Gabriel Roeder Smith & Company
Consultants & Actuaries

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ACTUARIAL VALUATION REPORT FOR THE YEAR ENDING DECEMBER 31, 2012

APRIL 2013

GRS

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April 10, 2013

The Retirement Board of the
Municipal Employees' Annuity and Benefit
Fund of Chicago
321 N. Clark Street
Suite 700
Chicago, Illinois 60654

Subject: Actuarial Valuation and 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, 2012. 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 2013. It includes disclosure information required under Governmental Accounting Standards Board (GASB) Statement No. 25, Statement No. 27, Statement No. 43, and Statement No. 45. The assumptions and methods used were recommended by the actuary and approved by the Board and meet the parameters set for the disclosure presented in the financial section by GASB Statement No. 25 and GASB Statement No. 43.

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

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

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

- Schedule of Funding Progress
- Schedule of Employer Contributions

This valuation is based upon:

a) Data Relative to the Members of the 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. However, we have not audited the data.

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 –** The same actuarial assumptions as last year were used for this valuation with the exception of the investment return assumption. The investment return assumption was lowered from 8.00 percent to 7.50 percent.

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. This valuation of the Plan shows that a ratio of 6.41 is needed to adequately finance the Plan in fiscal year 2013 on an actuarially sound basis under a policy of contributing normal cost plus 30-year level dollar amortization of the unfunded liability. It should be noted that the statutory employer contributions have been less than the Annual Required Contribution (ARC) for the past ten years and are again expected to be less than the ARC for 2013. In order for employer contributions to be increased, the State legislature would first need to amend the statute. Under the current funding policy, if all future assumptions are realized, the funding ratio is projected to deteriorate until assets are depleted within about 10 to 15 years. The current statutory funding policy does not comply with generally accepted actuarial standards for the funding of retirement systems. We recommend that an actuarially sound funding policy be adopted as soon as possible.

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

Sincerely,

Alex Rivera   Amy Williams   Paul T Wood

Alex Rivera, F.S.A., E.A., M.A.A.A.	Amy Williams, A.S.A., M.A.A.A.	Paul T. Wood, A.S.A.
Senior Consultant	Consultant	Senior Analyst

ADDITIONAL DISCLOSURES REQUIRED BY ACTUARIAL STANDARDS OF PRACTICE

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

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SUMMARY OF ACTUARIAL VALUATION

ACTUARIAL VALUES	December 31, 2011	December 31, 2012	Percent Change
Actuarial Values			
Actuarial Liability	$ 12,456,172,022	$ 13,637,460,046	**9.48 %**
Assets - Actuarial Value	5,552,291,417	5,073,320,275	**(8.63)%**
Unfunded Liability (Surplus)	6,903,880,605	8,564,139,771	**24.05 %**
Funded Ratio	**44.57%**	**37.20%**	**(16.54)%**
Annual Required Contribution (ARC)	$ 705,454,416	$ 834,398,482	**18.28 %**
Market Values			
Actuarial Liability	$ 12,456,172,022	$ 13,637,460,046	**9.48 %**
Assets - Market Value	5,053,248,869	5,182,669,659	**2.56 %**
Unfunded Liability (Surplus)	7,402,923,153	8,454,790,387	**14.21 %**
Funded Ratio	**40.57%**	**38.00%**	**(6.32)%**
Book Values			
Actuarial Liability	$ 12,456,172,022	$ 13,637,460,046	**9.48 %**
Assets - Book Value	4,874,683,099	4,714,152,568	**(3.29)%**
Unfunded Liability (Surplus)	7,581,488,923	8,923,307,478	**17.70 %**
Funded Ratio	**39.13%**	**34.57%**	**(11.67)%**

Actuarial Liability and Annual Required Contribution include both pension and OPEB.

	December 31, 2011	December 31, 2012	% Change
Assets			
Market Value - Beginning of Year	$ 5,435,593,422	$ 5,053,248,869	**(7.03)%**
Income			
Investment Income	31,583,226	589,198,468	**1765.54 %**
Employer Contributions	156,525,374	158,380,709	**1.19 %**
Employee Contributions	132,596,417	130,266,293	**(1.76)%**
Subtotal	320,705,017	877,845,470	**173.72 %**
Outgo (Refunds, Benefits & Expenses)	703,049,570	748,424,680	**6.45 %**
Net Change	(382,344,553)	129,420,790	**133.85 %**
Market Value - End of Year	$ 5,053,248,869	$ 5,182,669,659	**2.56 %**
Book Value - Beginning of Year	$ 4,927,631,310	$ 4,874,683,099	**(1.07)%**
Income			
Investment Income	360,979,568	299,247,147	**(17.10)%**
Employer Contributions	156,525,374	158,380,709	**1.19 %**
Employee Contributions	132,596,417	130,266,293	**(1.76)%**
Subtotal	650,101,359	587,894,149	**(9.57)%**
Outgo (Refunds, Benefits & Expenses)	703,049,570	748,424,680	**6.45 %**
Net Change	(52,948,211)	(160,530,531)	**(203.18)%**
Book Value - End of Year	$ 4,874,683,099	$ 4,714,152,568	**(3.29)%**
Actuarial Value - Beginning of Year	$ 6,003,389,605	$ 5,552,291,417	**(7.51)%**
Income			
Investment Income	(37,170,409)	(19,193,464)	**48.36 %**
Employer Contributions	156,525,374	158,380,709	**1.19 %**
Employee Contributions	132,596,417	130,266,293	**(1.76)%**
Subtotal	251,951,382	269,453,538	**6.95 %**
Outgo (Refunds, Benefits & Expense)	703,049,570	748,424,680	**6.45 %**
Net Change	(451,098,188)	(478,971,142)	**(6.18)%**
Actuarial Value - End of Year	$ 5,552,291,417	$ 5,073,320,275	**(8.63)%**

	December 31, 2011	December 31, 2012	% Change
Members			
Actives[1]	31,976	31,326	**(2.03)%**
Inactives	12,762	13,465	**5.51 %**
Retirees	18,813	19,614	**4.26 %**
Deferreds	2	3	**50.00 %**
Survivors	4,274	4,225	**(1.15)%**
Reversionary Annuitants	129	129	**0.00 %**
Disabilities	610	530	**(13.11)%**
Children	164	149	**(9.15)%**
Payroll Data			
Valuation Payroll[2]	$ 1,605,993,339	$ 1,590,793,702	**(0.95)%**
Average Salary	50,225	50,782	**1.11 %**

[1] Active members include disabled employees.
[2] Valuation payroll is based on pensionable pay for Tier 2 members.

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, 2012. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2013.
2. To develop the annual required contribution (ARC) under GASB #25 and GASB #43.
3. To develop the annual pension cost under GASB #27 and the annual OPEB cost under GASB #45.
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 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 at a particular point in time. 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, 2013, is $820.0 million, which is for pension benefits only. This amount is net of estimated employee contributions of $137.9 million and is based on a 30-year amortization period.

GASB #43 requires the calculation of a separate ARC for Other Postemployment Benefits (OPEB) beginning with the Fund's 2006 fiscal year. The OPEB ARC for the fiscal year ending December 31, 2013, is $14.4 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 Assumption	7.50% per year	4.50% per year
Assets	5-year smoothed market	No assets (Pay-as-you-go)

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 requires the use of a 30-year amortization period to determine the pension ARC.

Effective with fiscal year Ending December 31, 2014, GASB #67 is replacing GASB #25 for pension plan financial reporting requirements. GASB #68 is replacing GASB #27 for employer financial reporting effective with fiscal year ending December 31, 2015. The discount rate used for GASB #67 and #68 reporting purposes will produce a blended or average discount rate based on 7.50 percent for the projected benefits for all current members that can be paid from current assets and projected investment return, future employee contributions from current members, and future employer contributions attributable to current members, and a municipal bond rate (for example 4.00 percent) for the portion of the projected benefits after assets are depleted. We believe the liability based on the GASB blended rate will become the predominant liability on which users will focus.

Due to the blended discount rate and shorter amortization periods required under GASB #67 and #68, the liabilities and pension expense will be much higher and more volatile than under the current standards. A measurement of the blended discount rate, liability and pension expense has not yet been performed.

The Total ARC for FY 2013 is $834.4 million, which is $678.2 million more than the statutory contribution (after the assumed 4 percent loss on the tax levy) of $156.2 million. The difference between the ARC and the statutory contributions represents a "net pension obligation" (NPO) (and "net OPEB obligation" (NOO) for OPEB) as defined under GASB. The NPO and NOO are viewed as the accumulated value of contribution variances – where GASB defines contribution variances as the difference between the ARC and the statutory contribution. In lay terms, the NPO and NOO could be viewed as a "past due" on the annual required contributions.

As shown in Exhibit A-5 of this report, the NPO (accumulated missed contributions) has increased from less than $0 as of December 31, 2006, to over $2.0 billion as of December 31, 2012, and is projected to increase significantly in fiscal year 2013 ($678.2 million) and in the future. A large and growing NPO may raise concerns in the capital markets and impact the cost of debt and borrowing for the City.

The Unfunded Actuarial Accrued Liability based on the Actuarial Value of Assets increased from $6.904 billion to $8.564 billion during the year, resulting in a decrease in the funding ratio from 44.6 percent to 37.2 percent. The increase in the Unfunded Actuarial Accrued Liability is mainly attributable to an increase in the Actuarial Accrued Liability due to decreasing the investment return assumption from 8.0 percent per year to 7.5 percent per year, unfavorable investment return on the actuarial value of assets due to the recognition of deferred investment losses from 2008 and 2011, 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 Accrued Liability increased from $7.403 billion to $8.455 billion, and the funded ratio decreased from 40.6 percent to 38.0 percent.

Plan Membership

	December 31, 2011	December 31, 2012
Active Members [1]		
Number	31,976	31,326
Vested	17,938	17,037
Non-vested	14,038	14,289
Average Age	47.1	46.8
Average Service	12.1	11.9
Average Annual Salary	$50,225	$50,782
Inactive Members		
Number	12,762	13,465
Average Age	45.7	45.9
Average Service	4.1	4.0
Retirees		
Number	18,813	19,614
Average Age	72.7	72.6
Average Annual Benefit	$32,269	$33,423
Deferreds		
Number	2	3
Average Age	50.5	52.7
Average Annual Benefit	$6,510	$9,168
Surviving Spouses		
Number	4,274	4,225
Average Age	77.6	77.9
Average Annual Benefit	$12,640	$13,007
Reversionary Annuitants		
Number	129	129
Average Age	80.8	80.4
Average Annual Benefit	$4,428	$4,580
Children	164	149
Total Members	68,120	68,911

[1] *Active members include disabled employees.*

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

Total members receiving benefits under the Plan increased 3.2 percent during 2012, from 23,380 to 24,117, while the number of active members decreased 2.0 percent from 31,976 to 31,326. Total expenditures for benefits increased from $664 million in 2011 to $705 million during 2012, or 6.2 percent.

Changes in Provisions of the Plan

The following Public Acts were passed in 2012 by the 97th General Assembly that made changes to the Fund Provisions.

P. A. 97-0651 (HB 3813), approved January 5, 2012
P. A. 97-0967 (HB 3969), approved August 16, 2012

These changes do not directly impact the liabilities of the Fund as of the valuation date. A detailed description of the provisions in the Public Acts passed in 2012 can be found in the Historical Information section of this report.

Discussion of Actuarial Assumptions

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

There are two general types of actuarial assumptions:

1. **Demographic Assumptions** – reflect the flow of participants into and out of a retirement system, and

2. **Economic Assumptions** – reflect the effect of the economic climate on a retirement system.

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

The investment return assumption was changed from 8.0 percent per year to 7.5 percent per year with the inflationary component of the investment return assumption remaining at 3.0 percent per year.

2012 Experience Analysis

The Fund had an investment gain in 2012 of $203 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 $445 million due to the deferred recognition of prior year investment gains and losses.

Individual salary increases varied among plan participants, but the overall increase was lower than anticipated by the actuarial assumptions, resulting in an experience gain of $71 million. Service credit changes and purchases resulted in an experience loss of $6 million.

Combined City and employee contributions were less than Normal Cost plus interest on the Unfunded Actuarial Accrued Liability, which resulted in an increase in the Unfunded Actuarial Accrued Liability of $520 million. Contributions lower than Normal Cost plus interest have increased the Unfunded Actuarial Accrued Liability each year for the past eleven years.

The investment return assumption change increased the Unfunded Actuarial Accrued Liability by $731 million.

There was an additional loss of $28 million from all other factors, including actual retirement, termination, disability, mortality experience, and data changes. This is about 0.2 percent of the December 31, 2012, liabilities, which is a reasonable variation.

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

Funding Analysis

The charts on pages 11 through 14 summarize the various measures of benefit security (funded ratio) examined in this valuation and highlight the trends of the measures.

Conclusion

When measured using the Actuarial Value of Assets, which smoothes gains and losses over a five-year period, the funding ratio decreased from 44.6 percent in 2011 to 37.2 percent in 2012. On a market value basis, the funded ratio has decreased from 40.6 percent in the last valuation to 38.0 percent in this valuation. This decrease is the result of continued contribution shortfalls and the change in the investment rate assumption. The funded ratio using the Actuarial Value of Assets is expected to slightly increase for the next few years toward the funded ratio using the Market Value of Assets as there are deferred asset gains that will be recognized in the Actuarial Value of Assets in the next four years.

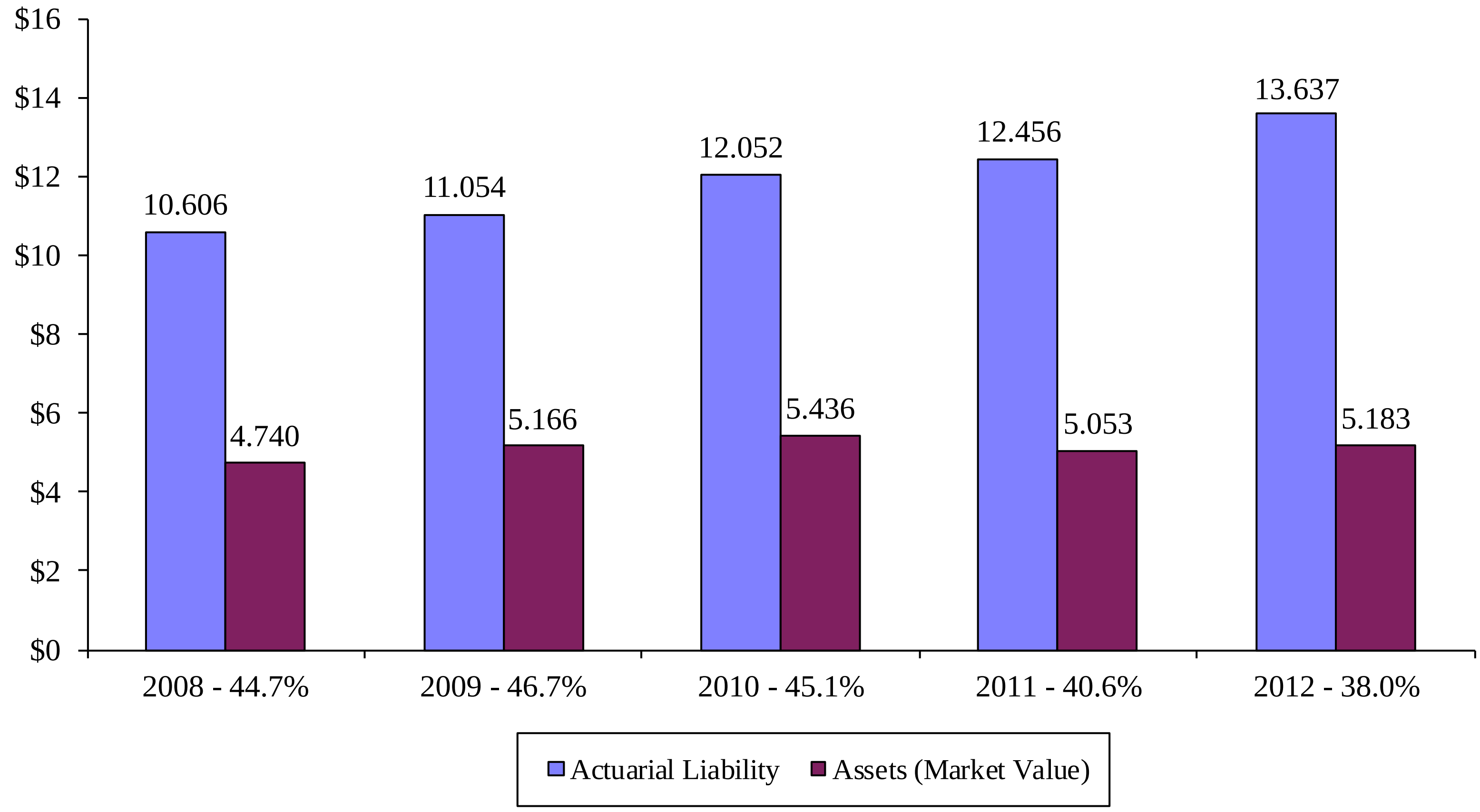
Contributions continue to be insufficient to adequately finance the Plan. Under the current funding policy, if all future assumptions are realized, the funding ratio is projected to deteriorate until assets are depleted within about 10 to 15 years. If assets become depleted, the Plan would then be funded on a pay-as-you-go policy with contributions equal to annual benefit payments. The pay-as-you-go policy is projected to increase the annual contribution by three to four times the amount currently required.

