

**COUNTY EMPLOYEES' AND OFFICERS'
ANNUITY AND BENEFIT FUND OF COOK COUNTY**

ACTUARIAL STATEMENT

December 31, 2003

Prepared by

**Donald F. Campbell
Consulting Actuaries**

INDEX

Actuarial Summary	1 - 17
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Financial Statements

Exhibit A	Actuarial Balance Sheet, Assets and Liabilities.....	19 - 21
Exhibit B	Income and Expenditures.....	23 - 25
Exhibit C	Comparative Analysis, Assets and Liabilities.....	27 - 31
Exhibit D	Taxes Receivable	32

Statistical Data

Exhibit E	Membership Statistics.....	33
Exhibit F	Salary and Age Statistics.....	34 - 35
Exhibit G	Age and Service Distribution.....	36 - 37
Exhibit H	Annuitants Classified by Age.....	38 - 39
Exhibit I	Health Insurance Classified by Age.....	40
Exhibit J	New Annuities Granted During 2003	41 - 47
Exhibit K	Retirees and Beneficiaries by Type of Benefit	48
Exhibit L	Average Employee Retirement Benefits Payable.....	49
Exhibit M	History of Average Annual Salaries	50
Exhibit N	History of New Annuities Granted	51
Exhibit O	History of Total Annuities	52
Exhibit P	History of Benefit Expenses by Type	53 - 54
Exhibit Q	History of Investment Yields.....	55

Legislative Changes

Exhibit R	Legislative Changes.....	57 - 64
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Historical Data

Exhibit S	History of Recommended Employer Multiples and Taxes Levied.....	65
Exhibit T	History of Financial Information	66 - 67
Exhibit U	Department of Insurance Disclosure.....	68

GASB

Exhibit V	GASB Disclosure.....	69 - 79
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Actuarial Assumptions

Exhibit W	Summary of Actuarial Methods and Assumptions	81 - 83
Exhibit X	Service Table Functions.....	84 - 86
Exhibit Y	Actuarial Experience.....	87 - 89
Exhibit Z	Impact Statement.....	90

Plan Summary

Exhibit AA	Plan Summary.....	91 - 95
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Graphs

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ACTUARIAL ASSET VALUE SUMMARY	Amount Increase (Decrease)	Percent Increase (Decrease)	2002	2003
Income ¹				
Investment Before Expenses	\$ 258,080,816	185.02%	\$ (139,488,399)	\$ 118,592,417
Employer and Miscellaneous	7,197,059	4.03%	178,410,973	185,608,032
Employee	(6,950,356)	(4.73)%	146,979,954	140,029,598
Total	258,327,519	138.96%	185,902,528	444,230,047
Expense ¹				
Refunds, Benefits, Other	\$ 116,087,120	44.62%	\$ 260,175,291	\$ 376,262,411
Excess of Income Over Expense	142,240,399	191.51%	(74,272,763)	67,967,636
Active Participants	(1,058)	(3.98)%	26,571	25,513
Beneficiaries				
Employee	2,223	25.22%	8,814	11,037
Spouse	95	4.73%	2,009	2,104
Disabilities	(51)	(15.09)%	338	287
Children	9	3.86%	233	242
Compensation Widow(er)	0	0.00%	2	2
Actuarial Funding-Going Concern				
Liability to Date	\$ 934,661,713	11.91%	\$ 7,846,307,991	\$ 8,780,969,704
Assets-Actuarial Asset Value	67,967,636	1.16%	5,861,233,506	5,929,201,142
Unfunded Liability	866,694,077	43.66%	1,985,074,485	2,851,768,562
Funded Ratio	(7.18)%	(9.61)%	74.70%	67.52%
Actuarially Determined				
Contribution	\$ 90,477,706	18.28%	\$ 495,043,081	\$ 585,520,787
Deficiency	62,366,164	34.16%	182,545,655	244,911,819
Required Employer Multiple @ 40-year amortization	0.91	28.35%	3.21	4.12
Termination				
Liability	\$ 1,418,896,587	37.90%	\$ 3,744,069,135	\$ 5,162,965,722
Cost (Excess) on Termination	1,350,928,951	63.81%	(2,117,164,371)	(766,235,420)
Quick Ratio	(41.71)%	(26.64)%	156.55%	114.84%
Investment ²				
Invested Assets (Amortized Cost)	\$ 219,364,155	4.44%	\$ 4,938,471,159	\$ 5,157,835,314
Invested Assets (Market Value)	908,104,555	18.72%	4,850,871,506	5,758,976,061
Invested Assets (Actuarial)	134,053,302	2.44%	5,490,251,480	5,624,304,782
Miscellaneous				
Salary Roll	\$ (23,377,584)	(1.76)%	\$ 1,330,456,896	\$ 1,307,079,312
Average Salary	1,160	2.32%	50,072	51,232
Present Value of Benefits	\$ 1,277,323,442	11.19%	\$ 11,418,116,184	\$ 12,695,439,626

¹ Investment income is not net of investment expense. Investment expense is included under expense.

² Invested assets listed after excluding Cash and Cash Equivalents.

Actuarial asset values are calculated using a five-year smoothed average between book and market asset values.

MARKET VALUE SUMMARY	Amount Increase (Decrease)	Percent Increase (Decrease)	2002	2003
Income ¹				
Investment Before Expenses	\$ 1,266,308,523	338.89%	\$ (373,664,852)	\$ 892,643,671
Employer and Miscellaneous	7,197,059	4.03%	178,410,973	185,608,032
Employee	(6,950,356)	(4.73)%	146,979,954	140,029,598
Total	1,266,555,226	2,623.68%	(48,273,925)	1,218,281,301
Expense ¹				
Refunds, Benefits, Other	\$ 116,087,120	44.62%	\$ 260,175,291	\$ 376,262,411
Excess of Income Over Expense	1,150,468,106	372.98%	(308,449,216)	842,018,890
Active Participants	(1,058)	(3.98)%	26,571	25,513
Beneficiaries				
Employee	2,223	25.22%	8,814	11,037
Spouse	95	4.73%	2,009	2,104
Disabilities	(51)	(15.09)%	338	287
Children	9	3.86%	233	242
Compensation Widow(er)	0	0.00%	2	2
Actuarial Funding-Going Concern				
Liability to Date	\$ 934,661,713	11.91%	\$ 7,846,307,991	\$ 8,780,969,704
Assets- Market Value	842,018,889	16.12%	5,221,853,532	6,063,872,421
Unfunded Liability	92,642,824	3.53%	2,624,454,459	2,717,097,283
Funded Ratio	2.51%	3.77%	66.55%	69.06%
Actuarially Determined				
Contribution	\$ 28,016,044	5.13%	\$ 546,637,514	\$ 574,653,558
Deficiency	(95,498)	(0.04)%	234,140,088	234,044,590
Required Employer Multiple				
@ 40-year amortization	0.36	9.84%	3.66	4.02
Termination				
Liability	\$ 1,418,896,587	37.90%	\$ 3,744,069,135	\$ 5,162,965,722
Cost (Excess) on Termination	576,877,698	39.04%	(1,477,784,397)	(900,906,699)
Quick Ratio	(22.02)%	(15.79)%	139.47%	117.45%
Investment ²				
Invested Assets (Amortized Cost)	\$ 219,364,155	4.44%	\$ 4,938,471,159	\$ 5,157,835,314
Invested Assets (Market Value)	908,104,555	18.72%	4,850,871,506	5,758,976,061
Invested Assets (Actuarial)	134,053,302	2.44%	5,490,251,480	5,624,304,782
Miscellaneous				
Salary Roll	\$ (23,377,584)	(1.76)%	\$ 1,330,456,896	\$ 1,307,079,312
Average Salary	1,160	2.32%	50,072	51,232
Present Value of Benefits	\$ 1,277,323,442	11.19%	\$ 11,418,116,184	\$ 12,695,439,626

¹ Investment income is not net of investment expense. Investment expense is included under expense.

² Invested assets listed after excluding Cash and Cash Equivalents.

Market asset values are shown at "pure market" value.

BOOK VALUE SUMMARY	Amount Increase (Decrease)	Percent Increase (Decrease)	2002	2003
Income ¹				
Investment Before Expenses	\$ 163,599,536	405.92%	\$ 40,303,734	\$ 203,903,270
Employer and Miscellaneous	7,197,059	4.03%	178,410,973	185,608,032
Employee	(6,950,356)	(4.73)%	146,979,954	140,029,598
Total	163,846,239	44.80%	365,694,661	529,540,900
Expense ¹				
Refunds, Benefits, Other	\$ 116,087,120	44.62%	\$ 260,175,291	\$ 376,262,411
Excess of Income Over Expense	47,759,119	45.26%	105,519,370	153,278,489
Active Participants	(1,058)	(3.98)%	26,571	25,513
Beneficiaries				
Employee	2,223	25.22%	8,814	11,037
Spouse	95	4.73%	2,009	2,104
Disabilities	(51)	(15.09)%	338	287
Children	9	3.86%	233	242
Compensation Widow(er)	0	0.00%	2	2
Actuarial Funding-Going Concern				
Liability to Date	\$ 934,661,713	11.91%	\$ 7,846,307,991	\$ 8,780,969,704
Assets- Book Value	153,278,489	2.89%	5,309,453,185	5,462,731,674
Unfunded Liability	781,383,224	30.80%	2,536,854,806	3,318,238,030
Funded Ratio	(5.46)%	(8.07)%	67.67%	62.21%
Actuarially Determined				
Contribution	\$ 83,593,590	15.49%	\$ 539,568,706	\$ 623,162,296
Deficiency	55,482,049	24.43%	227,071,280	282,553,329
Required Employer Multiple @ 40-year amortization	0.86	23.89%	3.60	4.46
Termination				
Liability	\$ 1,418,896,587	37.90%	\$ 3,744,069,135	\$ 5,162,965,722
Cost (Excess) on Termination	1,265,618,098	80.85%	(1,565,384,050)	(299,765,952)
Quick Ratio	(36.00)%	(25.39)%	141.81%	105.81%
Investment ²				
Invested Assets (Amortized Cost)	\$ 219,364,155	4.44%	\$ 4,938,471,159	\$ 5,157,835,314
Invested Assets (Market Value)	908,104,555	18.72%	4,850,871,506	5,758,976,061
Invested Assets (Actuarial)	134,053,302	2.44%	5,490,251,480	5,624,304,782
Miscellaneous				
Salary Roll	\$ (23,377,584)	(1.76)%	\$ 1,330,456,896	\$ 1,307,079,312
Average Salary	1,160	2.32%	50,072	51,232
Present Value of Benefits	\$ 1,277,323,442	11.19%	\$ 11,418,116,184	\$ 12,695,439,626

¹ Investment income is not net of investment expense. Investment expense is included under expense.

² Invested assets listed after excluding Cash and Cash Equivalents.

Book asset values are shown at amortized cost.

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June 30, 2004

The Retirement Board of the
County Employees' and Officers'
Annuity and Benefit Fund
of Cook County
Chicago, Illinois

Dear Members of the Board:

This is to certify that the annual statement as of December 31, 2003, of the County Employees' and Officers' Annuity and Benefit Fund of Cook County is, to the best of our knowledge and belief, a true and correct statement of the affairs and conditions of said Fund for the calendar year 2003. This statement has been prepared from the unaudited books of the Fund.

GASB

The Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans*, is effective for periods beginning after June 15, 1996. The purpose of the Statement is to make the pension information more understandable and more useful. This statement is measuring the plan's funded status in accordance with the plan's funding policy under the GASB Statement No. 25 rules as well as under the traditional book and market valuation methods.

The Actuarial Asset Value, a smoothed market related value of assets technique, is calculated by taking the asset cost times the average ratio of the market value to cost for the invested assets for the current year and the prior four years.

A level dollar amortization of the actuarial unfunded liability with an open amortization period of 40 years is the method used for computing the amortization requirements.

The accounting procedure is outlined in Chapter 40, Section 5, Article 9 of the Illinois Compiled Statutes.

The method financing the system and the actuarial assumptions and methods used in the valuation are shown in Exhibit W. The attempt is made to give effect to realistic valuation factors, which affect costs. This statement has been prepared in accordance with generally accepted actuarial principles and practice.

