	$ 1,255,169	$ -	**$ 180,493,385**
50-54	51	221	489	502	584	509	214	56	3	**2,629**
	$ 2,031,549	$ 10,461,161	$ 25,206,351	$ 28,279,728	$ 35,428,827	$ 31,932,686	$ 14,280,040	$ 3,871,276	$ 220,104	**$ 151,711,722**
55-59	35	154	348	344	369	302	112	62	18	**1,744**
	$ 1,599,031	$ 6,245,798	$ 17,634,085	$ 17,922,628	$ 21,178,746	$ 18,377,324	$ 6,476,263	$ 3,860,897	$ 1,000,171	**$ 94,294,943**
60-64	8	70	195	161	202	154	71	44	21	**926**
	$ 323,438	$ 2,322,126	$ 9,310,535	$ 9,041,721	$ 11,824,247	$ 8,762,848	$ 3,625,783	$ 2,301,602	$ 1,186,577	**$ 48,698,877**
65-69	2	36	92	91	54	61	26	25	23	**410**
	$ 132,432	$ 940,603	$ 2,793,136	$ 4,245,218	$ 2,705,275	$ 3,506,154	$ 1,216,525	$ 1,358,466	$ 1,087,654	**$ 17,985,463**
70 & Over	2	32	65	58	27	39	21	10	28	**282**
	$ 66,405	$ 446,169	$ 1,126,423	$ 2,110,245	$ 1,238,884	$ 2,055,076	$ 1,032,640	$ 495,982	$ 1,097,582	**$ 9,669,406**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**524**	**2,514**	**4,551**	**3,093**	**2,766**	**1,900**	**645**	**216**	**93**	**16,302**
	$ 21,491,504	**$ 108,058,660**	**$ 229,087,268**	**$ 172,992,939**	**$ 163,524,463**	**$ 119,656,703**	**$40,154,011**	**$13,143,392**	**$4,592,088**	**$ 872,701,028**

EXHIBIT D
AGE AND SERVICE DISTRIBUTION FOR INACTIVES
AS OF DECEMBER 31, 2005

Attained Age	Years of Service									Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
Under 20	12	19	-	-	-	-	-	-	-	**31**
20-24	106	216	12	-	-	-	-	-	-	**334**
25-29	121	549	46	2	-	-	-	-	-	**718**
30-34	114	689	182	29	2	-	-	-	-	**1,016**
35-39	101	650	182	74	23	-	-	-	-	**1,030**
40-44	123	647	223	116	47	11	-	-	-	**1,167**
45-49	97	527	240	149	94	34	8	-	1	**1,150**
50-54	95	486	195	161	97	60	14	1	1	**1,110**
55-59	86	332	153	126	70	25	5	-	-	**797**
60-64	55	176	82	52	26	13	4	2	-	**410**
65-69	22	73	42	10	9	4	4	3	1	**168**
70 & Over	33	118	58	27	16	9	8	6	3	**278**
w/o DOB	132	49	39	9	1	1	-	-	-	**231**
Total	**1,097**	**4,531**	**1,454**	**755**	**385**	**157**	**43**	**12**	**6**	**8,440**
Average Age										**44.67**
Average Service										**4.83**

For inactives without a birth date on record, we assumed an average age of 44.7.

EXHIBIT E
STATISTICS ON EMPLOYEE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2005

	Male			Female		
Age	No.		Annual Payments	No.		Annual Payments
Under 50	6	$	31,212	6	$	31,596
50	8		288,168	7		290,592
51	25		1,312,284	25		989,712
52	102		4,625,520	56		2,381,064
53	132		6,415,812	75		2,885,388
54	126		6,007,836	106		3,837,480
55	140		5,856,300	99		3,572,700
56	174		7,492,524	140		4,487,328
57	162		6,848,712	137		4,310,820
58	196		8,040,288	188		5,658,900
59	171		7,139,496	213		5,802,432
60	156		6,075,180	208		5,862,492
61	166		6,066,660	244		5,731,908
62	216		8,178,240	310		7,698,012
63	275		9,911,880	323		6,856,596
64	204		6,813,696	342		8,098,548
65	243		7,721,064	353		7,935,336
66	231		7,565,124	388		8,111,736
67	258		8,385,648	442		9,510,876
68	306		9,962,184	440		8,995,380
69	239		7,564,080	414		8,245,020
70	283		9,637,236	445		9,055,848
71	257		7,876,512	419		8,225,976
72	260		8,120,364	351		6,915,228
73	248		7,801,704	343		6,443,088
74	253		8,376,144	337		6,591,180
75	239		7,872,852	389		7,479,360
76	262		8,674,248	388		7,058,412
77	250		8,452,752	358		6,422,184
78	266		8,340,468	348		6,369,072
79	225		6,437,700	288		5,086,764
80	236		7,521,384	297		5,234,796
81	215		6,618,348	275		4,443,624
82	199		5,943,588	257		4,290,384
83	179		5,251,308	242		4,038,972
84	153		4,304,976	222		3,622,032
85 & over	614		14,942,448	1,071		15,944,172
Totals	**7,675**	**$**	**258,473,940**	**10,546**	**$**	**218,515,008**

EXHIBIT F
STATISTICS ON SURVIVING SPOUSE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 2005

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	1	$ 2,784
30	-	-	-	-
31	-	-	-	-
32	-	-	-	-
33	-	-	3	27,144
34	-	-	1	9,600
35	-	-	1	9,600
36	-	-	-	-
37	-	-	1	9,600
38	-	-	1	9,600
39	-	-	4	39,120
40	-	-	2	19,200
41	1	9,600	1	9,600
42	1	9,600	5	39,600
43	1	9,600	6	66,300
44	4	38,400	7	74,016
45	1	1,200	11	113,244
46	-	-	8	84,600
47	2	39,804	9	83,112
48	6	57,600	10	101,640
49	4	40,692	21	233,712
50	3	28,800	18	215,640
51	1	9,600	17	187,332
52	1	9,600	14	172,188
53	7	74,892	23	215,148
54	2	23,676	22	239,352
55	2	19,224	28	305,088
56	2	19,200	25	263,016
57	8	81,396	35	384,312
58	3	36,408	32	390,300
59	10	101,628	41	462,192
60	6	58,272	36	399,336
61	5	50,196	35	421,224
62	18	173,640	56	637,248
63	12	137,064	48	647,520
64	9	86,400	47	631,944
65	16	147,816	49	640,872
66	12	116,160	53	665,196
67	12	125,496	61	750,888
68	18	203,208	62	749,376
69	13	117,108	76	997,608