The Net Pension Obligation (NPO) has increased from less than $0 as of December 31, 2006, to over $2.0 billion as of December 31, 2012, and is projected to increase in the future due to contribution shortfalls compared with the Annual Required Contribution (ARC). A large and growing NPO may raise concerns in the capital markets and impact the cost of debt and borrowing for the City.

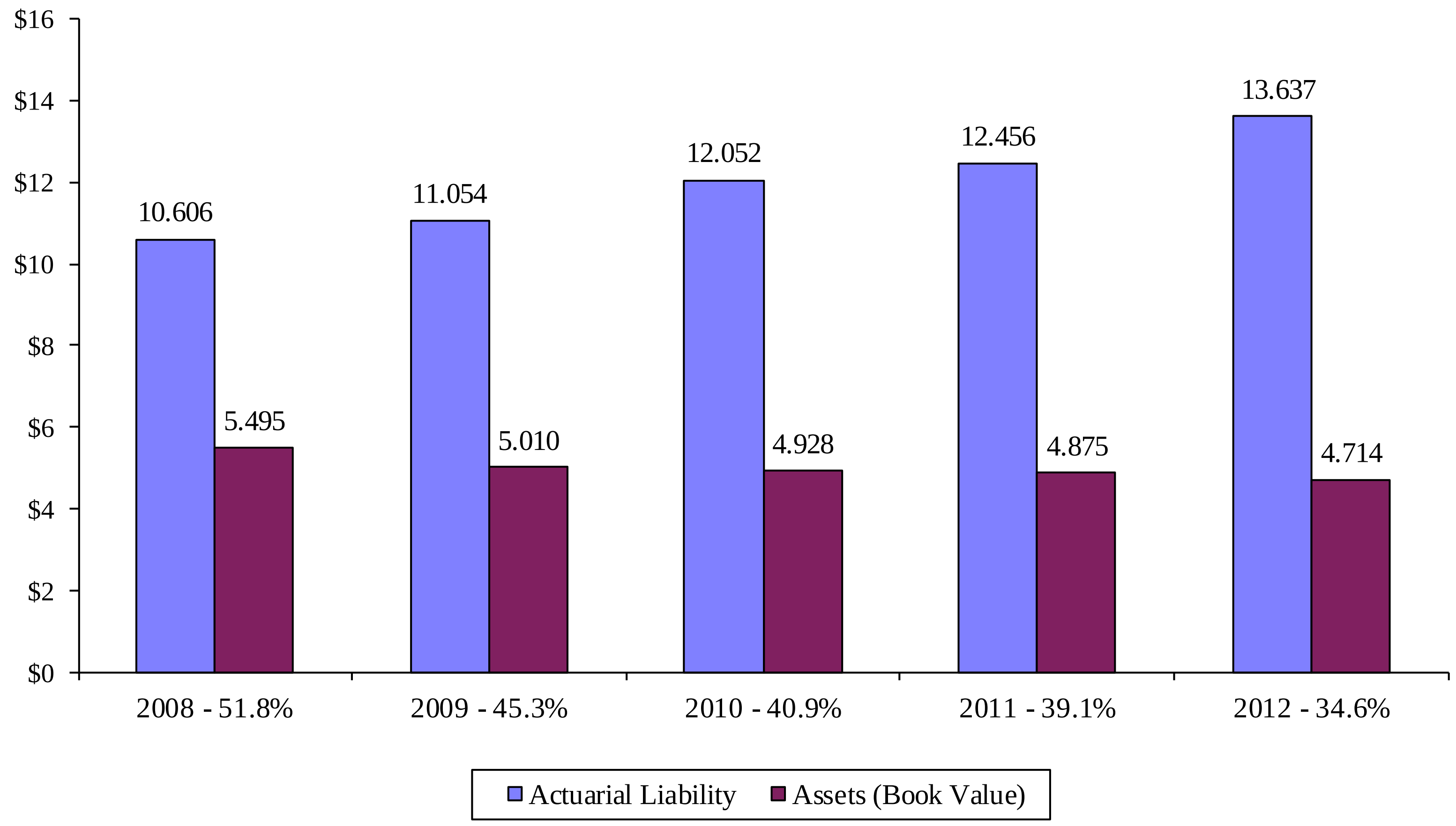
The current statutory funding policy impacts the ability to achieve higher returns over the long-term because it is projected that assets may need to be liquidated in order to pay annual benefits. This could result in a change in the asset allocation in the future to more liquid assets with a lower return. We recommend that the funding policy and assumed investment return be reviewed every year. If the funding policy is not strengthened within the next few years, the current investment return assumption may not continue to be supportable.

COMPONENTS OF FUNDED RATIO
BASED ON ACTUARIAL VALUE OF ASSETS
($ IN BILLIONS)

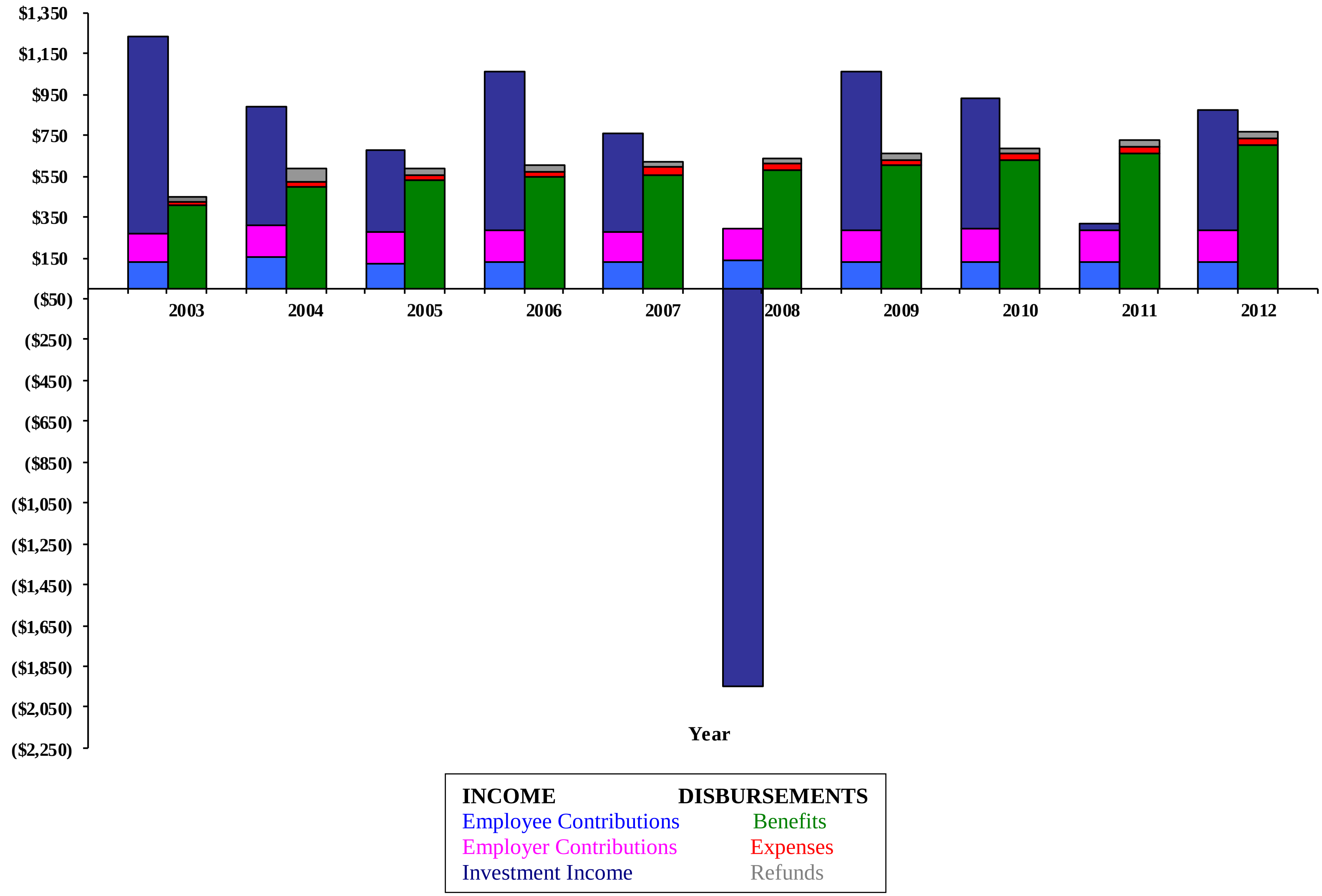
COMPONENTS OF FUNDED RATIO
BASED ON MARKET VALUE
($ IN BILLIONS)



COMPONENTS OF FUNDED RATIO
BASED ON BOOK VALUE
($ IN BILLIONS)



SUMMARY OF INCOME AND DISBURSEMENTS
($ IN MILLIONS)



ACTUARIAL COMPUTATIONS

TABLE 1
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION UNDER GASB #25 FOR 2013

	2012	2013
(1) Normal Cost [1]	$ 243,538,511	$ 260,928,789
(2) Actuarial Accrued Liability (AAL) [1]	$ 12,292,930,124	$ 13,475,376,963
(3) Unfunded AAL (UAAL)		
(a) Actuarial Value of Assets	$ 5,552,291,417	$ 5,073,320,275
(b) UAAL [2-3(a)]	$ 6,740,638,707	$ 8,402,056,688
(4) Amortization (30-Year Level $) Payable at BOY	$ 554,401,515	$ 661,779,091
(5) Minimum Actuarially Calculated Contribution		
(a) Interest Adjustment for Semi-monthly Payment	$ 32,429,625	$ 35,210,107
(b) Total Minimum Contribution [1+4+5(a)]; but not less than zero	$ 830,369,651	$ 957,917,987
(c) Total Minimum Contribution (Percent of Pay)	51.70%	60.22%
(6) Estimated Member Contributions	$ 139,547,098	$ 137,895,298
(7) Annual Required Contribution (ARC)		
(a) Annual Required Contribution [5(b)-6]	$ 690,822,553	$ 820,022,689
(b) Annual Required Contribution (Percent of Pay)	43.02%	51.55%
(8) Estimated City Contribution (after 4% loss) [2]	$ 148,095,728	$ 146,690,683
(9) City Contribution Deficiency/(Excess)		
(a) in Dollars [(7(a)-8]	$ 542,726,825	$ 673,332,006
(b) as a Percentage of Pay	33.79%	42.33%
(10) Combined City/Member Contributions Deficiency/(Excess)		
(a) in Dollars [5(b)-6-8]	$ 542,726,825	$ 673,332,006
(b) as a Percentage of Pay	33.79%	42.33%

[1] *Excludes health insurance supplement.*
[2] *Total statutory required contribution less expected benefit payments for the health insurance supplement.*

TABLE 1A
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION UNDER GASB #43 FOR 2013

	2012	2013
(1) Normal Cost [1]	$ 4,711,272	$ 4,529,064
(2) Actuarial Accrued Liability (AAL) [1]	$ 163,241,898	$ 162,083,083
(3) Unfunded AAL (UAAL)		
(a) Actuarial Value of Assets	$ -	$ -
(b) UAAL [2-3(a)]	$ 163,241,898	$ 162,083,083
(4) Amortization (30-Year Level $) Payable at BOY	$ 9,590,117	$ 9,522,039
(5) Minimum Actuarially Calculated Contribution		
(a) Interest Adjustment for Semi-monthly Payment	$ 330,474	$ 324,690
(b) Total Minimum Contribution [1+4+5(a)]; but not less than zero	$ 14,631,863	$ 14,375,793
(c) Total Minimum Contribution (Percent of Pay)	0.91%	0.90%
(6) Estimated Member Contributions	$ -	$ -
(7) Annual Required Contribution (ARC)		
(a) Annual Required Contribution [5(b)-6]	$ 14,631,863	$ 14,375,793
(b) Annual Required Contribution (Percent of Pay)	0.91%	0.90%
(8) Estimated City Contribution [2]	$ 9,506,272	$ 9,543,317
(9) City Contribution Deficiency/(Excess)		
(a) in Dollars [(7(a)-8]	$ 5,125,591	$ 4,832,476
(b) as a Percentage of Pay	0.32%	0.30%
(10) Combined City/Member Contributions Deficiency/(Excess)		
(a) in Dollars [5(b)-6-8]	$ 5,125,591	$ 4,832,476
(b) as a Percentage of Pay	0.32%	0.30%

[1] The normal cost and actuarial accrued liabilities for the health insurance supplement are based on a discount rate of 4.50 percent. Excludes pension liabilities.
[2] Represents expected benefit payments for the health insurance supplement.

