

**POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
ACTUARIAL VALUATION REPORT FOR THE YEAR ENDING
DECEMBER 31, 2010**

April 21, 2011

Board of Trustees
Policemen's Annuity and Benefit Fund
City of Chicago
221 North LaSalle Street, Suite 1626
Chicago, IL 60601

Subject: Actuarial Valuation Report for the Year Ending December 31, 2010

Dear Members of the Board:

At your request, we have performed an actuarial valuation for the Policemen's Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2010. This valuation has been performed to measure the funded status of the Fund and to determine the contribution levels for 2011. In addition, it includes disclosure information required under 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. These actuarial valuations of the Fund are performed annually.

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

- Summary of Actuarial Valuation Methods and Assumptions
- Schedule of Active Member Data
- Retirements and Beneficiaries Added to and Removed from Rolls
- Solvency (Termination) Test
- Development of Annual Required Contributions under GASB Statements No. 25 and No. 43
- Development of Actuarial Gains and Losses
- Summary of Basic Actuarial Values

We have also provided the following schedules in the financial section of the report.

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Notes to Required Supplementary Information

This valuation is based upon:

Data relative to the members of the Fund — Data for active members and persons receiving benefits from the Fund was provided by the Fund's staff. We have tested this data for reasonableness.

Asset Values — The value of assets of the Fund was provided by the Fund's staff. Book values of assets are used to develop actuarial results for the state reporting basis. Actuarial value of assets are used for financial reporting under GASB Statement No. 25 and Statement No. 27.

Actuarial Method — The actuarial method utilized by the Fund is the Entry-Age Normal Actuarial Cost Method. The objective of this method is to amortize the costs of Fund benefits over the entire career of each member as a level of percentage of compensation. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.

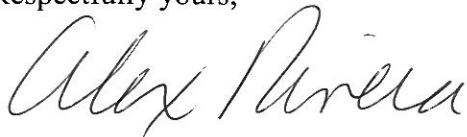
Actuarial Assumptions — All actuarial assumptions remain unchanged from the prior valuation. The assumptions used are set forth in Appendix 4: Actuarial Methods and Assumptions of the Valuation Report.

Plan Provisions — The actuarial valuation is based on plan provisions in effect as of December 31, 2010.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of the Fund when due. State Law currently constrains employer contributions to be twice the employee contribution level in the second prior fiscal year. Thus, with an administrative lag, the employer contribution is designed to match the employee contribution in a 2:1 relationship. The most recent actuarial valuation of the Fund on the State reporting basis shows that a ratio of 6.19:1 is needed to meet the actuarially determined contribution requirement.

The valuation results set forth in this report are based on the data and actuarial techniques described above, and upon the provision of the Fund as of the valuation date. Based on these items, we certify these results to be true and correct.

Respectfully yours,



Alex Rivera, F.S.A., E.A., M.A.A.A.
Senior Consultant



Lance Weiss, E.A., F.C.A., M.A.A.A.
Senior Consultant

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POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

SUMMARY OF VALUATION RESULTS

This report sets forth the results of the actuarial valuation of the Policemen's Annuity and Benefit Fund of the City of Chicago ("Fund") as of December 31, 2010. The purposes of this valuation are:

1. To develop actuarially determined contributions for 2011.
2. To develop the annual required contributions (ARC) under GASB #25 and GASB #43.
3. To develop the annual pension and OPEB costs under GASB #27 and GASB #45.
4. To review the funded status of the Fund.

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

Funded status is measured differently for reporting to the State and for Fund and City financial reports. The following chart shows how funded status is determined for each purpose.

Purpose	Actuarial Method	Asset Value
State reporting	Entry Age Normal	Cost
Fund and City reporting after 1996 (GASB #25, #27, #43, and #45)	Entry Age Normal	Actuarial (Market-Related) Value of Assets

Under the Entry-Age Normal Actuarial Cost Method, each participant's benefits are assumed to be funded by annual installments, equal to a level percentage of compensation, payable from date of participation to assumed retirement. The total "Normal Cost" is the sum of the current year's annual installments determined for all active participants. The "Actuarial Accrued Liability" is the excess of the discounted value of projected benefits for all participants (both active and retired) over the discounted value of Normal Costs determined for future years of service.

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

Comments on Results

For State reporting purposes, the actuarially determined contribution for the year ending December 31, 2011, is \$665.2 million (63.5 percent of covered payroll), or \$568.6 million (54.3 percent) after expected employee contributions are subtracted. The 2011 actuarially determined contribution of \$665.2 million compares with \$618.2 million for 2010.

The annual required contribution (ARC) under GASB #25 for the year ending December 31, 2011, is \$402.8 million, which is 38.4 percent of payroll. This amount compares with an ARC of \$363.6 million or 36.0 percent of payroll for the year ending December 31, 2010. These amounts are for pension benefits only and are net of employee contributions of \$96.6 million for fiscal year 2011 and \$93.2 million for fiscal year 2010.

POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO SUMMARY OF VALUATION RESULTS (CONT'D)

GASB #43 requires the calculation of a separate ARC for Other Postemployment Benefits (OPEB). The ARC for fiscal year 2011 is based on this actuarial valuation as of December 31, 2010. The OPEB ARC for the fiscal year ending December 31, 2011, is \$10.5 million, which is 1.0 percent of payroll. This amount compares with an OPEB ARC of \$10.7 million or 1.1 percent of payroll for the year ending December 31, 2010.

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

	Pension ARC	OPEB ARC
Investment Return	8.0% per year	4.5% per year
Assets	5-year smoothed market	No assets (Pay-as-you-go)

GASB #43 requires the investment return assumption (or “discount rate”) used to value OPEB liabilities to be based on the estimated long-term yield of the investments expected to be used to finance the payment of benefits. The investment return assumption of 4.5 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 account exists to prefund or pay the health insurance supplement.

Beginning with the actuarial valuation as of December 31, 2006, GASB #25 requires the use of at most a 30-year amortization period to determine the pension ARC, which is already required for the OPEB ARC.

The actuarial liabilities increased by approximately \$140 million or 1.5 percent over the expected value. The key factors impacting the actuarial liabilities include salary and other retirement losses of \$162 million that were offset by gains of approximately \$22 million.

On the State reporting basis, the unfunded liability increased from \$5.68 billion to \$6.22 billion and the funded ratio decreased from 36.15% to 33.70%. The funded ratio comparing actuarial value of assets to actuarial liabilities decreased from 43.65% to 39.67%. The funded ratio comparing market value of assets to actuarial liabilities decreased from 37.37% to 36.69%.

On a market value basis, the unfunded liability increased due primarily to contribution shortfalls and liability losses. There was a gain on invested assets due to an estimated market return of 11.6% compared with the assumed return of 8.0%. The rate of return on an actuarial asset value basis was 2.4% compared to the assumed return of 8.0%, producing a loss.

On a book value basis, the unfunded liability increased due to the realized asset losses, contribution shortfalls, and liability losses. The actual return on a book value basis of 6.4% was below the assumed return of 8.0%.

Contracts were finalized prior to December 31, 2010, and retroactive benefit payments and adjustments are expected for the period beginning July 1, 2007 through the day the contracts are finalized. Our calculations estimated the benefit increases due to the retroactive adjustments. This generated a loss of \$23.4 million.

POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF VALUATION RESULTS (CONT'D)

The total ARC for pension and OPEB for 2010 was \$374.3 million compared to actual contributions of \$183.9 million. This difference has increased over the last eight years and the impact can be seen in the GASB #27 Net Pension Obligation (NPO). The NPO has increased from \$635.6 million at December 31, 2002, to \$1,791.1 million as of December 31, 2010.

Please also note the highlighted area on page 27 showing the age/service distribution for active members. A large portion of the population is at or nearing retirement. We should continue to monitor this as the ratio of actives to retirees has been steadily declining, which can ultimately have a large impact on contribution requirements. A more thorough examination of these and other factors can be found in the Experience Analysis explanation and the gain/loss information in Table 5. A summary of the primary results of this valuation is shown in the following table.

POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF VALUATION RESULTS (CONT'D)

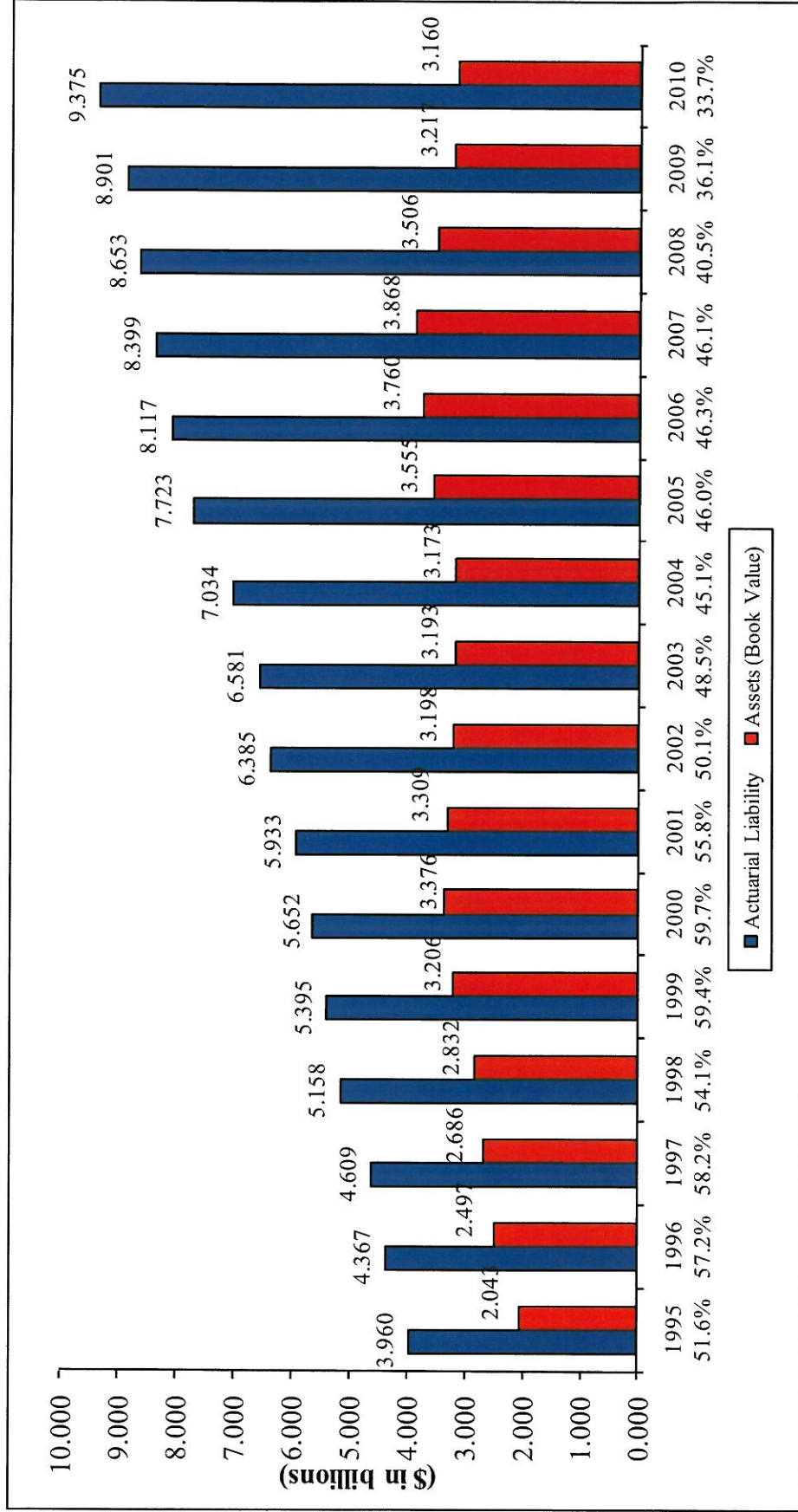
	2009		2010	
	\$ in Millions	% of Pay	\$ in Millions	% of Pay ¹
Contribution Levels				
Actuarially Determined Contribution (State Reporting) ²	\$ 618.24	61.14%	\$ 665.20	63.47%
Annual Required Contribution ³ (GASB 25 and 43)	374.28	37.01	413.29	39.43
Funded Status				
Book Value of Assets	\$ 3,217.38	318.17%	\$ 3,159.70	301.47%
Actuarial Liability	8,900.90	880.23	9,374.85	894.47
Funded Ratio	36.15%	N/A	33.70%	N/A
Funded Status-Market Value				
Market Value of Assets	\$ 3,326.05	328.92%	\$ 3,439.67	328.19%
Actuarial Liability	8,900.90	880.23	9,374.85	894.47
Funded Ratios	37.37%	N/A	36.69%	N/A
Funded Status - GASB #25 and #43				
Market-Related Value of Assets	\$ 3,884.98	384.19%	\$ 3,718.95	354.83%
Actuarial Liability	8,900.90	880.23	9,374.85	894.47
Funded Ratios	43.65%	N/A	39.67%	N/A

¹ Payroll was \$1,011 million in 2009 and \$1,048 million in 2010.

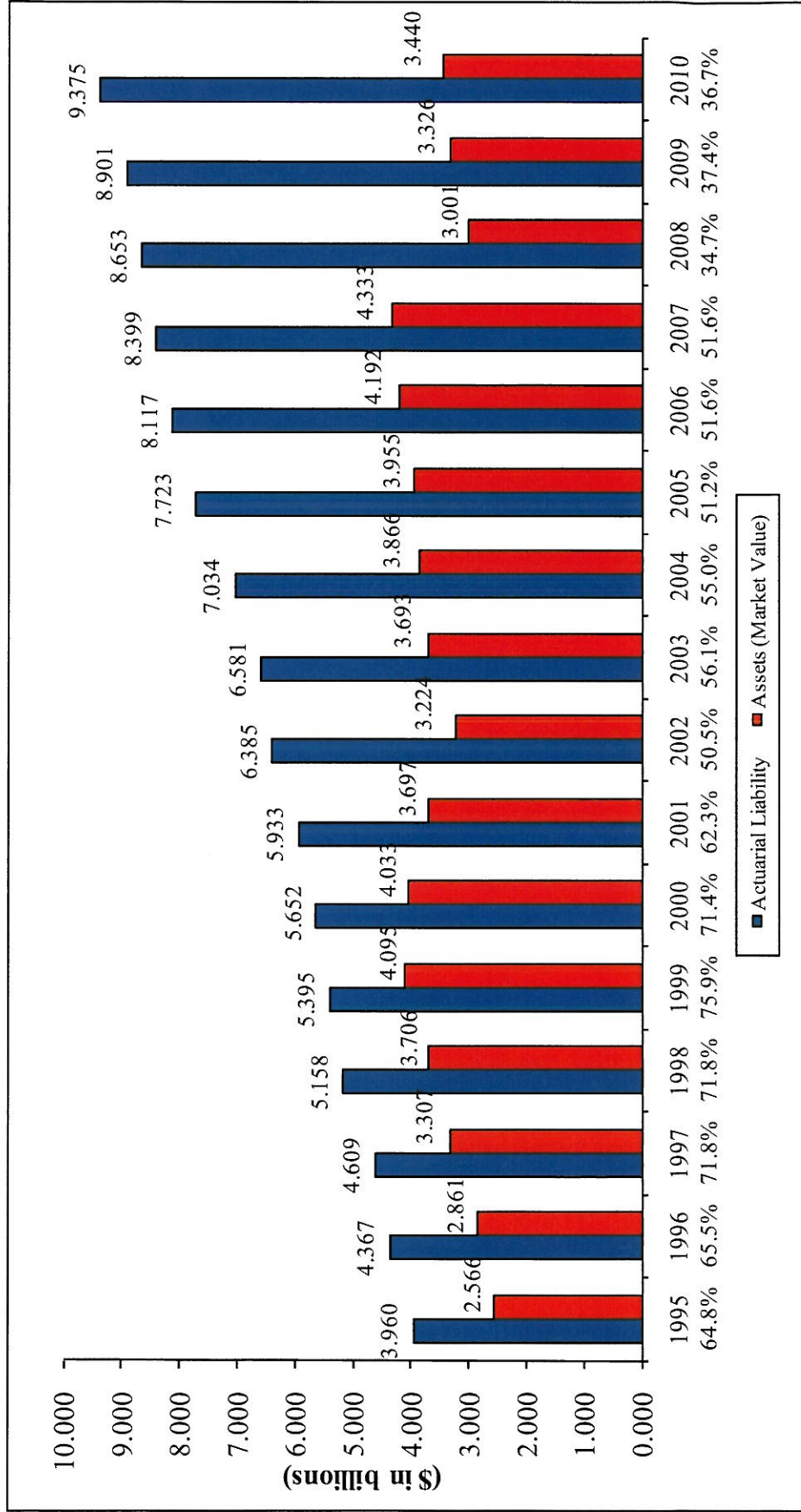
² The contribution is for the following fiscal year and includes estimated employee contributions of \$93.2 million for 2009 and \$96.6 million for 2010.