EXHIBIT F (CONT'D)
STATISTICS ON SURVIVING SPOUSE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2005

	Male			Female	
Age	No.		Annual Payments	No.	Annual Payments
70	20	$	205,908	82	$ 988,752
71	20		212,184	93	1,068,012
72	18		156,816	96	1,238,832
73	13		147,936	108	1,395,000
74	20		230,364	108	1,244,268
75	13		133,092	115	1,429,356
76	23		255,600	137	1,641,024
77	25		264,840	151	1,948,800
78	29		299,604	164	1,888,152
79	35		337,248	157	1,786,668
80	26		270,564	169	1,975,956
81	20		192,000	195	2,214,024
82	26		272,616	167	1,927,956
83	28		284,784	138	1,528,944
84	16		155,244	148	1,508,244
85 & over	105		1,006,656	952	9,734,256
Totals	**617**	**$**	**6,251,736**	**3,850**	**$43,826,496**

EXHIBIT G
PART I – NUMBER OF REFUND PAYMENTS MADE DURING YEAR TO MALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2005

Age at Date of Valuation	Length of Service at Date of Refund						
	Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and Over	Total
Under 20	-	2	3	2	-	-	7
20 to 24	3	7	14	9	4	5	42
25 to 29	5	8	16	7	6	13	55
30 to 34	4	4	9	11	9	34	71
35 to 39	4	12	11	5	11	42	85
40 to 44	6	16	7	9	2	49	89
45 to 49	5	7	5	6	4	39	66
50 to 54	2	10	7	5	4	26	54
55 to 59	3	3	3	2	1	17	29
60 & Over	3	2	3	3	3	12	26
w/o DOB	-	-	-	-	-	-	-
Totals	**35**	**71**	**78**	**59**	**44**	**237**	**524**

EXHIBIT G
PART II – NUMBER OF REFUND PAYMENTS MADE DURING YEAR TO FEMALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2005

Age at Date of Valuation	Length of Service at Date of Refund						
	Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and Over	Total
Under 20	1	3	2	1	-	-	7
20 to 24	5	10	6	10	5	7	43
25 to 29	3	17	27	26	11	23	107
30 to 34	5	13	24	20	17	50	129
35 to 39	3	11	11	9	14	72	120
40 to 44	1	7	9	8	15	69	109
45 to 49	3	10	8	8	14	87	130
50 to 54	2	7	6	2	8	53	78
55 to 59	1	3	2	5	5	39	55
60 & Over	1	5	12	3	7	28	56
w/o DOB	-	-	-	-	-	-	-
Totals	**25**	**86**	**107**	**92**	**96**	**428**	**834**

EXHIBIT H
HEALTH INSURANCE COVERAGE
CLASSIFIED BY AGE AS OF DECEMBER 31, 2005

Age	Single Coverage	Family Coverage	Total Coverage	Total Not Covered	Total Annuitants	% Covered Annuitants
Employee Annuitants						
30-39	1	-	1	-	1	100.00%
40-49	5	1	6	5	11	54.55%
50-59	772	660	1,432	850	2,282	62.75%
60-69	1,642	973	2,615	3,143	5,758	45.42%
70-79	2,078	1,101	3,179	3,030	6,209	51.20%
80-89	1,560	554	2,114	1,368	3,482	60.71%
Over 90	268	37	305	173	478	63.81%
Total	**6,326**	**3,326**	**9,652**	**8,569**	**18,221**	**52.97%**
Spouse Annuitants						
Under 30	-	-	-	1	1	0.00%
30-39	-	2	2	9	11	18.18%
40-49	14	15	29	71	100	29.00%
50-59	68	20	88	206	294	29.93%
60-69	241	6	247	397	644	38.35%
70-79	629	1	630	797	1,427	44.15%
80-89	767	2	769	836	1,605	47.91%
Over 90	166	-	166	219	385	43.12%
Total	**1,885**	**46**	**1,931**	**2,536**	**4,467**	**43.23%**

EXHIBIT I

PART I MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2005

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	$ 10,972	-	$ -	-	$ -	-	$ -	1	$ 10,972
30 to 34	-	-	-	-	1	14,191	-	-	-	-	-	-	1	14,191
35 to 39	-	-	-	-	3	30,529	-	-	2	64,386	-	-	5	94,915
40 to 44	-	-	1	29,821	1	25,605	4	81,943	-	-	2	46,497	8	183,866
45 to 49	-	-	1	37,741	7	118,436	3	28,780	5	138,715	7	163,545	23	487,217
50 to 54	-	-	-	-	1	26,937	6	133,138	2	48,658	8	182,500	17	391,233
55 to 59	-	-	-	-	2	45,607	6	171,674	7	137,259	7	158,104	22	512,644
60 & Over	-	-	-	-	4	109,434	1	15,571	11	217,567	6	119,071	22	461,643
Totals	**-**	**$ -**	**2**	**$ 67,562**	**20**	**$ 381,711**	**20**	**$ 431,106**	**27**	**$ 606,585**	**30**	**$ 669,717**	**99**	**$ 2,156,681**

PART II FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2005

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	$ 49,140	3	$ 47,706	-	$ -	-	$ -	-	$ -	5	$ 96,846
30 to 34	-	-	-	-	8	144,376	2	39,719	-	-	-	-	10	184,095
35 to 39	-	-	-	-	7	127,144	8	219,891	1	23,649	-	-	16	370,684
40 to 44	-	-	2	18,429	4	77,902	7	100,328	7	126,159	1	28,587	21	351,405
45 to 49	-	-	1	8,311	3	57,790	6	89,750	8	139,653	6	111,022	24	406,526
50 to 54	-	-	1	61,974	6	79,913	6	99,762	16	220,206	11	214,430	40	676,285
55 to 59	-	-	3	36,011	8	146,091	8	124,713	16	354,109	6	84,648	41	745,572
60 & Over	-	-	3	37,460	7	63,854	7	134,631	14	194,513	17	239,514	48	669,972
Totals	**-**	**$ -**	**12**	**$ 211,325**	**46**	**$ 744,776**	**44**	**$ 808,794**	**62**	**$ 1,058,289**	**41**	**$ 678,201**	**205**	**$ 3,501,385**

Annual payments based on 50 percent salary.