TABLE 1B
DEVELOPMENT OF CITY CONTRIBUTION REQUIREMENTS

	Fiscal Year 2013	Fiscal Year 2014
Preliminary Determination of City Contribution		
Applicable Members' Contribution, Two Years Prior	$ 130,194,745	$ 130,075,555
Statutory Contribution Multiple	1.25	1.25
Statutory City Contribution	162,743,400	162,594,400
Actuarial Liability at Valuation Date	12,456,172,022	13,637,460,046
Actuarial Value of Assets at Valuation Date	5,552,291,417	5,073,320,275
Funded Ratio	44.57%	37.20%
GASB Annual Required Contribution (ARC)	705,454,416	834,398,482

TABLE 1C
ACTIVE ACCRUED LIABILITY AND NORMAL COST BY TIER

	Tier 1 Members	Tier 2 Members[2]	Total
(1) Count	27,022	4,304	31,326
(2) Payroll	$ 1,430,644,147	$ 160,149,555	$ 1,590,793,702
(3) Average Payroll	$ 52,944	$ 37,209	$ 50,782
(4) Actuarial Accrued Liability (AAL) [1]	$ 5,596,264,467	$ 14,515,829	$ 5,610,780,296
(5) Total Normal Cost [1]	$ 248,300,022	$ 17,157,831	$ 265,457,853
(6) Total Normal Cost as a Percent of Pay	17.4%	10.7%	16.7%
(7) Member Contributions as a Percent of Pay	8.5%	8.5%	8.5%
(8) Net Normal Cost as a Percent of Pay	8.9%	2.2%	8.2%

[1] *The normal cost and liabilities for healthcare are based on a discount rate of 4.5%.*
[2] *Members participating on or after January 1, 2011.*

TABLE 2
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

	2008	2009	2010	2011	2012
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
Beginning of Year	$3,296,152,269	$3,936,346,961	$4,758,504,409	$6,048,840,271	$6,903,880,605
(Gains) Losses During the Year Attributable to:					
Contributions Less Than (in Excess of) Normal Cost plus Interest	211,536,054	263,525,304	320,818,396	449,777,576	520,449,450
(Gain) Loss on Investment Return on the Actuarial Value of Assets	437,218,599	541,514,597	412,377,681	501,202,990	445,339,476
(Gain) Loss from Salary Changes	6,654,805	(2,224,555)	(60,823,939)	(107,481,719)	(71,303,218)
(Gain) Loss from Retirement, Termination, & Mortality	(25,452,703)	7,921,619	26,339,285	60,500,888	28,400,986
(Gain) Loss from Data Corrections	-	-	-	-	-
(Gain) Loss from Transfers	-	-	-	-	-
Change in Methodology	-	-	-	-	-
Non-ERI Service Credit Changes and Purchases	10,237,937	11,420,483	14,796,688	10,008,932	5,952,536
Change in Assumptions	-	-	576,827,751	(58,968,333)	731,419,936
Plan Amendments	-	-	-	-	-
Net Increase (Decrease) in UAAL	640,194,692	822,157,448	1,290,335,862	855,040,334	1,660,259,166
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)					
End of Year	$3,936,346,961	$4,758,504,409	$6,048,840,271	$6,903,880,605	$8,564,139,771

TABLE 2A
RECONCILIATION OF FUNDED RATIO

	2008	2009	2010	2011	2012
Funded Ratio Beginning of Year	**67.64%**	**62.89%**	**56.95%**	**49.81%**	**44.57%**
Expected Increase If All Assumptions Realized	1.31%	1.45%	1.65%	2.00%	2.09%
Expected Funded Ratio	**68.95%**	**64.34%**	**58.60%**	**51.81%**	**46.66%**
Gains (Losses) During the Year Attributable to:					
Contributions in Excess of (Less Than) Normal Cost plus Interest	-2.00%	-2.39%	-2.79%	-3.58%	-4.02%
Gain/(Loss) on Investment Return on the Smoothed Value of Assets	-4.12%	-4.91%	-3.58%	-4.00%	-3.44%
Gain/(Loss) from Salary Changes	-0.03%	0.01%	0.27%	0.39%	0.21%
Gain/(Loss) from Retirement, Termination, & Mortality	0.15%	-0.04%	-0.12%	-0.22%	-0.08%
Gain/(Loss) from Data Corrections	0.00%	0.00%	0.00%	0.00%	0.00%
Gain/(Loss) from Transfers	0.00%	0.00%	0.00%	0.00%	0.00%
Change in Methodology	0.00%	0.00%	0.00%	0.00%	0.00%
Non-ERI Service Credit Changes and Purchases	-0.06%	-0.06%	-0.06%	-0.04%	-0.02%
Change in Assumptions	0.00%	0.00%	-2.51%	0.21%	-2.11%
Plan Amendments	0.00%	0.00%	0.00%	0.00%	0.00%
Total Gains (Losses) During the Year	**-6.06%**	**-7.39%**	**-8.79%**	**-7.24%**	**-9.46%**
Funded Ratio End of Year	**62.89%**	**56.95%**	**49.81%**	**44.57%**	**37.20%**

TABLE 3
SUMMARY OF BASIC ACTUARIAL VALUES

		APV of Projected Benefits	2013 Normal Cost
(1)	Values for Active and Inactive Members		
(a)	Retirement	$ 7,194,377,609	$ 186,191,250
(b)	Termination - Vested	418,834,998	27,433,749
(c)	Termination - Non Vested	75,097,271	23,892,194
(d)	Death	101,364,088	4,639,157
(e)	Inactive Vested and Non-Vested	376,730,517	-
(f)	Health Insurance	117,234,979	4,529,064
(g)	Disability	-	11,930,953
(h)	Expenses of Administration	-	6,841,486
	Total for Actives and Inactives	$ 8,283,639,462	$ 265,457,853
(2)	Values for Members in Payment Status	$ 7,633,045,219	$ -
(3)	Grand Totals	$ 15,916,684,681	$ 265,457,853
	Actuarial Present Value of Future Compensation		$ 14,749,878,803

TABLE 4
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)
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%
2006	1,347,789,693	5,438,978,756	2,905,551,034	6,509,145,626	100.00%	94.90%	0.00%
2007	1,437,604,071	5,572,797,922	3,176,213,194	6,890,462,918	100.00%	97.85%	0.00%
2008	1,536,221,953	5,701,015,809	3,368,610,969	6,669,501,770	100.00%	90.04%	0.00%
2009	1,610,503,053	5,874,606,230	3,569,183,317	6,295,788,191	100.00%	79.75%	0.00%
2010 [1]	1,682,418,161	6,438,552,003	3,931,259,712	6,003,389,605	100.00%	67.11%	0.00%
2011 [1]	1,724,683,910	6,803,140,300	3,928,347,812	5,552,291,417	100.00%	56.26%	0.00%
2012 [1]	1,724,021,890	7,633,045,219	4,280,392,937	5,073,320,275	100.00%	43.88%	0.00%

[1]*Change in actuarial assumptions.*
[2]*Change in benefits.*

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 an actuarially sound 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.

Due to the inadequacy of the current statutory funding policy, the current assets are only sufficient to cover active and inactive member contributions and 44 percent of retiree liabilities. The present value of employer financed benefits for active and inactive members is completely unfunded.

TABLE 5
STATUTORY RESERVES AS OF DECEMBER 31, 2012

	New in 2012			Continuing from 2011			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	$209,784,515	$ 556,101,877	$ 765,886,392	$1,195,933,340	$4,692,268,854	$5,888,202,194	$1,405,717,855	$5,248,370,731	$6,654,088,586
Future Surviving Spouses	$ 39,050,500	$ 27,552,288	$ 66,602,788	$ 277,604,966	$ 384,647,508	$ 662,252,474	$ 316,655,466	$ 412,199,796	$ 728,855,262
Spouses [2]	$ 16,524,610	$ 14,916,411	$ 31,441,021	$ 159,887,150	$ 158,622,896	$ 318,510,046	$ 176,411,760	$ 173,539,307	$ 349,951,067
Annual Benefits									
Retirees	$ 19,037,232	$ 32,617,248	$ 51,654,480	$ 148,713,574	$ 455,188,682	$ 603,902,256	$ 167,750,806	$ 487,805,930	$ 655,556,736
Future Surviving Spouses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spouses [2]	$ 2,084,844	$ 2,095,140	$ 4,179,984	$ 24,433,674	$ 26,930,682	$ 51,364,356	$ 26,518,518	$ 29,025,822	$ 55,544,340

[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.*
[2]*Surviving spouses also include reversionary annuitants.*

TABLE 6
STATE REPORTING DISCLOSURE

	2011	2012
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	$ 6,803,140,300	$ 7,633,045,219
Current Active and Inactive Employees:		
Accumulated Active and Inactive Employee Contributions	1,724,683,910	1,724,021,890
Payable to Vested and Non-Vested Employees	2,775,259,424	3,032,162,130
Total APV	$ 11,303,083,634	$ 12,389,229,239
Net Assets Available for Benefits, Actuarial Value	5,552,291,417	5,073,320,275
Unfunded AAL (AAL in excess of assets)	$ 5,750,792,217	$ 7,315,908,964
Percent Funded	49.12%	40.95%
Unfunded AAL as Percent of Payroll	358.08%	459.89%
Payroll	$ 1,605,993,339	$ 1,590,793,702

TABLE 7
ACTUARIAL RESERVE LIABILITIES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2012

Accrued Liabilities for Active and Inactive Participants [1]	$ 6,004,414,827
Reserves For:	
Service Retirement Pension	$ 6,683,231,695
Future Spouses of Current Retirees	474,204,260
Surviving Spouse Pension	385,872,822
Health Insurance Supplement	88,388,157
Child Annuitants	1,348,285
Total Accrued Liabilities	$ 13,637,460,046
Unfunded Actuarial Liabilities	$ 8,564,139,771
Actuarial Net Assets	$ 5,073,320,275

[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

The book value of plan assets, net of accounts payable, decreased from $4.87 billion as of December 31, 2011, to $4.71 billion as of December 31, 2012, and the market value of plan assets increased from $5.05 billion as of December 31, 2011, to $5.18 billion as of December 31, 2012. Table 8 details the development of asset values during 2012 and Table 9 shows the development of the actuarial value of assets as of December 31, 2012.

TABLE 8
RECONCILIATION OF ASSET VALUES
AS OF DECEMBER 31, 2012

			Market Value	Book Value
(1)	Value of Assets as of 12/31/2011		$ 5,053,248,869	$ 4,874,683,099
(2)	Income for Plan Year:			
	(a)	Member Contributions	$ 130,266,293	$ 130,266,293
	(b)	City Contributions & Miscellaneous	158,380,709	158,380,709
	(c)	Investment Income Net of Expenses	589,198,468	299,247,147
	(d)	Total Income	$ 877,845,470	$ 587,894,149
(3)	Disbursements for Plan Year:			
	(a)	Benefit Payments - Pension	$ 695,152,356	$ 695,152,356
	(b)	Benefit Payments - Health Insurance Supplement	9,522,054	9,522,054
	(c)	Refunds and Rollovers	36,908,784	36,908,784
	(d)	Administration	6,841,486	6,841,486
	(e)	Total Disbursements	$ 748,424,680	$ 748,424,680
(4)	Value of Assets as of 12/31/2012		$ 5,182,669,659	$ 4,714,152,568
(5)	Estimated Rate of Return in 2012:			
	(a)	Gross (Investment Expense of $25,373,528)	12.74 %	6.99 %
	(b)	Net of Investment Expense	12.22 %	6.44 %

TABLE 9
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS AS OF DECEMBER 31, 2012

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

(a) Market Value of Assets as of 12/31/2011 — $ 5,053,248,869

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

	Item	Amount	Weight for Timing	Weighted Amount
i)	Member Contributions	$ 130,266,293	50.0%	$ 65,133,147
ii)	City Contributions & Misc.	158,380,709	50.0%	79,190,355
iii)	Benefit Payments	(704,674,410)	50.0%	(352,337,205)
iv)	Refunds	(36,908,784)	50.0%	(18,454,392)
v)	Administration	(6,841,486)	50.0%	(3,420,743)
vi)	Total	$ (459,777,678)		$ (229,888,838)

(c) Market Value of Assets Adj. for Actual Income and Disbursements [(a) + (b)(vi)] — $ 4,823,360,031

(d) Assumed Rate of Return on Plan Assets for the Year — 8.00%

(e) Expected Return [(c) * (d)] — $ 385,868,802

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

(a)	Market Value of Assets as of 12/31/2011	$ 5,053,248,869
(b)	Income (less investment income) for Prior Plan Year	288,647,002
(c)	Disbursements Paid in Prior Year	748,424,680
(d)	Market Value of Assets as of 12/31/2012	5,182,669,659
(e)	Actual Return [(d) + (c) - (b) - (a)]	$ 589,198,468

(3) **Investment Gain/(Loss) for Prior Year** — $ 203,329,666

(4) **Actuarial Value of Assets as of 12/31/2012**

(a) Market Value of Assets as of 12/31/2012 — $ 5,182,669,659

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

	Plan Year	Gain/(Loss)	Weight for Timing	Deferred Amount
i)	2008	$ (2,495,444,480)	0.00%	$ -
ii)	2009	413,471,595	20.00%	82,694,319
iii)	2010	240,039,034	40.00%	96,015,614
iv)	2011	(386,707,137)	60.00%	(232,024,282)
v)	2012	203,329,666	80.00%	162,663,733
vi)	Total	$ (2,025,311,322)		$ 109,349,384

(c) Actuarial Value of Assets [(a) - (b) (vi)] — $ 5,073,320,275

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 MEMBER DATA

EXHIBIT A
SUMMARY OF CHANGES IN ACTIVE AND INACTIVE PARTICIPANTS
FOR FISCAL YEAR ENDING DECEMBER 31, 2012

Active Participants [1]	Number at Beginning of Year[2]	New	Inactive to Active	Total Increases	Decreases	Number at End of Year
Males	12,828	1,167	80	1,247	1,379	12,696
Females	19,148	1,707	136	1,843	2,361	18,630
Active Total	**31,976**	**2,874**	**216**	**3,090**	**3,740**	**31,326**
Inactive Participants	**Number at Beginning of Year**	**New**	**Active to Inactive**	**Total Increases**	**Decreases**	**Number at End of Year**
Males	4,920	31	717	748	483	5,185
Females	7,842	65	1,357	1,422	984	8,280
Inactive Total	**12,762**	**96**	**2,074**	**2,170**	**1,467**	**13,465**
Total - Actives and Inactives	**44,738**					**44,791**

[1]All employees receiving ordinary and duty disability benefits are included in the active count.
[2]Includes one inactive member reclassified from female to male.