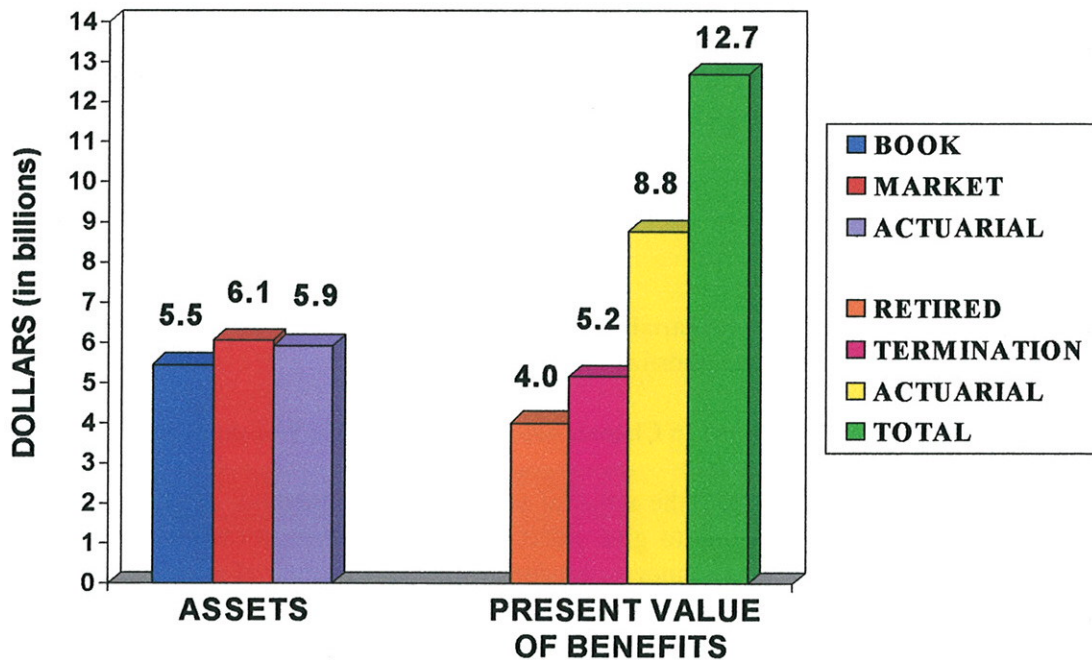
The costs for each of the alternative methods of funding the unfunded accrued liability, as required by the Illinois Compiled Statutes Chapter 40, Section 5/1 A-101 et. seq., are shown in this report. These include:

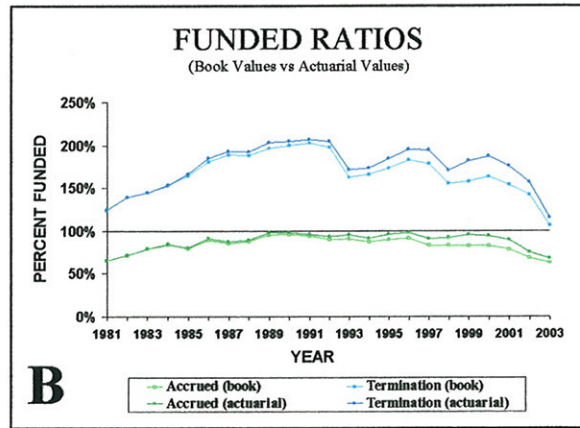
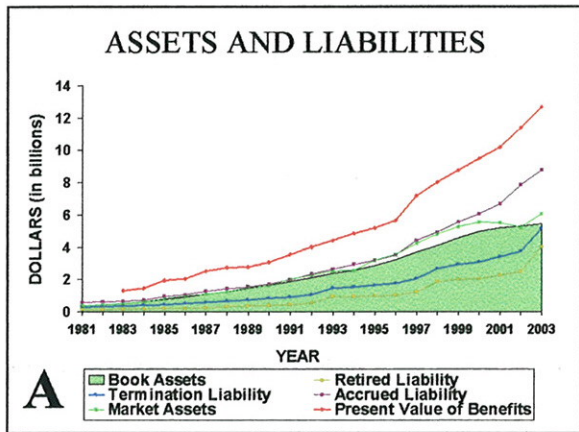
1. interest only on the unfunded liability;
2. the level annual amount required to amortize the unfunded accrued liability over a period not exceeding 40 years; and
3. the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 40 years as a level percentage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

The actuarial present value of "Credited Projected Benefits" required by GASB No. 5 and used for reporting to the Illinois Department of Insurance, but not funding, is shown in Exhibit U. The "Entry Age Normal" method is retained for funding.

This report contains results with assets valued at Book, Market, and Actuarial values. It is intended to meet the Insurance Department requirements, the statutory reporting requirements, and the GASB No. 25 reporting requirements.

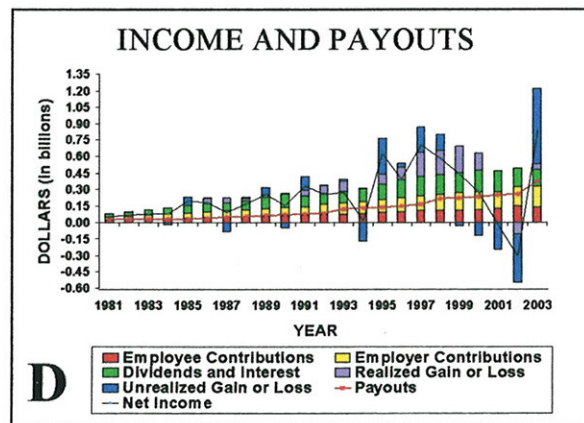
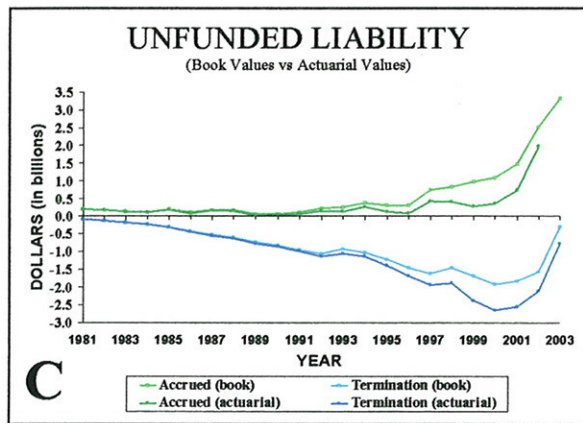
COUNTY





Graph A, the graph of assets and actuarial accrued liabilities, illustrates the fund's position with respect to asset growth and liability growth for the various ways of measuring the liabilities. The difference between the assets and the actuarial accrued liability is the unfunded actuarial accrued liability.

Graph B, the graph of funded ratios, displays the ratio of actuarial assets to actuarial accrued liabilities for the various measures of liability.



Graph C, the graph of unfunded actuarial accrued liabilities, displays the liabilities for the different measures of liability with actuarial assets.

Graph D illustrates the income of the Fund - investment income, plus employer contributions, plus employee contributions - and the current payouts of the Fund benefits, refunds, and expenses. The excess or net of income over payouts goes to build reserves for future benefit payments.

Actuarial Assumptions

Actuarial assumptions required by GASB No. 25 takes into consideration anticipated future experience as well as past experience. As a guide to our thinking, we consulted two recent studies to compare interest and salary scale assumptions being used in other public and private pension fund valuations.

Greenwich Reports' 1999 survey, titled *How Funds Are Coping with "Uncertain Markets,"* shows that the mean actuarial interest rate assumption for public funds (based on 285 public funds surveyed in 1998) was 8.2% for 1996, 8.2% for 1997, and 8.1% for 1998. The corresponding salary increase assumption for public funds was 5.4% for 1996, 5.1% for 1997 and 5.0% for 1998. For 1998, the average monthly benefit paid to all public retirees was \$1,080.

Another report consulted, the *2004 Yearbook of Stocks, Bonds, Bills and Inflation* published by Ibbotson Associates, Chicago, Illinois, shows the following investment results based on historical data for the past 78 years from 1926 through 2003.

Stocks, Bonds, or Bills		Total Annual Return	Inflation	Net
Common Stocks		10.4%	3.0%	7.4%
Small Stocks		12.7	3.0	9.7
Long-Term Corporate Bonds		5.9	3.0	2.9
Long-Term Government Bonds		5.4	3.0	2.4
Intermediate Term Government Bonds		5.4	3.0	2.4
U.S. Treasury Bills		3.7	3.0	0.7
Inflation by decade:				
	2000's	2000-2003	2.3%	
	1990's	1990-1999	2.9	
	1980's	1980-1989	5.1	
	1970's	1970-1979	7.4	
	1960's	1960-1969	2.5	
	1950's	1950-1959	2.2	
	1940's	1940-1949	5.4	
	1930's	1930-1939	(2.0)	
	1920's	1926-1929	(1.1)	

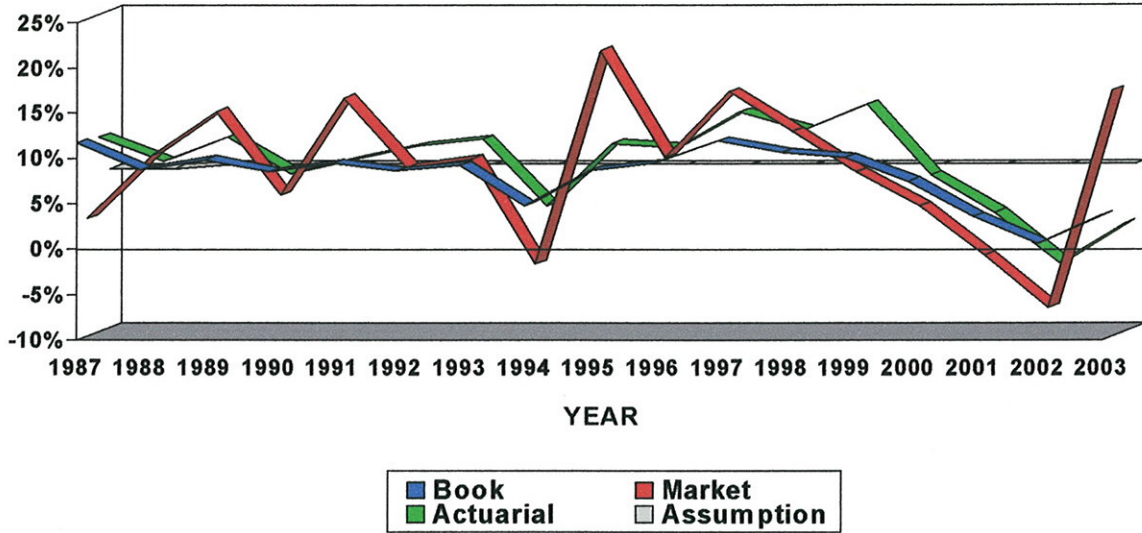
Using the above returns and inflation, configuring a portfolio similarly diversified to County Fund, 20% in long-term corporate bonds, 15% in treasuries and government agencies, 15% in intermediate term government bonds, and 50% in common stocks, the annual return for the 78-year period would be approximately 7.75% with a net return after inflation of 4.75%. The rate of return is consistent with the benchmark portfolio composed of 40% S&P 500 Index and 60% of the Lehman Brothers Aggregate Index or the Lehman Brothers Government/Corporate Index, whichever is applicable.

Based on these studies, it is our opinion that, for this Fund, an 8% future interest assumption is a reasonable rate for valuation purposes and a 5.5% per year salary scale is also reasonable. These assume an underlying 3.5% inflation. These assumptions take into consideration generally expected future investment earnings and the generally accepted views on future salary increases for our national economy. They could be characterized as being middle of the road.

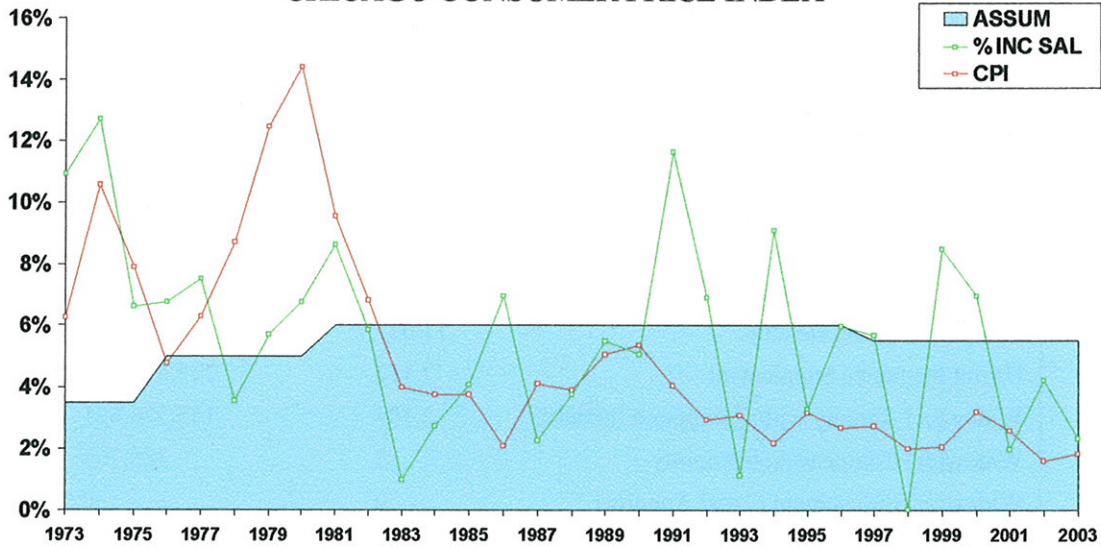
The liabilities and costs in this report are based in part on an 8% per year interest assumption (net of investment expense), a 5.5% per year salary scale assumption, and a 10% cost of living inflation factor for retiree health care. All other assumptions are the same as those used for the previous years. In our opinion, each of these actuarial assumptions is reasonable, taking into account fund experience and future expectations, and represents the best estimate of anticipated experience.

YIELDS ON TOTAL ASSETS

(Compared to Actuarial Assumption)



ASSUMPTIONS VERSUS AVERAGE SALARY INCREASE AND CHICAGO CONSUMER PRICE INDEX



Actuarial Asset Value, reflecting smoothed market value

The actuarial asset value is computed as a five year smoothed average ratio of market over book value of invested assets (excluding cash and cash equivalents), and is based on unaudited figures.

See schedule in Exhibit V of this report for the methodology used.

Date	Total Assets at Book Value	Total Assets at Market Value	Total Assets at Actuarial Value
2001	\$ 5,203,933,816	\$ 5,530,302,748	\$ 5,935,506,269
2002	\$ 5,309,453,185	\$ 5,221,853,532	\$ 5,861,233,506
2003	\$ 5,462,731,674	\$ 6,063,872,421	\$ 5,929,201,142

Actuarial Obligations of the Fund

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

1. Retired Lives

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

Group	Number	Present Value of Future Benefits
Employee Annuity with Compound Increase	11,037	\$ 2,858,537,157
Future Widow(er) Benefit		
with Compound Increase	6,004	286,624,260
Lump Sum Death Benefit	11,037	4,298,016
Health Insurance Supplement	7,112	725,579,628
Widow(er) Annuity with Compound Increase	2,104	145,576,601
Widow(er) Compensation Annuity	2	385,763
Widow(er) Supplement (Total Annuity)	0	0
Total Retired Reserve		\$ 4,021,001,425

2. Active Lives

The value of future payments for active employees who will receive benefits in the future is estimated, since the amount of pension is only known at the actual time of retirement. This estimate is made using various actuarial assumptions as to future salary increases; probable retirement age; and chance of death, withdrawal, or disablement before retirement. For active employees, the goal is to have enough assets on hand at retirement to pay for all future benefits promised. To provide for an orderly accumulation of these required assets, an actuarial funding method is used. Using the "Entry Age Normal" funding method, assets are allocated as a level amount (expressed as a percentage of salary) over the employee's working lifetime. These allocated costs are called "normal costs" and are sufficient, if set aside each year, for a newly hired employee to accumulate the amount required to fully fund his or her benefits when and if he or she retires. For an employee who has completed half of his or her working lifetime, roughly half of the required retirement assets should have been accumulated. The actuarial reserve (amount of assets needed now) is then the present value of future benefits less the value of future normal costs to be paid.