³ For the following fiscal year net of employee contributions. ARC for both pension and healthcare benefits under GASB #25 and GASB #43.

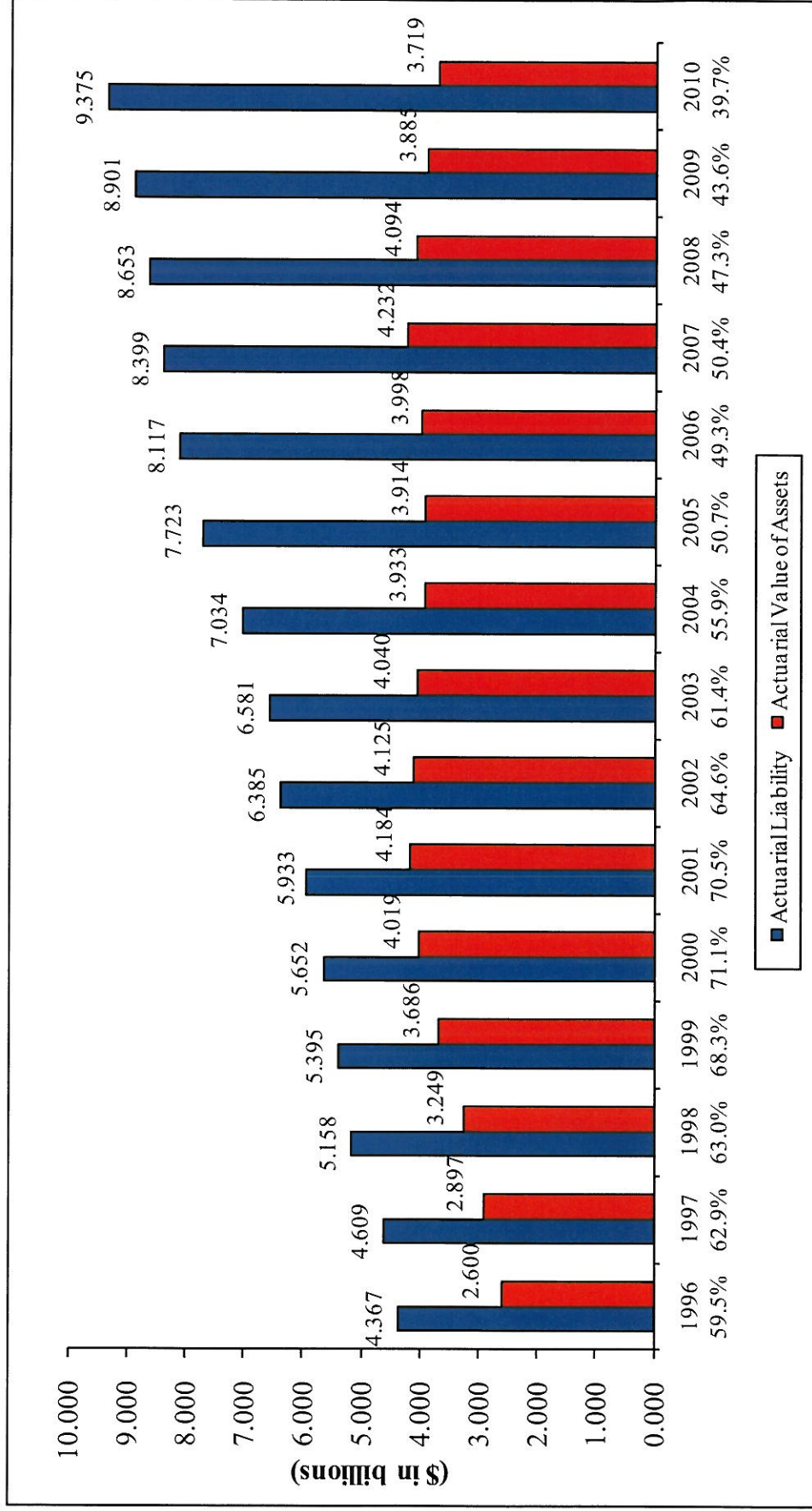
**POLICEMEN'S ANNUITY AND BENEFIT FUND
COMPONENTS OF FUNDED RATIO
STATE REPORTING**



**POLICEMEN'S ANNUITY AND BENEFIT FUND
COMPONENTS OF FUNDED RATIO
BASED ON MARKET VALUE**



**POLICEMEN'S ANNUITY AND BENEFIT FUND
COMPONENTS OF FUNDED RATIO
GASB #25/#43**



POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF VALUATION RESULTS (CONT'D)

Participants

	<u>December 31, 2009</u>	<u>December 31, 2010</u>
Active Participants		
Number	13,154	12,737
Average Age	43.0	43.2
Average Service	14.3	14.5
Average Annual Salary	\$76,874 ¹	\$82,287 ²
Retirees		
Number	8,227	8,495
Average Age	68.1	68.2
Average Monthly Benefit	\$4,233	\$4,422
Survivors		
Number	3,177	3,148
Average Age	74.2	74.4
Average Monthly Benefit	\$1,498	\$1,525

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

A large portion of the active participant population is nearing or is eligible for retirement; 30.3% of the workforce is between the ages of 45 and 54, while 22.5% have 20 or more years of service. Total participants receiving benefits under the Fund, including disabilities, survivors, and children, increased 1.86% during 2010 from 12,154 to 12,380. The total retiree count increased by 3.3% during 2010. Total expenditures for benefits increased from \$514.7 million in 2009 to \$543.8 million during 2010, or 5.66%.

Changes in Provisions of the Fund

Public Act 96-1495, effective January 1, 2011, changed benefit provisions for members hired after December 31, 2010, and the funds' contribution requirements on and after fiscal year 2015. The changes did not impact the liabilities at December 31, 2010. The provisions of Public Act 96-1495 are described in Appendix 6 of the report.

¹. Average annual salary would have been \$73,982 without the addition of duty availability pay.

². Average annual salary would have been \$79,403 without the addition of duty availability pay.

POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

SUMMARY OF VALUATION RESULTS (CONT'D)

Analysis of Actuarial Assumptions

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

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, disability incidence, and post-retirement mortality. The most significant economic assumptions are: pay increases, investment return, and inflation. Other actuarial assumptions include: active mortality and percent married.

Changes in Actuarial Assumptions and Methods

There were no changes in actuarial assumptions during the plan year ending December 31, 2010.

2010 Gain/Loss Analysis

We performed a gain/loss analysis of the major factors which contributed to the change in the unfunded actuarial liability between December 31, 2009 and December 31, 2010. Our analysis by source follows.

Turnover

We reviewed all exits in 2010 from the Fund for reasons other than retirement, death, or disability for members with less than 20 years of service. The ratio of actual withdrawals to expected withdrawals was 85% (15% less than expected). The overall result is a small actuarial loss.

Retirement

The number of retirements during 2010 was greater than expected. The ratio of actual retirements to expected retirements was 108%. The overall net effect in this instance is an actuarial loss to the plan.

POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

SUMMARY OF VALUATION RESULTS (CONT'D)

Disability

The number of new disabled participants during 2010 was greater than expected. The ratio of actual to expected disability was 106%, resulting in a gain to the plan.

Mortality

There were fewer deaths during 2010 than expected for active members, but more deaths for annuitants than expected, which resulted in a net actuarial gain to the fund.

Pay Increase

The average salary for continuing actives in 2010 increased by 3.0% more than expected from the 2009 average salary. The higher than expected salary increases resulted in a significant actuarial loss to the fund.

Expected Retroactive Payments

Since contracts were finalized prior to December 31, 2010, and retroactive benefit payments and adjustments are expected for the period beginning July 1, 2007 through the day the contracts were finalized, our calculations estimated the benefit increases due to the retroactive pay rates. This generated a loss of \$23.4 million.

Investment Return

During 2010, assets earned 11.6% on a market basis, 6.4% on a book basis, and 2.4% on an actuarial basis which compares to the assumed return of 8.0%. Overall, the fund experienced an actuarial loss due to investment performance, on a book value basis, during the year.

Data and Other Sources

There were actuarial gains in liabilities due to data corrections and other sources.

Conclusion

Overall, we believe that current assumptions are doing a reasonable job of modeling experience. Table 5 of Appendix 1 shows a more detailed development of the actuarial gains and losses for the year.

APPENDIX 1
RESULTS OF ACTUARIAL VALUATION

POLICEMEN'S ANNUITY AND BENEFIT FUND SUMMARY

Table 1

	December 31,	
	2009	2010
<u>Assets</u>		
Book Value - Beginning of Year	\$ 3,505,768,152	\$ 3,217,376,585
<u>Income</u>		
Investment Income Net Expenses	\$ (46,129,117)	\$ 198,267,796
Employer Contributions	180,510,851	183,834,639
Employee Contributions	95,614,390	108,402,353
Miscellaneous	799,364	20,031
Subtotal	\$ 230,795,488	\$ 490,524,819
 <u>Outgo (Refunds, Benefits, & Administration)</u>	 \$ 519,187,055	 \$ 548,197,135
 Book Value - End of Year	 \$ 3,217,376,585	 \$ 3,159,704,269
Market Value - End of Year	3,326,050,754	3,439,668,697
Actuarial Value - End of Year	3,884,978,241	3,718,954,539
 <u>Members</u>		
Active	13,154	12,737
Retirees	8,227	8,495
Survivors	3,177	3,147
Disabilities	380	361
Inactives	634	620
Children	370	377
 <u>Payroll Data</u>		
Valuation Payroll	\$ 1,011,205,359	\$ 1,048,084,301
Average Salary	76,874	82,287

POLICEMEN'S ANNUITY AND BENEFIT FUND SUMMARY

Table 1 (Cont'd)

	December 31,	
	2009	2010
<u>ACTUARIAL VALUES</u>		
<u>Funding - State Basis</u>		
Actuarial Liability	\$ 8,900,901,485	\$ 9,374,852,877
Assets - Book Value - Net	3,217,376,585	3,159,704,269
Unfunded Liability	5,683,524,900	6,215,148,608
Funded Ratio	36.15%	33.70%
Actuarially Determined Total Contribution ¹	\$ 618,236,085	\$ 665,197,067
Deficiency in Required Contribution (est.)	338,615,660	382,959,316
Required Employer Contribution Multiple	5.87	6.19
<u>Termination Values</u>		
Liability	\$ 6,637,577,241	\$ 7,005,064,628
Deficiency	3,420,200,656	3,845,360,359
Quick Ratio	48.47%	45.11%
<u>Funding using Market Values</u>		
Actuarial Liability	\$ 8,900,901,485	\$ 9,374,852,877
Assets - Market Value	3,326,050,754	3,439,668,697
Unfunded Liability	5,574,850,731	5,935,184,180
Funded Ratio	37.37%	36.69%
<u>GASB #25 and #43 Values</u>		
Actuarial Liability ³	\$ 8,900,901,485	\$ 9,374,852,877
Assets - Actuarial Value	3,884,978,241	3,718,954,539
Unfunded Liability	5,015,923,244	5,655,898,338
Funded Ratio	43.65%	39.67%
Annual Required Contribution (ARC) ²	374,283,576	413,290,077

¹ Includes estimated employee contributions of \$93,205,425 for December 31, 2009, and \$96,577,751 for December 31, 2010.

² ARC is for the following fiscal year, and is the total under GASB#25 and GASB#43. The fiscal year 2011 ARC for Pension benefits is \$ 402,751,961, and the fiscal year 2011 ARC for OPEB is \$10,538,116.

³ Disclosures under GASB#25 and GASB#43 show Actuarial Accrued Liability separately for Pensions and OPEB.