EXHIBIT I
PART III MALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2005

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	$ 40,402	1	$ 24,462	-	$ -	-	$ -	-	$ -	2	$ 64,864
30 to 34	-	-	1	51,479	5	237,579	-	-	-	-	-	-	6	289,058
35 to 39	-	-	3	110,978	5	212,513	3	132,010	1	52,805	-	-	12	508,306
40 to 44	-	-	2	81,202	6	210,835	6	239,929	6	260,482	-	-	20	792,448
45 to 49	-	-	2	74,782	8	346,034	6	294,066	8	355,696	7	260,851	31	1,331,429
50 to 54	-	-	1	20,747	6	223,252	1	40,796	2	73,022	12	416,014	22	773,831
55 to 59	-	-	-	-	2	91,334	-	-	1	47,034	8	255,817	11	394,185
60 & Over	-	-	-	-	1	54,600	3	141,230	4	143,453	2	66,562	10	405,845
Totals	**-**	**$ -**	**10**	**$ 379,590**	**34**	**$ 1,400,609**	**19**	**$ 848,031**	**22**	**$ 932,492**	**29**	**$ 999,244**	**114**	**$ 4,559,966**

PART IV FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2005

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	-	-	1	20,729	1	22,455	-	-	-	-	-	-	2	43,184
35 to 39	-	-	-	-	3	88,067	1	40,402	-	-	-	-	4	128,469
40 to 44	-	-	-	-	4	100,794	5	235,870	-	-	-	-	9	336,664
45 to 49	-	-	-	-	2	91,217	3	58,290	3	69,273	-	-	8	218,780
50 to 54	-	-	-	-	2	14,699	2	87,440	1	43,679	2	32,510	7	178,328
55 to 59	-	-	1	40,402	1	6,862	2	39,461	2	55,272	2	54,516	8	196,513
60 & Over	-	-	-	-	1	19,718	3	95,451	2	45,253	-	-	6	160,422
Totals	**-**	**$ -**	**2**	**$ 61,131**	**14**	**$ 343,812**	**16**	**$ 556,914**	**8**	**$ 213,477**	**4**	**$ 87,026**	**44**	**$ 1,262,360**

Annual payments based on 75 percent of salary. This would be offset by Workers' Compensation benefits.

EXHIBIT J
ACTIVE PARTICIPATING MEMBER VALUATION DATA

Year End	Members in Service	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase	Actuarial Salary Assumption	CPI Chicago
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 %
2003	35,384	(0.39)%	1,395,513,060	1.28 %	39,439	1.67 %	5.00 %	1.70 %
2004	33,267	(5.98)%	1,303,127,528	(6.62)%	39,172	(0.68)%	5.00 %	2.20 %
2005	33,743	1.43 %	1,407,323,058	8.00 %	41,707	6.47 %	4.50 %	3.59 %
Average Increase (Decrease) for the Last five years		(1.29)%		2.69 %		3.95 %	4.90 %	2.16 %

EXHIBIT K
NEW ANNUITIES GRANTED DURING 2005

	Male Annuitants	Female Annuitants	Surviving Spouses of Deceased Employees	Surviving Spouses of Deceased Annuitants
Number Retired / Deceased [1,2,3]	214	472	37	213
Average Age Attained	62.1	64.1	56.3	73.9
Average Length of Service	25.2	24.1	17.1	26.1
Average Annual Salary (4 out of 10)	$ 61,125	$ 40,765	N/A	N/A
Average Annual Final Salary	N/A	N/A	N/A	N/A
Total Annual Annuity	$ 6,604,848	$ 9,003,660	$ 420,348	$ 2,976,168
Average Annual Annuity	$ 30,864	$ 19,076	$ 11,361	$ 13,973
Total Actuarial Liability	$ 82,584,698	$ 112,280,798	$ 4,358,236	$ 21,741,477
Average Liability	$ 385,910	$ 237,883	$ 117,790	$ 102,073

[1]*Does not include eight employee annuitants and five widow annuitants no longer on annuity at the end of 2005.*
[2]*Does not include five former deferred employee annuitants who began receiving benefits in 2005.*
[3]*Includes one deferred employee annuitant.*

EXHIBIT L
NEW RECIPROCAL ANNUITIES GRANTED DURING 2005

	Reciprocal[1]	
	Male Annuitants	**Female Annuitants**
Number Retired	38	64
Average Age Attained	60.8	62.5
Average Municipal Service	9.3	9.3
Average Total Service	28.3	28.9
Average Annual Salary Last Fund [4 out of 10]	$ 77,451	$ 65,815
Total Annual Annuity	$ 694,800	$ 889,908
Average Annual Annuity	$ 18,284	$ 13,905
Total Liability (8% 1994 GAM)	$ 8,489,369	$ 11,424,080
Average Liability	$ 223,404	$ 178,501

[1]*Includes one new deferred annuitant.*

EXHIBIT M
RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Years	Annuitants			Disability		Compensation	Reciprocal	
	Employee	Spouse	Child	Ordinary	Duty	Annuitants	Employee	Spouse
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
2003	13,909	4,118	210	323	190	2 [1]	1,944	383
2004	16,109	4,087	201	294	132	2 [1]	2,144	385
2005	16,027	4,094	204	304	158	2 [1]	2,194	373

[1] *Compensation annuitants also included with spouse annuitants*

EXHIBIT N
AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Years Ended	Average Annual	Average Current Age of Retirees	Average Benefit at Retirement Current Year	Average Age at Retirement Current Year	Average Years Service at Retirement Current Year
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
2003	22,176	72.6	25,832	61.9	25.32
2004	25,451	71.0	35,222	59.6	27.94
2005	26,178	71.8	22,753	63.5	24.44

EXHIBIT O
HISTORY OF ANNUITIES 1996-2005

Employee Annuitants (Male and Female)			
Year End	**Number of Annuitants**	**Total Annuities**	**Average Annuities**
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
2003	15,853	351,551,454	22,176
2004	18,253	464,549,712	25,451
2005	18,221	476,988,948	26,178
Surviving Spouse Annuities			
Year End	**Number of Annuitants**	**Total Annuities**	**Average Annuities**
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
2003	4,501	48,796,907	10,841
2004	4,472	49,294,488	11,023
2005	4,467	50,078,232	11,211