Benefit	Present Value of Benefits	
Employee Annuity with Compound Increase	\$	5,591,551,034
Future Widow(er) Benefit with Compound Increase		534,768,026
Widow(er) of Employees, Dying in Service with Compound Increase		172,459,647
Lump Sum Death Benefit		2,769,125
Health Insurance Supplement		610,624,888
Refunds		501,791,812
Miscellaneous Benefits ¹		1,260,473,669
Total Active	\$	8,674,438,201
Total Active and Retired Present Value of Benefits	\$	12,695,439,626
Less Present Value of Future Normal Costs		\$ 3,914,469,922
Net Active Reserve		4,759,968,279
Net Reserve: Active and Retired		8,780,969,704
Less Present Actuarial Asset Values		5,929,201,142
Unfunded Liability	\$	2,851,768,562

¹ Miscellaneous Benefits includes the Present Value of Sheriff's Plan Annuities, Reciprocal Annuities, Child Annuities, Ordinary and Duty Disability, and Expenses based upon the current credit of these accounts.

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

Actuarial Balance

For the pension fund to be in actuarial balance, the present value of all benefits payable in the future must equal the sum of present assets plus present value of all future contributions.

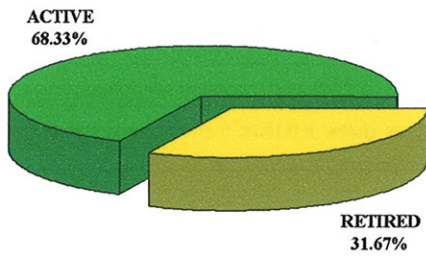
Future contributions from the employee and employer must provide for the payment of normal costs and for amortization of the unfunded liability on some reasonable basis.

Future Contributions	Present Value	% of Total
Present Actuarial Assets	\$ 5,929,201,142	46.70%
Future Employee Contributions	1,453,889,937	11.45%
Future Employer Contributions	2,160,625,836	17.02%
Deficiency	3,151,722,711	24.83%
Total	\$ 12,695,439,626	100.00%

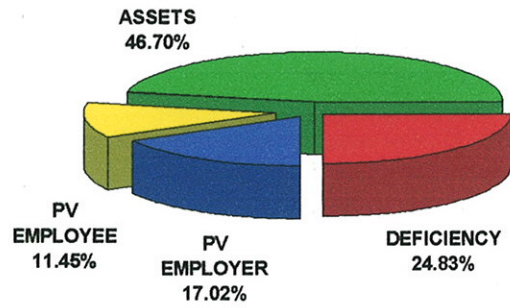
Present Value of Future Benefits	Actuarial Assets	% of Total	Actuarial Liabilities	% of Total
Benefits:				
Retired Lives			\$ 4,021,001,425	31.67%
Active Lives			8,674,438,201	68.33%
Present Actuarial Assets	\$ 5,929,201,142	46.70%		
Normal Costs	3,914,469,922	30.84%		
Unfunded Liability	2,851,768,562	22.46%		
Total	\$ 12,695,439,626	100.00%	\$ 12,695,439,626	100.00%

Graph E (below) illustrates:

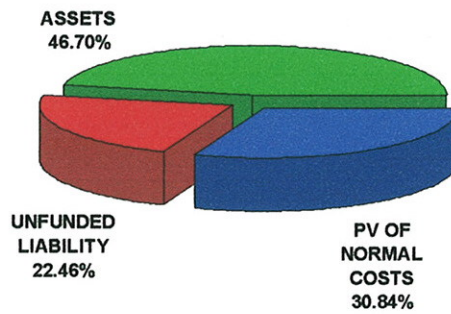
1. Actuarial Present Value of Benefits
2. Actuarial Assets
3. Actuarial Cost Method



Actuarial Present Value of Benefits



Actuarial Assets



Actuarial Cost Method

Three Methods of Financing the Unfunded Liability

1. Normal Cost plus Interest Method

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

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

2. Normal Cost Plus 40-Year Amortization Method, used to compute the GASB No. 25 Annual Required Contribution

GASB No. 25 now requires an amortization of the unfunded liability, as does ERISA's minimum funding standards, which require the initial unfunded liability existing on January 1, 1976 be amortized over a 40-year period. We have calculated the cost of amortizing the existing unfunded liability.

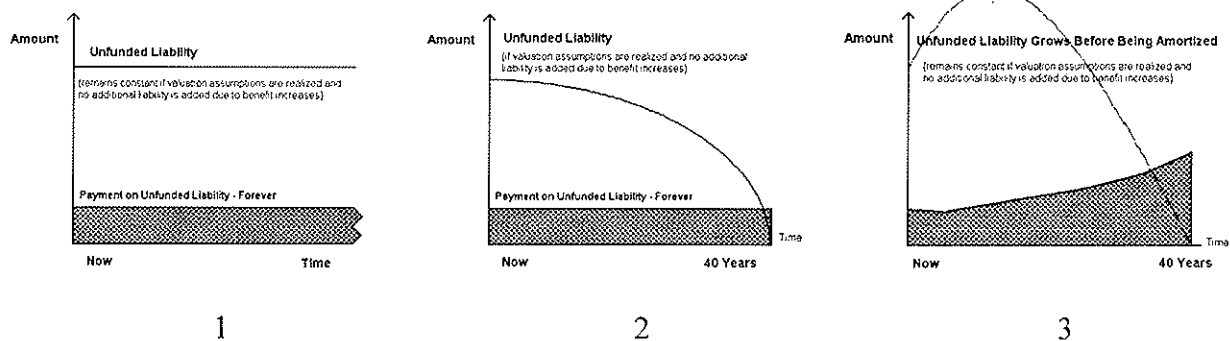
Both of these cost methods, the normal cost plus interest method and the normal cost plus 40-year amortization method, express the past service costs as a level annual dollar amount. Consequently, as the total payroll increases in the future, the level annual amount becomes a decreasing percent of the total payroll.

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

3. Level Annual Percent of Payroll Method

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

This constant percent of payroll method is not an acceptable method under ERISA, but is permitted under GASB No. 25. It may be more acceptable in the future in view of the presumably permanent nature of public retirement systems with a constant flow of new entrants and the desire to place a relatively constant tax burden (as percentage of salary) on future generations of taxpayers. Please note that if this amount is recomputed each year with the same "open" amortization period, the unfunded liability will never be amortized.



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

Actuarial Assets with Various Amortization Methods	Required 2004 Tax Levy	Ultimate Required Multiple ¹	Unfunded Liability Will ¹	Portion Required for Amortization of Unfunded Liability ¹
1. Normal Cost Plus Interest Only	\$463,040,709	4.02	Remain constant at \$2,851,768,562	\$219,529,246
2. GASB No. 25 Normal Cost Plus 40-year level dollar amortization	\$474,017,631	4.12	Decrease to \$0	\$230,121,976
3. Normal Cost Plus 40-Year Level % of Payroll Increasing 3.5% a Year (Inflation Only)	\$392,031,918	3.41	Increase to about \$4,274,345,908 in 22 years and decreases thereafter	\$151,005,763 increases to \$697,097,867 in 40 years
4. Present Law	\$220,223,000	1.54		

¹ Assuming all valuation assumptions are realized and no future benefit liberalization.

The preceding comparative table indicates the need to take into consideration in the funding policy future annual costs expressed both as a level annual dollar amount and as a level annual percent of payroll. The contribution requirements (and the required multiple) will decrease as the unfunded liability is amortized or as the unfunded liability becomes smaller relative to the total liabilities of the Fund.

The level annual percent of payroll method results in substantially increasing costs and contributions in future years, especially at the end of a funding period.

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

Actuarially Determined Contribution and Employer Annual Required Contribution

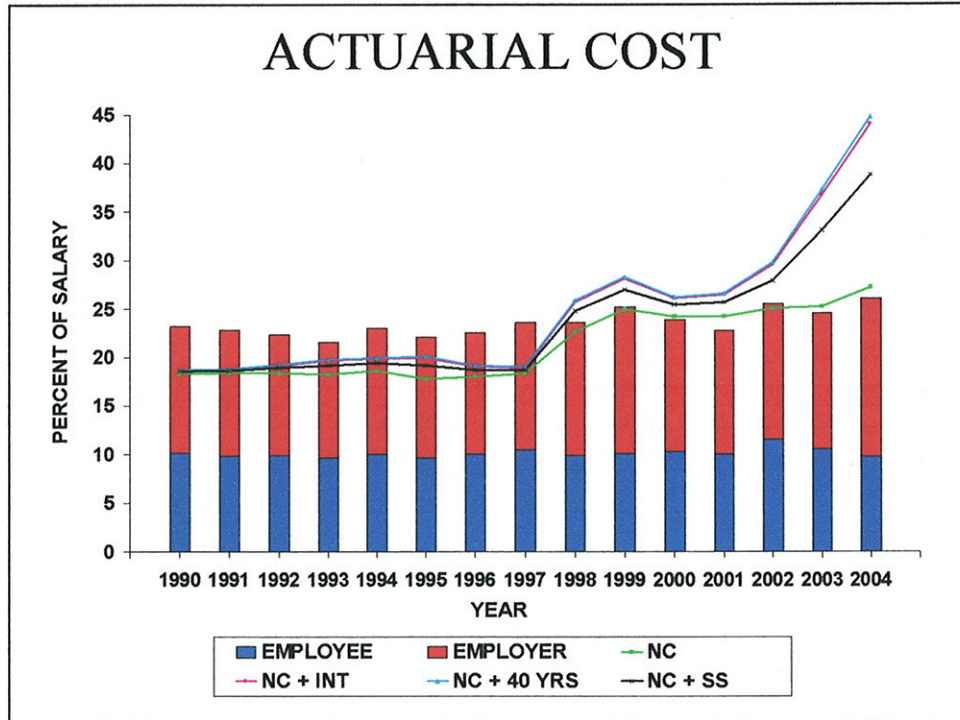
Based on the normal cost plus 40-year level dollar open period method of funding of the unfunded liability determined using Actuarial Assets, we find that the County tax levy for 2004 should be \$474,017,631, which includes a 3.5% overall reserve for loss on collection. This amount is based on an annual payroll (as of December 31, 2003) of \$1,307,079,312 and an active membership of 25,513 persons. The detail is shown in the table that follows. The estimated employee contributions assume salary increases and a permanent Optional Contribution Plan of benefits scheduled to expire July 1, 2005.

Detail of Annual County Contribution	Last Year Projection for 2003	This Year Projection for 2004	Last Year % of Salary	This Year % of Salary	Last Year Dollars Per Active Member	This Year Dollars Per Active Member
1. Normal Cost for Current Service	\$334,858,532	\$355,398,811	25.17%	27.19%	\$ 12,602	\$ 13,930
2. 40-Yr Level Dollar Amortization of the Unfunded Liability	160,184,549	230,121,976	12.04%	17.61%	6,029	9,020
3. Actuarially Determined Contribution (1+2)	495,043,081	585,520,787	37.21%	44.80%	18,631	22,950
4. Employee ¹ Contributions (next year estimate)	130,384,776	128,093,773	9.80%	9.80%	4,907	5,021
5. Annual Required Contribution of the Employer (ARC) (3-4)	364,658,305	457,427,014	27.41%	35.00%	13,724	17,929
6. Expected Net Employer Contribution from Tax Levy of:						
After a 3.0% Loss ²	187,745,000	220,223,000				
7. Expected Net Annual Deficiency (Excess)	182,112,650	212,515,195	13.69%	16.26%	6,854	8,330
8. Tax Levy Required (Assumed 3.0% Loss ²)	182,545,655	244,911,819	13.72%	18.74%	\$ 6,870	\$ 9,599
9. Required Multiple (@ 40-year Amortization)	3.21	4.12				
10. Present Authorized Multiple	1.54	1.54				
11. Increase in Multiple Needed	1.67	2.58				

¹ The estimated employee contributions include estimates for the optional plan. This estimate, though conservative, is more accurate to the trend of actual employee contributions, based on past experience.

² The loss is 3.5% for the 2004 projection.

The chart illustrates the history of the annual actuarial cost (composed of current service cost, or normal costs, and past service cost), on the three different funding methods, to be paid for by the employee and the employer.



Detail of Normal Cost	Last Year % of Salary	This Year % of Salary	Last Year Dollars Per Active Member	This Year Dollars Per Active Member
Retirement Annuity	12.11%	12.15%	\$ 6,065	\$ 6,224
Post-retirement Annuity Increase	3.42%	3.42%	1,710	1,754
Post-retirement Spouse Annuity	1.54%	1.55%	771	793
Spouse Annuity for Death in Service	0.50%	0.50%	249	258
Spouse Annuity Compound Increase	0.17%	0.17%	86	89
Pre-retirement Death Benefit	0.00%	0.01%	2	2
Post-retirement Death Benefit	0.01%	0.01%	3	3
Child's Annuity	0.05%	0.05%	25	24
Ordinary Disability	0.81%	0.73%	407	372
Duty Disability	0.03%	0.04%	14	20
Refunds	1.52%	3.38%	762	1,733
Sheriff Excess Benefits	0.04%	0.04%	20	21
Expense of Administration ¹	0.47%	0.55%	235	283
Reciprocal Benefits	2.66%	2.67%	1,332	1,368
Health Insurance	1.84%	1.92%	921	986
Total	25.17%	27.19%	\$ 12,602	\$ 13,930

¹ Net of Investment Expense

Change in the Unfunded Liability

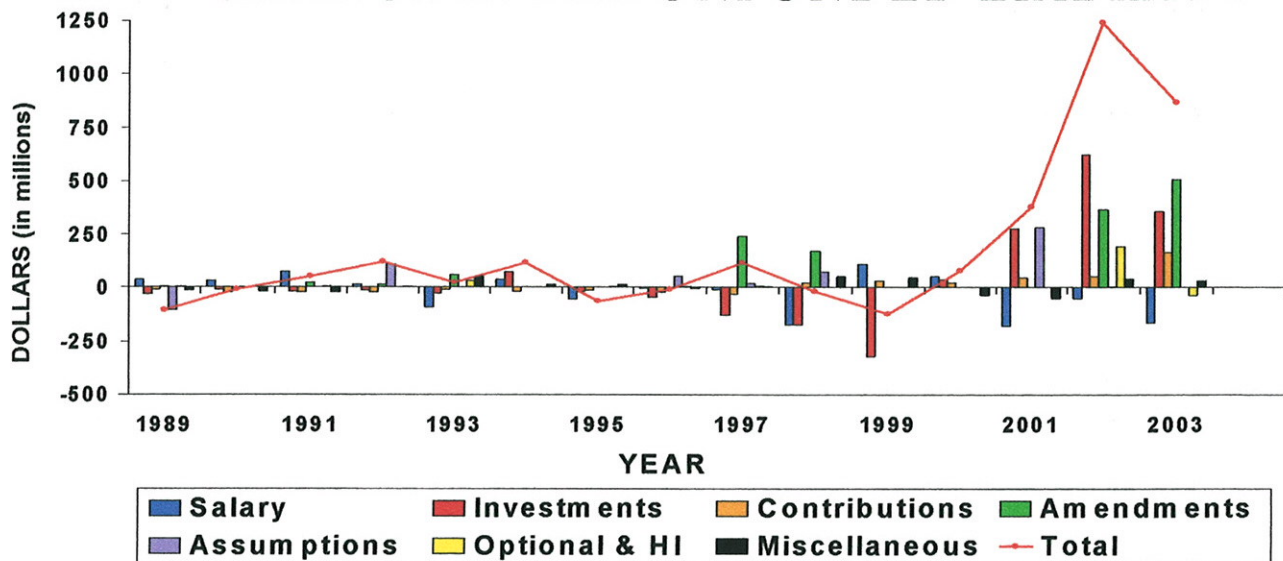
The total unfunded liability, as of December 31, 2003, is \$2,851,768,562. As of December 31, 2002, the total unfunded liability was \$1,985,074,485.