POLICEMEN'S ANNUITY AND BENEFIT FUND
SUMMARY OF BASIC ACTUARIAL VALUES

Table 2

	APV of Projected Benefits	Actuarial Accrued Liability (AAL)
<u>(1) Values for Active Members</u>		
(a) Retirement	\$4,940,676,223	\$3,414,803,180
(b) Termination	68,263,227	7,469,269
(c) Disability	418,392,200	170,496,929
(d) Death	88,342,593	22,065,984
Total for Actives	\$5,515,674,243	\$3,614,835,362
<u>(2) Values for Inactive Members</u>		
(a) Retired	4,967,511,862	4,967,511,862
(b) Survivor	480,239,555	480,239,555
(c) Disability	261,419,473	261,419,473
(d) Inactive (Deferred Vested)	42,362,995	42,362,995
(e) Children	8,483,630	8,483,630
Total for Inactives	5,760,017,515	5,760,017,515
<u>(3) Grand Totals</u>	<u>\$11,275,691,758</u>	<u>\$9,374,852,877</u>
<u>(4) Normal Cost for Active Members</u>	\$ 184,141,415	
<u>(5) Actuarial Present Value of Future Compensation</u>	\$11,166,162,713	

POLICEMEN'S ANNUITY AND BENEFIT FUND
DEVELOPMENT OF ACTUARIALLY
DETERMINED CONTRIBUTION FOR 2011
(STATE BASIS)

Table 3

<u>(1) Normal Cost (see Table 2)</u>	\$ 184,141,415
<u>(2) Actuarial Accrued Liability (AAL)</u>	\$ 9,374,852,877
<u>(3) Unfunded AAL (UAAL)</u>	
(a) Assets at Book	\$ 3,159,704,269
(b) UAAL (2-3(a))	6,215,148,608
<u>(4) Interest on UAAL Payable at End of Year</u>	\$ 491,444,013
<u>(5) Actuarially Determined Contribution for 2011</u>	
(a) Interest Adjustment for Semimonthly Payment	\$ (10,388,361)
(b) Total Minimum Contribution (1+4+5(a))	\$ 665,197,067
(c) Total Minimum Contribution (Percent of Pay)	63.47%
<u>(6) Estimated City and Member Contributions for 2011</u>	
(a) City	\$ 185,660,000
(b) Members	96,577,751
(c) Total	\$ 282,237,751
<u>(7) Estimated Deficiency/(Excess) for 2011</u>	
(a) in Dollars (5(b)-6(c))	\$ 382,959,316
(b) as a Percentage of Pay	36.54%

**POLICEMEN'S ANNUITY AND BENEFIT FUND
DEVELOPMENT OF ANNUAL REQUIRED
CONTRIBUTION UNDER GASB #25 AND GASB #43 FOR 2011¹**

Table 4

	Pension	Health Ins. Supplement	Total
(1) <u>Normal Cost (see Table 2)</u>	\$ 179,725,076	\$ 4,416,339	\$ 184,141,415
(2) <u>Actuarial Accrued Liability (AAL)</u>	\$ 9,210,056,428	\$ 164,796,449	\$ 9,374,852,877
(3) <u>Unfunded AAL (UAAL)</u>			
(a) Actuarial Value of Assets	\$ 3,718,954,539	0	\$ 3,718,954,539
(b) UAAL (2-3(a))	5,491,101,889	164,796,449	5,655,898,338
(4) <u>Amortization Payable at Beginning of Year²</u>	\$ 300,103,592	\$ 5,883,764	\$ 305,987,356
(5) <u>Estimated Member Contributions</u>	\$ 96,577,751	\$ 0	\$ 96,577,751
(6) <u>Annual Required Contribution (ARC) for 2011</u>			
(a) Interest Adjustment for Semimonthly Payment	19,501,044	238,013	19,739,057
(b) Annual Required Contribution (1 + 4 - 5 + 6(a))	\$ 402,751,961	\$ 10,538,116	\$ 413,290,077
(c) Annual Required Contribution (Percent of Pay)	38.43%	1.01%	39.43%
(7) <u>Estimated City Contribution for 2011</u>	\$ 176,216,406	\$ 9,443,594 ³	\$ 185,660,000
(8) <u>Estimated Deficiency/(Excess) for 2011</u>			
(a) in Dollars (6(b)-7)	\$ 226,535,555	\$ 1,094,522	\$ 227,630,077
(b) as a Percentage of Pay	21.61%	0.10%	21.72%

¹ Pension liabilities were discounted at 8.0% per year, and OPEB liabilities discounted at 4.5% per year.

² Amortization is over a 30-year period as a level percent of pay.

³ Represents expected health insurance supplemental benefits for fiscal year 2011.

POLICEMEN'S ANNUITY AND BENEFIT FUND
DEVELOPMENT OF ACTUARIAL GAINS AND LOSSES FOR 2010

Table 5

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY - BEGINNING OF 2010</u>	
(1) Actuarial Accrued Liability - 12/31/2009	\$8,900,901,485
(2) Assets at Book Value - 12/31/2009	3,217,376,585
(3) Unfunded Accrued Actuarial Liability - 12/31/2009	<u>\$5,683,524,900</u>
<u>EXPECTED UNFUNDED ACTUARIAL ACCRUED LIABILITY - END OF 2010</u>	
(4) Normal Cost for 2010	\$ 178,396,098
(5) Total Contributions for 2010	292,257,023
(6) Interest on (3), (4), & (5) at Valuation Rates	<u>451,720,414</u>
(7) Expected Unfunded Actuarial Accrued Liability - 12/31/2010	\$6,021,384,389
((3)+(4)-(5)+(6))	
<u>DEVIATIONS FROM EXPECTED</u>	
(8) (Gain)/Loss on Investment Return (Book Value)	\$53,617,895
(9) (Gain)/Loss from Salary Changes ¹	108,341,557
(10) (Gain)/Loss from Retroactive adjustments to Benefits	23,378,655
(11) (Gain)/Loss from Retirement	30,625,751
(12) (Gain)/Loss from Turnover	7,597,006
(13) (Gain)/Loss from Mortality	(28,957,694)
(14) (Gain)/Loss from Disability	1,747,220
(15) (Gain)/Loss from New Entrants	1,914,190
(16) (Gain)/Loss from All Other Sources	<u>(4,500,361)</u>
(17) Composite Actuarial (Gain)/Loss	\$193,764,219
(18) (Gain)/Loss as a percentage of Expected UAAL ((17)/(7))	3.2%
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY - END OF 2010</u>	
(19) Unfunded Accrued Actuarial Liability - 12/31/2010 ((7)+(17))	\$6,215,148,608

¹ Salary (Gain)/Loss include retroactive salary adjustments.

POLICEMEN'S ANNUITY AND BENEFIT FUND
HISTORY OF RECOMMENDED EMPLOYER MULTIPLES

Table 6

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus Amortization ⁴	
			Level \$	Level % of Salary
1974	1.90	2.90	-	-
1975 ¹	1.97	2.87	-	-
1976 ¹	1.97	3.23	3.46	2.42
1977	1.97	3.24	3.47	2.49
1978	1.97	3.32	3.55	2.57
1979 ¹	1.97	3.11	3.32	2.41
1980	1.97	3.07	3.27	2.38
1981 ¹	1.97	3.06	3.26	2.39
1982 ^{1,2}	2.00	3.29	3.44	2.60
1983 ^{1,2}	2.00	4.11	4.29	3.12
1984	2.00	4.26	4.46	3.24
1985 ^{1,2}	2.00	4.50	4.70	3.48
1986 ¹	2.00	4.15	4.31	3.18
1987 ¹	2.00	4.13	4.29	3.16
1988	2.00	4.16	4.32	3.18
1989 ^{1,2}	2.00	3.79	3.91	2.85
1990 ³	2.00	3.58	3.68	2.73
1991	2.00	3.80	3.91	2.98
1992 ¹	2.00	3.23	3.36	2.11
1993	2.00	3.23	3.37	2.10
1994	2.00	3.05	3.18	1.98
1995	2.00	3.34	3.49	2.17
1996	2.00	3.19	3.32	2.10
1997	2.00	3.10	3.23	2.04
1998 ^{1,2}	2.00	3.63	3.77	2.56
1999	2.00	3.15	3.27	2.24
2000 ¹	2.00	3.27	3.39	2.32
2001 ²	2.00	3.63	3.78	2.56
2002	2.00	4.62	4.79	3.33
2003 ^{1,2}	2.00	4.46	4.63	3.23
2004 ²	2.00	4.99	5.18	3.60
2005 ^{1,2}	2.00	5.33	5.56	3.85
2006	2.00	4.95	5.40	3.94
2007	2.00	4.98	5.43	3.97
2008	2.00	5.43	5.94	4.30
2009 ¹	2.00	5.87	6.42	4.61
2010	2.00	6.19	6.78	4.85

¹Change in actuarial assumptions.

²Change in benefits.

³Change in actuary.

⁴Prior to 2005, amortizations were over a 40-year period. In 2005, pension unfunded liability was amortized over a 40-year period and OPEB liability over a 30-year period. Starting in 2006, both pension and OPEB amortizations are over a 30-year period.

POLICEMEN'S ANNUITY AND BENEFIT FUND
ORDINARY DEATH BENEFIT RESERVE

Table 7

Actuarial Balance Sheet – 6% Basis

December 31, 2010

ASSETS

Fund Balance	\$ (18,155,099)
Present Values of Future Contributions:	
Contributions by Members at \$30.00 a Year	4,605,954
Annual City Contribution of \$224,000	2,700,096
Unfunded Liability	41,596,670
TOTAL ASSETS	\$ 30,747,621

LIABILITIES

Present Value of Future Death Benefits (6%, 83 GAM)	
Active & Disabled Members	6,797,832
Retired Members	23,949,789
TOTAL LIABILITIES	\$ 30,747,621

**POLICEMEN'S ANNUITY AND BENEFIT FUND
ACTUARIAL ACCRUED LIABILITY PRIORITIZED SOLVENCY TEST**

Table 8

Valuation Date	(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		
12/31	(1)	(2)	(3)	(1)	(2)		
	(3)			(1)	(2)		
1996	\$ 717,890,959	\$ 2,150,952,000	\$ 1,498,186,586	\$ 2,599,760,692	100.00%	87.49%	0.00%
1997	750,341,108	2,333,523,000	1,525,303,810	2,896,754,452	100.00%	91.98%	0.00%
1998 ^{1,2}	777,205,937	2,690,216,494	1,690,773,788	3,249,729,847	100.00%	91.91%	0.00%
1999	763,729,532	2,939,332,536	1,691,810,150	3,685,681,671	100.00%	99.41%	0.00%
2000 ¹	818,382,556	3,228,954,418	1,604,693,684	4,019,467,561	100.00%	99.14%	0.00%
2001 ²	803,453,930	3,463,944,097	1,665,112,602	4,183,796,025	100.00%	97.59%	0.00%
2002	846,622,627	3,769,125,439	1,769,097,893	4,124,579,960	100.00%	86.97%	0.00%
2003 ^{1,2}	893,425,839	3,856,262,804	1,831,744,607	4,039,695,590	100.00%	81.59%	0.00%
2004 ²	910,480,098	4,313,531,046	1,810,260,330	3,933,031,342	100.00%	70.07%	0.00%
2005 ^{1,2}	950,764,942	4,677,632,909	2,094,339,296	3,914,431,654	100.00%	63.36%	0.00%
2006	1,016,217,810	4,858,554,051	2,241,771,313	3,997,990,919	100.00%	61.37%	0.00%
2007	1,082,742,927	5,006,931,293	2,309,718,259	4,231,681,817	100.00%	62.89%	0.00%
2008	1,144,380,257	5,208,199,833	2,299,966,099	4,093,719,894	100.00%	56.63%	0.00%
2009 ¹	1,217,645,647	5,391,373,730	2,291,882,108	3,884,978,241	100.00%	49.47%	0.00%
2010.	1,251,147,487	5,717,654,520	2,406,050,870	3,718,954,539	100.00%	43.16%	0.00%

¹Change in actuarial assumptions.

²Change in benefits.

APPENDIX 2
ASSETS OF THE PLAN

POLICEMEN'S ANNUITY AND BENEFIT FUND
ASSETS OF THE PLAN

The book value of the plan assets, net of accounts payable, decreased from \$3.217 billion as of December 31, 2009, to \$3.160 billion as of December 31, 2010, and the market value of the plan assets, net of accounts payable, increased from \$3.326 billion as of December 31, 2009, to \$3.440 billion as of December 31, 2010. Table 9 details the development of asset values during 2010 and Table 10 shows the development of the actuarial value of assets as of December 31, 2010.

POLICEMEN'S ANNUITY AND BENEFIT FUND
RECONCILIATION OF ASSETS
AS OF DECEMBER 31, 2010

Table 9

	<u>Market Value</u>	<u>Book Value</u>
1. Value of assets as of 12/31/2009	\$3,326,050,754	\$3,217,376,585
2. Income for plan year:		
a) Member contributions	\$ 108,402,353	\$ 108,402,353
b) City contributions	183,834,639	183,834,639
c) Investment income net of expenses	369,558,055	198,267,796
d) Miscellaneous revenue	20,031	20,031
e) Total income	\$ 661,815,078	\$ 490,524,819
3. Disbursements for plan year:		
a) Benefit payments		
i) Pension, disability and death benefit payments	\$ 526,890,557	\$ 526,890,557
ii) Healthcare premiums	9,354,163	9,354,163
b) Refunds	7,587,436	7,587,436
c) Administration	4,364,979	4,364,979
d) Total disbursements	\$ 548,197,135	\$ 548,197,135
4. Value of assets as of 12/31/2010	\$3,439,668,697	\$3,159,704,269
5. Estimated rate of return in 2010: ¹		
a) Gross	11.86%	6.75%
b) Net of investment expense (Investment expense of \$9,835,695)	11.56%	6.42%

¹Method used for calculating rate of return does not reflect specific timing of income and outflows. It is also based on total assets, not invested assets.

POLICEMEN'S ANNUITY AND BENEFIT FUND
DEVELOPMENT OF ACTUARIAL (MARKET-RELATED)
VALUE OF ASSETS
AS OF DECEMBER 31, 2010

Table 10

1. Expected Return on Market Value of Assets for Prior Year

- a) Market value of assets as of 12/31/2009 \$3,326,050,754
b) Actual income and disbursements in prior year weighted for timing

Item	Amount	Weight for Timing	Weighted Amount
i) Member contributions	\$ 108,402,353	50.0%	\$ 54,201,177
ii) City contributions	183,834,639	50.0%	91,917,320
iii) Miscellaneous revenue	20,031	50.0%	10,016
iv) Benefit payments	(536,244,720)	50.0%	(268,122,360)
v) Refunds	(7,587,436)	50.0%	(3,793,718)
vi) Administration	(4,364,979)	50.0%	(2,182,490)
vii) Total	<u>\$(255,940,112)</u>		<u>\$(127,970,055)</u>

- c) Market value of assets adjusted for actual income and disbursements [(a) + (b)(vii)] \$3,198,080,699
d) Assumed rate of return on plan assets for the year 8.00%
e) Expected return [(c) * (d)] \$ 255,846,456

2. Actual Return on Market Value of Assets for Prior Year

- a) Market value of assets as of 12/31/2009 \$3,326,050,754
b) Income (less investment income) for prior plan year 292,257,023
c) Disbursements paid in prior year 548,197,135
d) Market value of assets as of 12/31/2010 3,439,668,697
e) Actual return [(d) + (c) - (b) - (a)] \$ 369,558,055

3. Investment Gain/(Loss) for Prior Year [2(e) - 1(e)]

\$ 113,711,599

4. Actuarial Value of Assets as of 12/31/2010

- a) Market value of assets as of 12/31/2010 3,439,668,697
b) Deferred investment gains and (losses) for last 5 years

	Plan Year	Gain/(Loss)	Percent Deferred	Deferred Amount
i)	2006	\$139,289,537	0.00%	\$ 0
ii)	2007	22,898,317	20.00%	4,579,663
iii)	2008	(1,442,475,137)	40.00%	(576,990,055)
iv)	2009	336,925,451	60.00%	202,155,271
v)	2010	113,711,599	80.00%	90,969,279
vi)	Total	<u>(\$829,650,233)</u>		<u>(\$279,285,842)</u>

- c) Actuarial Value of Assets 3,718,954,539

The calculated value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last 5 years at the rate of 20% per year.

APPENDIX 3

DATA REFLECTING PLAN MEMBERS

EXHIBIT A
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS
FOR FISCAL YEAR ENDING DECEMBER 31, 2010

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Number of Participants at Beginning of Fiscal Year	9,962	3,192	13,154
Increases:			
Participants Added During Year	133	40	173
Participants Returning From Inactive or Disability Status	26	5	31
Totals	10,121	3,237	13,358
Decreases:			
Terminations During Year	481	140	621
Number of Participants at End of Fiscal Year	9,640	3,097	12,737
Total Inactive Participants			620
<u>Terminations:</u>			
Withdrawal (With Refunds) ¹	9	3	12
Withdrawal (Without Refunds)	59	15	74
Ordinary Disability Benefit	7	7	14
Occupational Disease Disability Benefit	2	0	2
Duty Disability Benefit	22	4	26
Retirements	369	104	473
Deaths (Occupational)	4	0	4
Deaths (Non-occupational)	9	7	16
Totals	481	140	621

¹ This total differs from the total of 39 shown in Exhibit D due to the fact that only 12 of the refunds were paid to participants who were considered to be active as of December 31, 2009.