EXHIBIT P
HISTORY OF RETIREES AND BENEFICIARIES ADDED TO PAYROLLS

	Added to Payroll		Removed from Payroll		Payroll End of Year		Average Annual	Increase in Average
Year	No.	Ann. Benefits[1]	No.	Ann. Benefits	No.	Ann. Benefits	Benefit	Benefit
Employee Annuitants (Male and Female)								
1996	708	$10,683,679	647	$3,644,502	13,448	$204,538,699	$15,210	3.09%
1997	564	19,294,719	639	8,688,842	13,373	215,144,576	16,088	5.78%
1998 [2]	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%
2003	1,002	25,806,766	695	3,996,748	15,853	351,551,454	22,176	4.55%
2004 [2]	3,133	127,180,562	733	14,182,304	18,253	464,549,712	25,451	14.77%
2005	698	27,479,544	730	15,040,308	18,221	476,988,948	26,178	2.86%
Surviving Spouse Annuitants (Not Including Compensation)								
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	1,811,448	4,482	45,271,671	10,101	44.71%
1999	312	3,499,596	280	2,696,948	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%
2003	284	3,704,694	300	2,966,073	4,501	48,796,907	10,841	1.90%
2004	273	3,456,012	302	2,958,431	4,472	49,294,488	11,023	1.68%
2005	255	3,408,036	260	2,624,292	4,467	50,078,232	11,211	1.70%

[1] *Annual benefits added to payroll include post-retirement increase amounts starting in 2004.*

[2] *Early retirement incentive offered to employees.*

EXHIBIT Q
SCHEDULE OF RETIRED MEMBERS
BY TYPE OF BENEFIT AS OF DECEMBER 31, 2005

Amount of Monthly Benefit	Number of Employee Annuitants	Number of Spouse Annuitants	Number of Child Annuitants	Total Number of Annuitants
Deferred	3	-	-	3
$1-$250	345	78	204	627
251 - 500	273	62	-	335
501 - 750	196	40	-	236
751 - 1,000	1,328	3,374	-	4,702
1,001 - 1,250	4,351	303	-	4,654
1,251 - 1,500	1,240	244	-	1,484
1,501 - 1,750	1,350	151	-	1,501
1,751 - 2,000	1,215	95	-	1,310
2,001 - 2,250	957	55	-	1,012
2,251 - 2,500	826	30	-	856
2,501 - 2,750	829	16	-	845
2,751 - 3,000	707	12	-	719
3,001 - 3,250	680	4	-	684
3,251 - 3,500	581	2	-	583
3,501 - 3,750	625	-	-	625
3,751 - 4,000	492	1	-	493
4,001 - 4,250	405	-	-	405
4,251 - 4,500	453	-	-	453
4,501 - 4,750	351	-	-	351
4,751 - 5,000	247	-	-	247
Over $5,000	770	-	-	770
Totals	**18,224**	**4,467**	**204**	**22,895**

Actuarial Methods and Assumptions as of December 31, 2005

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 2005

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 Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading 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, as a level percentage of pay.

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: 1994 Group Annuity Mortality Table set forward two years. (Adopted 2005)

Disability: Disability cost valued as a term cost of 0.75 percent of payroll.

Municipal Employees' Annuity and Benefit Fund of Chicago
Actuarial Methods and Assumptions as of December 31, 2005 (Cont'd)

Rate of Retirement:

	Age and Service-Based Rates of Retirement								
Service	**50 - 54**	**55 - 59**	**60 - 64**	**65**	**66**	**67**	**68**	**69**	**70+**
10			15%	25%	20%	17%	15%	15%	100%
11			13%	23%	18%	15%	13%	13%	100%
12			10%	20%	15%	12%	10%	10%	100%
13			10%	20%	15%	12%	10%	10%	100%
14			10%	20%	15%	12%	10%	10%	100%
15			10%	20%	15%	12%	10%	10%	100%
16			10%	20%	15%	12%	10%	10%	100%
17			10%	20%	15%	12%	10%	10%	100%
18			10%	20%	15%	12%	10%	10%	100%
19			10%	20%	15%	12%	10%	10%	100%
20		10%	10%	20%	15%	12%	10%	10%	100%
21		10%	10%	20%	15%	12%	10%	10%	100%
22		10%	10%	20%	15%	12%	10%	10%	100%
23		10%	10%	20%	15%	12%	10%	10%	100%
24		10%	10%	20%	15%	12%	10%	10%	100%
25		20%	15%	25%	20%	17%	15%	15%	100%
26		16%	16%	26%	21%	18%	16%	16%	100%
27		17%	17%	27%	22%	19%	17%	17%	100%
28		18%	18%	28%	23%	20%	18%	18%	100%
29		19%	19%	29%	24%	21%	19%	19%	100%
30	25%	20%	20%	30%	25%	22%	20%	20%	100%
31	20%	20%	20%	30%	25%	22%	20%	20%	100%
32	20%	20%	20%	30%	25%	22%	20%	20%	100%
33	37%	37%	37%	47%	42%	39%	37%	37%	100%
34	37%	37%	37%	47%	42%	39%	37%	37%	100%
35	30%	30%	30%	40%	35%	32%	30%	30%	100%
36	30%	30%	30%	40%	35%	32%	30%	30%	100%
37	40%	40%	40%	50%	45%	42%	40%	40%	100%
38	60%	60%	60%	70%	65%	62%	60%	60%	100%
39	80%	80%	80%	90%	85%	82%	80%	80%	100%
40	100%	100%	100%	100%	100%	100%	100%	100%	100%

Rates of retirement adopted 2005.

RATE OF TERMINATION:

Service	Rate
0	20.00%
1	15.00%
2	10.00%
3	9.00%
4	8.00%
5	7.00%
6	6.50%
7	5.75%
8	4.75%
9	4.50%
10	5.00%
11	4.00%
12	4.00%
13	3.60%
14	3.30%
15	3.00%
16	2.80%
17	2.50%
18	2.30%
19	2.10%
20	1.90%
21	1.70%
22	1.60%
23	1.50%
24	1.30%
25	1.20%
26	1.10%
27	1.00%
28	0.90%
29	0.80%
30	0.00%

Rates of termination adopted 2005.

Economic Assumptions

Investment Return Rate and Discount Rate: 8.00 percent per annum (net of investment expense) for pensions and 4.50 percent per annum for OPEB. This assumption contains a 3.00 percent inflation assumption and a 5.00 percent real rate of return assumption for pension. Pension investment return and discount rate adopted 1999 and OPEB discount rate adopted 2005.

Future Salary Increases: The following illustrative annual rates of salary increases were used:

Service	Salary Scale
5	5.25%
10	4.75%
15	4.75%
20	4.50%
25	4.50%
30	4.50%

Adopted 2005.

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 percent 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 health insurance supplement in effect as of June 30, 2013, will continue for life for all employee annuitants (and their future surviving spouses). The amount of the Plan paid health insurance from July 1, 2003, until June 30, 2008, is $85.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $55.00 if qualified. Then, the amount of the Plan paid health insurance from July 1, 2008, until June 30, 2013, is $95.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $65.00 if qualified. It is assumed that all annuitants age 65 and older will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future surviving spouses of retirees

	are assumed to be eligible for Medicare, as well as surviving spouse annuitants that are currently receiving a health insurance supplement.
Required Ultimate Multiple:	The actuarial requirements (adjusted for tax levy loss) less expected employee contributions divided by the actual employee contributions made in the second prior year.
Loss in Tax Levy:	4.00 percent overall loss on tax levy is assumed.