Detail of Change in Unfunded Liability

Detail of Change in Unfunded Liability		
Increase in Salaries under 5.5% Assumed	\$ (163,465,697)	Decrease
Investment Yield under 8.0% Assumed	357,788,718	Increase
Health Insurance under 10.0% Assumed	(35,211,836)	Decrease
Annual Contribution:		
2003 Actuarially Determined Contribution	\$ 495,043,081	
Less Employer Net to Fund 2003 Tax Levy	185,608,032	
Less Employee Contributions for 2003	<u>\$ 140,029,598</u>	
	169,405,451	Increase
Change in Benefits:		
Early Retirement Incentive	506,254,164	Increase
Miscellaneous Experience:		
Retirement, Death, Withdrawal	<u>31,923,277</u>	Increase
Net Change in Unfunded Liability	\$ 866,694,077	Increase

See the historical tabulation in Exhibit T.

CHANGE IN THE UNFUNDED LIABILITY



Funded Ratio

The ratio of actuarial assets to accrued liabilities was 67.52% as of December 31, 2003, and 74.70% as of December 31, 2002. This ratio represents the extent to which promises of present and future benefit promises are secured by the current actuarial value of assets.

Ratio of Active Employees to Annuitants and Beneficiaries

The ratio of active employees to annuitants and beneficiaries is 1.87 as of December 31, 2003, and was 2.33 as of December 31, 2002. This ratio illustrates the relationship between the contributors and the beneficiaries.

Termination Liability

A measure of plan funding is a comparison of the assets to liabilities for present annuitants and the amount of refundable contributions for active and inactive employees. This amount would be a minimum measure of the cost to terminate the plan as of the valuation date.

Termination Liability	2002	2003
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	\$ 2,498,721,228	\$ 4,021,001,425
Salary Deductions Contributed by Active Fund Members (with Interest)	1,245,347,907	1,141,964,297
Total Termination Liability	3,744,069,135	5,162,965,722
Actuarial Asset Value	5,861,233,506	5,929,201,142
Cost (Excess) Upon Termination	\$ (2,117,164,371)	\$ (766,235,420)
Quick Ratio	156.55%	114.84%
Available Assets for Actives (Retirees Fully Funded)	\$ 3,362,512,278	\$ 1,908,199,717
Available Assets per Active Employee	126,548	74,793
Average Salary Deductions per Active	\$ 46,869	\$ 44,760
Ratio of Available Assets to Salary Deductions	270%	167%

GASB Disclosure

GASB No. 25 requires the financial statements to include a “Statement of Net Assets” and a “Statement of Changes in Plan Assets”.

GASB No. 25 requires supplementary information to include a “Schedule of Funding Progress” and a “Schedule of Employer Contributions” containing the pension disclosure information.

Schedule of Funding Progress Restated to Actuarial Asset Values for GASB No. 25

Year	Actuarial Assets (GASB)	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded (Surplus) Actuarial Accrued Liability	Annual Covered Payroll	Unfunded (Surplus) as a % of Covered Payroll
2001 ^a	\$5,935,506,269	\$6,678,219,689	88.88%	\$ 742,713,420	\$1,274,942,064	58.25%
2002 ^{a,b}	\$5,861,233,506	\$7,846,307,991	74.70%	\$1,985,074,485	\$1,330,456,896	149.20%
2003	\$5,929,201,142	\$8,780,969,704	67.52%	\$2,851,768,562	\$1,307,079,312	218.18%

^a Change in actuarial assumptions.

^b Change in benefits.

Employer Annual Required Contributions

Year	Annual Required Contribution (ARC) of the Employer ¹	Required Statutory Basis ²	Actual ³	Percent of ARC Contributed
2001	\$ 211,188,715	\$ 155,880,940	\$ 161,141,138	76.30%
2002	\$ 253,942,375	\$ 174,214,910	\$ 178,410,973	70.26%
2003	\$ 364,658,305	\$ 182,112,650	\$ 185,608,032	50.90%

¹ Stated at Normal Cost plus 40-Year Level Dollar Amortization

² Tax levy after 3.0% overall loss.

³ Net tax levy plus miscellaneous.

The Future

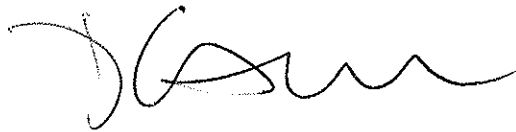
A continuous review of the Fund's operating experience is needed, just as it has been needed in the past. The rates of salary increases, rates of retirement and investment earnings are of critical importance in cost estimates. Costs will need to be adjusted as these factors vary.

For example, for every \$1.00 increase in salary over the 5.5% increases assumed in the salary scale, the unfunded liability will be increased by about \$3.64. This will be in addition to the additional current annual service cost for every dollar in salary over the 5.5% salary scale assumed.

These additional costs will be reduced to some extent by the annual amount of investment income earned over the assumed 8.0% used for valuation purposes. The extent of the reduction will depend on the relative amounts of these two items.

Funding methods that use the level percent of payroll funding of past service have the disadvantage that the unfunded liability will continually increase if salaries continue at the predicted rates and if the amortization period is reestablished each year. Subject to projections of contributions and disbursements for potential cash flow problems, the level percent of payroll method would appear to provide a long-range level funding method on a minimum funding basis.

Respectfully submitted,



Donald P. Campbell, F.S.A., M.C.A., M.A.A.A.
Enrolled Actuary No. 02-1498

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**County Employees' and Officers'
Annuity and Benefit Fund of Cook County**

Actuarial Balance Sheet

as of

December 31, 2003

Assets and Liabilities

ASSETS		
Actuarial Balance Sheet as of December 31, 2003		
	Book	Market
Invested Cash	\$ 25,177,937.15	\$ 25,177,937.15
Investments		
Corporate Bonds and Notes	651,364,165.11	670,631,664.05
Collective Trust and Other Bonds & Notes	100,209,467.08	110,239,692.79
U.S. Treasury Bonds and Notes	1,001,185,741.85	1,020,104,798.55
Demand Notes and STIF	146,715,519.94	146,715,519.94
U.S. & Agency Bond & Notes	39,949,083.81	39,951,640.60
Common Stock	2,181,068,838.19	2,664,538,820.53
Real Estate LP	100,888,199.96	80,499,679.85
Venture Capital	252,826,551.69	196,679,558.25
Mutual Funds	42,274,273.81	37,740,278.74
Indexed Funds	645,114,813.91	764,181,584.86
Actively Managed Foreign Equity	142,954,178.37	174,408,343.24
Unsettled Investment Trades	(57,155,768.82)	(57,155,768.82)
Total Investments	5,247,395,064.90	5,848,535,812.58
Interest Receivable		
Accrued Interest	18,226,314.37	18,226,314.37
Accrued Dividends	3,186,555.32	3,186,555.32
Total Interest Receivable	21,412,869.69	21,412,869.69
Taxes Receivable (See Exhibit D)		
Tax Extension	168,951,725.00	168,951,725.00
Replacement Tax from State	18,793,275.00	18,793,275.00
Less 2003 Tax Levy Already Collected	2,861,265.94	2,861,265.94
Less Excess Benefit Allocation	1,460,387.00	1,460,387.00
Less Estimate for Loss on Collection	5,068,552.00	5,068,552.00
Net Taxes Receivable	178,354,795.06	178,354,795.06
Other Accounts Receivable		
Miscellaneous Employee Accounts	628,260.44	628,260.44
Due from Annuitants	46,000.20	46,000.20
Due from Cook County	39,156.69	39,156.69
Due from Forest Preserve A & B Fund	389,732.39	389,732.39
Total Other Accounts Receivable	1,103,149.72	1,103,149.72
Gross Ledger Assets	5,473,443,816.52	6,074,584,564.20
Less Accounts Payable		
Miscellaneous Employee Accounts	1,444,984.67	1,444,984.67
Accounts Payable – Vendors	4,579,357.28	4,579,357.28
Due to Cook County	4,687,800.80	4,687,800.80
Total Accounts Payable	10,712,142.75	10,712,142.75
Total Net Ledger Assets	\$ 5,462,731,673.77	\$ 6,063,872,421.45

LIABILITIES AND FUND BALANCES		
Actuarial Balance Sheet as of December 31, 2003		
	Book	Market
Annuity Payment Fund Account (Based on 3% Comb. and 4% Amer. Exp.)		
Employee Annuitants	\$ 726,675,079.56	\$ 726,675,079.56
Spouse Annuitants	76,556,245.80	76,556,245.80
Spouse Annuities Fixed	171,354,775.16	171,354,775.16
Total Annuity Payment Fund	974,586,100.52	974,586,100.52
Salary Deduction Fund Account		
Employees	810,023,350.15	810,023,350.15
Spouses of Employees	185,742,448.73	185,742,448.73
Optional Reserve	94,865,790.85	94,865,790.85
Optional Reserve – Elected Officials	272,737.39	272,737.39
Total Salary Deduction Fund	1,090,904,327.12	1,090,904,327.12
Cook County Contribution Fund Account		
Employees	746,582,810.25	746,582,810.25
Spouses of Employees	247,709,246.34	247,709,246.34
Cook County School of Nursing	397,662.85	397,662.85
Supplemental Annuities	34,866.96	34,866.96
Total Cook County Contribution Fund Account	994,724,586.40	994,724,586.40
Other Reserves		
Supplementary Payment Reserve	4,802.52	4,802.52
Annuity Payment Fund Account	146,187,915.08	146,187,915.08
Total Other Reserves	146,192,717.60	146,192,717.60
Prior Service Fund Account (Based on 3% Comb. and 4% Amer. Exp.)		
Employee Annuitants	2,708,623,953.80	2,708,623,953.80
Spouse Annuitants	93,442,300.84	93,442,300.84
Spouse Annuities Fixed	352,679,875.31	352,679,875.31
Salary Deductions Annuity Increase	77,885,841.05	77,885,841.05
Estimated Excess Liability ¹	2,341,930,000.90	2,341,930,000.90
Total Prior Service Fund Account	5,574,561,971.90	5,574,561,971.90
Total Liabilities	8,780,969,703.54	8,780,969,703.54
Obligations of Fund for Prior Service Liabilities ¹	(3,318,238,029.77)	(2,717,097,282.09)
Total Net Liabilities and Fund Balances December 31, 2003	\$ 5,462,731,673.77	\$ 6,063,872,421.45

¹ The attached letter of transmittal describes how these liabilities were determined.

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**County Employees' and Officers'
Annuity and Benefit Fund of Cook County**

Income - Year 2003

Income and Expenditures

INCOME FOR YEAR 2003		
	Book	Market
Salary Deductions		
Total Contributions by Employee		
Employee	\$ 82,032,675.96	\$ 82,032,675.96
Spouse	18,894,927.50	18,894,927.50
Automatic Increase	6,297,922.38	6,297,922.38
Refund Repayments	3,272,537.89	3,272,537.89
Former Service Payments	1,149,450.06	1,149,450.06
Military Service	94,808.47	94,808.47
Optional Deductions	17,052,114.76	17,052,114.76
Optional Payments	9,424,638.43	9,424,638.43
Sick Time & ODCX	135,375.28	135,375.28
Member Supp Contributions	1,343.48	1,343.48
Total Contributions by Employee	138,355,794.21	138,355,794.21
Total Contributed by Cook County		
Ordinary Disability, Deductions in Lieu	1,378,846.31	1,378,846.31
Duty Disability, Deductions in Lieu	294,957.04	294,957.04
Total Contributed by Cook County	1,673,803.35	1,673,803.35
Total Salary Deductions	140,029,597.56	140,029,597.56
Cook County Contributions ¹		
Employees	90,370,798.40 30,009,774.19 UP x 79,974,157.88	79,974,157.88
Spouses of Employees	26,557,322.29	26,557,322.29
Ordinary Disability Fund	9,478,728.85	9,478,728.85
Duty Disability Fund	515,209.57	515,209.57
Child's Annuity Payment Fund	618,997.97	618,997.97
Expense Fund	16,279,987.31	16,279,987.31
Retiree Health	32,378,574.68	32,378,574.68
Interest on Income	2,406,760.73	2,406,760.73
Prior Service Annuity Fund	13,006,321.72	13,006,321.72
Total Cook County Contributions	181,216,061.00	181,216,061.00
Contributions by Federal Government	3,916,446.54	3,916,446.54
Interest Income from Operating Accounts	55,534.12	55,534.12
Transfers from Other Funds	54,851.11	54,851.11
Miscellaneous Income	539,227.44	539,227.44
Investment Income		
Interest on Bonds	110,540,861.02	110,540,861.02
Partnership Income	7,022,293.15	7,022,293.15
Dividends	35,957,736.60	35,957,736.60
Gain (Loss) on Sale of Bonds	52,641,308.80	52,641,308.80
Partnership Adjustment	(2,875,143.00)	-
Gain (Loss) on Assets Held	-	685,865,257.83
Commission Recapture	616,213.52	616,213.52
Less Consulting Fees	123,261.68	123,261.68
Less Investment Service Expense	9,024,321.14	9,024,321.14
Net Investment Income	194,755,687.27	883,496,088.10
Total Income Forwarded	\$ 520,567,405.04	\$ 1,209,307,805.87

¹ 2003 taxes of \$168,951,725 less 3.0% loss of collection of \$5,068,552 plus Replacement Tax from State of \$18,793,275, less an additional 0.86% loss of \$1,460,387 from the Excess Fund.