EXHIBIT B
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES
FOR FISCAL YEAR ENDING DECEMBER 31, 2010

	<u>Number at Beginning of Year</u>	<u>Additions During Year</u>	<u>Terminations During Year</u>	<u>Number at End of Year</u>
Service Retirement Annuities	8,227	551	283	8,495
Widow Annuities	3,111	145	177	3,079
Children's Annuities	232	17	27	222
Ordinary Disability Benefit (Non-Occupational)	44	15	22	37
Occupational Disease Disability Benefit	52	2	14	40
Duty Disability Benefit (Occupational)	284	34	34	284
Children's Disability Benefit	138	35	18	155
Widows' Compensation Annuities (Service Connected Death)	66	4	1	69
Totals	<u>12,154</u>	<u>803</u>	<u>576</u>	<u>12,381</u>

EXHIBIT C – PART I
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS
CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2010

AGE	Years of Service										Total	Annual Salary	
	Under 1 year	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 and over				
Under 20												0	\$ 0
20 to 24												0	0
25 to 29	83	411	126									620	42,152,709
	3,577,632	28,995,284	9,579,793										
30 to 34	29	333	809	222								1,393	104,764,564
	1,250,016	23,954,023	61,791,648	17,768,877									
35 to 39	20	150	459	906	141							1,676	131,897,964
	862,080	10,873,544	34,967,434	73,110,978	12,083,928								
40 to 44		65	267	723	1,029	74						2,158	178,967,225
		4,690,859	20,330,887	58,043,819	88,882,553	7,019,107							
45 to 49		1	88	283	660	621	17					1,670	145,116,121
		43,104	6,708,870	22,499,249	55,964,426	58,189,445	1,711,027						
50 to 54			6	129	283	449	251	6				1,124	100,816,282
			456,504	10,206,925	23,681,353	40,989,230	24,885,270	597,000					
55 to 59	1	4	52	129	198	183	122	31				720	65,734,112
	43,104	304,336	4,105,898	10,747,737	16,277,703	19,005,744	11,988,375	3,261,215					
60 to 64		2	17	30	46	34	51	99				279	26,100,753
		152,168	1,340,755	2,489,939	2,955,027	4,262,834	4,825,050	10,074,980					
65 and over												0	0
Total Active	133	960	1,761	2,332	2,272	1,361	512	179	130	9,640			
Annual Salary	\$5,732,832	\$68,556,814	\$134,291,640	\$187,076,501	\$193,849,936	\$125,430,512	\$49,864,875	\$17,410,425	\$13,336,195	\$	\$ 795,549,730		

EXHIBIT C – PART II
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS
CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2010

AGE	Years of Service										Total	Annual Salary	
	Under 1 year	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 and over				
Under 20												0	\$ 0
20 to 24												0	0
25 to 29	21	118	30									169	11,522,118
	905,184	8,334,415	2,282,519										
30 to 34	11	89	220	46								366	27,328,879
	474,144	6,363,364	16,815,469	3,675,902									
35 to 39	7	65	170	245	31							518	40,256,081
	301,728	4,693,847	12,937,013	19,650,454	2,673,039								
40 to 44		29	121	214	267	13						644	52,392,045
		2,090,849	9,228,521	17,115,991	22,673,893	1,282,791							
45 to 49			41	115	201	206	7					570	48,706,305
			3,125,556	9,125,033	16,815,946	18,943,160	696,610						
50 to 54			3	81	148	186	83					501	43,785,899
			228,252	6,404,223	12,330,208	16,791,419	8,031,797						
55 to 59			2	23	85	76	36	16	4			242	21,051,713
			152,168	1,816,267	6,992,971	6,691,969	3,374,033	1,617,927	406,378				
60 to 64			1	5	30	27	16	5	3	87		87	7,491,531
			76,084	399,428	2,463,035	2,346,179	1,471,035	460,328	275,442				
65 and over												0	0
Total Active	39	301	588	729	762	508	142	21	7	3,097			
Annual Salary	\$1,681,056	\$21,482,475	\$44,845,582	\$58,187,298	\$63,949,092	\$46,055,518	\$13,573,475	\$2,078,255	\$681,820	\$ 252,534,571			

EXHIBIT C – PART III
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS
CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2010

AGE	Years of Service										Total	Annual Salary
	Under 1 year	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 and over			
Under 20											0	\$ 0
20 to 24											0	0
25 to 29	104	529	156								789	53,674,827
	4,482,816	37,329,699	11,862,312									
30 to 34	40	422	1,029	268							1,759	132,093,443
	1,724,160	30,317,387	78,607,117	21,444,779								
35 to 39	27	215	629	1,151	172						2,194	172,154,045
	1,163,808	15,567,391	47,904,447	92,761,432	14,756,967							
40 to 44		94	388	937	1,296	87					2,802	231,359,270
		6,781,708	29,559,408	75,159,810	111,556,446	8,301,898						
45 to 49		1	129	398	861	827	24				2,240	193,822,426
		43,104	9,834,426	31,624,282	72,780,372	77,132,605	2,407,637					
50 to 54			9	210	431	635	334	6			1,625	144,602,181
			684,756	16,611,148	36,011,561	57,780,649	32,917,067	597,000				
55 to 59	1		6	75	214	259	234	138	35		962	86,785,825
	43,104		456,504	5,922,165	17,740,708	22,969,672	22,379,777	13,606,302	3,667,593			
60 to 64			3	22	60	61	62	56	102		366	33,592,284
			228,252	1,740,183	4,952,974	5,301,206	5,733,869	5,285,378	10,350,422			
65 and over											0	0
Total Active	172	1,261	2,349	3,061	3,034	1,869	654	200	137	12,737		
Annual Salary	\$7,413,888	\$90,039,289	\$179,137,222	\$245,263,799	\$257,799,028	\$171,486,030	\$63,438,350	\$19,488,680	\$14,018,015	\$ 1,048,084,301		

EXHIBIT D – PART I
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING NUMBER OF REFUND PAYMENTS MADE DURING YEAR
TO MALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2010

Age at Date of Refund	Length of Service at Date of Refund						Total
	Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and over	
Under 20							0
20 to 24					1		1
25 to 29	1				1	2	4
30 to 34						4	4
35 to 39			1			8	9
40 to 44			1		1	5	7
45 to 49						3	3
50 to 54	1					1	2
55 to 59							0
60 & over							0
Totals	2	0	2	0	3	23	30

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

EXHIBIT D – PART II
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING NUMBER OF REFUND PAYMENTS MADE DURING YEAR
TO FEMALE EMPLOYEES FOR FISCAL YEAR ENDING DECEMBER 31, 2010

Age at Date of Refund	Length of Service at Date of Refund						Total
	Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and over	
Under 20							0
20 to 24							0
25 to 29	1						1
30 to 34	1					2	3
35 to 39	1		1			1	3
40 to 44						1	1
45 to 49						1	1
50 to 54							0
55 to 59							0
60 & over							0
Totals	3	0	1	0	0	5	9

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

EXHIBIT E
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING STATISTICS ON SERVICE RETIREMENT ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2010

AGE	MALE		FEMALE		TOTAL	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 50	5	\$ 63,000	5	\$ 63,000	10	\$ 126,000
50	10	414,583	2	49,776	12	464,359
51	17	716,487	10	432,341	27	1,148,828
52	14	670,203	9	400,029	23	1,070,232
53	20	984,003	16	744,777	36	1,728,780
54	22	964,672	22	989,759	44	1,954,431
55	50	2,871,249	22	1,003,854	72	3,875,103
56	75	4,631,761	36	1,746,319	111	6,378,080
57	106	6,281,524	43	2,282,247	149	8,563,771
58	174	10,121,796	52	2,774,974	226	12,896,770
59	267	16,085,170	59	3,140,083	326	19,225,253
60	316	19,610,776	69	3,523,371	385	23,134,147
61	393	23,146,539	47	2,439,176	440	25,585,715
62	438	26,128,608	79	4,040,953	517	30,169,561
63	594	35,374,176	71	3,587,927	665	38,962,103
64	557	32,365,902	48	2,025,356	605	34,391,258
65	370	21,153,914	37	1,678,211	407	22,832,125
66	387	22,080,132	40	1,890,346	427	23,970,478
67	407	22,714,183	39	1,608,167	446	24,322,350
68	366	20,090,166	23	961,240	389	21,051,406
69	326	17,040,852	18	848,034	344	17,888,886
70	260	13,776,879	17	752,864	277	14,529,743
71	245	12,679,385	2	41,027	247	12,720,412
72	242	12,399,309	3	160,354	245	12,559,663
73	177	8,576,583	6	281,247	183	8,857,830
74	162	7,896,305	5	263,748	167	8,160,053
75	153	7,583,467	1	38,842	154	7,622,309
76	144	6,953,799	0	0	144	6,953,799
77	155	7,277,524	0	0	155	7,277,524
78	170	8,018,788	0	0	170	8,018,788
79	144	6,870,359	0	0	144	6,870,359
80	149	6,751,321	0	0	149	6,751,321
81	138	6,231,808	0	0	138	6,231,808
82	115	4,707,448	0	0	115	4,707,448
83	91	3,873,538	0	0	91	3,873,538
84	82	3,182,422	0	0	82	3,182,422
85 to 89	314	11,113,710	3	68,337	317	11,182,047
90 to 94	44	1,234,855	1	764	45	1,235,619
95 to 99	9	232,556	0	0	9	232,556
100+	2	36,009	0	0	2	36,009
Totals	7,710	\$412,905,761	785	\$37,837,123	8,495	\$450,742,884

EXHIBIT F
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING STATISTICS ON WIDOW'S ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2010

Age	No.	Annual Payments	Age	No.	Annual Payments
Under 30	2	\$ 41,432	65	76	\$ 1,490,414
30	0	0	66	69	1,383,152
31	1	19,399	67	86	1,696,606
32	0	0	68	92	1,811,272
33	0	0	69	78	1,610,222
34	0	0	70	78	1,555,277
35	3	60,835	71	80	1,532,682
36	2	45,097	72	105	1,803,849
37	2	39,575	73	101	1,775,784
38	4	72,905	74	97	1,749,661
39	3	52,556	75	93	1,655,558
40	4	82,823	76	80	1,416,680
41	8	150,056	77	95	1,656,187
42	3	60,986	78	89	1,515,510
43	4	73,384	79	103	1,678,759
44	3	57,023	80	107	1,798,702
45	5	92,881	81	96	1,584,519
46	6	123,224	82	102	1,640,961
47	8	158,064	83	114	1,763,788
48	6	149,247	84	103	1,485,350
49	9	158,472	85	96	1,368,523
50	15	314,658	86	81	1,184,999
51	13	260,639	87	76	1,053,079
52	16	325,130	88	59	823,549
53	16	296,481	89	62	817,858
54	17	329,048	90	59	757,535
55	19	374,696	91	33	424,383
56	40	914,142	92	33	422,424
57	29	651,771	93	28	340,770
58	31	703,433	94	19	230,186
59	44	865,173	95	24	294,796
60	47	893,046	96	11	132,000
61	55	1,062,751	97	10	120,558
62	61	1,335,686	98	4	48,000
63	67	1,359,204	99	1	12,000
64	85	1,730,091	100+	11	132,000
			Total	3,079	\$53,621,501

EXHIBIT G
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING STATISTICS ON MISCELLANEOUS ANNUITIES
FOR FISCAL YEAR ENDING DECEMBER 31, 2010

	<u>No.</u>	<u>Annual Payments</u>
Children's Annuities	222	\$1,261,626
Widows' Compensation Annuities	69	3,969,489
Ordinary Disability Benefits	37	1,504,611
Occupational Disease Disability Benefits	40	1,937,560
Duty Disability Benefits	284	15,001,436
Children's Disability Benefits	155	184,841
Totals	807	\$23,859,563

EXHIBIT H – PART I
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING MALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2010

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34	1	41,796	3	144,841									4	186,637
35 to 39	5	238,812	6	280,770	4	208,732							15	728,314
40 to 44	4	183,494	7	352,562	8	449,245	5	305,309					24	1,290,610
45 to 49	6	297,909	7	360,416	9	477,872	5	254,928	2	127,422			29	1,518,547
50 to 54	3	139,468	7	374,243	10	562,805	8	435,839	7	445,188			35	1,957,543
55 to 59	6	282,762	5	260,876	14	734,488	11	564,310	16	887,374			52	2,729,810
60 & over	2	76,025	5	257,980	9	455,321	13	683,897	30	1,684,781			59	3,158,004
Totals	0	\$0	27	\$1,260,266	40	\$2,031,688	54	\$2,888,463	42	\$2,244,283	55	\$3,144,765	218	\$11,569,465

EXHIBIT H – PART II
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2010

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total		
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	
UNDER 30														0	\$ 0
30 to 34	1	40,977	1	54,329										2	95,306
35 to 39	3	127,871	1	48,497										4	176,368
40 to 44	2	92,571	4	257,583			1	60,379						10	555,633
45 to 49	1	45,436	6	311,456			3	172,346			1	57,429		14	737,007
50 to 54			3	154,971			4	198,035			6	66,553		14	741,485
55 to 59	2	95,598	1	47,016			7	353,743			3	173,860		16	831,280
60 & over			1	48,751			1	51,953			1	38,018		6	294,897
Totals	0	\$0	9	\$402,453	17	\$922,603	18	\$899,171	14	\$753,732	8	\$454,017	66	\$ 3,431,976	

EXHIBIT I – PART I
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2010

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total Annual Payments		
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments			
UNDER 30													0	\$ 0	0
30 to 34													0		0
35 to 39													0		0
40 to 44													0		0
45 to 49						2	75,001	4	159,230	1	41,684	7	275,915		
50 to 54					1	37,142	3	126,171	5	220,414	9	383,727			
55 to 59							1	38,948	2	78,736	3	117,684			
60 & over								1	39,368	1	39,368	1	39,368		
Totals	0	\$0	0	\$0	0	\$0	3	\$112,143	8	\$324,349	9	\$380,202	20	\$ 816,694	

EXHIBIT I- PART II
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2010

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39			1	37,679									1	37,679
40 to 44			1	36,968									1	36,968
45 to 49					1	45,608							2	81,535
50 to 54							1	40,640					2	87,982
55 to 59							4	160,387					2	78,736
60 & over							2	79,433					2	79,433
Totals	0	\$0	2	\$74,647	1	\$45,608	8	\$319,408	6	\$248,253	17	\$ 687,916		

EXHIBIT J – PART I
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING MALE PARTICIPANTS RECEIVING OCCUPATIONAL DISEASE DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2010

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39													0	0
40 to 44													0	0
45 to 49											1	64,836	1	64,836
50 to 54							3	147,128	3	167,452	6	314,580	6	314,580
55 to 59					3	123,456	2	97,981	9	464,409	14	685,846	14	685,846
60 & over							1	38,446	13	623,408	14	661,854	14	661,854
Totals	0	\$0	0	\$0	0	\$0	3	\$123,456	6	\$283,555	26	\$1,320,105	35	\$ 1,727,116