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 Plan 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 for private pension plans 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. The amortization period is decreasing to 30 years beginning with the fiscal year ending December 31, 2007. (GASB #43 requires 30-year amortization of the OPEB unfunded liability, beginning with the fiscal year ending December 31, 2006.)

Both of these cost methods, the normal cost plus interest method and the normal cost plus 40-year amortization method (30 years for OPEB), 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.

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 and GASB #43. 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:

Actuarial Assets with Various Amortization Methods	Required 2006 Tax Levy	Required Multiple	Unfunded Liability Will	Portion Applicable to Unfunded Liability
1. Normal Cost Plus Interest Only	N/A	2.45	Remain Constant	$209,644,716
2. Normal Cost Plus 40-Year Level Dollar Amortization	N/A	2.55	Decrease	$222,608,746
3. Normal Cost Plus 40-Year Level % of Payroll	N/A	1.71	Increase	$126,846,093
4. Present Law	$159,566,900	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 plan membership.

Summary of Provisions of the Plan as of December 31, 2005

SUMMARY OF PROVISIONS OF THE PLAN AS OF DECEMBER 31, 2005

PLAN DESCRIPTION

Any employee of the City of Chicago or the Board of Education employed under the provisions of the municipal personnel ordinance or any person employed by the Municipal Employees' Annuity and Benefit Fund of Chicago (Plan) who is not participating in any other pension plan or retirement system is covered by the 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, 2005, was $1,407,323,058 and includes City of Chicago payroll and Board of Education payroll. At December 31, 2005, the Municipal Plan membership consisted of:

Retiree, surviving spouse, and child annuitants currently receiving benefits	22,895
Terminated inactive employees entitled to benefits or a refund of contributions but not yet receiving them	8,440
Current employees (includes 462 disabilities)	
Vested	15,533
Non-vested	18,210
Total	33,743

The Municipal Plan provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial city contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.40 percent per year of service times the final average salary (highest average annual salary for any four consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by ¼ of one percent 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 percent 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 3.00 percent in January of the year of the first payment date following the later of age 60 or the first anniversary of retirement, and by 3.00 percent annually thereafter; except that for an employee retiring prior to age 60 the first increase will occur not later than January of the year of the first payment date following the later of (1) the third anniversary of retirement or (2) the attainment of age 53.

Covered employees are required to contribute 8.50 percent of their salary to the Municipal Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3.00 percent or 4.00 percent 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 Plan. 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 Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.25 annually. The total amount of contributions by the employees shall not include contributions for service credit purchases under Section 8-138.4 for purposes of establishing the tax levy amount.

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 plan.

"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 plan, or a beneficiary thereof.

"Pension plan" or "Plan" means the Municipal Employees' Annuity and 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.

"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 (30 years for OPEB unfunded accrued liability);
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 (30 years for OPEB unfunded accrued liability).

"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); persons employed by the Retirement Board; 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 Plan or who reinstate service in this Plan, may elect to participate in this Plan 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, 2005

RETIREMENT ANNUITY

Money Purchase Formula

Maximum is 60 percent 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 1/10th 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 1/10th 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 percent 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 2.40 percent 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 percent 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.

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 for a spouse when added to the spouse's annuity cannot exceed 100 percent of the employee's reduced annuity. If the employee resigns after June 30, 1983, the 3.00 percent automatic annual increase in the annuity will be computed on the original, not the reduced, annuity; if the beneficiary dies before the employee annuitant, the full annuity is restored for annuities granted after June 30, 1983. The amount of the monthly reversionary annuity is determined by multiplying the amount of the monthly reduction in the employee's annuity by a factor based on the age of the employee and the difference between the ages of the employee and the reversionary annuitant at the starting date of the employee's annuity.

Reciprocal Annuity

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

Automatic Increase in Annuity

An employee annuitant is entitled to receive an increase of 3.00 percent of the currently payable annuity. This increase begins in January of the year of the first payment date following the earlier of:

1.) the later of the third anniversary of retirement and age 53, and
2.) the later of the first anniversary of retirement and age 60.

Increases apply only to life annuities.

Elected City Officer's Optional Plan

An alternative plan for elected officials of 3.00 percent of the Final Salary for the first eight years, 4.00 percent for the next four years and 5.00 percent thereafter, subject to the maximum 80 percent, is available. The elected official must contribute an additional 3.00 percent of salary to receive these benefits. This plan also includes 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 spouses' 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 3.00 percent annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" shall continue to be used; however, surviving spouse's single life annuities and reversionary annuities shall be computed using the best factor (the factor producing the highest annuity), without regard to gender.

Spouses' Minimum Annuity Formula

If the employee retires or dies in service 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 0.25 percent 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 January 1, 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 percent 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 percent 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 an unmarried child of a deceased employee who is 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 percent of final monthly salary.
Duty Death: 70 percent of final monthly salary.

DISABILITIES

Duty Disability Benefits

Any employee who becomes disabled as the result of an injury incurred in the performance of any act of duty has a right to receive a duty disability benefit in the amount of 75 percent 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 percent 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 percent 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 benefits 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 percent 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 percent 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. Length of time on disability is limited to a maximum of 25 percent of the employee's total service or five years, whichever occurs first.

The Plan contributes salary deductions for annuity purposes for the ordinary disability benefit. Such amounts contributed by the Plan 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, 2005 (CONT'D)

GROUP HEALTH HOSPITAL AND SURGICAL INSURANCE PREMIUMS

The pension plan shall provide payments in the amount of $85 per month for non-Medicare eligible city annuitants (defined in section 164.1 of Article 8 of the Illinois Pension Code as persons receiving an age and service annuity, a widow's annuity, a child's annuity, or a minimum annuity as a direct result of previous employment by the City of Chicago) and $55 per month for Medicare eligible city annuitants from July 1, 2003, through June 30, 2008. Thereafter, the pension plan shall provide payments in the amount of $95 per month for non-Medicare eligible city annuitants and $65 per month for Medicare eligible city annuitants from July 1, 2008, through June 30, 2013.