EXPENDITURES FOR YEAR 2003		
	Book	Market
Total Income Forwarded	\$ 520,567,405.04	\$1,209,307,805.87
Annuities and Benefits Paid		
Employee Annuities	258,423,995.90	258,423,995.90
Spouse Annuities	14,336,083.04	14,336,083.04
Compensation Annuities	64,865.64	64,865.64
Children's Annuities	618,997.97	618,997.97
Ordinary Disability	9,478,728.85	9,478,728.85
Duty Disability	515,209.57	515,209.57
Group Health Insurance	32,378,574.68	32,378,574.68
Total Benefits Paid	315,816,455.65	315,816,455.65
Less Reciprocal Act Reimbursement	43,985.14	43,985.14
Net Benefits Paid	315,772,470.51	315,772,470.51
Expense of Administration		
Salaries	1,230,652.45	1,230,652.45
Insurance	199,052.83	199,052.83
Printing and Stationary	34,537.01	34,537.01
Postage	104,306.33	104,306.33
Computer Expense	31,836.76	31,836.76
Bank Charges	66,735.73	66,735.73
Custodian Fee	605,380.14	605,380.14
Legal and Professional	105,592.16	105,592.16
Auditing Fee	89,500.00	89,500.00
Consultants Fee	194,223.50	194,223.50
Data Processing Actuarial	2,979,008.50	2,979,008.50
Election Expense	116,764.54	116,764.54
Liability Insurance	52,029.00	52,029.00
Office Supplies and Expense	24,255.59	24,255.59
Travel & Membership and Conference	4,533.26	4,533.26
Financial Consulting	1,051,643.40	1,051,643.40
Filing Fees	6,000.00	6,000.00
Miscellaneous	1,321.44	1,321.44
Rent	311,523.78	311,523.78
Utilities	6,421.58	6,421.58
Office Equipment and Maintenance	15,006.15	15,006.15
Total Expenses	7,230,324.15	7,230,324.15
Charged to Forest Preserve	(97,919.66)	(97,919.66)
Net Expenses	7,132,404.49	7,132,404.49
Refunds	44,209,953.34	44,209,953.34
Total Expenditures	367,114,828.34	367,114,828.34
Excess Income over Expenditures	153,452,576.70	842,192,977.53
Net Change in Reserve for Loss and Cost of Collection and Taxes		
Receivable for Prior Years	(286,300.55)	(286,300.55)
Adjustments for Accounts Payable and Receivable	112,212.40	112,212.40
Excess Income Over Expenses - Increase in Net Assets for Year	\$ 153,278,488.55	\$ 842,018,889.38

699,467.71 : 113
 10,710,962.60 :
 59,211,662.81

174,088.157

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**County Employees' and Officers'
Annuity and Benefit Fund of Cook County**

Comparative Analysis - Year 2003

Assets and Liabilities

COMPARATIVE ANALYSIS ASSETS (at Book Value)			
	2002	2003	Increase (Decrease)
Invested Cash	\$ 20,639,436.66	\$ 25,177,937.15	\$ 4,538,500.49
Investments			
Corporate Bonds and Notes	620,112,427.57	651,364,165.11	31,251,737.54
Collective Trust and Other Bonds & Notes	70,985,914.34	100,209,467.08	29,223,552.74
U.S. Treasury Bonds and Notes	948,688,075.87	1,001,185,741.85	52,497,665.98
Demand Notes and STIF	208,051,212.56	146,715,519.94	(61,335,692.62)
U.S. & Agency Bond & Notes	23,110,019.86	39,949,083.81	16,839,063.95
Common Stock	2,162,178,519.29	2,181,068,838.19	18,890,318.90
Real Estate LP	80,506,326.41	100,888,199.96	20,381,873.55
Venture Capital	152,290,828.16	252,826,551.69	100,535,723.53
Mutual Funds	47,711,487.82	42,274,273.81	(5,437,214.01)
Indexed Funds	695,281,772.58	645,114,813.91	(50,166,958.67)
Actively Managed Foreign Equity	137,605,786.93	142,954,178.37	5,348,391.44
Unsettled Investment Trades	(48,815,688.59)	(57,155,768.82)	(8,340,080.23)
Total Investments	5,097,706,682.80	5,247,395,064.90	149,688,382.10
Interest Receivable			
Accrued Interest	18,224,491.76	18,226,314.37	1,822.61
Accrued Dividends	2,815,760.04	3,186,555.32	370,795.28
Total Interest Receivable	21,040,251.80	21,412,869.69	372,617.89
Accounts Receivable – Taxes			
Tax Extension	161,624,740.00	168,951,725.00	7,326,985.00
Replacement Tax from State	17,978,260.00	18,793,275.00	815,015.00
Less Tax Levy Already Collected	2,172,667.20	2,861,265.94	688,598.74
Less Excess Benefit Allocation	164,014.00	1,460,387.00	1,296,373.00
Less Estimate for Loss	4,848,742.00	5,068,552.00	219,810.00
Net Taxes Receivable	172,417,576.80	178,354,795.06	5,937,218.26
Other Accounts Receivable			
Miscellaneous Employee Accounts	714,960.69	628,260.44	(86,700.25)
Due from Annuitants	3,223.53	46,000.20	42,776.67
Due from Cook County	3,362,148.54	39,156.69	(3,322,991.85)
Due from Forest Preserve A & B Fund	291,812.73	389,732.39	97,919.66
Total Other Accounts Receivable	4,372,145.49	1,103,149.72	(3,268,995.77)
Gross Ledger Assets	5,316,176,093.55	5,473,443,816.52	157,267,722.97
Less Accounts Payable			
Miscellaneous Employee Accounts	1,746,383.37	1,444,984.67	(301,398.70)
Accounts Payable – Vendors	4,978,907.28	4,579,357.28	(399,550.00)
Due to Cook County	(2,382.32)	4,687,800.80	4,690,183.12
Total Accounts Payable	6,722,908.33	10,712,142.75	3,989,234.42
Total Net Ledger Assets	\$ 5,309,453,185.22	\$ 5,462,731,673.77	\$ 153,278,488.55

COMPARATIVE ANALYSIS LIABILITIES AND FUND BALANCES (at Book Value)			
	2002	2003	Increase (Decrease)
Liability Reserves			
Annuity Payment Fund			
Employee Annuitants	\$ 423,406,656.00	\$ 726,675,079.56	\$ 303,268,423.56
Spouse Annuitants	68,026,759.46	76,556,245.80	8,529,486.34
Spouse Annuities Fixed	102,168,776.27	171,354,775.16	69,185,998.89
Total Annuity Payment Fund	593,602,191.73	974,586,100.52	380,983,908.79
Salary Deduction Fund Account			
Employees	882,975,435.98	810,023,350.15	(72,952,085.83)
Spouses of Employees	202,024,649.08	185,742,448.73	(16,282,200.35)
Optional Reserve	105,074,720.93	94,865,790.85	(10,208,930.08)
Optional Reserve – Elected Officials	240,381.89	272,737.39	32,355.50
Total Salary Deduction Fund	1,190,315,187.88	1,090,904,327.12	(99,410,860.76)
Cook County Contribution Fund Account			
Employees	813,828,998.34	746,582,810.25	(67,246,188.09)
Spouses of Employees	269,429,674.17	247,709,246.34	(21,720,427.83)
Cook County School of Nursing	397,662.85	397,662.85	0.00
Supplemental Annuities	33,851.42	34,866.96	1,015.54
Total Cook County Contribution Fund	1,083,690,186.78	994,724,586.40	(88,965,600.38)
Other Reserves			
Supplementary Payment Reserve	4,802.52	4,802.52	0.00
Annuity Payment Fund Account	89,040,328.76	146,187,915.08	57,147,586.32
Total Other Reserves	89,045,131.28	146,192,717.60	57,147,586.32
Prior Service Fund Account			
Employee Annuitants	1,563,126,154.04	2,708,623,953.80	1,145,497,799.76
Spouse Annuitants	80,179,939.93	93,442,300.84	13,262,360.91
Spouse Annuities Fixed	251,862,423.10	352,679,875.31	100,817,452.21
Salary Deductions Annuity Increase	79,594,249.85	77,885,841.05	(1,708,408.80)
Estimated Excess Liability	2,914,892,526.35	2,341,930,000.90	(572,962,525.45)
Total Prior Service Fund Account	4,889,655,293.27	5,574,561,971.90	684,906,678.63
Total Liabilities	7,846,307,990.94	8,780,969,703.54	934,661,712.60
Unfunded Obligations	(2,536,854,805.72)	(3,318,238,029.77)	(781,383,224.05)
Total Net Liabilities	\$ 5,309,453,185.22	\$ 5,462,731,673.77	\$ 153,278,488.55

COMPARATIVE ANALYSIS ASSETS (at Market Value)			
	2002	2003	Increase (Decrease)
Invested Cash	\$ 20,639,436.66	\$ 25,177,937.15	\$ 4,538,500.49
Investments			
Corporate Bonds and Notes	645,997,856.61	670,631,664.05	24,633,807.44
Collective Trust and Other Bonds & Notes	66,586,786.17	110,239,692.79	43,652,906.62
U.S. Treasury Bonds & Notes	994,420,543.99	1,020,104,798.55	25,684,254.56
Demand Notes and STIF	208,051,212.56	146,715,519.94	(61,335,692.62)
U.S. & Agency Bond & Notes	23,114,908.48	39,951,640.60	16,836,732.12
Common Stock	2,056,045,060.85	2,664,538,820.53	608,493,759.68
Real Estate LP	70,552,180.00	80,499,679.85	9,947,499.85
Venture Capital	102,741,097.00	196,679,558.25	93,938,461.25
Mutual Funds	30,637,242.60	37,740,278.74	7,103,036.14
Indexed Funds	735,589,122.07	764,181,584.86	28,592,462.79
Actively Managed Foreign Equity	125,186,707.91	174,408,343.24	49,221,635.33
Unsettled Investment Trades	(48,815,688.59)	(57,155,768.82)	(8,340,080.23)
Total Investments	5,010,107,029.65	5,848,535,812.58	838,428,782.93
Interest Receivable			
Accrued Interest	18,224,491.76	18,226,314.37	1,822.61
Accrued Dividends	2,815,760.04	3,186,555.32	370,795.28
Total Interest Receivable	21,040,251.80	21,412,869.69	372,617.89
Accounts Receivable - Taxes			
Tax Extension	161,624,740.00	168,951,725.00	7,326,985.00
Replacement Tax from State	17,978,260.00	18,793,275.00	815,015.00
Less Tax Levy Already Collected	2,172,667.20	2,861,265.94	688,598.74
Less Excess Benefit Allocation	164,014.00	1,460,387.00	1,296,373.00
Less Estimate for Loss	4,848,742.00	5,068,552.00	219,810.00
Net Taxes Receivable	172,417,576.80	178,354,795.06	5,937,218.26
Other Accounts Receivable			
Miscellaneous Employee Accounts	714,960.69	628,260.44	(86,700.25)
Due from Annuitants	3,223.53	46,000.20	42,776.67
Due from Cook County	3,362,148.54	39,156.69	(3,322,991.85)
Due from Forest Preserve A & B Fund	291,812.73	389,732.39	97,919.66
Total Other Accounts Receivable	4,372,145.49	1,103,149.72	(3,268,995.77)
Gross Ledger Assets	5,228,576,440.40	6,074,584,564.20	846,008,123.80
Less Accounts Payable			
Miscellaneous Employee Accounts	1,746,383.37	1,444,984.67	(301,398.70)
Accounts Payable – Vendors	4,978,907.28	4,579,357.28	(399,550.00)
Due to Cook County	(2,382.32)	4,687,800.80	4,690,183.12
Total Accounts Payable	6,722,908.33	10,712,142.75	3,989,234.42
Total Net Ledger Assets	\$ 5,221,853,532.07	\$ 6,063,872,421.45	\$ 842,018,889.38

COMPARATIVE ANALYSIS			
LIABILITIES AND FUND BALANCES (at Market Value)			
	2002	2003	Increase (Decrease)
Liability Reserves			
Annuity Payment Fund			
Employee Annuitants	\$ 423,406,656.00	\$ 726,675,079.56	\$ 303,268,423.56
Spouse Annuitants	68,026,759.46	76,556,245.80	8,529,486.34
Spouse Annuities Fixed	102,168,776.27	171,354,775.16	69,185,998.89
Total Annuity Payment Fund	593,602,191.73	974,586,100.52	380,983,908.79
Salary Deduction Fund Account			
Employees	882,975,435.98	810,023,350.15	(72,952,085.83)
Spouses of Employees	202,024,649.08	185,742,448.73	(16,282,200.35)
Optional Reserve	105,074,720.93	94,865,790.85	(10,208,930.08)
Optional Reserve - Elected Officials	240,381.89	272,737.39	32,355.50
Total Salary Deduction Fund	1,190,315,187.88	1,090,904,327.12	(99,410,860.76)
Cook County Contribution Fund Account			
Employees	813,828,998.34	746,582,810.25	(67,246,188.09)
Spouses of Employees	269,429,674.17	247,709,246.34	(21,720,427.83)
Cook County School of Nursing	397,662.85	397,662.85	0.00
Supplemental Annuities	33,851.42	34,866.96	1,015.54
Total Cook County Contribution Fund	1,083,690,186.78	994,724,586.40	(88,965,600.38)
Other Reserves			
Supplementary Payment Reserve	4,802.52	4,802.52	0.00
Annuity Payment Fund Account	89,040,328.76	146,187,915.08	57,147,586.32
Total Other Reserves	89,045,131.28	146,192,717.60	57,147,586.32
Prior Service Fund Account			
Employee Annuitants	1,563,126,154.04	2,708,623,953.80	1,145,497,799.76
Spouse Annuitants	80,179,939.93	93,442,300.84	13,262,360.91
Spouse Annuities Fixed	251,862,423.10	352,679,875.31	100,817,452.21
Salary Deductions Annuity Increase	79,594,249.85	77,885,841.05	(1,708,408.80)
Estimated Excess Liability	2,914,892,526.35	2,341,930,000.90	(572,962,525.45)
Total Prior Service Fund Account	4,889,655,293.27	5,574,561,971.90	684,906,678.63
Total Liabilities	7,846,307,990.94	8,780,969,703.54	934,661,712.60
Unfunded Obligations	(2,624,454,458.87)	(2,717,097,282.09)	(92,642,823.22)
Total Net Liabilities	\$ 5,221,853,532.07	\$ 6,063,872,421.45	\$ 842,018,889.38