EXHIBIT J- PART II
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
SHOWING FEMALE PARTICIPANTS RECEIVING OCCUPATIONAL DISEASE DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2010

ATTAINED AGE	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30													0	\$ 0
30 to 34													0	0
35 to 39													0	0
40 to 44						1	42,635						1	42,635
45 to 49						1	40,626	1	45,026				2	85,652
50 to 54													0	0
55 to 59								1	40,782				1	40,782
60 & over											1	41,375	1	41,375
Totals	0	\$0	0	\$0	0	2	\$83,261	2	\$85,808	1	\$41,375	5	\$ 210,444	

EXHIBIT K
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service	Increase	Current Year Salary	Increase	Average Salary	Increase	Actuarial Assumptions	CPI Chicago
1968	12,427	6.8	\$108,057,504	11.2	\$8,895	6.5	3.50	4.3
1969	12,595	1.4	136,846,000	26.6	10,865	22.1	3.50	5.4
1970	12,948	2.8	160,682,780	17.4	12,410	4.2	3.50	5.6
1971	13,296	2.7	178,077,405	10.8	13,393	7.9	5.00	3.9
1972	13,318	0.2	185,841,384	4.4	13,954	4.2	5.00	2.9
1973	13,692	2.8	196,404,600	5.7	14,344	2.8	5.00	6.2
1974	13,291	(2.9)	205,212,984	4.5	15,440	7.6	5.00	10.7
1975	13,163	(1.0)	226,348,320	10.3	17,196	11.4	5.00	7.9
1976	13,353	1.4	244,004,592	7.8	18,273	6.3	5.00	4.8
1977	13,446	0.7	259,475,784	6.3	19,298	5.6	5.00	6.4
1978	13,107	(2.5)	270,132,744	4.1	20,610	6.8	5.00	8.6
1979	12,635	(3.6)	277,077,160	2.5	21,924	6.4	5.00	12.5
1980	12,587	(0.4)	292,438,368	5.5	23,233	6.0	5.00	14.4
1981	12,465	(1.0)	310,153,128	6.1	24,882	7.1	5.00	9.6
1982	12,810	2.8	348,850,944	12.5	27,233	9.4	6.00	6.8
1983	12,557	(2.0)	381,553,344	9.4	30,386	11.6	6.00	4.0
1984 ¹	12,110	(3.6)	379,686,648	(2.8)	30,610	0.7	6.00	3.8
1985	12,096	(0.1)	395,295,432	6.6	32,680	6.8	6.00	3.8
1986	12,578	4.0	431,883,240	9.3	34,336	5.1	6.00	2.0
1987	12,602	0.2	443,122,728	2.6	35,163	2.4	6.00	4.1
1988 ²	12,495	(0.8)	443,669,520	0.1	35,508	1.0	6.00	3.9
1989	12,060	(3.5)	437,121,504	(1.5)	36,246	2.1	6.00	5.1
1990	12,039	(0.2)	471,544,173	7.9	39,168	8.1	6.00	5.5
1991	12,513	3.9	520,015,930	10.3	41,558	6.1	6.00	3.0
1992	12,570	0.5	538,404,098	3.5	42,832	3.1	5.80	3.3
1993	12,591	0.2	561,156,282	4.2	44,568	4.1	5.80	2.3
1994	13,095	4.0	599,073,276	6.8	45,748	2.6	5.80	2.9
1995	13,437	2.6	622,413,737	3.9	46,321	1.3	5.80	2.2
1996	13,475	0.3	654,149,310	5.1	48,545	4.8	5.80	3.8
1997	13,435	(0.3)	675,515,532	3.7	50,280	3.6	5.80	1.7
1998 ³	13,586	1.1	736,401,756	9.0	54,203	7.8	5.50	1.5
1999	13,829	1.8	755,303,667	2.6	54,617	0.8	5.50	2.6
2000	13,858	0.2	759,343,026	0.5	54,795	0.3	5.50	4.0
2001	13,889	0.2	763,352,475	0.5	54,961	0.3	5.50	0.8
2002	13,720	(1.2)	866,531,789	13.5	63,158	14.9	5.50	2.5
2003	13,746	0.2	887,555,791	2.4	64,568	2.2	5.50	1.7
2004	13,569	(1.3)	874,301,958	(1.5)	64,434	(0.2)	5.50	2.2
2005	13,462	(0.8)	948,973,732	8.5	70,493	9.4	5.50	3.6
2006	13,749	2.1	1,012,983,635	6.7	73,677	4.5	5.50	0.7
2007	13,748	0.0	1,038,957,026	2.6	75,572	2.6	5.50	4.7
2008	13,373	(2.7)	1,023,580,667	(1.5)	76,541	1.3	5.50	(0.6)
2009	13,154	(1.6)	1,011,205,359	(1.2)	76,874	0.4	5.50	2.5
2010	12,737	(3.2)	1,048,084,301	3.6	82,287	7.0	5.50 ⁴	1.2
Average Increase (Decrease) for the last 5 years:		(1.1)%		2.0 %		3.2 %		1.7 %

¹ Members in service does not include those age 63 and over who are still working.

² Figures do not include retroactive raise.

³ Pay definition changed to include duty availability pay. Of the \$1,048,084,301 current year salary, \$36,730,459 is duty availability pay.

⁴ See Appendix 4 for a complete description of the current assumptions.

EXHIBIT L
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
NEW ANNUITIES GRANTED DURING 2010

	Annuitants	Widows/ Widowers of Deceased Employees ¹	Widows/ Widowers of Deceased Annuitants	Compensation Widows/ Widowers
Number retired/deceased	551	10	135	4
Average age attained	59.1	56.0	71.0	50.3
Average length of service	28.1	N/A	N/A	N/A
Average annual salary [4 out of 10]	\$ 88,267	N/A	N/A	N/A
Average annual final salary	\$ 89,344	N/A	N/A	N/A
Total annual annuity	34,375,129	299,302	3,072,228	189,875
Average annual annuity	62,387	29,930	22,757	47,468
Total liability [(Based on 3% Comb. and 4% Amer. Exp.)]	\$ 404,895,095	4,330,319	29,921,107	3,274,780
Average liability	\$ 734,837	433,032	221,638	818,695
Total investment [Employee-paid for tax purposes]	\$ 3,080,452	N/A	N/A	N/A
Average investment ²	\$ 5,591	N/A	N/A	N/A
Liability/cost	131.4	N/A	N/A	N/A
Liability/final pay	\$ 8.22	N/A	N/A	N/A

¹ Not including compensation or supplemental.

² Based on previously-taxed contributions.

EXHIBIT M
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Years	ANNUITANTS			DISABILITY				Widow	Total
	Employee	Spouse ¹	Child	Ordinary	Duty	Occup.	Child ²	Comp.	
1979	3,458	3,140	558	145	47			64	7,412
1980	3,546	3,154	511	163	57			66	7,497
1981	3,657	3,170	475	142	72			71	7,587
1982	3,666	3,175	462	125	75			70	7,573
1983	3,642	3,202	446	104	86			70	7,550
1984	3,723	3,152	435	87	113			74	7,584
1985	3,861	3,234	406	95	126			70	7,792
1986	4,212	3,145	380	78	144			69	8,028
1987	4,467	3,100	354	66	156			75	8,218
1988	4,595	3,184	350	63	167			78	8,437
1989	4,772	3,202	335	58	179			71	8,617
1990	4,936	3,214	335	51	187			66	8,789
1991	5,033	3,137	329	75	192			68	8,834
1992	5,109	3,129	310	83	204			66	8,901
1993	5,195	3,151	294	59	211		160	66	9,136
1994	5,309	3,123	281	51	221		159	64	9,208
1995	5,510	3,133	254	51	231	1	144	60	9,384
1996	5,714	3,120	252	67	256	12	158	59	9,638
1997	5,945	3,104	240	59	270	36	130	59	9,843
1998	6,241	3,093	228	56	279	57	150	57	10,161
1999	6,520	3,118	249	57	291	76	150	58	10,519
2000	6,876	3,107	267	48	274	87	149	59	10,867
2001	7,192	3,114	255	52	265	95	143	59	11,175
2002	7,392	3,092	235	38	289	103	150	59	11,358
2003	7,498	3,083	247	29	285	97	139	63	11,441
2004	7,815	3,133	249	44	287	85	130	65	11,808
2005	8,026	3,107	247	35	298	82	139	65	11,999
2006	8,083	3,093	255	39	291	69	132	64	12,026
2007	8,155	3,137	242	52	284	65	136	64	12,135
2008	8,210	3,148	237	39	286	58	139	66	12,183
2009	8,227	3,111	232	44	284	52	138	66	12,154
2010	8,495	3,079	222	37	284	40	155	69	12,381

¹ Includes reversionary.

² Children's Disability Benefit not tracked before 1993.

EXHIBIT N
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Years Ended	Average Annual Benefit	Average Current Age of Retirees	Average Age at Retirement Current Year *	Average Years of Service at Retirement Current Year *
1979	7,920	68	57.3	28.1
1980	8,573	68	57.6	28.2
1981	9,292	68	58.4	28.6
1982	10,020	68	59.1	29.2
1983	10,770	68	59.4	29.3
1984	11,782	68	58.6	29.9
1985	13,070	68	58.7	30.2
1986	15,033	67	57.7	30.0
1987	16,257	67	58.1	30.1
1988	17,855	67	58.8	30.9
1989	19,315	67	58.6	30.7
1990	21,120	68	58.9	30.2
1991	21,782	68	58.4	30.8
1992	23,128	68	57.7	30.3
1993	24,724	68	56.9	29.6
1994	25,636	68	55.7	29.5
1995	26,996	67	55.3	29.2
1996	28,412	67	55.5	29.8
1997	29,867	67	55.0	29.3
1998	31,682	66	54.6	30.0
1999	33,220	66	54.8	29.9
2000	34,880	66	56.3	31.6
2001	36,428	66	56.4	29.8
2002	38,199	66	55.6	29.4
2003	38,998	66	57.1	30.2
2004	41,914	66	57.5	30.4
2005	43,930	67	57.3	30.6
2006	45,680	67	58.0	29.6
2007	47,392	67	58.1	29.3
2008	49,239	68	58.3	29.4
2009	50,799	68	59.2	28.6
2010	53,060	68	59.1	28.1

* Averages for New Annuitants in 2010.

EXHIBIT O – PART I
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
HISTORY OF ANNUITIES EMPLOYEE ANNUITANTS (MALE AND FEMALE)

Year End	Number of Annuitants	Total Annuities	Average Annuities
1969	3,211	\$ 10,173,594	\$ 3,168
1970	3,121	10,649,172	3,412
1971	3,104	11,464,581	3,693
1972	3,160	13,158,946	4,164
1973	3,204	14,826,780	4,627
1974	3,248	16,453,688	5,065
1975	3,236	19,011,435	5,874
1976	3,232	20,223,986	6,257
1977	3,275	22,088,924	6,745
1978	3,334	24,242,055	7,271
1979	3,458	27,388,663	7,920
1980	3,546	30,399,779	8,573
1981	3,657	33,982,133	9,292
1982	3,666	36,733,987	10,020
1983	3,642	39,223,898	10,770
1984	3,723	43,864,666	11,782
1985	3,861	50,464,782	13,070
1986	4,212	63,319,877	15,033
1987	4,467	72,621,701	16,257
1988	4,595	82,044,371	17,855
1989	4,772	92,170,354	19,315
1990	4,936	104,221,349	21,114
1991	5,033	109,629,175	21,782
1992	5,109	118,162,135	23,128
1993	5,195	128,443,550	24,724
1994	5,309	136,102,089	25,636
1995	5,510	148,748,836	26,996
1996	5,714	162,343,898	28,412
1997	5,945	177,557,655	29,867
1998	6,241	197,728,489	31,682
1999	6,520	216,593,933	33,220
2000	6,876	239,833,436	34,880
2001	7,192	261,991,891	36,428
2002	7,392	282,368,164	38,199
2003	7,498	292,407,321	38,998
2004	7,815	327,560,253	41,914
2005	8,026	352,579,199	43,930
2006	8,083	369,228,619	45,680
2007	8,155	386,485,701	47,392
2008	8,210	404,254,060	49,239
2009	8,227	417,924,766	50,799
2010	8,495	450,742,884	53,060

EXHIBIT O – PART II
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO
HISTORY OF ANNUITIES SPOUSE ANNUITANTS (NOT INCLUDING COMPENSATION
WIDOWS)

Year End	Number of Annuitants	Total Annuities	Average Annuities
1969	2,734	\$ 2,572,908	\$ 941
1970	2,776	2,710,470	976
1971	2,803	4,803,804	1,713
1972	2,817	5,013,376	1,779
1973	2,946	5,315,826	1,804
1974	3,016	5,481,443	1,830
1975	3,016	7,200,052	2,387
1976	3,011	7,251,636	2,408
1977	3,050	7,431,399	2,437
1978	3,120	7,670,165	2,458
1979	3,140	7,797,830	2,483
1980	3,154	7,935,658	2,516
1981	3,169	9,817,789	3,054
1982	3,175	10,090,780	3,092
1983	3,202	10,083,245	3,151
1984	3,152	10,213,392	3,199
1985	3,164	10,339,504	3,228
1986	3,145	12,770,159	4,060
1987	3,100	12,959,691	4,180
1988	3,184	13,701,678	4,303
1989	3,202	16,304,771	5,092
1990	3,214	16,779,894	5,221
1991	3,137	17,342,488	5,528
1992	3,129	20,773,699	6,639
1993	3,151	24,711,076	7,842
1994	3,123	28,041,269	8,979
1995	3,133	28,792,959	9,190
1996	3,120	30,778,518	9,865
1997	3,104	31,492,268	10,146
1998	3,093	32,285,743	10,438
1999	3,118	36,134,606	11,589
2000	3,107	37,022,962	11,916
2001	3,114	38,316,493	12,305
2002	3,092	40,086,748	12,965
2003	3,083	39,924,324	12,950
2004	3,133	44,609,535	14,239
2005	3,107	47,658,776	15,339
2006	3,093	49,187,928	15,903
2007	3,137	51,646,225	16,464
2008	3,148	53,489,665	16,992
2009	3,111	53,381,986	17,159
2010	3,079	53,621,501	17,415

EXHIBIT P
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO
COUNTS OF RETIREES AND BENEFICIARIES WITH HEALTHCARE COVERAGE SUBSIDIES

Year End	Employee	Spouse ¹	Total
2006	7,552	2,104	9,656
2007	7,637	2,253	9,890
2008	7,731	2,286	10,017
2009	7,763	2,285	10,048
2010	7,878	2,240	10,118

¹ Includes children.

APPENDIX 4

ACTUARIAL METHODS AND ASSUMPTIONS AS OF
DECEMBER 31, 2010

ACTUARIAL METHODS AND ASSUMPTIONS

AS OF DECEMBER 31, 2010

I. ACTUARIAL COST METHOD

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The Actuarial Cost Method used in this valuation for all purposes is the Entry Age Normal Actuarial Cost Method.