The city health care plans referred to above and the Board's payments to the city for such plans are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

Should the Board of Education continue to sponsor a retiree health plan, the Board is authorized to provide payments to the Board of Education, on behalf of each eligible annuitant who chooses to participate in the Board of Education retiree health benefit plan, in the amount of $85 per month for non-Medicare eligible participants and $55 per month for Medicare eligible participants from July 1, 2003, through June 30, 2008. Thereafter, the Board is authorized to provide payments to the Board of Education, on behalf of each eligible annuitant who chooses to participate in the Board of Education retiree health benefit plan, in the amount of $95 per month for non-Medicare eligible participants and $65 per month for Medicare eligible participants from July 1, 2008, through June 30, 2013.

The Board of Education health benefit plan referred to above and the Board's payments to the Board of Education for such plan are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

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 0.50 percent deducted for annuity increase purposes without interest.

To Estate

Amounts contributed by an employee, excluding the 0.50 percent 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.

DEDUCTIONS AND CONTRIBUTIONS

Covered employees are required to contribute 8.50 percent of their salary to the Plan.

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 Plan. The tax will produce an amount that does not exceed the amount of contributions by the employees to the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.25 for the year 1999 and each year thereafter. The total amount of contributions by the employees shall not include contributions for service credit purchases under Section 8-138.4 for purposes of establishing the tax levy amount.

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

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. The W-2 salary is therefore reduced by the amount of contributions. 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 paid contributions in the amount of 7.00 percent of the employee's salary. 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 was designated for income tax purposes to be made by the employer and treated in the same manner as City employee salary deductions. Effective January 16, 2004, the Fund may allow the employee to designate any optional contribution amounts that he has elected to pay to the Fund as employer contributions for income tax purposes. The contributions shall be made by the employer through a reduction in payroll to the employee and the election to have the employer make the optional contributions is irrevocable. For the purposes of benefits, refunds, or financing, these contributions are treated as employee contributions.

Historic Information

LEGISLATIVE CHANGES IN PLAN PROVISIONS 1979 THROUGH 2005

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 six months and actuarial statement within nine months; $100 penalty per day if late.

HB 212

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

HB 213

- $200 refund in lieu of annuity

HB 215

- Authorizes securities lending.

Spring 1982 Session

SB 1147

- Minimum reporting and actuarial information for 1984.

SB 1180

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

SB 1452

- Provides that an active member of the General Assembly who was employed by the City of Chicago by temporary appointment or in an exempt position, and could have elected to participate in the Plan 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 percent increase in duty disability benefit January 1 of the sixth year.

HB 514

- 10.00 percent prudent person investment category.

HB 637

- Allows an active member of the General Assembly to establish credit in this plan for time for which he or she could have elected to participate with interest at 6.00 percent and to transfer credits to the Park Fund.

HB 1144

- Revises provision allowing a person who withdrew from service or began receiving a widow's annuity in 1981 to elect to receive a refund in lieu of annuity by extending the deadline for election by one year to March 1, 1984, and by raising the amount subject to refund to $250 per month.

- 3.00 percent 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 3.00 percent 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 percent 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 0.50 percent to 0.25 percent for employees born before January 1, 1936, and retiring after July 18, 1985.
- Health insurance supplement up to $25 per month if the employee is age 65 or older with at least 15 years of service (for each employee annuitant in receipt of annuity and for each employee who retires on annuity in the future).
- Disability provisions extended to age 70 in certain cases.
- Unisex money purchase factors for widows/widowers.
- Membership provisions extended to age 70.
- Board of Education employee contribution "pick up" included in the definition of salary for contribution and benefit purposes (retroactive).

1986 Session

HB 2630

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

1987 Session

HB 2715

- 1.80, 2.00, 2.20, 2.40 percent 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 0.50 percent to 0.25 percent 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 plan 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 percent of the aggregated cost of health care claims for the retired group under all health care plans offered by the City. A procedure was established for the City to determine, with the help of an independent actuary, the aggregate cost of claims and premiums for each calendar year from 1989 through 1997 for the retired group.

HB 332

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

- 2.20 percent 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 0.25 percent 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 3.00 percent of salary for the first eight years, 4.00 percent for the next four years and 5.00 percent thereafter, subject to a maximum of 80 percent, is available. The elected official must contribute an additional 3.00 percent of salary to receive these benefits. This plan also includes alternative widow and disability benefit formulas. This plan will become effective upon approval from the IRS.

- Collateral for securities lending expanded.

- Fractional payment for refund repayment and temporary service authorized. Credit established by fractional payment shall be earliest service for which credit may be established.

1991 Session

HB 971

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

1992 Session

SB 1650

- Signed January 25, 1993.
- Transfer provisions for County elected officers and judges.
- **Early Retirement Incentive** was created for withdrawals from December 31, 1992, to June 30, 1993.
  - Requires a total of 20 years of service (with at least 10 in this plan, five in a Reciprocal plan and up to five 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 percent maximum final average salary compared to the present 75 percent.
  - Provides for an optional purchase of up to five years of service credit for 4.25 percent of the November 1, 1992, salary.
  - Provides for a 24-month option to pay for ERI service.
  - Provides for a tax levy derived from ERI contributions.

1993 Session

- No legislative changes.

1994 Session

- No legislative changes.

1995 Session

SB 114

- Approved July 14, 1995.
- The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became Members before 1996.
- The Plan 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 percent of the average of the highest three-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.

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.

- 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 plan 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 percent of the annuity that the employee would have received. This annuity will be reduced by 0.25 percent 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 percent of the employee's annuity at death. This annuity will be reduced by 0.25 percent 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 percent maximum final average salary compared to the present 75 percent.

    - Provides for an optional purchase of up to five years of service credit for 4.25 percent of the November 1, 1997, salary.

    - Provides for a 24-month option to pay for ERI service.

    - Provides for a tax levy derived from ERI contributions.

1998 Session

HB 3515

- Approved August 14, 1998.
- Beginning January 1, 1999, the automatic increase for employee annuitants changed to 3.00 percent 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 percent of the reduced employee annuity.
- Spouses and widows that are eligible for the "50 percent 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 plan for any of the purposes for which the proceeds of the tax levied by the city under this section may be used.

- An employee or former employee may pay and receive credit for all periods of full-time employment by the Public Building Commission as long as they are not receiving credit for the same service from another retirement system. Employee must pay employee and employer contributions based on the salary received from the Public Building Commission for employment. Repayment must be made before annuity begins.

- Annuitants may authorize a portion of their annuity to be withheld for payment of dues to the labor organization by which they were represented. A minimum of 25 annuitants must choose an organization for it to be included in this plan.

HB 1612

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

1999 Session

- No Changes

2000 Session

HB 1583

- Approved July 6, 2000.