TAXES RECEIVABLE

December 31, 2003

Year	Uncollected Taxes 12/31/03	Estimate for Loss 12/31/02	Additional Est. Setup 12/31/03	Total Est. for Loss 12/31/03	Taxes Collectible 12/31/03
2002	\$ 6,699,093.49	\$ 5,012,756.00	\$ 1,686,337.49	\$ 6,699,093.49	\$ 0.00
2003	168,951,725.00	0.00	5,068,552.00	5,068,552.00	163,883,173.00
Total	\$ 175,650,818.49	\$ 5,012,756.00	\$ 6,754,889.49	\$ 11,767,645.49	\$ 163,883,173.00
					<u>\$ 18,793,275.00</u>
					\$ 1,460,387.00
					<u>\$ 181,216,061.00</u>

For 2003 the original tax levy of \$187,745,000 was reduced to \$168,951,725 on which there was a 3.0% loss of collection of \$5,068,552. The resulting \$163,883,173, when added to the 2003 Personal Property Replacement Tax of \$17,332,888 (Gross PPRT of \$18,793,275 less Excess Benefit allocation of \$1,460,387), will result in an overall loss of 3.5% on the \$187,745,000.

It is expected that for 2004 the original tax levy of \$220,223,000 will be reduced to \$198,178,677 on which there will be a 3.0% loss of \$5,945,360. The resulting \$192,233,317, when added to the 2004 Personal Property Replacement Tax of \$19,944,323 (Gross PPRT of \$22,044,323 less Excess Benefit allocation of \$2,100,000) will result in an overall loss of 3.7% on the \$220,223,000.

Total 2003 County Contributions from Tax Levy = \$181,216,061 (See Income page.)

MEMBERSHIP STATISTICS
Year 2003

Changes in Active Participants	Number at Beginning of Year	New	Increases Inactive to Active	Total	Decreases	Number at End of Year
Males	11,823	1,027	159	1,186	1,645	11,364
Females	14,748	1,190	214	1,404	2,003	14,149
Combined Male and Female Active Participants						
Total	26,571	2,217	373	2,590	3,648	25,513
Changes in Optional Participants						
Males	4,613	603	74	677	772	4,518
Females	5,621	905	90	995	1,017	5,599
Combined Male and Female Optional Participants						
Total	10,234	1,508	164	1,672	1,789	10,117

Changes in Annuitants and Beneficiaries	Number at Beginning of Year	Increases	Decreases	Number at End of Year
Employee Annuitants	6,143	2,151	328	7,966
Spouse Annuitants	1,575	169	77	1,667
Child Annuitants	233	14	5	242
Ordinary Disability Benefits	320	741	789	272
Duty Disability Benefits	18	258	261	15
Reciprocal Annuitants:				
Employee	2,671	489	89	3,071
Spouse	434	34	31	437
Widow(er) Compensation Annuitants	2	-	-	2
Total	11,396	3,856	1,580	13,672
Ratio of Active Participants to Annuitants and Beneficiaries	2.33			1.87

SALARY AND AGE STATISTICS
Ages and Salaries as of December 31, 2003

Age	Number	Annual Salaries	Average Annual Salary
Male			
Under 20	13	\$ 358,992	\$ 27,615
20-24	244	7,888,104	32,328
25-29	964	37,671,480	39,078
30-34	1,571	75,713,736	48,195
35-39	1,754	96,107,520	54,793
40-44	1,681	96,971,352	57,687
45-49	1,762	107,041,872	60,750
50-54	1,280	79,227,552	61,897
55-59	992	61,009,704	61,502
60-64	611	35,356,848	57,867
65-69	295	17,053,632	57,809
70 and Over	197	11,544,816	58,603
Without Record	-	-	-
Total Male	11,364	\$ 625,945,608	\$ 55,081
Female			
Under 20	15	\$ 386,784	\$ 25,786
20-24	317	9,344,064	29,477
25-29	1,110	42,120,936	37,947
30-34	1,730	76,866,840	44,432
35-39	2,004	96,700,848	48,254
40-44	2,272	116,272,752	51,176
45-49	2,314	118,817,088	51,347
50-54	1,791	93,425,928	52,164
55-59	1,349	69,105,216	51,227
60-64	759	36,218,016	47,718
65-69	301	13,242,600	43,995
70 and Over	187	8,632,632	46,164
Without Record	-	-	-
Total Female	14,149	\$ 681,133,704	\$ 48,140
Male and Female	25,513	\$ 1,307,079,312	\$ 51,232

SALARY AND AGE STATISTICS
Ages and Salaries as of December 31, 2003

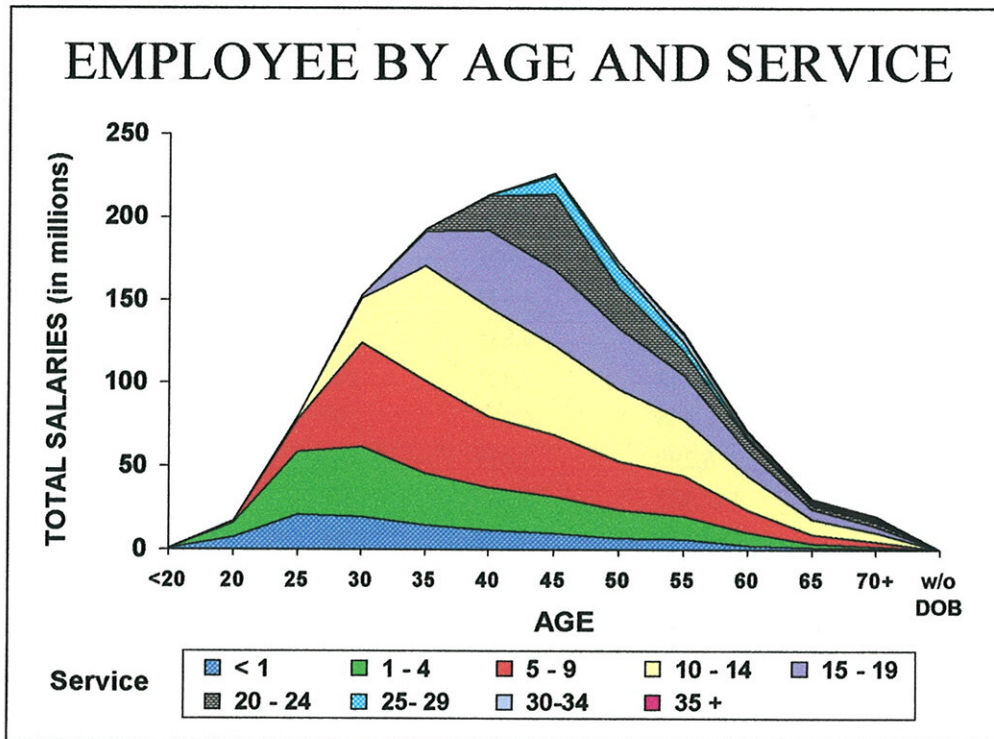
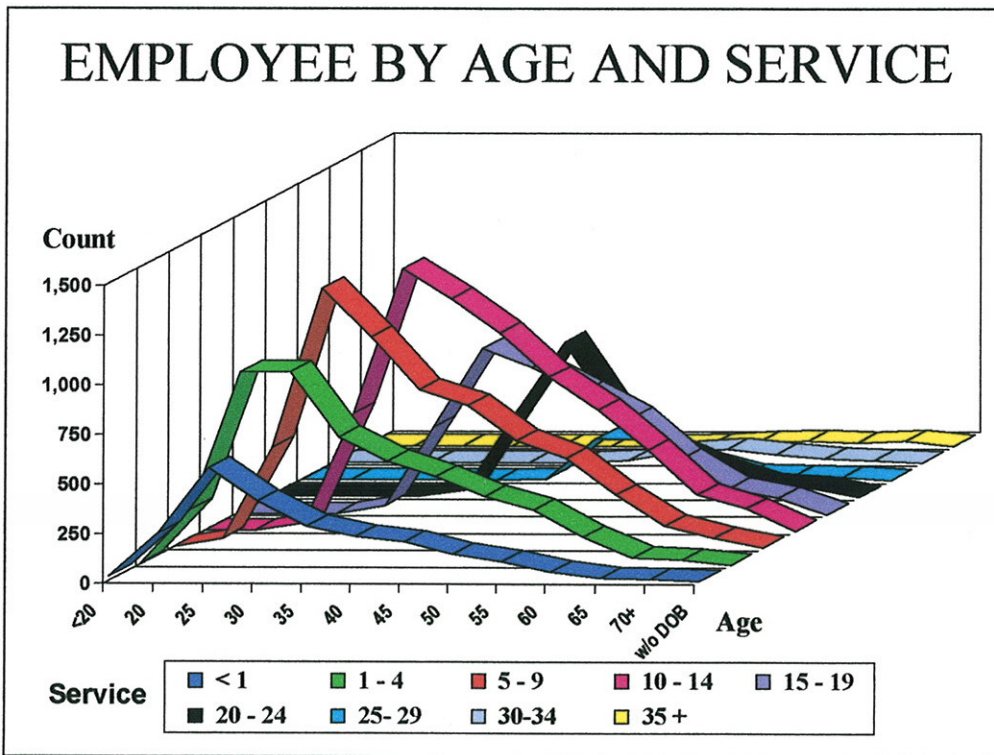
Ages at Entrance

Age at Entrance	Male		Female	
	Number	Annual Salaries	Number	Annual Salaries
Under 25	2,287	\$ 112,342,656	2,593	\$ 109,853,160
25-29	2,957	154,605,528	3,241	157,460,784
30-34	1,905	110,416,848	2,262	116,778,600
35-39	1,354	82,225,320	2,088	105,267,672
40-44	936	54,288,744	1,642	81,910,272
45-49	761	42,930,168	1,142	56,170,080
50-54	555	32,117,592	708	32,475,960
55-59	392	23,063,928	329	14,827,440
60-64	140	9,096,360	103	4,357,728
65 and Over	77	4,858,464	41	2,032,008
W/O Record	-	-	-	-
Totals	11,364	\$ 625,945,608	14,149	\$ 681,133,704
Average Annual Salary		\$ 55,081		\$ 48,140
Average Attained Age		43.6		43.9
Average Service		10.1		10.0
Average Age at Entrance		33.5		33.9

AGE AND SERVICE DISTRIBUTION
Ages and Service as of December 31, 2003

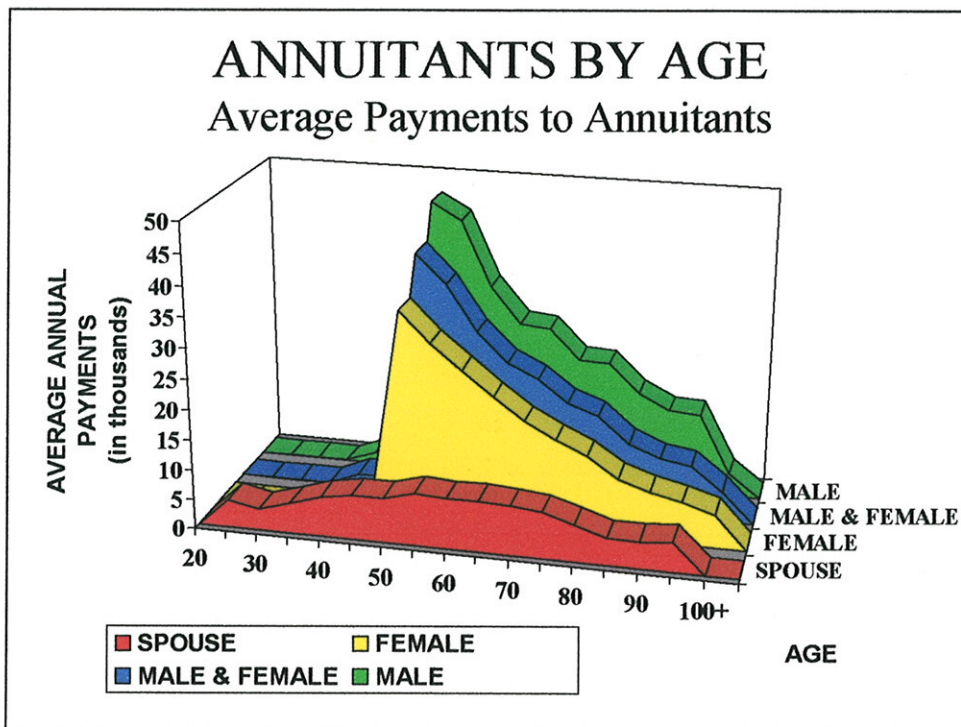
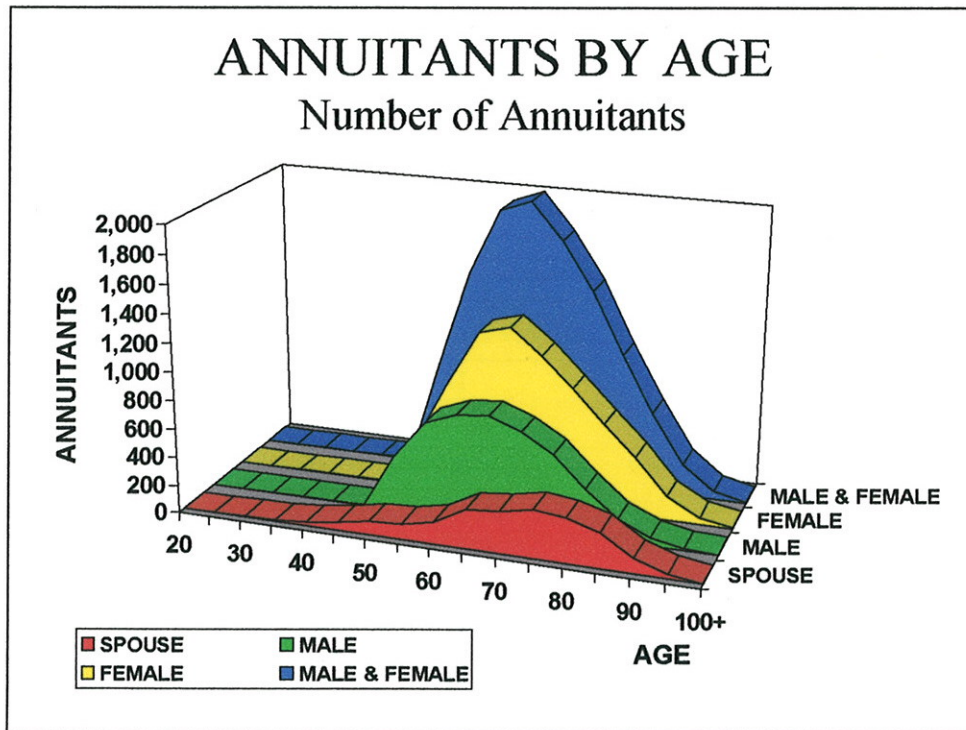
Average Salaries by Age and Service Grouping (Showing the Number of
Active Members and the Average Salaries of Male and Female Combined)