Under the Entry Age Normal Actuarial Cost Method, each participant's benefits are assumed to be funded by annual installments, equal to a level percentage of compensation, payable from date of participation to assumed retirement. The total "Normal Cost" is the sum of the current year's annual installments determined for all active participants. The "Actuarial Accrued Liability" is the excess of the value of projected benefits for all participants (both active and retired) over the discounted value of Normal Costs determined for future years of service.

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 fixed period of time (e.g. 30 years) from the date incurred. At a minimum, interest on UAAL should be funded. The total contribution developed under this method is the sum of the Normal Cost and the payment toward the UAAL. The Minimum Actuarially Determined Contribution contains only an interest payment on the UAAL.

II. CURRENT ACTUARIAL ASSUMPTIONS

The current actuarial assumptions were adopted and became effective December 31, 2009, and were based on an experience study for the period January 1, 2003, to December 31, 2008.

A. Demographic Assumptions

Mortality:	1994 Group Annuity Mortality Table.
Disabled Mortality:	1994 Group Annuity Mortality Table set forward six years.
Rate of Disability:	Rates at which members are assumed to become disabled under the provisions of the Fund. Sample rates assumed are as follows:

<u>Attained Age</u>	<u>Rate</u>
22	.0003
27	.0006
32	.0012
37	.0015
42	.0020
47	.0045
52	.0050
57	.0060
62	.0060

**ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2010 (CONT'D)**

The distribution of disability types is assumed to be as follows:

Duty Disability	45%
Occupational Disease Disability	15%
Ordinary Disability	40%

Rate of Retirement: Rates at which members are assumed to retire under the provisions of the Fund. The rates assumed are as follows:

Attained Age	Rate ¹
49	.00
50	.08
51	.08
52	.08
53	.08
54	.15
55	.15
56	.15
57	.15
58	.15
59	.15
60	.25
61	.30
62	.35
63	1.00

¹ Only for members eligible for a formula annuity.

Turnover Rates: The following sample rates exemplify the table:

Years of Service	Rate
0	0.028
1	0.022
2	0.014
3	0.013
4-9	0.012
10	0.011
11	0.010
12	0.009
13	0.008
14	0.007
15	0.006
16	0.005
17-25	0.004

**ACTUARIAL METHODS AND ASSUMPTIONS
AS OF DECEMBER 31, 2010 (CONT'D)**

B. Economic Assumptions

Investment Return Rate: 8.00% per annum for pensions and 4.50% for OPEB. OPEB rate effective as of December 31, 2005.

General Inflation Rate: 3.00% per annum.

Future Salary Increases: Assumed rates of individual salary increase at 4.0% per year, plus an additional percentage based on the following service scale:

Completed Years of Service ^a	Scale
1	0.250
2	0.060
3	0.050
4	0.050
5	0.040
6-9	0.000
10	0.035
11-14	0.000
15	0.035
16-19	0.000
20	0.035
21-24	0.000
25	0.035
Over 25	0.000

^a Includes increases at 12 and 18 months of service.

Asset Value: For State reporting, bonds are at amortized value and stocks are at cost.

For GASB #25 and #27, the actuarial value of assets is smoothed by recognizing each year's difference between actual and expected investment return at the rate of 20 percent per year over a five-year period.

C. Other Assumptions

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

ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 2010 (CONT'D)

- Group Health Insurance: It is assumed for valuation purposes that the current health insurance supplement will continue for life for all employee annuitants (and their future widows). The amount of the Fund-paid health insurance is \$95.00 per month for each annuitant (employees and widows) not qualified to receive Medicare benefits and \$65.00 if qualified. It is assumed that all annuitants age 65 and over will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future widows of retirees are assumed to be eligible for Medicare, as well as widow annuitants that are currently receiving a health insurance supplement.
- Retroactive Pay Increases: Retroactive pay rates from the newly negotiated contract would increase benefits for member's retired between July 1, 2007, and the valuation date. For those members whose benefits had not been recalculated as of the valuation date, their benefit adjustments were estimated based on pay increases from July 1, 2007 through the date of retirement.
- Required Ultimate Multiple: The actuarially determined contribution (adjusted for tax levy loss) less expected employee contributions divided by the actual employee contributions made in the second prior year.
- Loss in Tax Levy: 4% overall loss on tax levy is assumed.

APPENDIX 5

SUMMARY OF PROVISIONS OF THE FUND AS OF
DECEMBER 31, 2010

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2010**

PARTICIPANTS

An employee in the police department of the City of Chicago appointed and sworn or designated by law as a peace officer with the title of policeman, policewoman, chief surgeon, police surgeon, police dog catcher, police kennelman, police matron and members of the police force of the police department.

SERVICE

In computing service rendered by a police officer, the following periods shall be counted, in addition to all periods during which he performed the duties of his position, as periods of service for annuity purposes only: All periods of (a) vacation; (b) leave of absence with pay; (c) military service; (d) disability for which the police officer receives disability benefit. The calculation of service is based on a day-to-day basis for most purposes. For the purpose of calculating benefits under the Dominant Formula, one-year of Service is credited for a year in any portion of which a police officer is compensated.

RETIREMENT

Eligibility

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

Mandatory

Effective in plan year 2003, retirement is mandatory for a participant who has attained age 63.

Accumulation Annuity

At age 50 or more, with 10 or more years of service, the employee is entitled to an annuity based on the sums accumulated for age and service annuity plus 1/10 of the sum accumulated from the contributions by the City for the age and service annuity for each completed year of service after the first 10 years. At age 50 or more with 20 or more years, the employee is entitled to an annuity based on all sums accumulated.

***Formula Minimum
Annuity***

While there are several alternative formulas available with 20 or more years of service, the Dominant Formula is 50% of highest average salary (including duty availability pay) in 48 consecutive months within the last 10 years of service plus 2.5% for each year or fraction of service over 20 years, limited to 75% of average salary.

***Mandatory Retirement
Minimum Annuity***

A police officer who is required to withdraw from service due to attainment of mandatory retirement age who has less than 20 years of service credit may elect to receive an annuity equal to 30% of average salary for the first 10 years of service, plus 2% of average salary for each completed year of service in excess of 10, to a maximum of 48% of average salary. This benefit qualifies for post retirement increases.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2010 (CONT'D)**

Post-Retirement Increase A retiree born before January 1, 1955, with at least 20 years of service or receiving a mandatory retirement minimum annuity, receives an increase of 3% of the original annuity, starting on the first of the month following the first anniversary of his retirement or the first of the month following attainment of age 55, whichever is later, and shall not be subject to a 30% maximum increase. For retirees born after January 1, 1955, automatic increases are 1.5% of the original annuity, commencing at age 60, or the first anniversary of retirement, if later, to a maximum of 30%.

Minimum Annuity The benefit of any retiree who retired from the service before January 1, 1986, at age 50 or over with at least 20 years of service, or due to termination of disability is not less than \$1,050 per month.

Reversionary Annuity A member, prior to retirement, may elect to reduce his own annuity, and provide a reversionary annuity, to begin upon the officer's death, for the officer's spouse.

SURVIVOR INCOME BENEFITS PAYABLE ON DEATH

Death in Service (Non-Duty): Generally, a money-purchase benefit is provided, based on total salary deductions and City contributions. However, if a policeman dies in service after December 31, 1985, with at least 1.5 years of service, the widow's annuity is the greater of (a) 30% of the annual maximum salary attached to the classified civil service position of a first class patrolman at the time of his death (without dollar limit) or (b) 50% of the benefit accrued by the policeman at date of death.

The lifetime benefit is payable until death.

Death in Service (Duty Related)

Compensation Annuity 75% of the member's salary attached to the civil service position that would ordinarily have been paid to such member as though in active discharge of his duties at the time of death payable until the date the policeman would have attained age 63.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2010 (CONT'D)**

<i>Supplemental Annuity</i>	Payable for life and is equal to the difference between the money purchase annuity for the spouse and an amount equal to 75% of the annual salary (including all salary increases and longevity raises) the police officer would have been receiving when he attained age 63 if the police officer had continued in service at the same rank last held in the department.
<i>Death after Retirement</i>	If a police officer retires on or after January 1, 1986, and subsequently dies, the widow's annuity is 40% before 1988 and 50% on and after January 1, 1988 of the retired policeman's annuity at the time of death (without dollar limit).
<i>Maximum Annuity</i>	\$500 a month (after discount for age difference) under both the accumulation method and the old formula method. There is no dollar limit on the 30%, 40% or 50% benefit.
<i>Minimum Annuity</i>	Any spouse is entitled to a minimum annuity of \$1,000 a month.

CHILDREN'S ANNUITIES

<i>Eligibility</i>	Payable at death of the policeman to all unmarried children less than 18 years of age.
<i>Benefit</i>	10% of the annual maximum salary of a first class patrolman during widow (widower) life, 15% otherwise.
<i>Payable Until</i>	Age 18. If the child is disabled, benefit is payable for life or as long as such disablement exists.
<i>Family Maximum</i>	60% (non-duty death) or 100% (duty death) of the salary that would ordinarily been paid to the policeman, if he had been in the active discharge of his duties.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2010 (CONT'D)**

Parent's Annuities

Eligibility Payable to a dependent parent at the death of a policeman who is in either active service, or receiving a disability benefit, or on leave of absence, or in receipt of an annuity granted after 20 years of service, or waiting to start receiving an annuity granted for 20 years of service. The benefit is only payable if there are no surviving spouses or children eligible for benefits.

Benefit 18% of the current salary attached to the rank at separation from service.

Payable until Death of the dependent parent.

DUTY DISABILITY BENEFIT

Eligibility Disabling condition incurred in the performance of duty.

Benefit 75% of salary at the time the disability is allowed plus \$100.00 per month for each unmarried child less than age 18, (total amount of child's benefits shall not exceed 25% of salary). Beginning January 1, 2000, after 7 years of payment, the benefit shall not be less than 60% of the current salary attached to the rank held by the policemen at the time of disability. Payable to employee's age 63 or by operation of law, whichever is later. Salary deductions are contributed by the City.

OCCUPATIONAL DISEASE DISABILITY BENEFIT

Eligibility Heart attack or any disability heart disease after 10 years of service.

Benefit 65% of salary attached to the rank held by the police officer at the time of his or her removal from the police department payroll with a minimum after 10 years of 50% of the current salary attached to the rank. Each natural or legally adopted unmarried child of the officer under the age of 18 is entitled to a benefit of \$100 per month. This benefit is not terminated at age 18 if the child is then dependent by reason of physical or mental disability. Salary deductions are contributed by the City.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2010 (CONT'D)**

ORDINARY DISABILITY BENEFIT

<i>Eligibility</i>	Disabling condition other than duty or occupational related.
<i>Benefit</i>	50% of salary at the time of injury, payable for a period not more than 25% of service (excluding any previous disability time) rendered prior to injury, nor more than 5 years. Disability shall cease at age 63. Salary deductions are contributed by the City.

DEATH BENEFIT

Eligibility Payable upon the death of a police officer whose death occurs while in active service; on authorized leave of absence; within 60 days of receipt of salary; while receiving duty or ordinary disability benefit; occurring within 60 days of termination of such benefit; or occurring on retirement while in receipt of annuity and separation was effective after 20 years of service. This benefit is payable to beneficiaries or, if none, to estate.

Benefit

<i>Death in Service:</i>	<u>Age at Death</u>	<u>Benefit</u>
	49 and under	\$12,000
	50-62	\$12,000 less \$400 for each year by which age at death exceeds 49.
	63 and Over	\$6,000
<i>Death after Retirement:</i>	<u>Age at Death</u>	<u>Benefit</u>
	50 and over	\$6,000

If death results from injury incurred in performance of duty before retirement on annuity, the benefit payable is \$12,000 regardless of the attained age.

***GROUP HEALTH
HOSPITAL AND
SURGICAL INSURANCE
PROGRAM***

The pension fund shall provide payments in the amount of \$95 per month for non-Medicare eligible city annuitants and \$65 per month for Medicare eligible city annuitants through June 30, 2013.

REFUNDS

Policemen

Without regard to service and under age 50, or with less than 10 years of service and under age 57 at withdrawal: a refund of all salary deductions together with 1.5% simple interest until the date of withdrawal.

**SUMMARY OF
PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS
AS OF DECEMBER 31, 2010 (CONT'D)**

<i>For Spouse's Annuity</i>	Upon retirement an unmarried policeman will receive a refund of contributions for spouse's annuity, accumulated at 3% compounded annually.
<i>Of Remaining Amounts</i>	If at death of a retired policeman the total member contributions paid while active exceed the total retirement benefits paid to date of death, the difference is payable.

CONTRIBUTIONS

<i>Salary Deductions</i>	Employee	7 %	
	Spouse	1½%	
	Annuity Increase	½%	
		9 %	
<i>City Contributions ¹</i>	Employee	9-5/7%	
	Spouse	2 %	
	Annuity Increase	½%	Unallocated
		12-3/14%	

¹ Credited to Participant's Accumulation Annuity and Widow's Annuity Account
In addition to the above contributions, a contribution is made to support the Death Benefit. Policemen contribute \$2.50 per month. City contributes a total of \$224,000 for all policemen.
The total City contribution is generated by a tax equal to double the contributions by the policemen to the Fund two years prior to the year of the tax levy.

**"PICK UP" OF
EMPLOYEE SALARY
DEDUCTIONS**

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

APPENDIX 6

LEGISLATIVE CHANGES 1979 THROUGH 2010

LEGISLATIVE CHANGES 1979 THROUGH 2010

1979 Session

HB 2128

Refund repayment provided at least 3 years of service after reentry, surviving spouse may pay in the case of death of the employee.

HB 2012

Under IRS Code Section 414(h), employer may pick up the employee contributions for all compensation earned after December 31, 1981 by a reduction in the cash salary or an offset to a future salary increase or by a combination of both.

HB 2160

Duty disability benefit based on the salary when the benefit is payable in the case of a disabled policeman who returns to active service for a period of at least 2 years.

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.

1981 Session

SB 21

Actuarial reporting standards.

SB 851

Authorizes investments in conventional mortgage pass-through securities.

SB 879

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

SB 1126

Duty disability benefits based on salary at time disability is allowed; salary for policeman on leave of absence; definition of heart attack.

HB 291

Minimum survivor's annuity from \$200 to \$250.

Spring 1982 Session

SB 740

Minimum employee annuity from \$350 to \$400 effective July 1, 1982, for policemen who retired before September 1, 1976.

SB 1127

3% post-retirement increase for employees born before January 1, 1930, without 30% maximum, effective January 1, 1983.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

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

SB 1147

Actuarial reporting to Insurance Department and Pension Laws Commission. Actuarial statements prepared by a qualified actuary for plan years ending after December 31, 1984, including actuarial present value of credited projected benefits.

SB 1579

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

Spring 1983 Session

SB 22

Delegation of investment authority restrictions.

HB 514

10% prudent person investment category.

HB 1412

Heart attack; need not result from an injury.

HB 1413

Wrongful death of a police officer bars benefit.

HB 1414

50/20 50%, plus 2% minimum formula; if retire in 1984 qualify with 52 and 22; in 1985, 51 and 21; in 1986 and after, 50 and 20.

HB 2003

Reversionary annuity. Securities lending.

City Ordinance

Changes compulsory retirement from 63 to 70.