EXHIBIT B
SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES
FOR FISCAL YEAR ENDING DECEMBER 31, 2012

Annuitants and Beneficiaries	Number at Beginning of Year	Additions During Year	Terminations During Year	Number at End of Year
Employee Annuitants	18,813	1,559	758	19,614
Deferred Employee Annuitants	2	1	-	3
Surviving Spouse Annuitants	4,274	237	286	4,225
Reversionary Annuitants[1]	129	10	10	129
Child Annuitants	164	23	38	149
Annuitant Total	**23,382**	**1,830**	**1,092**	**24,120**
Actives Receiving Disability	**Number at Beginning of Year**	**Additions During Year**	**Terminations During Year**	**Number at End of Year**
Ordinary Disability Beneficiaries	346	414	480	280
Duty Disability Beneficiaries	264	277	291	250
Disability Total	**610**	**691**	**771**	**530**
Total - Annuitants and Disabilities	**23,992**			**24,650**

[1]*Includes 118 reversionary annuitants that are also surviving spouses.*

EXHIBIT C
PART I – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2012

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	11	3	-	-	-	-	-	-	-	**14**
	$ 225,723	$ 69,237	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 294,960**
20-24	123	249	15	-	-	-	-	-	-	**387**
	$ 3,449,143	$ 6,579,448	$ 479,910	$ -	$ -	$ -	$ -	$ -	$ -	**$ 10,508,501**
25-29	177	526	210	20	-	-	-	-	-	**933**
	$ 6,456,298	$ 21,051,224	$ 8,711,181	$ 783,829	$ -	$ -	$ -	$ -	$ -	**$ 37,002,532**
30-34	138	460	387	156	25	-	-	-	-	**1,166**
	$ 5,936,039	$ 23,067,058	$ 20,443,820	$ 8,342,256	$ 1,780,467	$ -	$ -	$ -	$ -	**$ 59,569,640**
35-39	108	362	370	304	136	10	-	-	-	**1,290**
	$ 4,706,739	$ 18,931,477	$ 22,645,453	$ 19,419,149	$ 9,770,631	$ 538,286	$ -	$ -	$ -	**$ 76,011,735**
40-44	86	332	421	401	305	131	7	-	-	**1,683**
	$ 3,638,594	$ 18,095,840	$ 27,520,784	$ 26,767,061	$ 22,505,844	$ 10,336,142	$ 556,158	$ -	$ -	**$ 109,420,423**
45-49	66	237	363	408	380	349	167	7	-	**1,977**
	$ 2,793,235	$ 13,087,892	$ 22,019,638	$ 27,668,882	$ 28,257,211	$ 26,605,640	$ 13,065,425	$ 661,802	$ -	**$ 134,159,725**
50-54	43	186	324	385	343	393	367	76	3	**2,120**
	$ 1,689,926	$ 9,836,360	$ 18,386,011	$ 25,978,345	$ 25,411,949	$ 30,050,643	$ 29,089,183	$ 6,416,121	$ 231,543	**$ 147,090,081**
55-59	25	137	228	289	288	327	280	114	20	**1,708**
	$ 1,023,287	$ 7,369,390	$ 12,380,105	$ 19,692,789	$ 20,771,287	$ 25,366,159	$ 22,280,475	$ 9,252,978	$ 1,842,843	**$ 119,979,313**
60-64	20	60	142	192	143	172	159	56	15	**959**
	$ 879,407	$ 3,009,621	$ 8,642,756	$ 12,478,649	$ 10,423,936	$ 12,726,256	$ 12,163,094	$ 4,375,943	$ 1,031,733	**$ 65,731,395**
65-69	3	12	51	59	54	40	44	20	12	**295**
	$ 138,317	$ 612,734	$ 2,852,316	$ 3,751,747	$ 3,626,907	$ 2,785,578	$ 3,385,786	$ 1,450,944	$ 963,599	**$ 19,567,928**
70 & Over	-	10	36	30	23	27	21	7	10	**164**
	$ -	$ 285,831	$ 944,614	$ 1,550,060	$ 1,731,087	$ 1,923,020	$ 1,546,348	$ 458,102	$ 801,883	**$ 9,240,945**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**800**	**2,574**	**2,547**	**2,244**	**1,697**	**1,449**	**1,045**	**280**	**60**	**12,696**
	$ 30,936,708	**$ 121,996,112**	**$ 145,026,588**	**$ 146,432,767**	**$ 124,279,319**	**$ 110,331,724**	**$ 82,086,469**	**$ 22,615,890**	**$ 4,871,601**	**$ 788,577,178**

EXHIBIT C
PART II – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2012

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	16	8	-	-	-	-	-	-	-	**24**
	$ 329,054	$ 153,673	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 482,727**
20-24	219	327	16	-	-	-	-	-	-	**562**
	$ 6,117,775	$ 8,740,878	$ 364,612	$ -	$ -	$ -	$ -	$ -	$ -	**$ 15,223,265**
25-29	285	718	248	31	-	-	-	-	-	**1,282**
	$ 9,546,724	$ 25,318,664	$ 8,047,354	$ 782,166	$ -	$ -	$ -	$ -	$ -	**$ 43,694,908**
30-34	201	559	496	233	36	-	-	-	-	**1,525**
	$ 7,063,531	$ 24,174,306	$ 21,835,628	$ 10,040,818	$ 2,015,100	$ -	$ -	$ -	$ -	**$ 65,129,383**
35-39	142	446	528	466	164	11	-	-	-	**1,757**
	$ 4,693,103	$ 18,632,458	$ 23,510,532	$ 23,101,883	$ 9,071,915	$ 711,179	$ -	$ -	$ -	**$ 79,721,070**
40-44	140	396	531	649	423	206	7	-	-	**2,352**
	$ 4,711,841	$ 15,559,999	$ 22,382,332	$ 31,241,097	$ 24,460,443	$ 12,220,972	$ 526,320	$ -	$ -	**$ 111,103,004**
45-49	109	382	523	746	486	410	146	15	-	**2,817**
	$ 3,672,201	$ 13,713,379	$ 19,486,443	$ 31,170,742	$ 26,154,674	$ 24,169,559	$ 10,180,776	$ 1,135,305	$ -	**$ 129,683,079**
50-54	87	270	534	829	576	569	295	62	1	**3,223**
	$ 2,540,300	$ 9,497,992	$ 18,582,171	$ 31,347,114	$ 27,009,848	$ 30,700,968	$ 18,524,845	$ 4,381,134	$ 91,224	**$ 142,675,596**
55-59	51	175	424	644	515	474	237	91	17	**2,628**
	$ 1,763,801	$ 5,827,379	$ 13,390,608	$ 24,447,061	$ 23,726,216	$ 23,522,632	$ 13,211,627	$ 6,305,545	$ 1,201,985	**$ 113,396,854**
60-64	21	88	246	339	353	317	164	65	22	**1,615**
	$ 766,742	$ 2,905,224	$ 7,943,079	$ 12,056,398	$ 16,292,284	$ 14,790,498	$ 8,357,507	$ 3,441,685	$ 1,253,937	**$ 67,807,354**
65-69	8	29	91	107	99	118	64	39	21	**576**
	$ 187,382	$ 759,427	$ 2,470,824	$ 3,871,894	$ 4,496,149	$ 5,478,026	$ 3,362,919	$ 1,840,202	$ 1,085,022	**$ 23,551,845**
70 & Over	4	12	38	39	38	49	33	25	31	**269**
	$ 107,786	$ 311,106	$ 866,212	$ 1,165,927	$ 1,482,143	$ 1,801,839	$ 1,406,270	$ 1,299,317	$ 1,306,839	**$ 9,747,439**
w/o DOB	-	-	-	-	-	-	-	-	-	**-**
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
Total	**1,283**	**3,410**	**3,675**	**4,083**	**2,690**	**2,154**	**946**	**297**	**92**	**18,630**
	$ 41,500,240	**$ 125,594,485**	**$ 138,879,795**	**$ 169,225,100**	**$ 134,708,772**	**$ 113,395,673**	**$ 55,570,264**	**$ 18,403,188**	**$ 4,939,007**	**$ 802,216,524**

EXHIBIT C
PART III – TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2012

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	27	11	-	-	-	-	-	-	-	**38**
	$ 554,777	$ 222,910	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 777,687**
20-24	342	576	31	-	-	-	-	-	-	**949**
	$ 9,566,918	$ 15,320,326	$ 844,522	$ -	$ -	$ -	$ -	$ -	$ -	**$ 25,731,766**
25-29	462	1,244	458	51	-	-	-	-	-	**2,215**
	$ 16,003,022	$ 46,369,888	$ 16,758,535	$ 1,565,995	$ -	$ -	$ -	$ -	$ -	**$ 80,697,440**
30-34	339	1,019	883	389	61	-	-	-	-	**2,691**
	$ 12,999,570	$ 47,241,364	$ 42,279,448	$ 18,383,074	$ 3,795,567	$ -	$ -	$ -	$ -	**$ 124,699,023**
35-39	250	808	898	770	300	21	-	-	-	**3,047**
	$ 9,399,842	$ 37,563,935	$ 46,155,985	$ 42,521,032	$ 18,842,546	$ 1,249,465	$ -	$ -	$ -	**$ 155,732,805**
40-44	226	728	952	1,050	728	337	14	-	-	**4,035**
	$ 8,350,435	$ 33,655,839	$ 49,903,116	$ 58,008,158	$ 46,966,287	$ 22,557,114	$ 1,082,478	$ -	$ -	**$ 220,523,427**
45-49	175	619	886	1,154	866	759	313	22	-	**4,794**
	$ 6,465,436	$ 26,801,271	$ 41,506,081	$ 58,839,624	$ 54,411,885	$ 50,775,199	$ 23,246,201	$ 1,797,107	$ -	**$ 263,842,804**
50-54	130	456	858	1,214	919	962	662	138	4	**5,343**
	$ 4,230,226	$ 19,334,352	$ 36,968,182	$ 57,325,459	$ 52,421,797	$ 60,751,611	$ 47,614,028	$ 10,797,255	$ 322,767	**$ 289,765,677**
55-59	76	312	652	933	803	801	517	205	37	**4,336**
	$ 2,787,088	$ 13,196,769	$ 25,770,713	$ 44,139,850	$ 44,497,503	$ 48,888,791	$ 35,492,102	$ 15,558,523	$ 3,044,828	**$ 233,376,167**
60-64	41	148	388	531	496	489	323	121	37	**2,574**
	$ 1,646,149	$ 5,914,845	$ 16,585,835	$ 24,535,047	$ 26,716,220	$ 27,516,754	$ 20,520,601	$ 7,817,628	$ 2,285,670	**$ 133,538,749**
65-69	11	41	142	166	153	158	108	59	33	**871**
	$ 325,699	$ 1,372,161	$ 5,323,140	$ 7,623,641	$ 8,123,056	$ 8,263,604	$ 6,748,705	$ 3,291,146	$ 2,048,621	**$ 43,119,773**
70 & Over	4	22	74	69	61	76	54	32	41	**433**
	$ 107,786	$ 596,937	$ 1,810,826	$ 2,715,987	$ 3,213,230	$ 3,724,859	$ 2,952,618	$ 1,757,419	$ 2,108,722	**$ 18,988,384**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**2,083**	**5,984**	**6,222**	**6,327**	**4,387**	**3,603**	**1,991**	**577**	**152**	**31,326**
	$ 72,436,948	**$ 247,590,597**	**$ 283,906,383**	**$ 315,657,867**	**$ 258,988,091**	**$ 223,727,397**	**$ 137,656,733**	**$ 41,019,078**	**$ 9,810,608**	**$ 1,590,793,702**

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, 2012

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	26	11	-	-	-	-	-	-	-	**37**
	$ 547,427	$ 222,910	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 770,337**
20-24	307	474	19	-	-	-	-	-	-	**800**
	$ 8,545,423	$ 12,836,300	$ 613,782	$ -	$ -	$ -	$ -	$ -	$ -	**$ 21,995,505**
25-29	409	1,002	335	8	-	-	-	-	-	**1,754**
	$ 13,619,593	$ 35,493,489	$ 11,997,547	$ 402,550	$ -	$ -	$ -	$ -	$ -	**$ 61,513,179**
30-34	287	744	567	237	13	-	-	-	-	**1,848**
	$ 10,199,176	$ 31,116,702	$ 24,403,363	$ 10,302,444	$ 1,116,791	$ -	$ -	$ -	$ -	**$ 77,138,476**
35-39	210	566	495	367	73	3	-	-	-	**1,714**
	$ 7,393,115	$ 22,480,563	$ 20,525,617	$ 15,245,390	$ 3,255,516	$ 149,140	$ -	$ -	$ -	**$ 69,049,341**
40-44	189	487	547	521	254	113	8	-	-	**2,119**
	$ 6,216,256	$ 18,147,966	$ 22,780,171	$ 20,221,004	$ 11,517,923	$ 5,481,982	$ 601,973	$ -	$ -	**$ 84,967,275**
45-49	147	433	527	630	335	252	119	3	-	**2,446**
	$ 5,136,877	$ 15,346,308	$ 18,995,752	$ 22,553,783	$ 15,173,293	$ 12,584,127	$ 7,738,404	$ 239,411	$ -	**$ 97,767,955**
50-54	103	315	516	709	421	417	249	21	-	**2,751**
	$ 2,855,598	$ 10,445,046	$ 17,172,040	$ 23,731,172	$ 17,119,848	$ 19,342,842	$ 14,096,346	$ 1,443,124	$ -	**$ 106,206,016**
55-59	63	205	405	529	375	353	187	43	13	**2,173**
	$ 2,263,807	$ 7,136,481	$ 12,869,622	$ 17,440,890	$ 15,240,260	$ 15,510,581	$ 9,179,440	$ 2,838,422	$ 1,139,046	**$ 83,618,549**
60-64	30	107	236	294	230	229	133	32	16	**1,307**
	$ 1,108,818	$ 3,431,925	$ 7,483,431	$ 9,436,083	$ 8,709,140	$ 9,955,568	$ 5,624,223	$ 1,650,303	$ 944,188	**$ 48,343,679**
65-69	10	26	80	85	66	71	44	17	7	**406**
	$ 316,183	$ 601,108	$ 2,462,048	$ 2,737,879	$ 2,504,625	$ 2,725,818	$ 1,813,891	$ 677,184	$ 319,051	**$ 14,157,787**
70 & Over	3	14	49	20	17	21	23	7	9	**163**
	$ 98,270	$ 317,198	$ 972,245	$ 571,056	$ 574,734	$ 712,522	$ 732,575	$ 307,841	$ 443,807	**$ 4,730,248**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**1,784**	**4,384**	**3,776**	**3,400**	**1,784**	**1,459**	**763**	**123**	**45**	**17,518**
	$ 58,300,543	**$ 157,575,996**	**$ 140,275,618**	**$ 122,642,251**	**$ 75,212,130**	**$ 66,462,580**	**$ 39,786,852**	**$ 7,156,285**	**$ 2,846,092**	**$ 670,258,347**

EXHIBIT C
PART V – TOTAL LIVES AND ANNUAL SALARIES OF CITY PLAN MEMBERS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2012

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	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
20-24	33	100	12	-	-	-	-	-	-	**145**
	$ 1,006,795	$ 2,456,019	$ 230,740	$ -	$ -	$ -	$ -	$ -	$ -	**$ 3,693,554**
25-29	53	241	122	43	-	-	-	-	-	**459**
	$ 2,383,429	$ 10,839,978	$ 4,721,338	$ 1,163,445	$ -	$ -	$ -	$ -	$ -	**$ 19,108,190**
30-34	52	273	311	151	47	-	-	-	-	**834**
	$ 2,800,394	$ 16,053,549	$ 17,616,046	$ 7,955,630	$ 2,630,099	$ -	$ -	$ -	$ -	**$ 47,055,718**
35-39	40	241	402	402	223	18	-	-	-	**1,326**
	$ 2,006,727	$ 15,057,156	$ 25,473,968	$ 27,172,848	$ 15,325,901	$ 1,100,325	$ -	$ -	$ -	**$ 86,136,925**
40-44	37	241	404	527	471	224	6	-	-	**1,910**
	$ 2,134,179	$ 15,507,873	$ 26,960,964	$ 37,533,706	$ 35,199,173	$ 17,075,132	$ 480,505	$ -	$ -	**$ 134,891,532**
45-49	28	186	356	522	530	503	193	19	-	**2,337**
	$ 1,328,559	$ 11,454,963	$ 22,206,864	$ 36,113,429	$ 39,164,313	$ 37,772,446	$ 15,450,611	$ 1,557,696	$ -	**$ 165,048,881**
50-54	27	141	339	499	497	542	412	116	4	**2,577**
	$ 1,374,628	$ 8,889,306	$ 19,653,384	$ 33,087,950	$ 35,223,349	$ 41,107,921	$ 33,448,403	$ 9,213,358	$ 322,767	**$ 182,321,066**
55-59	13	107	247	401	428	447	326	161	23	**2,153**
	$ 523,281	$ 6,060,288	$ 12,901,091	$ 26,472,722	$ 29,257,243	$ 33,319,576	$ 25,797,839	$ 12,611,804	$ 1,833,256	**$ 148,777,100**
60-64	11	40	152	236	265	258	190	89	21	**1,262**
	$ 537,331	$ 2,454,437	$ 9,102,404	$ 14,990,814	$ 17,916,661	$ 17,351,150	$ 14,896,378	$ 6,167,325	$ 1,341,482	**$ 84,757,982**
65-69	1	15	62	80	87	86	64	42	25	**462**
	$ 9,516	$ 771,053	$ 2,861,092	$ 4,828,968	$ 5,618,431	$ 5,474,339	$ 4,934,814	$ 2,613,962	$ 1,616,096	**$ 28,728,271**
70 & Over	1	8	24	49	44	55	31	25	32	**269**
	$ 9,516	$ 279,739	$ 706,992	$ 2,144,931	$ 2,638,496	$ 3,012,337	$ 2,220,043	$ 1,449,578	$ 1,664,915	**$ 14,126,547**
w/o DOB	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**296**	**1,593**	**2,431**	**2,910**	**2,592**	**2,133**	**1,222**	**452**	**105**	**13,734**
	$ 14,114,355	**$ 89,824,361**	**$ 142,434,883**	**$ 191,464,443**	**$ 182,973,666**	**$ 156,213,226**	**$ 97,228,593**	**$ 33,613,723**	**$ 6,778,516**	**$ 914,645,766**

EXHIBIT D
AGE AND SERVICE DISTRIBUTION FOR INACTIVES
AS OF DECEMBER 31, 2012

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	8	-	-	-	-	-	-	-	-	**8**
20-24	137	111	6	-	-	-	-	-	-	**254**
25-29	421	713	44	-	-	-	-	-	-	**1,178**
30-34	440	1,105	144	19	-	-	-	-	-	**1,708**
35-39	359	983	235	66	3	-	-	-	-	**1,646**
40-44	589	959	275	145	42	6	-	-	-	**2,016**
45-49	310	808	263	163	71	25	5	-	-	**1,645**
50-54	237	737	283	229	141	80	23	-	-	**1,730**
55-59	199	601	262	209	138	38	13	2	-	**1,462**
60-64	146	398	156	86	45	20	4	-	1	**856**
65-69	73	212	77	33	11	10	5	-	1	**422**
70 & Over	57	213	108	41	20	15	18	6	3	**481**
w/o DOB	33	18	8	-	-	-	-	-	-	**59**
Total	**3,009**	**6,858**	**1,861**	**991**	**471**	**194**	**68**	**8**	**5**	**13,465**
Average Age										**45.87**
Average Service										**4.03**

For inactives without a birth date on record, we assumed an average age of 45.9.