Age	Years of Service									Total
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
< 20	22	6	-	-	-	-	-	-	-	28
	\$25,155	\$32,060	-	-	-	-	-	-	-	\$26,635
20-24	240	275	46	-	-	-	-	-	-	561
	\$31,128	\$30,222	\$31,531	-	-	-	-	-	-	\$30,717
25-29	568	969	500	37	-	-	-	-	-	2,074
	\$36,869	\$39,091	\$39,258	\$36,280	-	-	-	-	-	\$38,473
30-34	403	967	1,304	589	38	-	-	-	-	3,301
	\$47,833	\$44,143	\$47,812	\$45,145	\$44,216	-	-	-	-	\$46,223
35-39	277	639	1,058	1,317	433	34	-	-	-	3,758
	\$52,978	\$48,940	\$52,535	\$52,390	\$47,593	\$49,214	-	-	-	\$51,306
40-44	223	519	792	1,168	833	412	6	-	-	3,953
	\$52,834	\$48,814	\$54,518	\$56,025	\$55,231	\$51,324	\$59,992	-	-	\$53,945
45-49	197	440	714	993	737	776	206	13	-	4,076
	\$48,116	\$50,004	\$52,637	\$54,447	\$62,003	\$58,074	\$54,133	\$62,928	-	\$55,412
50-54	135	342	538	773	614	411	202	53	3	3,071
	\$48,788	\$50,364	\$54,903	\$56,215	\$59,236	\$57,579	\$62,061	\$58,990	\$50,576	\$56,221
55-59	99	275	451	609	482	246	88	72	19	2,341
	\$59,364	\$52,916	\$53,741	\$54,630	\$56,682	\$56,486	\$60,656	\$60,938	\$65,118	\$55,581
60-64	47	138	265	405	275	144	25	43	28	1,370
	\$56,136	\$56,791	\$50,310	\$51,225	\$53,073	\$49,877	\$54,799	\$55,321	\$53,396	\$52,244
65-69	17	38	111	182	128	62	21	22	15	596
	\$62,181	\$66,153	\$50,490	\$49,734	\$47,242	\$45,627	\$50,301	\$60,600	\$53,597	\$50,833
70+	10	25	48	112	81	50	16	14	28	384
	\$89,748	\$44,733	\$57,748	\$50,845	\$45,768	\$50,936	\$55,683	\$76,440	\$52,860	\$52,545
Without DOB	-	-	-	-	-	-	-	-	-	-
Number	2,238	4,633	5,827	6,185	3,621	2,135	564	217	93	25,513
Salary	\$45,235	\$45,526	\$50,670	\$53,137	\$55,795	\$55,270	\$57,983	\$60,434	\$55,571	\$51,232
Age	35.8	37.9	41.8	46.1	49.1	50.2	52.5	58.5	65.3	43.8
Service	0.5	2.7	6.7	11.8	16.7	21.4	26.5	31.5	37.6	10.1



ANNUITANTS CLASSIFIED BY AGE AS OF DECEMBER 31, 2003
Retirement Annuities (Including Reciprocal)

Age	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
Employee Annuitants						
40-44	2	\$ 3,600	\$ 1,800	2	\$ 4,611	\$ 2,305
45-49	3	6,682	2,227	3	5,725	1,908
50-54	390	18,115,845	46,451	359	12,427,540	34,617
55-59	655	28,597,490	43,660	781	23,103,703	29,582
60-64	738	24,335,307	32,975	1,168	30,018,259	25,701
65-69	756	20,433,172	27,028	1,228	26,716,384	21,756
70-74	674	17,847,455	26,480	1,053	19,196,351	18,230
75-79	546	11,778,034	21,571	851	13,237,031	15,555
80-84	337	7,207,353	21,387	626	8,333,689	13,313
85-89	157	2,617,648	16,673	416	4,150,266	9,977
90-94	58	817,260	14,091	169	1,402,293	8,298
95-99	16	220,616	13,789	43	309,194	7,191
100+	2	7,873	3,936	4	21,994	5,498
Totals	4,334	\$ 131,988,335	\$ 30,454	6,703	\$ 138,927,040	\$ 20,726
Average Age			68			70
Spouse Annuitants (Not Including Compensation)						
25-29	-	\$ -	\$ -	2	\$ 9,101	\$ 4,550
30-34	1	3,028	3,028	5	17,887	3,577
35-39	3	14,197	4,732	8	41,702	5,213
40-44	2	16,174	8,087	23	151,050	6,567
45-49	11	67,690	6,154	49	379,096	7,737
50-54	15	88,445	5,896	87	670,619	7,708
55-59	27	161,941	5,998	85	821,145	9,661
60-64	23	197,637	8,593	136	1,141,298	8,392
65-69	59	403,056	6,831	219	1,965,145	8,973
70-74	55	408,353	7,425	241	2,054,364	8,524
75-79	61	381,604	6,256	280	2,283,729	8,156
80-84	47	276,299	5,879	269	1,711,046	6,361
85-89	28	147,942	5,284	225	1,000,793	4,448
90-94	12	80,425	4,634	98	420,221	4,288
95+	3	42,356	14,119	30	122,701	4,090
Totals	347	\$ 2,289,147	\$ 6,597	1,757	\$ 12,789,897	\$ 7,279
Average Age			71			73



**HEALTH INSURANCE SUPPLEMENT
CLASSIFIED BY AGE AS OF DECEMBER 31, 2003**

Age	Single Coverage	Family Coverage	Total Participants	Total Non-Participants	Total Annuitants	% Part/Annuitants
Employee Annuitants						
40-49	1	-	1	9	10	10.00%
50-59	707	544	1,251	934	2,185	57.25%
60-69	1,347	849	2,196	1,694	3,890	56.45%
70-79	1,154	586	1,740	1,384	3,124	55.70%
80-89	635	187	822	714	1,536	53.52%
Over 90	110	17	127	165	292	43.49%
Total	3,954	2,183	6,137	4,900	11,037	55.60%
Spouse Annuitants (Not Including Compensation)						
Under 30	-	-	-	2	2	0.00%
30-39	2	1	3	14	17	17.65%
40-49	21	9	30	55	85	35.29%
50-59	57	15	72	142	214	33.64%
60-69	214	2	216	221	437	49.43%
70-79	324	2	326	311	637	51.18%
80-89	268	3	271	298	569	47.63%
Over 90	55	-	55	88	143	38.46%
Total	941	32	973	1,131	2,104	46.25%

**NEW ANNUITIES GRANTED DURING 2003¹
SURVIVING TO DECEMBER 31, 2003**

	Male Annuitants	Female Annuitants	Widows/ Widowers Of Deceased Employees²	Widows/ Widowers of Deceased Annuitants²
Number Retired	1,117	1,489	51	150
Average Age Attained	58.4	59.0	57.1	73.3
Number with Spouses	800	664	51	150
Average Spouse Age	54.9	60.2	58.5	76.1
Percentage with Spouse	71.62%	44.59%	100.00%	100.00%
Average Years of Service	22.9	20.7	14.2	18.0
Average Years Optional Service	6.3	5.8	1.7	-
Average Years on Pension	-	-	-	11.6
Number at Maximum (80%)	720	782	-	-
Average Final Salary	\$ 63,927	\$ 52,489	\$ 51,421	-
Total Final Salary	71,406,984	78,156,660	2,622,480	-
Average Annual Salary (FAS)	61,543	51,459	-	-
Total Annual Annuity	47,857,418	47,716,012	520,208	\$ 1,912,727
Average Annual Annuity	42,845	32,046	10,200	12,752
Total Liability (8% 1983 GAM)	778,990,917	778,482,972	10,460,714	24,048,998
Average Liability	697,396	522,823	205,112	\$ 160,327
Total Contributed by EE ³	90,688,792	86,249,734	2,009,719	-
Average Contribution	\$ 81,190	\$ 57,925	\$ 39,406	-
Expected Future Lifetime (years)	20.31	24.79	25.55	12.38
Payback Period (years)	1.89	1.81	3.86	-
Replacement Ratio	67.02%	61.05%	19.84%	-
Liability/Salary	10.91	9.96	3.99	-
Liability/Contributions	8.59	9.03	5.21	-

¹ Includes restated annuities.

² Does not include compensation or supplemental.

³ Includes "Pickup."

Note: Does not include any annuities that terminate within the year of retirement

**NEW EARLY RETIREMENT ANNUITIES GRANTED DURING 2003
SURVIVING TO DECEMBER 31, 2003**

	Male Annuitants	Female Annuitants	Widows/ Widowers Of Deceased Employees ¹	Widows/ Widowers of Deceased Annuitants ¹
Number Retired	891	1,047	3	-
Average Age Attained	57.3	58.4	54.3	-
Number with Spouses	637	464	3	-
Average Spouse Age	53.9	59.7	54.3	-
Percentage with Spouse	71.49%	44.32%	100.00%	-
Average Years of Service	26.1	25.9	26.7	-
Average Years Optional Service	7.1	7.0	2.2	-
Number at Maximum (80%)	708	772	-	-
Average Final Salary	\$ 66,884	\$ 55,224	\$ 79,884	-
Total Final Salary	59,594,028	57,819,708	239,652	-
Average Annual Salary (FAS)	63,298	52,437	-	-
Total Annual Annuity	44,442,677	42,906,275	99,007	-
Average Annual Annuity	49,880	40,980	33,002	-
Total Liability (8% 1983 GAM)	725,644,379	703,923,983	1,868,524	-
Average Liability	814,416	672,325	622,841	-
Total Contributed by EE ²	83,227,589	76,552,800	289,624	-
Average Contribution	\$ 93,409	\$ 73,116	\$ 96,541	-
Expected Future Lifetime (years)	21.22	25.27	29.01	-
Payback Period (years)	1.87	1.78	2.93	-
Replacement Ratio	74.58%	74.21%	41.31%	-
Liability/Salary	12.18	12.17	7.80	-
Liability/Contributions	8.72	9.20	6.45	-

¹ Does not include compensation or supplemental.

² Includes "Pickup."

Note: Does not include any annuities that terminate within the year of retirement

**COMPARISON OF EARLY RETIREMENT INCENTIVES IN 2003 AND 1998-1997
SURVIVING TO END OF YEAR OF RETIREMENT**

	2003		1998 - 1997	
	Male Annuitants	Female Annuitants	Male Annuitants	Female Annuitants
Number Retired	891	1,047	623	1,075
Average Age Attained	57.3	58.4	62.9	61.9
Number with Spouses	637	464	462	467
Average Spouse Age	53.9	59.7	58.2	63.4
Percentage with Spouse	71.49%	44.32%	74.16%	43.44%
Average Years of Service	26.1	25.9	20.8	21.6
Average Years Optional Service	7.1	7.0	8.9	7.9
Number at Maximum (80%)	708	772	193	358
Average Final Salary	\$ 66,884	\$ 55,224	\$ 50,065	\$ 42,241
Total Final Salary	59,594,028	57,819,708	31,190,712	45,408,624
Average Annual Salary (FAS)	63,298	52,437	45,779	38,773
Total Annual Annuity	44,442,677	42,906,275	18,562,835	28,008,731
Average Annual Annuity	49,880	40,980	29,796	26,055
Total Liability (8% 1983 GAM)	725,644,379	703,923,983	228,485,133	369,413,730
Average Liability	814,416	672,325	366,750	343,641
Total Contributed by EE ¹	83,227,589	76,552,800	38,624,845	51,445,890
Average Contribution	\$ 93,409	\$ 73,116	\$ 61,998	\$ 47,857
Expected Future Lifetime (years)	21.22	25.27	16.69	22.15
Payback Period (years)	1.87	1.78	2.08	1.84
Replacement Ratio	74.58%	74.21%	59.51%	61.68%
Liability/Salary	12.18	12.17	7.33	8.14
Liability/Contributions	8.72	9.20	5.92	7.18

¹ Includes "Pickup."