1984 Court Decision

Kaner case awarding widow compensation annuity 75% of the salary attached to the civil service position that would have ordinarily have been paid to him as though he were in active discharge of his duties for widows of policemen who died a duty death after January 1, 1970.

1984 Session

Illinois Public Employees' Pension Laws Commission abolished.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

1985 Session

HB 1529

30% (of maximum first class patrolman salary) widow's benefit for death in service, with 1.5 years of service, eliminated the excess spouse refund.

40% (of policeman annuity at the time of death) widow's benefit for death after retirement (for retirements after January 1, 1986 only).

Death benefit increase: retirees \$2,250 to \$6,000, actives \$12,000 before 50 graded down to \$6,000.

Minimum widow pension from \$250 to \$325 under certain conditions.

3% increase for the closed group receiving 2%.

Widow compensation annuity for duty deaths after September 17, 1969.

1986 Session

HB 2630

Expands the widow compensation annuity category to include duty deaths after January 1, 1940.

1987 Session

HB 2715

Beginning January 1, 1988, 50% of employees' annuity at death for widows (present and future) whose spouse retired on or after January 1, 1986.

3% annual increase for life to all employee annuitants (present and future) born before 1940 instead of 1930.

1988 Session

No legislative changes.

1989 Session

SB 95

Signed August 23, 1989. Changed the amount of fund paid health insurance "supplement" from January 1, 1988, until December 31, 1992, to \$65 per month for each annuitant not qualified to receive Medicare benefits (and \$35 if qualified) and from January 1, 1995, until December 31, 1997, the amounts are \$75 and \$45, respectively. Widows will now be supplemented also. The City will be required to pay 50% of the aggregated cost of health care claims for the retired group under all health care plans offered by the City. A procedure was established for the City to determine, with the help of an independent actuary, the aggregate cost of claims and premiums for each calendar year from 1989 through 1997 for the retired group.

\$150 to \$200 minimum widow's benefit.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

Beginning January 1, 1990, minimum widow's annuity shall be \$400.

Transfer of credits to IMRF for a County Sheriff upon application and payment by the Fund.

HB 332

Signed August 23, 1989, age discrimination changes. Removed the age 63 limitations in determining benefits for money purchase employee and widow annuities, disability benefits and refunds. The change requires contributions (deductions from salary) and concurrent City contributions from January 1, 1988, until withdrawal but not for the period between the attainment of age 63 and January 1, 1988.

Allow transfer credits and creditable service under any other pension fund if police officer has 10 years of service and payment before January 1, 1990.

Provides for a transfer of credits to the Municipal Fund or State Fund of any police officer with at least 10 years of service.

1990 Session

SB 1951

Allows policemen to withdraw at age under 50 with at least 20 years of service to receive benefit based on minimum formula commencing at age 50.

Widows of active policemen receive benefit not less than 50% of annuity payable to the policeman had he retired on the date of death.

Compensation and supplemental widows' annuities do not cease upon remarriage.

1991 Session

HB 969

Increases the minimum monthly benefit to retirees who had at least 20 years of service prior to January 1, 1992 to \$650.

Increases the minimum monthly widow's annuity payable upon death after January 1, 1992 of:

- an active policeman with at least 10 years of service, or
- a policeman who had at least 20 years of service at withdrawal from the Fund to \$500.

1992 Session

No legislative changes.

1993 Session

SB 1650

Increases the minimum monthly benefit to retirees who had at least 20 years of service prior to January 1, 1995 to \$750, and after January 1, 1995 to \$850.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

Increases the minimum monthly widow's annuity payable upon death after January 1, 1995 of:

- an active policeman with at least 10 years of service; or
- a policeman who had at least 20 years of service at withdrawal from the Fund to \$600, and after January 1, 1995 to \$700.

1994 Session

No legislative changes.

1995 Session

SB 99

Beginning January 1, 1996, supplemental annuity changed to the difference between the annuity for the widow and an amount equal to 50% of the annual salary (including all salary increases and longevity raises) the policeman would have been receiving when he attained age 63 if the policeman had continued in service at the same rank (whether career service or exempt) that he last held in the police department.

Beginning January 1, 1996, duty disability minimum benefit is stated such that after 10 years of payment the benefit shall not be less than 50% of the current salary attached to the rank held by the policeman at the time of removal from police department payroll.

1995 Session (Cont'd)

An occupational disease disability benefit has been added for any policeman with at least 10 years of service who suffers a heart attack or any other disability heart disease. The benefit shall be 65% of salary attached to the rank held by the officer at the time of his or her removal from the police department payroll, with a minimum after 10 years of 50% of the current salary attached to the rank. Each natural or legally adopted unmarried child of the officer under age 18 is entitled to a benefit of \$50 per month. This benefit is not terminated at age 18 if child is then dependent by reason of a physical or mental disability.

Beginning January 1, 1996, the age of the commencement of automatic increases in annuities has been lowered to age 55 for policemen born on or after January 1, 1940, but before January 1, 1945. Any policemen born before January 1, 1945, who qualifies for a minimum annuity and retires after September 1, 1967, not receiving the initial increases before January 1, 1996, will receive the initial increase on (1) January 1, 1996, (2) the first anniversary of the date of retirement, or (3) attainment of age 55, whichever occurs last.

Beginning January 1, 1996, the minimum monthly widow's annuity payable upon death increases to \$700.00 for all widow's not previously eligible for the minimum.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

1996 Session

SB 1456

Effective August 9, 1996, a parent's annuity equal to 18% of the current salary attached to the rank at separation from service will be provided to each of the natural parents of a police officer who dies under certain conditions. Those conditions include: death in active service, while receiving a disability benefit, during leave of absences, or after 20 years of service and eligible or receiving an annuity. The benefit is payable only if there are no surviving spouse or children eligible for benefits.

1997 Session

PA 90-551

Effective December 12, 1997, the law was amended to include on prospective basis duty availability in the definition of salary. The law also allows policemen who retired or were at least age 50 and had at least 20 years of service between July 1, 1994, and December 31, 1997, to count duty availability pay in the calculation of final average salary. In order for this to happen, the policemen must elect to do so and must contribute the employee contributions (9%) without interest from the duty availability pay that is to be considered in the final average salary calculation.

Effective June 27, 1997, PA 90-0031 was enacted. This law extends the hospitalization plan through June 30, 2002, for annuitants and their eligible dependents.

Effective July 1, 1997, PA 89-643 was amended. This provision extended the parent's annuity eligibility to apply to dependent parents of police officers who died prior to August 9, 1996.

1998 Session

PA 90-0766

Effective August 16, 1998, this law increased the minimum monthly widow's annuity payable from \$700.00 to \$800.00 effective January 1, 2010. This law also increased the earnings limit maximum for those receiving disability benefits such that the sum of the disability benefit and outside compensation may be up to 150% of the rate of salary which the participant would be receiving if working in his regularly appointed civil service position as a policeman.

2000

In 2000 the City of Chicago has enacted mandatory retirement for Policemen upon attainment of age 63.

2001 Session

PA92-0052

Effective July 12, 2001.

Beginning on January 1, 2000, the minimum duty disability after 7 years of payment shall be 60% of the current salary attached to the rank held by the policeman at the time of removal from police department payroll. If the Board finds that the disability permanently renders the policeman totally disabled for any service of a remunerative character, the minimum disability benefit shall be 75% of the current salary attached to the rank held by the policeman at the time of removal from payroll.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

The child's benefit for both duty disability and occupational disease disability was increased to \$100 per month.

The law removed the earnings limit of 150% of regular salary to be eligible to receive disability benefits.

With effect from January 1, 2000, the age of the commencement of the automatic 3% increases in annuities has been lowered to age 55 for policemen born on or after January 1, 1945, but before January 1, 1950. Any policeman born before January 1, 1950, who qualifies for a minimum annuity and retires after September 1, 1967, not receiving the initial increase before January 1, 2000, will receive the initial increase at the latest of (1) January 1, 2000, (2) the first anniversary of the date of retirement, or (3) attainment of age 55.

2002 Session

HB 5168

- Effective June 28, 2002.
- A police officer who is required to withdraw from service due to attainment of mandatory retirement age and who has less than 20 years of service credit, may elect to receive an annuity equal to 30% of average salary for the first 10 years of service, plus 2% of average salary for each completed year of service in excess of 10, to a maximum of 48% of average salary. This benefit qualifies for post-retirement increases.
- The supplemental annuity payable to the widow of an officer on account of a duty-related death is increased to the difference between the money purchase annuity for the spouse and 75% (previously 50%) of the annual salary the police officer would have been receiving when he attained age 63 if the police officer had continued in service at the same rank last held in the department.
- The pension fund subsidy for retiree health insurance was extended through June 30, 2003. For annuitants (other 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.

2003 Session

SB 1701

- Effective July 1, 2003.
- The healthcare benefits were increased to \$85 per month for non-Medicare eligible participants and \$55 per month for Medicare eligible participants for the period from July 1, 2003, through June 30, 2008. Thereafter, the benefits are increased from \$85 to \$95 and \$55 to \$65 for the period July 1, 2008, to June 30, 2013.
- The healthcare benefits referred to above are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

2004 Session

PA 93-0654

- Effective January 16, 2004.
- The minimum annuity formula accrual rate for service after 20 years was increased from 2.0% to 2.5% with total benefits limited to 75% of final average pay.
- The minimum benefit for age-service retirements was increased to \$950 per month during 2004 and \$1,050 per month thereafter.
- The minimum widow annuity was increased to \$900 per month during 2004 and \$1,000 per month thereafter.

2005 Session

PA 94-0624

- Effective August 18, 2005.
- Beginning January 1, 2000, removes the limitation for maintaining benefits for non-civil service positions when assigned within three years of retirement for non-civil service positions with the title of Captain.

HB 1009

- Effective January 1, 2005, any policeman born after January 1, 1950, but before January 1, 1955 shall receive a benefit increase of 3% compounded annually. Any policeman born before January 1, 1955, who qualifies for a minimum annuity and retires after September 1, 1967, not receiving the initial increase before January 1, 2005, will receive the initial increase at the latest of (1) January 1, 2005, (2) the first anniversary of the date of retirement, or (3) attainment of age 55.

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 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.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

2006 Session

No legislative changes.

2007 Session

PA 95-0279

- Effective January 1, 2008.
- Removes restriction that a child be born or legally adopted before withdrawal from service for a child's annuity. Removes restriction requiring that adoption proceedings must have been initiated 6 months prior to the policeman's death.

PA 95-0504

- Effective August 28, 2007.
- Beginning on the effective date, a widow's annuity shall no longer be subject to termination or suspension due to remarriage. Any widow's annuities previously terminated or suspended due to remarriage shall be resumed upon application, but the resumption shall not be retroactive.
- At the discretion of the Board, a widow's annuity may be granted to a widow who was denied a benefit for having been married less than one year at the time of the member's death.
- Removes age limitation on child's annuity for children who are so physically or mentally handicapped as to be unable to support themselves.

2008 Session

No legislative changes.

2009 Session

P.A. 95-1036

- Effective February 17, 2009.
- For purposes of tax levy, contributions by the policeman to the Fund shall not include payments made by a policeman to establish credit under Section 5-214.2.
- An officer with prior service credit under article 3,7,9,10,13,14,15 Funds may transfer up to 10 years of service in 6 month increments provided the transfer of service results in no increase to the unfunded actuarial accrued liability of the Fund.

PA 96-0006

- Effective April 3, 2009.
- The Illinois Governmental Ethics Act.

P.A. 96-285

- Effective August 11, 2009.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

- Extends PA 95-1036 service purchase eligibility to include members of article 8 Funds and law enforcement officers with any agency of the United States Government.

P.A. 96-727

- Effective August 25, 2009.
- Allows an officer with at least 10 years of PABF service to transfer up to 48 months of eligible service as a County Correctional Officer. The officer is required to pay to the Fund the difference between contributions transferred by the County on behalf of the officer and the amount of employee and employer contributions that would have been contributed had the officer been a member of this Fund plus interest at the actuarially assumed rate.

P.A. 96-745

- Effective August 25, 2009.
- Transfer of service to Article 14 (State Employees' Retirement System) now includes investigators for the Office of the Attorney General and investigators for
- The Department of Revenue. Interest on the repayment of refund is changed from 6% to the actuarially assumed rate.

PA 96-753

- Effective August 25, 2009.
- Encourages the public pension funds, and any State entity investing on behalf of the public pension funds, to promote the economy of Illinois through the use of economic opportunity investments.
- Instructs the fund's 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 total proceeds in every transaction are the most favorable under the circumstances.

2010 Session

P.A. 96-1260

- Effective July 23, 2010.
- A policeman may purchase benefit service for all periods of service in the military before beginning service as an active policeman. The total amount of such service shall not exceed 2 years.

LEGISLATIVE CHANGES 1979 THROUGH 2010 (CONT'D)

PA 96-1495 (HB 3538)

- Effective January 1, 2011.
- Changes the financing for the Fund. Assets are marked to market at March 30, 2011. For fiscal years after March 30, 2011, actuarial value of assets is used based on five-year smoothing. The City levies a new tax starting in FY2015. Each year, employer contributions combined with member contributions and other fund revenue must be equal to the amount that is sufficient to produce 90% funding by the end of fiscal year 2040. The projections are based on an open group projection and level percent of pay financing and actuarial liabilities are based on the projected unit credit cost method. If the City does not make the statutorily required contributions, then the State, starting in FY 2016, could withhold State grants to the City, and directly deposit the withheld funds into the PABF. The withheld funds are limited to 33 percent of total State grants to the City in FY 2016, 67 percent in FY 2017, and 100 percent on and after FY 2018.
- Changes benefits for members hired on or after January 1, 2011. For these employees the minimum retirement eligibility is at age 55 with 10 years of service with the annuity based on an accrual rate of 2.5 percent, subject to a maximum of 75 percent. Employees may retire at age 50 with 10 years of service with the annuity based on accrual rate of 2.5 percent, reduced by one half of one percent per month for retirement prior to age 55, subject to a maximum of 75 percent. The final average salary is based on 96 consecutive months within the last 120 months. Annual salary is capped at \$106,800, indexed annually at the lesser of 3.0 percent and fifty percent of CPI-U. COLA is equal to the lesser of 3.0 percent and 50 percent of CPI-U, commencing at age 60, with no 30% cap, applied to the original granted retirement annuity. Widow benefits are 66-2/3 percent of the policemen's earned annuity at the date of death. Widow COLA is equal to the lesser of 3.0 percent and 50 percent of CPI-U, commencing when the survivor reached age 60, and applied to the original granted retirement annuity.

APPENDIX 7

ADDITIONAL EXHIBITS –GASB DISCLOSURES

EXHIBIT A-1

GASB #25, #27, #43, AND #45 DISCLOSURES

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

The GASB has also issued Statements #43 and #45, changing the way in which governmental retirement systems and governmental employers report financial information for other postemployment benefits (OPEB). GASB #43 is effective for the fund in fiscal year 2006 and GASB #45 is effective for the City in fiscal year 2007.

This report includes the following Exhibits with information required to be reported under GASB #25, #27, #43, and #45

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

This exhibit shows a 14-year history of funding progress. The funding progress is a comparison of Actuarial Value of Assets with the Actuarial Accrued Liability (AAL), and a comparison of the unfunded AAL (UAAL) with compensation.