- An employee or widow whose annuity would amount to less than $800 per month may elect to receive a refund in lieu of annuity. Formerly, only employees and widows whose annuity would be less than $300 per month could choose a refund.

- The reversionary annuity tables have been extended down to age 50 from age 55 to comply with the change in the law allowing retirement at age 50 with 30 years of service.

- The Board is allowed to pay an annuity (if the person qualifies) directly to a Medicare approved, State certified nursing home or to a publicly owned and operated nursing home, hospital, or mental institution. Each person must qualify under the provisions of this amendment.

- Annuities of widows who remarry on or after the date 60 days after the effective date of this amendment would not be terminated upon remarriage.

- For annuities effective before January 1, 1998, all annuity payments will be made on the first day of the calendar month, for the entire month without proration.

2001 Session

EGTRRA

- On June 7, 2001, the Economic Growth and Tax Relief Reconciliation Act of 2001 was signed by President Bush.

- Beginning January 1, 2002, payments for eligible optional service credits may be made with funds rolled over from a 457 deferred compensation plan or a 403(b) tax deferred annuity plan (if allowed by the 457 or 403(b) plan).

2002 Session

SB 314

- Effective July 1, 2002.

- The accrual rate for the minimum formula annuity is changed from 2.20 percent to 2.40 percent of final average salary and the maximum annuity is changed from 75 percent to 80 percent of final average salary for employees withdrawing from service on or after January 1, 2002.

- The 3.00 percent post-retirement automatic increase will now begin no later than three 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 3.00 percent 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 3.00 percent 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 percent 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 2.40 percent 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 percent of the employee's salary at the date of disability with the amounts ordinarily contributed by the employee for annuity purposes contributed by the Plan. These contributions are not refundable.

- The pension plan 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 per 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 Plan or who reinstate service in this Plan may elect to participate in this Plan 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 Plan or who reinstate service in this Plan may elect to participate in this Plan 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 Plan 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 Plan 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.

2003 Session

SB 1701

- Effective July 1, 2003.

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

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

2004 Session

HB 600

- Effective January 16, 2004.

- Early Retirement Incentive was created for withdrawals from January 31, 2004, to February 29, 2004 (or to May 31, 2004, for those deemed critical employees).

  - Requires an election form to be filed before January 31, 2004.

  - Requires a member to be a current contributor who has not previously retired under this Article and satisfy one of the following:
    - Active as of October 15, 2003
    - Returned to active from approved leave of absence prior to December 15, 2003
    - Receiving ordinary or duty disability benefits as of October 15, 2003
    - Restored to service by January 31, 2004, after having been involuntarily laid off

  - Requires that employees that reenter service forfeit their right to receive benefits and will have their benefits recalculated at the time of retirement excluding the benefits provided under the ERI.

  - Requires that the participant is age 50 with ten years of creditable service in this Fund and have 70 combined years of age and service, with service in one or more systems under the Reciprocal Act (excluding service purchased under the ERI).

  - Provides for elimination of the age discount for employees younger than age 60.

  - Provides for an optional purchase of up to five years of service credit for 4.25 percent of the monthly salary rate in effect October 15, 2003.

  - Provides for a 24-month option to pay for ERI service.

  - Provides for the exclusion of ERI contributions from the base from which the tax levy is derived.

- Allows Board members to continue until the end of their terms without forfeiting the benefits provided by the early retirement incentive.

- Provides for a lump sum benefit option of 100 percent of salary at retirement and an actuarially reduced monthly annuity for those employees who were eligible for the maximum benefit (excluding purchased service under the ERI)

- Automatic increases in annuities will now take effect in the January of each year in which they are to be provided.

- An employee who previously withdrew contributions from the Fund, may have his rights under the Fund restored after repaying the withdrawn contributions with interest after completing the required amount of service after the date of refund. The required service is:
  - 90 days of service under this Fund or
  - Two years of service under any participating Fund under the Reciprocal Act.

- Municipality credits earned in this Fund shall be transferred to the Firemen's Annuity and Benefit Fund of Chicago with 11.00 percent interest compounded annually to the date of the transfer for former paramedics who are now covered under the Firemen's Annuity and Benefit Fund.

- Employees may elect to have their optional contributions "picked-up" by the employer, to be treated as employer contributions for tax purposes. The employee election is irrevocable.

- For the eligible spouse of an employee who died in service on or after January 1, 2002, and before August 28, 2002, with at least 10 years of service, the annuity is no less than 50 percent of the minimum formula annuity the employee would have been entitled to based on service and salary to date of death without regard to age eligibility requirements. This minimum formula annuity is equal to 2.40 percent of final average salary for each year of service. The employee and spouse must have been married for ten years.

2005 Session

SB 23

- Approved June 27, 2005.

- Prohibits the investment or deposit from the retirement system or pension fund to certain entities doing business in or with the government of the Republic of the Sudan. Fund managing companies must certify that under Section 1-110.5 of the pension code that they have not loaned to, invested in, or otherwise transferred any of the pension fund assets to a forbidden entity.

SB 253

- Approved August 4, 2005.

- Provides, that to qualify as an "emerging investment manager", the maximum value of an investment portfolio that a manager manages is $2,000,000,000 (was $400,000,000).

SB 1446

- Approved August 22, 2005.

- Provides for various changes in provisions and procedures concerning Qualified Illinois Domestic Relations Orders. Allows for alternate payee's benefit to be based on a percentage of employee's benefit. Effective July 1, 2006.

HB 227

- Approved August 22, 2005

- Provides a benefit to a spouse married to the employee after retirement under certain conditions.

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	City	Park	Total Tax Levy
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
2003 [2]	1.25	1.51	1.56	1.08	2003	146,613,000	0	146,613,000
2004 [2]	1.25	2.16	2.23	1.50	2004	158,865,000	0	158,865,000
2005 [1]	1.25	2.45	2.55	1.71	2005	159,780,300	0	159,780,300

[1] *Change in actuarial assumptions.*
[2] *Change in benefits.*
[3] *Change in asset valuation method to GASB.*
[4] *Change in actuary.*

EXHIBIT S
ANNUAL REQUIRED CONTRIBUTIONS OF EMPLOYER AND TREND INFORMATION

Year	Annual Required Contribution (ARC) of the Employer[1]	Required Statutory Basis[2]	Actual[3]	Percent of ARC Contributed
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%
2003	158,614,805	140,748,480	141,882,893	89.45%
2004	198,199,001	152,510,400	153,919,476	77.66%
2005	285,291,350	153,389,000	155,067,116	54.35%

[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 4.00 percent 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
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%
2003	79.91%	114.98 %	10.30%
2004	72.01%	189.19 %	11.03%
2005	68.46%	207.33 %	11.90%

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 Plan and City financial reports.