Exhibit E
Statistics on Employee Annuities
Classified by Age as of December 31, 2012

	Male			Female		
			Annual			Annual
Age	**No.**		**Payments**	**No.**		**Payments**
Under 50	-	$	-	6	$	67,788
50-54	184		10,733,364	115		5,559,096
55-59	812		42,180,732	673		26,151,564
60-64	1,308		63,460,308	1,754		53,158,608
65-69	1,376		59,960,388	2,162		60,259,308
70-74	1,303		52,764,168	2,253		58,279,116
75-79	1,138		44,493,900	1,904		47,177,448
80-84	847		34,746,924	1,397		32,510,232
85-89	594		23,284,572	934		20,052,108
90-94	226		7,880,220	457		9,256,908
95-99	45		1,288,272	112		2,034,564
100 & over	4		88,188	10		168,960
Totals	**7,837**	**$**	**340,881,036**	**11,777**	**$**	**314,675,700**

EXHIBIT F
PART I - STATISTICS ON SURVIVING SPOUSE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 2012

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	-	$ -
30-34	-	-	-	-
35-39	1	9,600	2	19,200
40-44	-	-	18	205,716
45-49	10	101,316	33	385,584
50-54	17	208,176	80	1,028,940
55-59	41	476,940	154	2,140,356
60-64	43	499,200	217	3,048,096
65-69	99	1,099,488	310	4,529,316
70-74	93	1,115,736	388	5,601,612
75-79	127	1,397,256	516	7,453,272
80-84	126	1,429,596	632	8,853,540
85-89	127	1,385,664	650	8,059,368
90-94	61	625,416	350	3,932,976
95-99	9	85,908	107	1,126,872
100 & over	1	9,600	13	124,800
Totals	**755**	**$ 8,443,896**	**3,470**	**$ 46,509,648**

EXHIBIT F
PART II - STATISTICS ON REVERSIONARY ANNUITANTS CLASSIFIED BY AGE AS OF DECEMBER 31, 2012

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	1	$ 2,616
30-34	-	-	1	2,784
35-39	-	-	-	-
40-44	-	-	1	1,848
45-49	-	-	1	696
50-54	1	744	4	10,596
55-59	-	-	3	25,788
60-64	1	3,216	4	26,232
65-69	-	-	2	17,700
70-74	1	4,440	9	46,140
75-79	-	-	18	119,016
80-84	-	-	25	120,720
85-89	-	-	34	139,992
90-94	-	-	15	46,512
95-99	-	-	8	21,756
100 & over	-	-	-	-
Totals	**3**	**$ 8,400**	**126**	**$ 582,396**

EXHIBIT G
PART I - HEALTH INSURANCE COVERAGE – ALL PLAN MEMBERS CLASSIFIED BY AGE AS OF DECEMBER 31, 2012

Age	Single Coverage	Family Coverage	Total Covered	Total Not Covered	Total Annuitants	% Covered Annuitants
Employee Annuitants						
30-39	-	-	-	-	-	0.00%
40-49	1	-	1	5	6	16.67%
50-59	542	377	919	865	1,784	51.51%
60-69	1,884	977	2,861	3,739	6,600	43.35%
70-79	2,023	887	2,910	3,688	6,598	44.10%
80-89	1,469	532	2,001	1,771	3,772	53.05%
90 & Over	437	62	499	355	854	58.43%
Total	**6,356**	**2,835**	**9,191**	**10,423**	**19,614**	**46.86%**
Spouse Annuitants						
Under 30	-	-	-	-	-	0.00%
30-39	-	-	-	3	3	0.00%
40-49	7	3	10	51	61	16.39%
50-59	53	16	69	223	292	23.63%
60-69	195	9	204	465	669	30.49%
70-79	417	2	419	705	1,124	37.28%
80-89	723	3	726	809	1,535	47.30%
90 & Over	259	1	260	281	541	48.06%
Total	**1,654**	**34**	**1,688**	**2,537**	**4,225**	**39.95%**

EXHIBIT G
PART II - HEALTH INSURANCE COVERAGE – CITY PLAN MEMBERS CLASSIFIED BY AGE AS OF DECEMBER 31, 2012

Age	Single Coverage	Family Coverage	Total Covered	Total Not Covered	Total Annuitants	% Covered Annuitants
Employee Annuitants						
30-39	-	-	-	-	-	0.00%
40-49	1	-	1	4	5	20.00%
50-59	528	375	903	370	1,273	70.93%
60-69	1,750	939	2,689	1,186	3,875	69.39%
70-79	1,691	829	2,520	817	3,337	75.52%
80-89	1,030	464	1,494	438	1,932	77.33%
90 & Over	268	49	317	111	428	74.07%
Total	**5,268**	**2,656**	**7,924**	**2,926**	**10,850**	**73.03%**
Spouse Annuitants						
Under 30	-	-	-	-	-	0.00%
30-39	-	-	-	-	-	0.00%
40-49	7	3	10	31	41	24.39%
50-59	52	16	68	119	187	36.36%
60-69	190	9	199	217	416	47.84%
70-79	395	2	397	294	691	57.45%
80-89	618	3	621	359	980	63.37%
90 & Over	216	-	216	158	374	57.75%
Total	**1,478**	**33**	**1,511**	**1,178**	**2,689**	**56.19%**

EXHIBIT G
PART III - HEALTH INSURANCE COVERAGE – BOARD OF EDUCATION MEMBERS
CLASSIFIED BY AGE AS OF DECEMBER 31, 2012

Age	Single Coverage	Family Coverage	Total Covered	Total Not Covered	Total Annuitants	% Covered Annuitants
Employee Annuitants						
30-39	-	-	-	-	-	0.00%
40-49	-	-	-	1	1	0.00%
50-59	12	1	13	495	508	2.56%
60-69	132	36	168	2,551	2,719	6.18%
70-79	331	56	387	2,871	3,258	11.88%
80-89	438	67	505	1,333	1,838	27.48%
90 & Over	169	13	182	244	426	42.72%
Total	**1,082**	**173**	**1,255**	**7,495**	**8,750**	**14.34%**
Spouse Annuitants						
Under 30	-	-	-	-	-	0.00%
30-39	-	-	-	3	3	0.00%
40-49	-	-	-	20	20	0.00%
50-59	1	-	1	104	105	0.95%
60-69	4	-	4	248	252	1.59%
70-79	22	-	22	411	433	5.08%
80-89	104	-	104	450	554	18.77%
90 & Over	43	1	44	123	167	26.35%
Total	**174**	**1**	**175**	**1,359**	**1,534**	**11.41%**

EXHIBIT H
HISTORY OF ACTIVE PARTICIPATING MEMBER VALUATION DATA

Year Ended	Members in Service	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase	Actuarial Salary Assumption	CPI Chicago [1]
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 %
2006	33,429	(0.93)%	1,475,877,378	4.87 %	44,150	5.86 %	4.50 %	0.71 %
2007	34,885	4.36 %	1,564,458,835	6.00 %	44,846	1.58 %	4.50 %	4.73 %
2008	32,563	(6.66)%	1,543,976,553	(1.31)%	47,415	5.73 %	4.50 %	(0.58)%
2009	31,586	(3.00)%	1,551,973,348	0.52 %	49,135	3.63 %	4.50 %	2.54 %
2010	30,726	(2.72)%	1,541,388,065	(0.68)%	50,166	2.10 %	4.50 %	1.23 %
2011	31,976	4.07 %	1,605,993,339	4.19 %	50,225	0.12 %	4.50 %	2.06 %
2012	31,326	(2.03)%	1,590,793,702	(0.95)%	50,782	1.11 %	4.50 %	1.68 %
Average Increase (Decrease) for the Last five years		(2.13)%		0.33 %		2.52 %	4.50 %	1.38 %

[1] *CPI-Chicago as of the valuation date.*

EXHIBIT I
NEW ANNUITIES GRANTED DURING 2012

	Male Annuitants	Female Annuitants	Surviving Spouses of Deceased Employees	Surviving Spouses of Deceased Annuitants
Number Retired / Deceased [1,2]	557	985	26	207
Average Age Attained	61.7	63.3	58.3	76.3
Average Length of Service	26.1	24.1	15.0	N/A
Average Annual Salary (4 out of 10)	$ 75,999	$ 57,068	N/A	N/A
Total Annual Annuity	$ 24,703,044	$ 26,965,920	$ 333,096	$ 3,786,888
Average Annual Annuity	$ 44,350	$ 27,377	$ 12,811	$ 18,294
Total Actuarial Liability	$ 349,427,212	$ 371,495,031	$ 3,412,667	$ 28,596,759
Average Liability	$ 627,338	$ 377,152	$ 131,256	$ 138,149

[1]Does not include 18 employee annuitants and four widow annuitants no longer on annuity at the end of 2012. Also does not include 10 new reversionary annuitants.
[2]Includes one new deferred employee annuitant.

EXHIBIT J
NEW RECIPROCAL ANNUITIES GRANTED DURING 2012

	Reciprocal			
		Male Annuitants		Female Annuitants
Number Retired		71		156
Average Age Attained		63.1		62.6
Average Municipal Service		12.9		9.7
Average Total Service		25.7		26.1
Average Annual Salary Last Fund [4 out of 10]	$	87,474	$	81,511
Total Annual Annuity	$	2,015,808	$	2,904,720
Average Annual Annuity	$	28,392	$	18,620
Total Liability (7.5% RP2000)	$	27,913,147	$	40,529,551
Average Liability	$	393,143	$	259,805

EXHIBIT K
HISTORY OF AVERAGE PENSION BENEFIT PAYMENTS TO NEW RETIREES

Retirement Effective Dates		Years of Service 10-14	15-19	20-24	25-29	30 & Over	Total
	Average Monthly Benefit at Retirement	$ 921	$ 1,391	$ 1,813	$ 2,550	$ 3,532	$ 2,419
2003	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	$ 3,406
	Number of Active Recipients	135	107	98	133	318	791
	Average Monthly Benefit at Retirement	$ 911	$ 1,631	$ 2,237	$ 2,776	$ 3,767	$ 3,005
2004	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Recipients	137	210	473	583	1,408	2,811
	Average Monthly Benefit at Retirement	$ 1,067	$ 1,250	$ 1,578	$ 2,177	$ 3,269	$ 2,394
2005	Average Final Average Salary	$ 2,955	$ 2,799	$ 3,110	$ 3,298	$ 4,095	$ 3,565
	Number of Active Recipients	56	54	51	65	219	445
	Average Monthly Benefit at Retirement	$ 1,141	$ 1,286	$ 1,577	$ 2,416	$ 3,610	$ 2,451
2006	Average Final Average Salary	$ 3,471	$ 2,927	$ 3,076	$ 3,716	$ 4,555	$ 3,804
	Number of Active Recipients	53	60	95	73	194	475
	Average Monthly Benefit at Retirement	$ 1,198	$ 1,381	$ 2,029	$ 2,658	$ 3,919	$ 2,800
2007	Average Final Average Salary	$ 3,548	$ 3,075	$ 3,796	$ 2,811	$ 4,939	$ 4,242
	Number of Active Recipients	54	69	94	70	229	516
	Average Monthly Benefit at Retirement	$ 1,293	$ 1,630	$ 2,031	$ 2,765	$ 4,129	$ 2,847
2008	Average Final Average Salary	$ 3,980	$ 3,565	$ 3,981	$ 4,199	$ 5,285	$ 4,491
	Number of Active Recipients	60	65	106	63	206	500
	Average Monthly Benefit at Retirement	$ 1,407	$ 1,790	$ 2,275	$ 3,255	$ 4,082	$ 2,969
2009	Average Final Average Salary	$ 4,664	$ 4,148	$ 4,406	$ 5,005	$ 5,209	$ 4,794
	Number of Active Recipients	57	75	153	92	231	608
	Average Monthly Benefit at Retirement	$ 1,334	$ 1,835	$ 2,215	$ 3,208	$ 4,354	$ 3,129
2010	Average Final Average Salary	$ 4,418	$ 4,311	$ 4,278	$ 4,945	$ 5,590	$ 4,933
	Number of Active Recipients	60	77	169	132	287	725
	Average Monthly Benefit at Retirement	$ 1,350	$ 1,981	$ 2,432	$ 3,459	$ 4,696	$ 3,361
2011	Average Final Average Salary	$ 4,261	$ 4,506	$ 4,661	$ 5,265	$ 6,046	$ 5,257
	Number of Active Recipients	66	88	193	185	311	843
	Average Monthly Benefit at Retirement	$ 1,295	$ 2,014	$ 2,391	$ 3,362	$ 4,506	$ 3,230
2012	Average Final Average Salary	$ 4,400	$ 4,893	$ 4,533	$ 5,094	$ 5,737	$ 5,125
	Number of Active Recipients	93	132	274	254	418	1,171

This schedule excludes reciprocal annuities, money purchase annuities and minimum annuities beginning in 2003.
N/A – not available

EXHIBIT L
HISTORY OF RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Year	Annuitants				Disability		Compensation	Reciprocal	
Ended	Employee	Spouse	Child	Reversionary[1]	Ordinary	Duty	Annuitants[2]	Employee	Spouse
2003	13,909	4,118	210		323	190	2	1,944	383
2004	16,109	4,087	201		294	132	2	2,144	385
2005	16,027	4,094	204		304	158	2	2,194	373
2006	15,926	4,075	193		330	193	2	2,257	376
2007	15,899	4,042	178		304	209	2	2,299	368
2008	15,804	4,018	174		266	192	2	2,369	360
2009	15,838	4,008	167		306	220	2	2,407	356
2010	15,961	3,982	173		304	246	2	2,477	364
2011	16,230	3,910	164	129	346	264	2	2,583	364
2012	16,874	3,864	149	129	280	250	2	2,740	361

[1]*Prior to December 31, 2011, Reversionary Annuitants were included with Survivors.*
[2]*Compensation annuitants also included with spouse annuitants.*