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

This exhibit shows the Annual Required Contribution (ARC) as computed under GASB #25 and the percent of this amount actually received. This exhibit shows a 15-year history.

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

This exhibit has certain information required in the notes to the Fund's financial reports.

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

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

EXHIBIT A-1

GASB #25, #27, #43, AND #45 DISCLOSURES

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

This exhibit has a 14-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) for GASB #27

This exhibit documents the 24-year summary of the calculation of the net pension obligations under GASB #27.

Exhibit A-8: Schedule of Funding Progress for 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 compensation.

Exhibit A-9: Schedule of Employer Contributions for GASB #43

This exhibit compares the Annual Required Contribution (ARC) as computed under GASB #43 with the amount actually received.

Exhibit A-10: Supplementary Information for GASB #43

This exhibit has certain information required in the notes to the Fund's financial reports.

Exhibit A-11: Annual OPEB Cost and Contributions Made for GASB #45 for 2010

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 contributions made.

Exhibit A-12: Pension Cost Summary for GASB #45

This exhibit has a four-year summary of annual OPEB cost; percentage of annual OPEB cost contributed that year and NOO at the end of the year.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b) ¹	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/1997	\$ 2,896,754,452	\$ 4,609,167,918	1,712,413,466	62.85%	\$ 675,515,532	253.50%
12/31/1998	3,249,729,847	5,158,196,219	1,908,466,372	63.00%	736,401,756	259.16%
12/31/1999	3,685,681,671	5,394,872,218	1,709,190,547	68.32%	755,303,667	226.29%
12/31/2000	4,019,467,561	5,652,030,658	1,632,563,097	71.12%	759,343,026	215.00%
12/31/2001	4,183,796,025	5,932,510,629	1,748,714,604	70.52%	763,352,475	229.08%
12/31/2002	4,124,579,960	6,384,845,959	2,260,265,999	64.60%	866,531,789	260.84%
12/31/2003	4,039,695,590	6,581,433,250	2,541,737,660	61.38%	887,555,791	286.37%
12/31/2004	3,933,031,342	7,034,271,474	3,101,240,132	55.91%	874,301,958	354.71%
12/31/2005	3,914,431,654	7,722,737,147	3,808,305,493	50.69%	948,973,732	401.31%
12/31/2006	3,997,990,919	7,939,561,277	3,941,570,358	50.36%	1,012,983,634	389.11%
12/31/2007	4,231,681,817	8,220,352,638	3,988,670,821	51.48%	1,038,957,026	383.91%
12/31/2008	4,093,719,894	8,482,574,033	4,388,854,139	48.26%	1,023,580,667	428.77%
12/31/2009	3,884,978,241	8,736,101,666	4,851,123,425	44.47%	1,011,205,359	479.74%
12/31/2010	3,718,954,539	9,210,056,428	5,491,101,889	40.38%	1,048,084,301	523.92%

¹ Actuarial liability excludes OPEB benefits as of December 31, 2006.

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

For Year Ending December 31	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
1997	\$107,607,525	\$109,361,629	101.63%
1998	105,484,624	118,867,416	112.69%
1999	133,535,979	125,281,970	93.82%
2000	125,129,864	139,481,871	111.47%
2001	123,201,657	139,675,766	113.37%
2002	130,237,405	141,989,027	109.02%
2003	181,545,562	140,807,354	77.56%
2004	203,757,534	135,744,173	66.62%
2005	238,423,459	178,278,371	74.77%
2006 ¹	262,657,025	150,717,705	57.38%
2007	312,726,608	170,598,268	54.55%
2008	318,234,870	172,835,805	54.31%
2009	339,488,187	172,043,784	50.68%
2010	363,624,570	174,500,507	47.99%
2011	402,751,961	TBD	TBD

¹ Starting with fiscal year 2006, GASB #25 disclosure includes pension benefits only. The retiree healthcare supplement will be recognized under GASB #43 disclosure.

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

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2010
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level percent open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Pension Investment Rate of Return	8.00%
Projected Salary Increases	4.00% per year, plus additional percentage related to service.
Cost-of-Living Allowance	3.00% (1.50% for retirees born after January 1, 1955)

	2009 ¹	2010 ¹
Payable to Retirees and Beneficiaries	\$5,320,018,749	\$5,653,270,866
Current Employees:		
Accumulated Employee Contributions Including Statutory Interest	1,217,645,647	1,251,147,487
Payable to Vested and Non-Vested Employees	2,198,437,270	2,305,638,075
Total Actuarial Accrued Liability	\$8,736,101,666	\$9,210,056,428
Net Plan Actuarial Assets	3,884,978,241	3,718,954,539
Unfunded AAL (assets in excess of AAL)	\$4,851,123,425	\$5,491,101,889
Percent Funded	44.47%	40.38%
Unfunded AAL as Percent of Payroll	479.74%	523.92%
Payroll	\$1,011,205,359	\$1,048,084,301

¹ Excludes liabilities for retiree healthcare subsidy.

EXHIBIT A-6
PENSION COST SUMMARY
FOR GASB #27

<u>Year Ended December 31</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
1997	\$127,842,346	85.54%	\$584,588,700
1998	124,458,001	95.51	590,179,285
1999	152,690,804	82.05	617,588,119
2000	145,174,269	96.08	623,280,517
2001	143,430,813	97.38	627,035,564
2002	150,588,435	94.29	635,634,972
2003	202,175,694	69.65	697,003,312
2004	226,379,433	59.96	787,638,572
2005	263,987,011	67.53	873,347,212
2006	302,556,587	52.47	1,017,144,522
2007 ¹	338,508,467	50.40	1,185,054,721
2008	348,272,798	49.63	1,360,491,714
2009	373,972,967	46.00	1,562,420,897
2010	403,227,708	43.28	1,791,148,098

¹ Annual pension cost for fiscal years on and after 2007 excludes OPEB which are recognized in GASB 45 accounting.

EXHIBIT A-7
DEVELOPMENT OF NET PENSION OBLIGATION (NPO) FOR GASB #27
PRIOR TO JANUARY 1, 1997

Year Ending December 31: Assumptions and Method	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
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
Actuarially Determined Contribution (ADC)										
Normal Cost	\$ 88,600,984	\$ 90,317,357	\$ 90,506,052	\$ 79,153,328	\$ 67,782,578	\$ 78,695,560	\$ 66,329,000	\$ 68,617,000	\$ 72,637,000	\$ 76,463,000
Interest on Unfunded	89,867,346	92,162,828	93,180,094	88,948,163	110,558,088	126,460,879	120,691,562	132,733,871	144,248,034	150,876,009
Total ADC	\$ 178,468,330	\$ 182,480,185	\$ 183,686,146	\$ 168,101,491	\$ 178,340,666	\$ 205,156,439	\$ 187,020,562	\$ 201,350,871	\$ 216,885,034	\$ 227,339,009
Interest on NPO	-	5,194,794	10,671,277	16,254,357	19,887,447	23,818,783	29,389,826	32,880,844	36,612,931	40,614,169
Adjustment to ADC	-	(4,758,157)	(11,443,199)	(17,430,139)	(21,421,034)	(25,657,792)	(31,714,118)	(35,473,365)	(39,495,803)	(43,810,319)
Annual Pension Cost	\$ 178,468,330	\$ 182,916,822	\$ 182,914,224	\$ 166,925,709	\$ 176,807,079	\$ 203,317,430	\$ 184,696,270	\$ 198,758,350	\$ 214,002,162	\$ 224,142,859
Net Pension Obligations (NPO)										
NPO at Beginning of Year	\$ -	\$ 69,263,914	\$ 142,283,691	\$ 203,179,467	\$ 248,593,093	\$ 297,734,789	\$ 367,372,826	\$ 411,010,553	\$ 457,661,636	\$ 507,677,114
Annual Pension Cost	178,468,330	182,916,822	182,914,224	166,925,709	176,807,079	203,317,430	184,696,270	198,758,350	214,002,162	224,142,859
Total Contributions	(109,204,416)	(109,897,045)	(122,018,448)	(121,512,083)	(127,665,383)	(133,679,393)	(141,058,542)	(152,107,267)	(163,986,684)	(165,711,990)
NPO at End of Year	\$ 69,263,914	\$ 142,283,691	\$ 203,179,467	\$ 248,593,093	\$ 297,734,789	\$ 367,372,826	\$ 411,010,553	\$ 457,661,636	\$ 507,677,114	\$ 566,107,984

EXHIBIT A-7 (CONT'D)
DEVELOPMENT OF NET PENSION OBLIGATION (NPO) FOR GASB #27
AFTER JANUARY 1, 1997

Year Ending December 31: Assumptions and Method	1997	1998	1999	2000	2001	2002	2003
Interest Rate	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Salary Scale	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Amortization Period (years)	40	40	40	40	40	40	40
Cost Method	EAN	EAN	EAN	EAN	EAN	EAN	EAN
Annual Pension Cost							
Annual Required Contribution (ARC)	\$107,607,525	\$105,484,624	\$133,535,979	\$125,129,864	\$123,201,657	\$130,237,405	\$181,545,562
Interest on Net Pension Obligation	45,288,639	46,767,096	47,214,343	49,407,050	49,862,441	50,162,845	50,850,798
Adjustment to ARC	(25,053,818)	(27,793,719)	(28,059,518)	(29,362,645)	(29,633,285)	(29,811,815)	(30,220,666)
Total	\$127,842,346	\$124,458,001	\$152,690,804	\$145,174,269	\$143,430,813	\$150,588,435	\$202,175,694
Net Pension Obligations (NPO)							
NPO at Beginning of Year	\$566,107,984	\$584,588,700	\$590,179,285	\$617,588,119	\$623,280,517	\$627,035,564	\$635,634,972
Annual Pension Cost	127,842,346	124,458,001	152,690,804	145,174,269	143,430,813	150,588,435	202,175,694
Total Contributions	(109,361,629)	(118,867,416)	(125,281,970)	(139,481,871)	(139,675,766)	(141,989,027)	(140,807,354)
NPO at End of Year	\$584,588,700	\$590,179,285	\$617,588,119	\$623,280,517	\$627,035,564	\$635,634,972	\$697,003,312

EXHIBIT A-7 (CONT'D)
DEVELOPMENT OF NET PENSION OBLIGATION (NPO) FOR GASB #27
AFTER JANUARY 1, 1997

Year Ending December 31: Assumptions and Method	2004	2005	2006	2007	2008	2009	2010
Interest Rate	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Salary Scale	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Amortization Period (years)	40	40	40	30	30	30	30
Cost Method	EAN	EAN	EAN	EAN	EAN	EAN	EAN
Annual Pension Cost							
Annual Required Contribution (ARC)	\$203,757,534	\$238,423,459	\$273,733,047	\$312,726,608	\$318,234,870	\$339,488,187	\$363,624,570
Interest on Net Pension Obligation	55,760,265	63,011,086	69,867,777	81,371,562	94,804,378	108,839,337	124,993,672
Adjustment to ARC	(33,138,366)	(37,447,534)	(41,044,237)	(55,589,703)	(64,766,450)	(74,354,557)	(85,390,534)
Total	\$226,379,433	\$263,987,011	\$302,556,587	\$338,508,467	\$348,272,798	\$373,972,967	\$403,227,708
Net Pension Obligations (NPO)							
NPO at Beginning of Year	\$697,003,312	\$787,638,572	\$873,347,212	\$1,017,144,522	\$1,185,054,721	\$1,360,491,714	\$1,562,420,897
Annual Pension Cost	226,379,433	263,987,011	302,556,587	338,508,467	348,272,798	373,972,967	403,227,708
Total Contributions	(135,744,173)	(178,278,371)	(158,759,277)	(170,598,268)	(172,835,805)	(172,043,784)	(174,500,507)
NPO at End of Year	\$787,638,572	\$873,347,212	\$1,017,144,522	\$1,185,054,721	\$1,360,491,714	\$1,562,420,897	\$1,791,148,098

¹ 8.0% for Pension and 4.5% for OPEB, beginning with fiscal year 2006.

² 40 years for Pension and 30 years for OPEB for fiscal year 2006.

³ Annual Pension Cost for fiscal years on and after 2007 excludes OPEB which are recognized in GASB 45 accounting.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2005	\$ 0	\$ 176,117,539	\$ 176,117,539	0.00%	\$ 948,973,732	18.56%
12/31/2006	0	176,981,897	176,981,897	0.00%	1,012,983,634	17.47%
12/31/2007	0	179,039,841	179,039,841	0.00%	1,038,957,026	17.23%
12/31/2008	0	169,972,156	169,972,156	0.00%	1,023,580,667	16.61%
12/31/2009	0	164,799,819	164,799,819	0.00%	1,011,205,359	16.30%
12/31/2010	0	164,796,449	164,796,449	0.00%	1,048,084,301	15.72%

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

<u>For Year Ending December 31</u>	<u>Annual Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>
2006	\$11,076,022	\$8,041,573	72.60%
2007	11,220,081	8,107,708	72.26%
2008	11,348,959	8,850,186	77.98%
2009	11,810,766	9,266,431	78.46%
2010	10,659,006	9,354,163	87.76%
2011	10,538,116	TBD	TBD

EXHIBIT A-10
SUPPLEMENTARY INFORMATION FOR
GASB #43

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2010
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	No assets (Pay-as-you-go)
Amortization Method	Level percent open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
OPEB Investment Rate of Return	4.50%
Projected Salary Increases	4.00% per year, plus additional percentage related to service.
Healthcare Cost Trend Rate	0.00% ¹

	2009	2010
Payable to Retirees and Beneficiaries	\$ 106,119,027	\$ 106,746,649
Current Employees:		
Accumulated Employee Contributions Including Statutory Interest	-	-
Payable to Vested and Non-Vested Employees	58,680,792	58,049,800
Total Actuarial Accrued Liability	\$ 164,799,819	\$ 164,796,449
Net Plan Actuarial Assets	-	-
Unfunded AAL (assets in excess of AAL)	\$ 164,799,819	\$ 164,796,449
Percent Funded	0.00%	0.00%
Unfunded AAL as Percent of Payroll	16.30%	15.72%
Payroll	\$1,011,205,359	\$1,048,084,301

¹ Trend not applicable - Fixed dollar subsidy.

EXHIBIT A-11
ANNUAL OPEB COST AND CONTRIBUTIONS
MADE FOR GASB #45 FOR 2010

Contribution Rates

City	Pay-as-you-go
Plan Members	None

Annual OPEB Cost for 2010

Annual Required Contribution (ARC)	\$ 10,659,006
Interest on Net OPEB Obligation	370,658
Adjustment to ARC	(294,082)
Total	\$ 10,735,582

Contributions Made in 2010

\$ 9,354,163

Net OPEB Obligation (NOO):

NOO at 12/31/2009	\$ 8,236,851
Increase/(Decrease) in NOO	1,381,419
NOO at 12/31/2010	\$ 9,618,270

EXHIBIT A-12
OPEB COST SUMMARY FOR
GASB #45

<u>Year Ended December 31</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2007	\$11,220,081	72.26%	\$3,112,373
2008	\$11,377,894	77.78%	\$5,640,081
2009	\$11,863,201	78.11%	\$8,236,851
2010	\$10,735,582	87.13%	\$9,618,270