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

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

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

This exhibit shows a nine-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]
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%
2003	6,384,098,957	7,988,636,556	1,604,537,599	79.91%	1,395,513,060	114.98%
2004	6,343,076,159	8,808,500,944	2,465,424,785	72.01%	1,303,127,528	189.19%
2005 [1]	6,332,378,676	9,250,211,817	2,917,833,141	68.46%	1,407,323,058	207.33%

[1] *OPEB liabilities are discounted at a rate of 4.50 percent.*

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

	2005	2004	2003	2002	2001
1. Contribution Multiplier	1.25	1.25	1.25	1.25	1.25
2. Payroll (beginning of year)	$ 1,303,127,528	$ 1,395,513,060	$ 1,377,909,441	$ 1,375,048,892	$ 1,243,439,345
3. City of Chicago Contribution, Net of Reserve for Loss in Tax Collection	$ 155,067,116	$ 153,919,476	$ 141,882,893	$ 130,966,381	$ 131,439,834
4. City of Chicago Contribution as a Percent of Covered Payroll	11.90%	11.03%	10.30%	9.52%	10.57%
5. Employee Contributions	$ 122,542,484	$ 155,884,575	$ 129,579,379	$ 128,395,307	$ 118,240,732
6. Employee Contributions as a Percent of Covered Payroll	9.40%	11.17%	9.40%	9.34%	9.51%
7. Current Year Normal Cost	$ 193,012,743	$ 183,656,630	$ 177,517,094	$ 168,543,796	$ 156,416,139
8. Normal Cost as a Percent of Covered Payroll	14.81%	13.16%	12.88%	12.26%	12.58%
9. 40-Year Level Dollar Amortization of the Unfunded Liability	$ 191,436,038	$ 124,589,613	$ 91,090,607	$ 36,291,179	$ 28,512,725
10. 40-Year Level Dollar Amortization as a Percent of Covered Payroll	14.69%	8.93%	6.61%	2.64%	2.29%
11. Interest Adjustment for Semi-Monthly Payment	$ 14,343,780	$ 11,500,664	$ 10,021,751	$ 7,642,391	$ 6,899,694
12. Actuarially Determined Contribution (ADC) [1] (NC + 40-year level dollar + interest adjustment)	$ 398,792,561	$ 319,746,907	$ 278,629,452	$ 212,477,366	$ 191,828,558
13. ADC as a Percent of Covered Payroll	30.60%	22.91%	20.22%	15.45%	15.43%
14. Annual Required Contribution (ARC) [1] (ADC - estimated employee contributions)	$ 285,291,350	$ 198,199,001	$ 158,614,805	$ 92,711,870	$ 83,526,133
15. ARC as a Percent of Covered Payroll	21.89%	14.20%	11.51%	6.74%	6.72%

[1]*ADC and ARC amounts cannot be less than zero.*

In the year 2005 the City contributed $155,067,116. In 2005, the employee contributions were $122,542,484, or 9.40 percent of payroll. City contributions were $130,224,234 less than the ARC.

EXHIBIT A-4
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO
SUPPLEMENTARY INFORMATION FOR
GASB #25 AND GASB #27

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

Valuation date	December 31, 2005
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar open
Remaining Amortization Period	40 years
Actuarial Assumptions:	
Pension Investment Rate of Return [1]	8.00 percent per year
OPEB Investment Rate of Return [1]	4.50 percent per year
Projected Base Salary Increases [1]	4.50 percent per year
[1] Includes Inflation at:	3.00 percent per year
Post Retirement Benefit Increases	3.00 percent per year beginning at the earlier of 1) the later of the 1st of January of the year after retirement and age 60 2) the later of the 1st of January of the year after the second anniversary of retirement retirement and age 53

Actuarial Accrued Liability (AAL)

	2004	2005
Payable to Retirees and Beneficiaries	$ 5,217,025,314	$ 5,325,007,461
Current Employees:		
Accumulated Employee Contributions Including Statutory Interest	1,165,883,637	1,252,060,754
Payable to Vested and Non-Vested Employees (not split)	2,425,591,993	2,673,143,602
Total Actuarial Accrued Liability	$ 8,808,500,944	$ 9,250,211,817
Net Plan Actuarial Assets	6,343,076,159	6,332,378,676
Unfunded AAL (assets in excess of AAL)	$ 2,465,424,785	$ 2,917,833,141
Percent Funded	72.01%	68.46%
Unfunded AAL as Percent of Payroll	189.19%	207.33%
Payroll	$ 1,303,127,528	$ 1,407,323,058

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	2003	2004	2005
Contribution Rates									
Plan Members:	8.5%	8.5%	8.5%	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	1.25	1.25	1.25
Annual Pension Cost									
Annual Required Contribution (ARC)	$ 100,278,969	$ 108,174,346	$ 157,514,076	$ 93,016,467	$ 83,526,133	$ 92,711,870	$ 158,614,805	$ 198,199,001	$ 285,291,350
Interest on NPO	(11,923,863)	(16,832,011)	(20,863,197)	(18,001,235)	(21,697,440)	(25,581,562)	(28,702,083)	(27,431,029)	(23,953,176)
Adjustment to ARC	12,024,406	16,832,011	20,249,897	18,954,128	21,059,616	24,829,559	27,858,348	26,624,658	23,249,042
Annual Pension Cost	$ 100,379,512	$ 108,174,346	$ 156,900,776	$ 93,969,360	$ 82,888,309	$ 91,959,867	$ 157,771,070	$ 197,392,630	$ 284,587,216
Employer Contributions	$ 156,832,216	$ 158,564,165	$ 121,126,249	$ 140,171,920	$ 131,439,834	$ 130,966,381	$ 141,882,893	$ 153,919,476	$ 155,067,116
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)	$ (358,776,033)	$ (342,887,856)	$ (299,414,701)
Increase/(Decrease) in NPO	(61,351,853)	(50,389,819)	35,774,527	(46,202,560)	(48,551,525)	(39,006,514)	15,888,177	43,473,155	129,520,100
NPO at End of Year	$ (210,400,142)	$ (260,789,961)	$ (225,015,434)	$ (271,217,994)	$ (319,769,519)	$ (358,776,033)	$ (342,887,856)	$ (299,414,701)	$ (169,894,601)

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)
2003	157,771,070	89.93%	(342,887,856)
2004	197,392,630	77.98%	(299,414,701)
2005	284,587,216	54.49%	(169,894,601)

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	$ -	$ 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)