EXHIBIT M
HISTORY OF AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Year Ended	Average Annual Benefit	Average Current Age of Retirees	Average Benefit at Retirement Current Year	Average Age at Retirement Current Year	Average Years Service at Retirement Current Year
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
2006	27,028	72.1	23,757	63.1	24.05
2007	27,960	72.4	26,910	63.1	24.60
2008	28,928	72.6	27,750	62.4	24.30
2009	29,960	72.8	29,843	62.9	23.90
2010	31,046	72.8	31,290	62.2	24.25
2011	32,269	72.7	34,513	62.1	24.86
2012	33,423	72.6	33,508	62.7	24.81

EXHIBIT N
HISTORY OF ANNUITIES 2003-2012

Employee Annuitants (Male and Female)			
Year End	Number of Annuitants	Total Annuities	Average Annuities
2003	15,853	$ 351,551,454	$ 22,176
2004	18,253	464,549,712	25,451
2005	18,221	476,988,948	26,178
2006	18,183	491,452,740	27,028
2007	18,198	508,815,996	27,960
2008	18,173	525,707,352	28,928
2009	18,245	546,628,095	29,960
2010	18,438	572,425,992	31,046
2011	18,813	607,077,636	32,269
2012	19,614	655,556,736	33,423
Surviving Spouse and Reversionary Annuities			
Year End	Number of Annuitants	Total Annuities	Average Annuities
2003	4,501	$ 48,796,907	$ 10,841
2004	4,472	49,294,488	11,023
2005	4,467	50,078,232	11,211
2006	4,451	50,672,592	11,385
2007	4,410	51,107,748	11,589
2008	4,378	51,954,588	11,867
2009	4,364	52,884,192	12,118
2010	4,346	53,920,752	12,407
2011	4,403	54,594,060	12,399
2012	4,354	55,544,340	12,757

EXHIBIT O
HISTORY OF RETIREES AND BENEFICIARIES ADDED TO PAYROLLS 2003-2012

Year	Added to Payroll No.	Added to Payroll Ann. Benefits[1]	Removed from Payroll No.	Removed from Payroll Ann. Benefits	Payroll End of Year No.	Payroll End of Year Ann. Benefits	Average Annual Benefit	Increase in Average Benefit
Employee Annuitants (Male and Female)								
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%
2006	713	30,424,920	751	15,961,128	18,183	491,452,740	27,028	3.25%
2007	769	34,450,704	754	17,087,448	18,198	508,815,996	27,960	3.45%
2008	743	34,658,424	768	17,767,068	18,173	525,707,352	28,928	3.46%
2009	840	39,821,463	768	18,900,720	18,245	546,628,095	29,960	3.57%
2010	1,008	46,836,109	815	21,038,211	18,438	572,425,992	31,046	3.62%
2011	1,149	55,405,692	774	20,754,048	18,813	607,077,636	32,269	3.94%
2012	1,559	68,828,940	758	20,349,840	19,614	655,556,736	33,423	3.58%
Surviving Spouse and Reversionary Annuities (Not Including Compensation)								
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%
2006	265	3,498,720	281	2,904,360	4,451	50,672,592	11,385	1.55%
2007	247	3,464,400	288	3,029,244	4,410	51,107,748	11,589	1.79%
2008	260	3,989,592	260	3,142,752	4,378	51,954,588	11,867	2.40%
2009	266	3,869,064	280	2,939,460	4,364	52,884,192	12,118	2.12%
2010	269	4,329,156	287	3,292,596	4,346	53,920,752	12,407	2.38%
2011 [3]	362	4,152,804	241	3,479,496	4,403	54,594,060	12,399	-0.06%
2012	237	4,168,092	286	3,217,812	4,354	55,544,340	12,757	2.89%

[1]*Annual benefits added to payroll include post-retirement increase amounts starting in 2004.*
[2]*Early retirement incentive offered to employees.*
[3]*Number added in 2011 includes 121 reversionary annuitants that are also surviving spouses.*

EXHIBIT P
SCHEDULE OF RETIRED MEMBERS
BY AMOUNT AND TYPE OF BENEFIT AS OF DECEMBER 31, 2012

Amount of Monthly Benefit	Number of Employee Annuitants	Number of Spouse Annuitants	Number of Reversionary Annuitants	Number of Child Annuitants	Total Number of Annuitants
Deferred	3	-	-	-	3
$1-$250	322	85	36	149	592
251 - 500	420	67	57	-	544
501 - 750	336	79	24	-	439
751 - 1,000	1,023	2,559	9	-	3,591
1,001 - 1,250	1,547	360	2	-	1,909
1,251 - 1,500	2,742	303	1	-	3,046
1,501 - 1,750	1,003	245	-	-	1,248
1,751 - 2,000	1,106	185	-	-	1,291
2,001 - 2,250	1,037	116	-	-	1,153
2,251 - 2,500	1,067	89	-	-	1,156
2,501 - 2,750	864	66	-	-	930
2,751 - 3,000	722	38	-	-	760
3,001 - 3,250	717	16	-	-	733
3,251 - 3,500	685	10	-	-	695
3,501 - 3,750	620	3	-	-	623
3,751 - 4,000	580	2	-	-	582
4,001 - 4,250	549	1	-	-	550
4,251 - 4,500	599	-	-	-	599
4,501 - 4,750	536	1	-	-	537
4,751 - 5,000	485	-	-	-	485
5,001 - 5,250	393	-	-	-	393
5,251 - 5,500	424	-	-	-	424
5,501 - 5,750	350	-	-	-	350
5,751 - 6,000	306	-	-	-	306
Over $6,000	1,181	-	-	-	1,181
Totals	**19,617**	**4,225**	**129**	**149**	**24,120**

ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 2012

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., 30 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

Post-Retirement Mortality: RP2000 Mortality Table, sex distinct, projected to the year 2010. The mortality table used is a static table and provides an estimated margin of 9 percent for future mortality improvements. (Adopted 2010)

Pre-Retirement Mortality: Post-Retirement mortality with a multiplier of 0.85 for males and 0.70 for females. (Adopted 2010)

Disability: Disability cost valued as a term cost of 0.75 percent of payroll. (Adopted 2005)

RATE OF RETIREMENT – TIER 1 MEMBERS:

	Age and Service-Based Rates of Retirement							
Service	**50 - 54**	**55 - 59**	**60 - 64**	**65-66**	**67**	**68-69**	**70-79**	**80+**
10-11		0%	12%	30%	30%	15%	45%	100%
12-19		0%	10%	15%	10%	10%	45%	100%
20-24		6%	10%	15%	10%	10%	45%	100%
25-29		12%	12%	20%	20%	20%	45%	100%
30	25%	20%	20%	20%	20%	20%	45%	100%
31-32	20%	20%	20%	20%	20%	20%	45%	100%
33-34	30%	30%	30%	30%	30%	30%	45%	100%
35-39	30%	30%	30%	45%	45%	45%	45%	100%
40+	100%	100%	100%	100%	100%	100%	100%	100%

Rates of retirement adopted 2010.

RATE OF RETIREMENT – TIER 2 MEMBERS:

Age-Based Rates of Retirement

Age	Rate
62	40.00%
63–69	20.00%
70–79	45.00%
80 +	100.00%

RATE OF TERMINATION:

Service Beg. of Year	Rate	Service Beg. of Year	Rate
0	15.00%	16	2.80%
1	15.00%	17	2.50%
2	12.00%	18	2.30%
3	9.00%	19	2.10%
4	8.00%	20	1.90%
5	7.00%	21	1.80%
6	6.50%	22	1.70%
7	5.25%	23	1.60%
8	5.00%	24	1.50%
9	4.75%	25	1.40%
10	4.25%	26	1.30%
11	4.00%	27	1.20%
12	4.00%	28	1.10%
13	3.60%	29	1.00%
14	3.30%	30	0.90%
15	3.00%		

Rates of termination adopted 2010.

Economic Assumptions

Investment Return Rate and Discount Rate: 7.50 percent per annum (net of investment expense) for pensions and 4.50 percent per annum for OPEB. The 7.50 percent assumption contains a 3.00 percent inflation assumption and a 4.50 percent real rate of return assumption for pension. Pension investment return and discount rate adopted 2012 and OPEB discount rate adopted 2005.

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

Service	Salary Scale
1	8.25%
2	7.75%
3	7.25%
4-5	6.75%
6	6.50%
7	6.00%
8	5.50%
9	5.25%
10-25	5.00%
26+	4.50%

Adopted 2010.

Payroll Growth: Total payroll is assumed to increase by 4.00% each year. Adopted 2010.

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

Actuarial Cost Method: Entry age normal cost method, under which the normal cost as a percentage of pay for each employee remains level from entry age to retirement, and the accrued liability represents the fund which would now be on hand if all past normal costs had actually been paid, and all current assumptions had been realized.

Amortization Method: 30-Year Level Dollar amortization of the unfunded liability.

Marital Status: It is assumed that 85 percent of members have an eligible spouse. The male spouse is assumed to be four years older than the female spouse. No assumption is made about other dependents. Adopted 1999.

Benefit Service:	Exact fractional years of service are used to determine the amount of benefit payable.
Decrement Timing:	All decrements are assumed to occur mid-year.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Turnover decrements do not operate after member reaches retirement eligibility for a minimum annuity formula benefit.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur.
Pay Increase Timing:	Middle of (fiscal) year.
Reciprocal Service:	No assumption for reciprocal service.
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.
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, 2008, until June 30, 2013, is $95.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $65.00 if qualified. It is assumed that all annuitants age 65 and older will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future surviving spouses of retirees, age 65 and older, are assumed to be eligible for Medicare, as well as surviving spouse annuitants that are currently receiving a health insurance supplement. It is assumed that 50 percent of future retirees will elect to receive the health insurance supplement at retirement. (Adopted 2011)

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.
Normal Cost Plus 30-Year Amortization Method:	GASB #25 and #43 require a 30-year amortization of the unfunded liability. We have calculated the cost of amortizing the existing unfunded liability. Both of these cost methods, the normal cost plus interest method and the normal cost plus 30-year amortization method, express the past service costs as a level annual dollar amount. It assumes that there will be a stable membership with a growing payroll. Consequently, as the total payroll increases in the future, the level annual dollar 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 commonly used 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 dollar amount. This method will result in increasingly greater dollar amounts each year as payrolls increase.

This constant percent of payroll method is permitted under GASB #25 and GASB #43. Note that if this amount is recomputed each year with the same "open" amortization period, the unfunded liability will never be fully amortized.

For the Retirement Board's guidance, we have estimated the financial effects of these 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 2013 Tax Levy	Required Multiple	Unfunded Liability Will	Portion Applicable to Unfunded Liability
1. Normal Cost Plus Interest Only	N/A	5.79	Remain Constant	$593,169,656
2. Normal Cost Plus 30-Year Level Dollar Amortization	N/A	6.41	Decrease	$671,301,130
3. Normal Cost Plus 30-Year Level % of Payroll	N/A	4.45	Increase	$440,321,883
4. Present Law	$162,743,400	1.25		

When evaluating and selecting a funding policy, it is important to consider the projected improvement of the funded ratio over time. In addition, the current and projected future funded status can change significantly downward or upward due to unfavorable or favorable experience on investment returns, salary increases, retirement patterns, longevity and changing plan membership.

SUMMARY OF PROVISIONS OF THE PLAN AS OF DECEMBER 31, 2012

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, 2012, was $1,590,793,702 and includes City of Chicago payroll and Board of Education payroll. At December 31, 2012, the Municipal Plan membership consisted of:

Retiree, surviving spouse, and child annuitants currently receiving benefits	24,117
Terminated inactive employees entitled to benefits or a refund of contributions but not yet receiving them	13,465
Current employees (includes 530 disabilities)	
Vested	17,037
Non-vested	14,289
Total	31,326

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.

Participants that first became members on or after January 1, 2011, are subject to different retirement eligibility conditions and benefit provisions as described on the following pages.

PLAN DESCRIPTION (CONT'D)

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.

Participants that first became members on or after January 1, 2011, are subject to a cap on pensionable salary upon which contributions are made as described on the following pages.

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 a portion of the unfunded accrued liability is 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 30 years (40 years for pension unfunded accrued liability prior to 2007);
3. the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 30 years as a level percentage of payroll (40 years for pension unfunded accrued liability prior to 2007).

"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.

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.

Participants that first became members on or after January 1, 2011, are eligible for benefits under the money purchase formula upon attainment of eligibility for retirement benefits at age 62 with 10 years of service.

Minimum Annuity Formula

Maximum is 80 percent of final average salary.

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.

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.

Participants that first became members on or after January 1, 2011, are first eligible for an unreduced annuity benefit upon attainment of age 67 with 10 years of service. Members are first eligible to begin receiving a reduced annuity benefit upon attainment of age 62 with 10 years of service. The annuity is discounted 0.50 percent for each full month the employee is younger than age 67. Final average salary is calculated using salary from the eight highest consecutive years within the last 10 years of service prior to retirement. Pensionable salary is limited to $106,800 in 2011, increased by the lesser of 3 percent and one-half of the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero) as measured in the preceding 12-month period ending with the September preceding the November 1, which is the date that the new amount will be calculated and made available to the pension funds.

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.

An employee annuitant that first became a member on or after January 1, 2011, that is eligible to receive an increase in annuity benefit, shall receive an annual increase equal to the lesser of 3 percent and one-half of the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero) as measured in the preceding 12-month period ending with the September preceding the increase. The increase is based on the amount of the originally granted benefit (simple). This increase begins on January 1 of the year of the first payment date following the later of:

1.) attainment of age 67, and
2.) the first anniversary of the annuity start date.

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.

For participants that first became members on or after January 1, 2011, the annuity payable to the surviving spouse is equal to 66 2/3 percent of the participant's earned retirement annuity at the date of death without a reduction due to age.

Automatic Increase in Annuity

The widow or survivor of a participant that first became a member on or after January 1, 2011, shall receive an annual increase equal to the lesser of 3 percent and one-half of the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero) as measured in the preceding 12-month period ending with the September preceding the date of the increase. The increase is based on the amount of the originally granted survivor's benefit (simple). This annual increase begins on January 1 following the commencement of the widow's or survivor's annuity if the deceased member died while receiving an annuity benefit and on January 1 following the first anniversary of the commencement of the annuity otherwise.

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. 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.

GROUP HEALTH HOSPITAL AND SURGICAL INSURANCE PREMIUMS

The pension fund shall provide payments in the amount of $95 per month for non-Medicare eligible city annuitants (defined in section 160.1 of Article 11 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 $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 pension fund'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 pension fund 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 pension fund'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.

For participants that first became members on or after January 1, 2011, pensionable salary, upon which member contributions are made, is limited to $106,800 in 2011, increased by the lesser of 3 percent and one-half of the annual unadjusted percentage increase in the Consumer Price Index-U (but not less than zero) as measured in the preceding 12-month period ending with the September preceding the November 1, which is the date that the new amount will be calculated and made available to the pension funds.

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.

HISTORICAL INFORMATION

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 re-enter 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.

2006 Session

- No Changes.

2007 Session

HB 49

- Approved August 17, 2007.
- Provides that, beginning on the effective date, legally adopted children shall be entitled to the same benefits as other children, and no child's or survivor's benefit shall be disallowed because the child is an adopted child.

SB 1169

- Approved August 28, 2007.
- Provides that, in order for an Illinois finance entity to be eligible for investment or deposit of retirement system or pension fund assets, the Illinois finance entity must annually certify that it complies with the requirements of the High Risk Home Loan Act and the rules adopted pursuant to that Act that are applicable to that Illinois finance entity. Requires the retirement system or pension fund to divest its assets with the Illinois finance entity if the certification is not made. Provides that these certification requirements are severable. Makes changes in the severability provisions applicable to the amendatory Act.

SB 1380

- Approved August 28, 2007.
- Amends the Illinois Municipal Retirement Fund (IMRF) and Chicago Municipal Articles of the Illinois Pension Code. Allows a sheriff's law enforcement employee under the IMRF Article to transfer service credit under the Chicago Municipal Article to the IMRF.

2008 Session

- No Changes.

2009 Session

SB 2520

- Approved February 17, 2009.
- Provides that, before any action is taken by the Board on an application for a duty disability benefit or a widow's compensation or supplemental benefit, the employee or widow shall file a claim with the employer to establish that the disability or death occurred while the employee was acting within the scope of and in the course of his or her duties. Provides an offset of disability benefits for any amounts provided to the employee or surviving spouse as temporary total disability payments, permanent disability payments, a lump sum settlement award, or other payment under the Workers' Compensation Act or the Workers' Occupational Diseases Act. Makes other changes concerning disability benefits.

HB 2557

- Approved August 25, 2009.
- Provides that it is the public policy of the State to encourage pension funds to promote the economy of Illinois through the use of economic opportunity investments within the bounds of financial and fiduciary prudence. Provides that the pension funds submit a report to the Governor and General Assembly by September 1 of each year identifying the economic opportunity investments made by the Fund, the primary location of the business or project, the percentage of the Fund's assets in economic opportunity investments, and the actions the Fund has taken to increase the use of economic opportunity investments.
- Requires the Fund to instruct the investment advisors to utilize investment strategies designed to ensure that all securities transactions are executed in such a manner that the total explicit and implicit costs and the total proceeds in every transaction are the most favorable under the circumstances.

SB 364

- Approved April 3, 2009.

- Requires Board members to file a verified written statement of economic interest annually with the office of the Clerk of Cook County.
- Requires the Board to adopt a policy that sets quantifiable utilization goals for the management of assets in specific asset classes for emerging investment managers. Goals shall be separated by minority ownership, female ownership, and person with a disability ownership.
- Requires that if at least one emerging firm(s) meet criteria of search process, at least one shall be invited to present to the Board for final consideration.
- Requires the Board to adopt a policy that sets forth goals for increasing the racial, ethnic and gender diversity of its fiduciaries, including its consultants and senior staff.
- Requires the Board to adopt a policy that sets forth goals for utilization of WMDBE firms for all contracts and services, based on the percentage of total dollar amount of all contracts let.
- Requires the Board to adopt a policy that sets forth goals for increasing the utilization of minority broker-dealers.
- Requires an annual report to the Governor and General Assembly on the utilization of "emerging firms" as defined by Article 1 of the Pension Code.
- Requires the Board to award all contracts for investment services using a competitive process that is substantially similar to the process required for the procurement of professional services under Article 35 of the Illinois Procurement Code. Requires the Board to adopt a procurement policy which will be posted on the Fund's website and filed with the Illinois Procurement Policy Board.
- Provides that a person may not act as a consultant or investment adviser unless that person is registered as an investment adviser or bank under the federal Investment Advisers Act of 1940.
- Requires investment contracts between the Retirement Board and investment service providers to include certain required information.
- Provides consultant contracts cannot exceed five years in duration; however, incumbent consultant may compete for new contract.
- Requires investment consultants and advisers to disclose all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment consultant or adviser in connection with the services provided.
- Requires that a description of every contract let for investment services be posted on the website, including name of entity awarded the contract, amount of contract, total fees paid, and disclosure describing the factors that contributed to the selection.

- Requires the Fund to maintain a website that shall include standard investment reporting, a copy of relevant Board policies, a listing of investment consultants and managers, a notification of any requests for investment services, and the names and e-mail addresses of Board members, Fund directors, and senior staff.
- Requires Board members to attend at least eight hours of ethics training per year and requires each Board to annually certify its member's compliance and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation.
- Prohibits any Fund trustee or employee or their spouses or immediate family living with them to intentionally solicit or accept any gift from any prohibited source as prescribed in Article 10 of the State Officials and Employees Ethics Act, including educational materials and missions and travel expenses for discussing Fund business.
- Provides that any person who knowingly makes any false statement or falsifies or permits falsifying any record of the pension fund in an attempt to defraud is guilty of a Class 3 felony.
- Provides that no person or entity shall retain a person or entity to influence the outcome of an investment decision or the procurement of investment advice to a pension fund for compensation, contingent upon the decision of the Board.
- Requires approval for travel or education mission expense of a Trustee by a majority of the Board prior to mission.

SB 1440

- Approved August 18, 2009.
- Provides that the Fund may, and to the extent required by federal law shall, allow an employee to roll over a refund, lump-sum benefit, or other non-periodic distribution (including the non-taxable portion) directly to any entity that is designated in writing by the person, is qualified under federal law to accept the distribution, and has agreed to accept the distribution.

SB 1705

- Approved August 25, 2009.
- Provides the Municipal fund will send city contributions to the Fire fund for a fireman who was employed by the Chicago Fire Department and participated in the Municipal fund, terminated that service, and received a refund, if the employee establishes the service under the Fire fund.

2010 Session

Public Act 96-0889 (SB 1946)

- Approved April 14, 2010.
- Establishes a new tier of benefits for participants that first become members on or after the effective date of January 1, 2011.
  - Final average compensation is based on the average of the highest consecutive eight years within the last ten years of service.
  - Establishes a cap on final average salary of $106,800, as automatically increased by the lesser of 3 percent or one-half of the annual increase in the Consumer Price Index-U during the preceding 12-months.
  - Increases eligibility for a retirement annuity:
    - Age 67 with 10 years of service for an unreduced benefit.
    - Age 62 with 10 years of service for a reduced benefit. Reduction is one-half percent for each full month that retirement precedes age 67.
  - Changes provisions for automatic increases in annuity:
    - Increases begin in the year following the later of the first anniversary of the annuity start date and attainment of age 67.
    - Increases are equal to the lesser of 3 percent or one-half of the annual increase in the Consumer Price Index-U during the preceding 12-months.
    - Increases are based on the amount of the originally granted benefit (not compounded).
  - Changes benefits provided to surviving spouses:
    - Surviving spouse annuity is equal to 66 2/3 percent of the participant's earned retirement annuity at the date of death.
    - Provides an automatic increase in annuity:
      - Increases begin on January 1 in the year following the commencement of the survivor's annuity if the deceased member died while receiving a retirement annuity and January 1 following the first anniversary of commencement otherwise.
      - Increases are equal to the lesser of 3 percent or one-half of the annual increase in the Consumer Price Index-U during the preceding 12-months.

    - Increases are based on the amount of the originally granted benefit (not compounded).

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

Public Act 96-1490 (SB 550)

- Approved December 30, 2010.
- Amends certain provisions established in SB1946 that apply to participants that first become members on or after January 1, 2011:
  - Establishes the period for calculating the annual unadjusted percentage increase in the Consumer Price Index-U as the 12-month period ending with September for purposes of capping salary and calculating the automatic increase in annuity percentage.
  - Establishes that the salary cap of $106,800 applies for all purposes under the Code, including the calculation of benefits and employee contributions.
  - Establishes that the survivor's annuity is calculated with no reduction due to age.
  - Establishes that members who withdraw before age 62, or with less than 10 years of service, regardless of age, are entitled to all salary deductions for retirement annuity and spouse annuity accumulated with interest to date of resignation, plus the 0.50 percent deducted for annuity increase purposes without interest.
  - Establishes that increases in annuity for employee annuitants commence on January 1.

2011 Session

Public Act 97-0530 (SB 1672)

- Approved August 23, 2011.
- Requires all pension funds and retirement systems subject to the Code to comply with the federal Heroes Earnings Assistance and Relief Tax Act of 2008.

Public Act 97-0609 (SB 1831)

- Approved August 26, 2011.
- Applies to those members hired on or after January 1, 2012.
  - Provides that if a new hire is receiving a retirement annuity or pension and accepts a contractual position to provide services to a governmental entity from which he or she has retired, then that person's annuity or pension will be suspended during that contractual service.
  - Makes it a Class A misdemeanor for a pensioner who is seeking contractual employment to fail to notify certain persons about his or her retirement status before accepting an employment contract.

Public Act 97-0504 (HB 1670)

- Approved August 23, 2011.
- Amends the Open Meetings Act.
  - Requires each elected or appointed member of a public body subject to this Act who is such a member on the effective date of the amendatory Act to successfully complete the electronic training curriculum developed and administered by the Public Access Counselor.
  - Requires those members to complete the training not later than one year after the effective date of the amendatory Act.
  - Requires each elected or appointed member of a public body subject to the Act who becomes such a member after the effective date of the amendatory Act to successfully complete the electronic training curriculum developed and administered by the Public Access Counselor.
  - Requires those members to complete the training not later than the 90th day after the date the member either (i) takes the oath of office, if the member is required to take an oath of office to assume the person's duties as a member of the public body or (ii) otherwise assumes responsibilities as a member of the public body, if the member is not required to take an oath of office to assume the person's duties as a member of the governmental body.
  - Requires each member who successfully completes the curriculum to file a copy of the certificate of completion with the public body.
  - Provides that the failure of one or more members of a public body to complete the training required by this Section does not affect the validity of an action taken by the public body.
  - Provides that an elected or appointed member of a public body subject to this Act who has successfully completed the required training and filed a copy of the certificate of completion with the public body is not required to subsequently complete that training.

2012 Session

Public Act 97-0651 (HB 3813)

- Approved and effective January 5, 2012.
- Requires any reasonable suspicion of fraud against the Fund to be reported to the State's Attorney for investigation.

- Changes provisions for Union Leaves of Absence as follows:
  - Service credit can be accrued only for union leaves that begin before the effective date of this amendatory Act.
  - "Any pension plan established by the local labor organization" is defined as any pension plan in which the member can receive credit as a result of his membership in the local labor organization. This is a declaration of existing law.
  - Salary used for calculation of final average salary must be a salary paid by an employer, not by the union. This is a declaration of existing law.
  - Minimum annuity section 11-134 is changed to add to the final average salary the product of (1) final average salary, (2) the average percentage increase in the CPI during the leave of absence, and (3) the number of years of leave of absence. This does not seem to deal with a situation where the employee may have been on leave within the last 10 years but is last with Municipal. It also only amends paragraph (f-1) which applies to those members who go on annuity on or after the attainment of age 60.
  - Does not change that contributions are based on current salary with the union.

Public Act 97-0967 (HB 3969)

- Approved and effective August 16, 2012.
- Applies if the member retired after the effective date with less than 2 years of service in a participating system under the Reciprocal Act after General Assembly service.
- Requires that if the final average salary in a participating system is used to calculate the annuity, the employer must pay the General Assembly Retirement System for any increased cost of the General Assembly annuity that is attributable to the higher salary under the participating system.

EXHIBIT Q
HISTORY OF RECOMMENDED EMPLOYER MULTIPLES AND TAXES LEVIED

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 30-Year Amortization [5]	Normal Cost Plus 30-Year % of Salary Amortization [5]	Tax Levy Year	City	Park	Total Tax Levy
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
2006	1.25	2.78	3.02	2.12	2006	159,566,900	0	159,566,900
2007	1.25	2.74	2.97	2.09	2007	152,183,300	0	152,183,300
2008	1.25	3.06	3.33	2.31	2008	161,599,900	0	161,599,900
2009	1.25	3.44	3.76	2.56	2009	163,672,100	0	163,672,100
2010 [1]	1.25	4.51	4.92	3.48	2010	168,681,500	0	168,681,500
2011 [1]	1.25	4.91	5.37	3.77	2011	161,296,200	0	161,296,200
2012 [1]	1.25	5.79	6.41	4.45	2012	164,168,800	0	164,168,800

[1]*Change in actuarial assumptions.*
[2]*Change in benefits.*
[3]*Change in asset valuation method to GASB.*
[4]*Change in actuary.*
[5]*40-year amortization for years prior to 2006. 30-year amortization for 2006 and after.*

EXHIBIT R
ANNUAL REQUIRED CONTRIBUTIONS OF EMPLOYER AND TREND INFORMATION

Year	Annual Required Contribution (ARC) of the Employer[1]	Required Statutory Basis[2]	Actual[3]	Percent of ARC Contributed
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%
2006	325,913,986	153,184,000	157,062,769	48.19%
2007	366,410,212	146,096,000	148,137,050	40.43%
2008	384,169,836	155,136,000	155,832,612	40.56%
2009	436,475,587	157,125,216	157,697,608	36.13%
2010	506,902,840	161,934,240	164,302,004	32.41%
2011	634,559,144	154,844,352	156,525,374	24.67%
2012	705,454,416	157,602,048	158,380,709	22.45%

[1] Under Normal Cost plus Level-Dollar Amortization. Amortization period of 30 years beginning in 2007 and 40 years prior to 2007. Negative ARC values are set to zero, as no contribution is then required.
[2] Tax levy after 4.00 percent loss.
[3] Net tax levy plus miscellaneous. Includes prior year adjustments for taxes beginning in 1991.

ARC and contributions include pension and OPEB.

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
2003	79.91%	114.98 %	10.30%
2004	72.01%	189.19 %	11.03%
2005	68.46%	207.33 %	11.90%
2006	67.16%	215.68 %	11.16%
2007	67.64%	210.69 %	10.04%
2008	62.89%	254.95 %	9.96%
2009	56.95%	306.61 %	10.21%
2010	49.81%	392.43 %	10.59%
2011	44.57%	429.88 %	10.15%
2012	37.20%	538.36 %	9.86%

Actuarial accrued liabilities and contributions include pension and OPEB.

GASB EXHIBITS

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. GASB has issued Statement No. 43 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB #43 and #45 pertain to postretirement benefits other than pensions and are similar to GASB #25 and #27.

This report includes the following exhibits with information required to be reported under GASB #25, #27, #43, and #45. GASB has released GASB #67 and GASB #68 which replace Statements #25 and #27 and significantly change the calculations of the unfunded liability, annual pension expense, and employer's balance sheet liability. However, GASB #67 is first effective with fiscal year ending December 31, 2014, and GASB #68 is first effective with fiscal year ending December 31, 2015. Therefore, the information presented in this report is based on current GASB #25 and #27 requirements. **This information is presented in draft form for review. Please let us know if there are any changes so that we may maintain consistency with the financial statements.**

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

This exhibit shows a history of funding progress under GASB. 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.

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 10-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-8: Schedule of Funding Progress for GASB #43

This exhibit shows a history of funding progress under GASB #43. 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-9: Schedule of Employer Contributions for GASB #43

This exhibit shows the Annual Required Contribution (ARC) as computed under GASB #43.

Exhibit A-10: Annual OPEB Cost and Contributions Made for GASB #45

This exhibit shows the components of annual OPEB cost (ARC, interest on the Net OPEB Obligation (NOO), and the adjustment to the ARC), increase or decrease in the NOO, and the NOO at the end of the year. The exhibit also includes the dollar amount of City contributions made to pay current year health insurance supplement benefits.

Exhibit A-11: OPEB Cost Summary for GASB #45

This exhibit shows a summary of annual OPEB cost, percentage of annual OPEB cost contributed that year, and NOO at the end of the year.

Exhibit A-12: Supplementary Information for GASB #43 and #45

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

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

Actuarial Valuation Date		Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Entry Age (b)		Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
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%
2006 [2]		6,509,145,626		9,476,118,446		2,966,972,820	68.69%		1,475,877,378	201.03%
2007		6,890,462,918		9,968,746,844		3,078,283,926	69.12%		1,564,458,835	196.76%
2008		6,669,501,770		10,383,157,695		3,713,655,925	64.23%		1,543,976,553	240.53%
2009		6,295,788,191		10,830,119,369		4,534,331,178	58.13%		1,551,973,348	292.17%
2010		6,003,389,605		11,828,665,658		5,825,276,053	50.75%		1,541,388,065	377.92%
2011		5,552,291,417		12,292,930,124		6,740,638,707	45.17%		1,605,993,339	419.72%
2012		5,073,320,275		13,475,376,963		8,402,056,688	37.65%		1,590,793,702	528.17%

[1] *OPEB liabilities are discounted at a rate of 4.50 percent beginning in 2005.*
[2] *OPEB liabilities excluded beginning in 2006.*

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

	2007	2008	2009	2010	2011	2012
1. Contribution Multiplier	1.25	1.25	1.25	1.25	1.25	1.25
2. Payroll (beginning of year)	$ 1,475,877,378	$ 1,564,458,835	$ 1,543,976,553	$ 1,551,973,348	$ 1,541,388,065	$ 1,605,993,339
3. City of Chicago Contribution, Net of Reserve for Loss in Tax Collection	$ 139,606,140	$ 146,803,250	$ 148,046,490	$ 154,752,320	$ 147,009,321	$ 148,858,655
4. City of Chicago Contribution as a Percent of Covered Payroll	9.46%	9.38%	9.59%	9.97%	9.54%	9.27%
5. Employee Contributions	$ 132,442,200	$ 137,748,907	$ 130,980,605	$ 133,299,542	$ 132,596,417	$ 130,266,293
6. Employee Contributions as a Percent of Covered Payroll	8.97%	8.80%	8.48%	8.59%	8.60%	8.11%
7. Current Year Normal Cost	$ 208,928,908	$ 223,760,036	$ 220,838,788	$ 221,696,647	$ 237,451,437	$ 243,538,511
8. Normal Cost as a Percent of Covered Payroll	14.16%	14.30%	14.30%	14.28%	15.41%	15.16%
9. Level Dollar Amortization of the Unfunded Liability	$ 244,026,463	$ 253,181,537	$ 305,439,374	$ 372,937,964	$ 479,115,112	$ 554,401,515
10. Level Dollar Amortization as a Percent of Covered Payroll	16.53%	16.18%	19.78%	24.03%	31.08%	34.52%
11. Interest Adjustment for Semi-Monthly Payment	$ 18,408,868	$ 19,383,708	$ 21,388,830	$ 24,166,951	$ 29,122,470	$ 32,429,625
12. Actuarially Determined Contribution (ADC) [1] (NC + level dollar amort. + interest adjustment)	$ 471,364,239	$ 496,325,281	$ 547,666,992	$ 618,801,562	$ 7,456,879,019	$ 830,369,651
13. ADC as a Percent of Covered Payroll	31.94%	31.73%	35.47%	39.87%	48.38%	51.70%
14. Annual Required Contribution (ARC) [1] (ADC - estimated employee contributions)	$ 343,123,106	$ 360,387,176	$ 413,508,622	$ 483,948,339	$ 611,755,567	$ 690,822,553
15. ARC as a Percent of Covered Payroll	23.25%	23.04%	26.78%	31.18%	39.69%	43.02%

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

ARC excludes amounts attributable to health insurance supplement beginning in 2006.

The amortization period used for determining level dollar amortization payments of the unfunded liability was 30 years beginning in 2007 and 40 years prior to 2007.

In the year 2012, City contributions to fund pension benefits totaled $148,858,655 or 9.27 percent of beginning of year payroll. In addition, employee contributions were $130,266,293, or 8.11 percent of beginning of year payroll. The Annual Required Contribution (ARC) was equal to $690,822,553; therefore, there was a deficit of contributions of $541,963,898 or 33.75 percent of beginning of year payroll.

EXHIBIT A-4
SUPPLEMENTARY INFORMATION FOR
GASB #25 AND #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, 2012
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Pension Investment Rate of Return [a]	7.50 percent per year, December 31, 2012 8.00 percent per year, December 31, 2011
Projected Base Salary Increases [a]	4.00 percent per year
[a] 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 and age 53

Actuarial Accrued Liability (AAL)

	2011 [1]	2012 [1]
Payable to Retirees and Beneficiaries	$ 6,715,169,765	$ 7,544,657,062
Current Employees:		
Accumulated Employee Contributions Including Statutory Interest	1,724,683,910	1,724,021,890
Payable to Vested and Non-Vested Employees (not split)	3,853,076,449	4,206,698,011
Total Actuarial Accrued Liability	$ 12,292,930,124	$ 13,475,376,963
Net Plan Actuarial Assets	5,552,291,417	5,073,320,275
Unfunded AAL (assets in excess of AAL)	$ 6,740,638,707	$ 8,402,056,688
Percent Funded	45.17%	37.65%
Unfunded AAL as Percent of Payroll	419.72%	528.17%
Payroll	$ 1,605,993,339	$ 1,590,793,702

[1] *Excludes liability for health insurance supplement.*

EXHIBIT A-5
HISTORY OF ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27 FROM 2009 - 2012

Year Ending December 31:	2009	2010	2011	2012
Contribution Rates				
Plan Members:	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]	1.25	1.25	1.25	1.25
Annual Pension Cost				
Annual Required Contribution (ARC)	$ 413,508,622	$ 483,948,339	$ 611,755,567	$ 690,822,553
Interest on NPO	33,216,561	54,378,874	80,592,332	117,590,890
Adjustment to ARC	(34,149,790)	(55,906,664)	(82,856,597)	(120,894,641)
Annual Pension Cost	$ 412,575,393	$ 482,420,549	$ 609,491,302	$ 687,518,802
Employer Contributions	$ 148,046,490	$ 154,752,320	$ 147,009,321	$ 148,858,655
Net Pension Obligations (NPO)				
NPO at Beginning of Year	$ 415,207,017	$ 679,735,920	$ 1,007,404,149	$ 1,469,886,130
Increase/(Decrease) in NPO	264,528,903	327,668,229	462,481,981	538,660,147
NPO at End of Year	$ 679,735,920	$ 1,007,404,149	$ 1,469,886,130	$ 2,008,546,277

[1] *The proceeds from the tax levy less health insurance supplement benefit payments are contributed to fund the pension benefits.*

EXHIBIT A-5 (CONT'D)
HISTORY OF ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27 FROM 2003 - 2008

Year Ending December 31:	2003	2004	2005	2006	2007	2008
Contribution Rates						
Plan Members:	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
City: Proceeds from a tax levy not more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by: [1]	1.25	1.25	1.25	1.25	1.25	1.25
Annual Pension Cost						
Annual Required Contribution (ARC)	$ 158,614,805	$ 198,199,001	$ 285,291,350	$ 325,913,986	$ 343,123,106	$ 360,387,176
Interest on NPO	(28,702,083)	(27,431,029)	(23,953,176)	(13,591,568)	(115,434)	16,166,183
Adjustment to ARC	27,858,348	26,624,658	23,249,042	13,192,027	118,677	(16,620,376)
Annual Pension Cost	$ 157,771,070	$ 197,392,630	$ 284,587,216	$ 325,514,445	$ 343,126,349	$ 359,932,983
Employer Contributions	$ 141,882,893	$ 153,919,476	$ 155,067,116	$ 157,062,769	$ 139,606,140	$ 146,803,250
Net Pension Obligations (NPO)						
NPO at Beginning of Year	$ (358,776,033)	$ (342,887,856)	$ (299,414,701)	$ (169,894,601)	$ (1,442,925)	$ 202,077,284
Increase/(Decrease) in NPO	15,888,177	43,473,155	129,520,100	168,451,676	203,520,209	213,129,733
NPO at End of Year	$ (342,887,856)	$ (299,414,701)	$ (169,894,601)	$ (1,442,925)	$ 202,077,284	$ 415,207,017

[1] *The proceeds from the tax levy less health insurance supplement benefit payments are contributed to fund the pension benefits.*

EXHIBIT A-5 (CONT'D)
HISTORY OF ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27 FROM 1997 - 2002

Year Ending December 31:	1997	1998	1999	2000	2001	2002
Contribution Rates						
Plan Members:	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
City: Proceeds from a tax levy not more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by:	1.69	1.25	1.25	1.25	1.25	1.25
Annual Pension Cost						
Annual Required Contribution (ARC)	$ 100,278,969	$ 108,174,346	$ 157,514,076	$ 93,016,467	$ 83,526,133	$ 92,711,870
Interest on NPO	(11,923,863)	(16,832,011)	(20,863,197)	(18,001,235)	(21,697,440)	(25,581,562)
Adjustment to ARC	12,024,406	16,832,011	20,249,897	18,954,128	21,059,616	24,829,559
Annual Pension Cost	$ 100,379,512	$ 108,174,346	$ 156,900,776	$ 93,969,360	$ 82,888,309	$ 91,959,867
Employer Contributions	$ 156,832,216	$ 158,564,165	$ 121,126,249	$ 140,171,920	$ 131,439,834	$ 130,966,381
Net Pension Obligations (NPO)						
NPO at Beginning of Year	$ (149,048,289)	$ (210,400,142)	$ (260,789,961)	$ (225,015,434)	$ (271,217,994)	$ (319,769,519)
Increase/(Decrease) in NPO	(61,351,853)	(50,389,819)	35,774,527	(46,202,560)	(48,551,525)	(39,006,514)
NPO at End of Year	$ (210,400,142)	$ (260,789,961)	$ (225,015,434)	$ (271,217,994)	$ (319,769,519)	$ (358,776,033)

EXHIBIT A-6
PENSION COST SUMMARY FOR GASB #27

Year Ended December 31	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
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)
2006	325,514,445	48.25%	(1,442,925)
2007	343,126,349	40.69%	202,077,284
2008	359,932,983	40.79%	415,207,017
2009	412,575,393	35.88%	679,735,920
2010	482,420,549	32.08%	1,007,404,149
2011	609,491,302	24.12%	1,469,886,130
2012	687,518,802	21.65%	2,008,546,277

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

Year Ending December	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)

EXHIBIT A-8
SCHEDULE OF FUNDING PROGRESS FOR GASB #43

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]
2006	$ -	$ 216,201,037	$ 216,201,037	0.00%	$ 1,475,877,378	14.65%
2007	-	217,868,343	217,868,343	0.00%	1,564,458,835	13.93%
2008	-	222,691,036	222,691,036	0.00%	1,543,976,553	14.42%
2009	-	224,173,231	224,173,231	0.00%	1,551,973,348	14.44%
2010	-	223,564,218	223,564,218	0.00%	1,541,388,065	14.50%
2011	-	163,241,898	163,241,898	0.00%	1,605,993,339	10.16%
2012	-	162,083,083	162,083,083	0.00%	1,590,793,702	10.19%

EXHIBIT A-9
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #43

	2007	2008	2009	2010	2011	2012
1. Payroll (beginning of year)	$1,475,877,378	$1,564,458,835	$1,543,976,553	$1,551,973,348	$1,541,388,065	$1,605,993,339
2. Current Year Normal Cost	10,059,792	10,446,202	9,365,607	9,266,349	9,154,612	4,711,272
3. Normal Cost as a Percent of Covered Payroll	0.68%	0.67%	0.61%	0.60%	0.59%	0.29%
4. 30-Year Level Dollar Amortization of the Unfunded Liability	12,701,354	12,799,305	13,082,628	13,169,704	13,133,926	9,590,117
5. 30-Year Level Dollar Amortization as a Percent of Covered Payroll	0.86%	0.82%	0.85%	0.85%	0.85%	0.60%
6. Interest Adjustment for Semi-Monthly Payment	525,960	537,153	518,730	518,448	515,039	330,474
7. Actuarially Determined Contribution (ADC) (NC + 30-year level dollar + interest adjustment)	23,287,106	23,782,660	22,966,965	22,954,501	22,803,577	14,631,863
8. ADC as a Percent of Covered Payroll	1.58%	1.52%	1.49%	1.48%	1.48%	0.91%
9. Annual Required Contribution (ARC) (ADC - estimated employee contributions)	23,287,106	23,782,660	22,966,965	22,954,501	22,803,577	14,631,863
10. ARC as a Percent of Covered Payroll	1.58%	1.52%	1.49%	1.48%	1.48%	0.91%
11. City of Chicago Contribution	8,530,910	9,029,362	9,651,118	9,549,684	9,516,053	9,522,054
12. City of Chicago Contribution as a Percent of Covered Payroll	0.58%	0.58%	0.63%	0.62%	0.62%	0.59%
13. Percentage of ARC Contributed	36.63%	37.97%	42.02%	41.60%	41.73%	65.08%

EXHIBIT A-10
HISTORY OF ANNUAL OPEB COST AND CONTRIBUTIONS MADE FOR GASB #45 FROM 2007

Year Ending December 31:	2007	2008	2009	2010	2011	2012
Annual OPEB Cost						
Annual Required Contribution (ARC)	$ 23,287,106	$ 23,782,660	$ 22,966,965	$ 22,954,501	$ 22,803,577	$ 14,631,863
Interest on NOO	-	664,029	1,318,798	1,899,881	2,476,978	3,040,863
Adjustment to ARC	-	(866,895)	(1,721,702)	(2,480,311)	(3,233,716)	(3,969,873)
Annual OPEB Cost	$ 23,287,106	$ 23,579,794	$ 22,564,061	$ 22,374,071	$ 22,046,839	$ 13,702,853
Employer Contributions	$ 8,530,910	$ 9,029,362	$ 9,651,118	$ 9,549,684	$ 9,516,053	$ 9,522,054
Net OPEB Obligations (NOO)						
NOO at Beginning of Year	$ -	$ 14,756,196	$ 29,306,628	$ 42,219,571	$ 55,043,958	$ 67,574,744
Increase/(Decrease) in NOO	14,756,196	14,550,432	12,912,943	12,824,387	12,530,786	4,180,799
NOO at End of Year	$ 14,756,196	$ 29,306,628	$ 42,219,571	$ 55,043,958	$ 67,574,744	$ 71,755,543

EXHIBIT A-11
OPEB COST SUMMARY FOR GASB #45

Year Ended December 31	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	$ 23,287,106	36.63%	$ 14,756,196
2008	23,579,794	38.29%	29,306,628
2009	22,564,061	42.77%	42,219,571
2010	22,374,071	42.68%	55,043,958
2011	22,046,839	43.16%	67,574,744
2012	13,702,853	69.49%	71,755,543

EXHIBIT A-12
SUPPLEMENTARY INFORMATION FOR
GASB #43 AND #45

Valuation Date	December 31, 2012
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	No Assets (Pay-as-you-go)
Amortization Method	Level dollar; Open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
OPEB Investment Rate of Return [a]	4.50 percent per year
Projected Base Salary Increases [a]	4.00 percent per year
[a] Includes Inflation at:	3.00 percent per year
Healthcare Cost Trend Rate	0.00 percent [1]

Actuarial Accrued Liability (AAL)

	December 31, 2011 [2]	December 31, 2012 [2]
Payable to Retirees and Beneficiaries	$ 87,970,535	$ 88,388,157
Current Employees:		
Accumulated Employee Contributions		
Including Statutory Interest	-	-
Payable to Vested and Non-Vested		
Employees (not split)	75,271,363	73,694,926
Total Actuarial Accrued Liability	$ 163,241,898	$ 162,083,083
Net Plan Actuarial Assets	-	-
Unfunded AAL (assets in excess of AAL)	$ 163,241,898	$ 162,083,083
Percent Funded	0.00 %	0.00 %
Unfunded AAL as Percent of Payroll	10.16 %	10.19 %
Payroll	$ 1,605,993,339	$ 1,590,793,702

[1] *Trend not applicable - Fixed dollar subsidy.*
[2] *Actuarial Accrued Liability for OPEB.*