Note: Does not include any annuities that terminate within the year of retirement

**COMPARISON OF EARLY RETIREMENT INCENTIVES IN 2003 AND 1998-1997
SURVIVING TO END OF YEAR OF RETIREMENT**

	ERI Comparison		ERI Difference	
	2003 ERI	1998-1997 ERI	Amount	Percent
Number Retired	1,938	1,698	240	14.13%
Average Age Attained	57.9	62.2	(4.3)	(6.91)%
Number with Spouses	1,101	929	172	18.51%
Average Spouse Age	57.1	61.5	(4.4)	(7.15)%
Percentage with Spouse	56.81%	54.71%	2.10%	3.84%
Average Years of Service	26.0	21.3	4.7	22.07%
Average Years Optional Service	7.0	8.3	(1.3)	(15.66)%
Number at Maximum (80%)	1,480	551	929	168.60%
Average Final Salary	\$ 60,585	\$ 45,112	\$ 15,473	34.30%
Total Final Salary	117,413,736	76,599,336	40,814,400	53.28%
Average Annual Salary (FAS)	57,431	41,343	16,088	38.91%
Total Annual Annuity	87,348,952	46,571,566	40,777,386	87.56%
Average Annual Annuity	45,072	27,427	17,645	64.33%
Total Liability (8% 1983 GAM)	1,429,568,362	597,898,863	831,669,499	139.10%
Average Liability	737,651	352,119	385,532	109.49%
Total Contributed by EE ¹	159,780,389	90,070,735	69,709,654	77.39%
Average Contribution	\$ 82,446	\$ 53,045	\$ 29,401	55.43%
Expected Future Lifetime (years)	23.41	20.15	3.26	16.18%
Payback Period (years)	1.83	1.93	(0.10)	(5.18)%
Replacement Ratio	74.39%	60.80%	13.59%	22.35%
Liability/Salary	12.18	7.81	4.37	55.95%
Liability/Contributions	8.95	6.64	2.31	34.79%

¹ Includes "Pickup."

Note: Does not include any annuities that terminate within the year of retirement

**COMPARISON OF EARLY RETIREMENT INCENTIVES IN 2003, 1998-1997
AND 1993 SURVIVING TO END OF YEAR OF RETIREMENT**

ERI Year and Requirements	2003	1998-1997	1993
	Age 50 & 20 Years	Age 55 & 10 Years	Age 55 & 10 Years
Number Retired	1,938	1,698	1,493
Average Age Attained	57.9	62.2	64.7
Number with Spouses	1,101	929	799
Average Spouse Age	57.1	61.5	63.3
Percentage with Spouse	56.81%	54.71%	53.52%
Average Years of Service	26.0	21.3	20.8
Average Years Optional Service	7.0	8.3	7.3
Number at Maximum (80%)	1,480	551	373
Average Final Salary	\$ 60,585	\$ 45,112	\$ 33,852
Total Final Salary	117,413,736	76,599,336	50,541,756
Average Annual Salary (FAS)	57,431	41,343	30,647
Total Annual Annuity	87,348,952	46,571,566	29,825,698
Average Annual Annuity	45,072	27,427	19,977
Total Liability (8% 1983 GAM)	1,429,568,362	597,898,863	333,593,015
Average Liability	737,651	352,119	223,438
Total Contributed by EE ¹	159,780,389	90,070,735	57,055,922
Average Contribution	\$ 82,446	\$ 53,045	\$ 38,216
Expected Future Lifetime (years)	23.41	20.15	17.46
Payback Period (years)	1.83	1.93	1.91
Replacement Ratio	74.39%	60.80%	59.01%
Liability/Salary	12.18	7.81	6.60
Liability/Contributions	8.95	6.64	5.85

¹ Includes "Pickup."

Note: Does not include any annuities that terminate within the year of retirement

**NEW OPTIONAL ANNUITIES GRANTED DURING 2003¹
SURVIVING TO DECEMBER 31, 2003**

	Male Annuitants	Female Annuitants	Widows/ Widowers of Deceased Employees²	Widows/ Widowers of Deceased Annuitants²
Number Retired	647	808	9	-
Average Age Attained	57.6	58.4	62.4	-
Number with Spouses	476	376	9	-
Average Spouse Age	54.4	59.7	65.1	-
Percentage with Spouse	73.57%	46.53%	100.00%	-
Average Years of Service	23.1	22.9	16.1	-
Average Years Optional Service	10.9	10.8	9.5	-
Average Years on Pension	-	-	-	-
Number at Maximum (80%)	465	520	-	-
Average Final Salary	\$ 66,717	\$ 57,274	\$ 55,244	-
Total Final Salary	43,166,052	46,277,064	497,196	-
Average Annual Salary (FAS)	63,143	54,924	-	-
Total Annual Annuity	6,214,178	6,205,266	45,818	-
Average Annual Annuity	9,605	7,680	5,091	-
Total Liability (8% 1983 GAM)	184,364,186	178,889,921	1,117,696	-
Average Liability	284,952	221,398	124,188	-
Total Contributed by EE	12,942,020	14,202,640	137,693	-
Average Contribution	\$ 20,003	\$ 17,578	\$ 15,299	-
Expected Future Lifetime (years)	20.99	25.35	21.76	-
Payback Period (years)	2.08	2.29	3.01	-
Replacement Ratio	14.40%	13.41%	9.22%	-
Liability/Salary	4.27	3.87	2.25	-
Liability/Contributions	14.25	12.60	8.12	-

¹ Includes restated annuities.

² Does not include compensation or supplemental.

Ratio: Total Liabilities³	1999	2000	2001	2002	2003
Male Annuitants	9.57%	17.28%	19.53%	23.45%	23.67%
Female Annuitants	10.33%	16.73%	16.14%	24.13%	22.98%
Total Optional	9.84%	17.09%	18.11%	23.79%	23.32%

³ Ratio total liability of optional annuitants to total liability for all new annuitants.

Note: Does not include any annuities that terminate within the year of retirement

**NEW RECIPROCAL ANNUITIES GRANTED DURING 2003¹
SURVIVING TO DECEMBER 31, 2003**

	Reciprocal		Last with County	
	Male Annuitants	Female Annuitants	Male Annuitants	Female Annuitants
Number Retired	165	322	50	44
Average Age Attained	59.5	58.5	58.9	59.1
Number with Spouses	121	138	38	17
Average Spouse Age	56.3	59.6	55.6	60.5
Percentage with Spouse	73.33%	42.86%	76.00%	38.64%
Average Years Total Service	30.7	32.9	28.0	26.0
Average Years Service this Fund	10.2	6.3	22.6	20.3
Number at Maximum (80%)	1	-	1	-
Average Final Salary	\$ 56,040	\$ 46,583	\$ 66,643	\$ 63,526
Total Final Salary	9,246,648	14,999,832	3,332,172	2,795,160
Average Annual Salary (FAS)	61,716	52,380	64,632	60,120
Total Annual Annuity	3,030,939	3,027,135	2,149,899	1,626,679
Average Annual Annuity	18,369	9,401	42,998	36,970
Total Liability (8% 1983 GAM)	48,378,191	46,102,079	35,713,950	26,442,937
Average Liability	293,201	143,174	714,279	600,976
Total Contributed by EE ²	5,739,578	4,565,984	4,237,884	2,988,697
Average Contribution	\$ 34,785	\$ 14,180	\$ 84,758	\$ 67,925
Expected Future Lifetime (years)	19.41	25.21	19.91	24.69
Payback Period (years)	1.89	1.51	1.97	1.84
Replacement Ratio	32.78%	20.18%	64.52%	58.20%
Liability/Salary	5.23	3.07	10.72	9.46
Liability/Contributions	8.43	10.10	8.43	8.85

¹ Includes restated annuities.

² Includes "Pickup."

Ratio: Total Liabilities³	1999	2000	2001	2002	2003
Male Reciprocal	18.81%	17.80%	15.56%	20.62%	6.21%
Female Reciprocal	29.10%	19.34%	19.42%	19.04%	5.92%
Last with County	22.50%	18.35%	17.17%	19.84%	6.07%

³ Ratio total liability of reciprocal annuitants to total liability for all new annuitants.

Note: Does not include any annuities that terminate within the year of retirement

RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Year	Employee Annuitants	Widow/er Annuitants	Child Annuitants	Ordinary Disabilities	Duty Disabilities	Widow/er Comp.	Reciprocal Employee	Reciprocal Widow/er	Total
1980	2,780	947	109	145	29	-	975	94	5,079
1981	2,798	968	87	167	29	-	1,071	114	5,234
1982	2,853	973	90	133	27	-	1,184	131	5,391
1983	2,895	987	93	128	24	-	1,253	125	5,505
1984	2,972	959	92	127	32	-	1,334	177	5,693
1985	2,944	975	95	109	20	-	1,382	197	5,722
1986	3,059	1,034	97	135	19	-	1,472	236	6,052
1987	3,151	1,034	101	149	15	1	1,547	264	6,262
1988	3,276	1,057	113	182	16	-	1,603	286	6,533
1989	3,401	1,082	102	206	20	1	1,638	301	6,751
1990	3,500	1,104	113	217	16	1	1,671	321	6,943
1991	3,649	1,141	125	217	17	1	1,747	330	7,227
1992	3,727	1,162	122	212	23	1	1,906	347	7,500
1993 ¹	5,050	1,216	112	129	17	2	2,115	368	9,009
1994	4,924	1,272	118	171	16	2	2,138	396	9,037
1995	4,906	1,287	116	217	14	2	2,164	396	9,102
1996	4,886	1,355	141	194	12	2	2,170	403	9,163
1997 ¹	4,988	1,359	166	228	11	2	2,174	401	9,329
1998 ¹	6,307	1,403	176	189	12	2	2,400	424	10,913
1999	6,255	1,459	192	219	11	2	2,446	436	11,020
2000	6,204	1,479	196	284	27	2	2,480	426	11,098
2001	6,192	1,521	206	355	17	2	2,575	437	11,305
2002 ¹	6,143	1,575	233	320	18	2	2,671	434	11,396
2003 ¹	7,966	1,667	242	272	15	2	3,071	437	13,672

¹ Early Retirement Incentive was offered during year.

AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Year Ended	Average Annual Benefit	Percent Increase	Average Annual Benefit at Retirement Current Year	Percent Increase	Average Current Age of Retirees	Average Age at Retirement Current Year	Average Years of Service at Retirement Current Year
1981	\$ 3,681	-	\$ 4,320	-	73.0	66.8	15.7
1982	3,867	5.08%	4,776	10.56%	73.0	67.1	15.0
1983	4,096	5.92%	5,430	13.69%	73.0	66.5	16.5
1984	4,395	7.30%	6,300	16.02%	73.6	66.8	16.6
1985	4,739	7.83%	7,187	14.09%	73.6	67.0	17.6
1986	5,291	11.64%	9,226	28.37%	73.6	66.7	18.5
1987	5,884	11.20%	10,078	9.23%	73.6	65.9	17.9
1988	6,856	16.52%	10,593	5.11%	73.6	66.5	18.2
1989	7,485	9.18%	11,791	11.31%	73.6	65.8	18.4
1990	8,139	8.74%	12,743	8.08%	73.6	66.1	17.6
1991	8,805	8.18%	12,996	1.98%	73.5	65.4	17.6
1992	9,259	5.15%	10,809	(16.83)%	73.4	65.2	15.4
1993 ¹	11,925	28.80%	18,701	73.02%	71.6	64.7	20.0
1994	12,341	3.49%	12,213	(34.70)%	71.9	63.3	13.0
1995	12,883	4.39%	14,639	19.87%	72.2	63.5	16.3
1996	13,455	4.44%	15,195	3.80%	72.2	64.0	16.3
1997 ¹	14,575	8.32%	21,690	42.75%	71.6	62.7	19.2
1998 ¹	17,037	16.90%	24,632	13.56%	70.2	62.1	19.5
1999	17,933	5.26%	19,318	(21.57)%	70.9	61.7	14.8
2000	18,639	3.94%	19,775	2.37%	71.1	61.5	16.9
2001	19,260	3.34%	17,273	(12.65)%	71.2	61.0	14.6
2002 ¹	20,005	3.87%	18,621	7.81%	71.4	61.4	14.3
2003 ¹	\$ 24,546	22.70%	\$ 36,674	96.95%	68.9	58.7	21.6

¹ Early Retirement Incentive was offered during year.

HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service ¹	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase	Actuarial Salary Assumption	CPI Chicago
1972	18,470	-	\$ 175,951,032	-	\$ 9,526	-	3.00%	3.00%
1973	18,788	1.72%	198,523,440	12.83%	10,567	10.92%	3.50%	6.30%
1974	14,499	(22.83)%	172,664,256	(13.03)%	11,909	12.70%	3.50%	10.60%
1975	15,415	6.32%	195,704,112	13.34%	12,696	6.61%	3.50%	8.00%
1976	15,461	0.30%	209,561,736	7.08%	13,554	6.76%	5.00%	4.70%
1977	15,834	2.41%	230,774,592	10.12%	14,575	7.53%	5.00%	6.30%
1978	15,168	(4.21)%	228,968,256	(0.78)%	15,095	3.57%	5.00%	8.50%
1979	15,128	(0.26)%	241,416,432	5.44%	15,958	5.72%	5.00%	12.50%
1980	15,862	4.85%	270,242,976	11.94%	17,037	6.76%	5.00%	14.50%
1981	16,443	3.66%	304,332,888	12.61%	18,508	8.64%	6.00%	9.50%
1982	17,632	7.23%	345,481,104	13.52%	19,594	5.87%	6.00%	6.90%
1983	18,611	5.55%	368,311,944	6.61%	19,790	1.00%	6.00%	4.00%
1984	21,314	14.52%	433,341,120	17.66%	20,331	2.74%	6.00%	3.80%
1985	21,504	0.89%	455,069,568	5.01%	21,162	4.09%	6.00%	3.80%
1986	21,716	0.99%	491,607,576	8.03%	22,638	6.97%	6.00%	2.10%
1987	22,157	2.03%	512,943,384	4.34%	23,150	2.26%	6.00%	4.10%
1988	22,487	1.49%	540,098,328	5.29%	24,018	3.75%	6.00%	3.90%
1989	23,323	3.72%	591,018,648	9.43%	25,341	5.51%	6.00%	5.00%
1990	24,169	3.63%	643,504,512	8.88%	26,625	5.07%	6.00%	5.40%
1991	24,900	3.02%	740,361,048	15.05%	29,733	11.67%	6.00%	4.00%
1992	25,504	2.43%	810,741,456	9.51%	31,789	6.91%	6.00%	3.00%
1993	25,725	0.87%	826,971,432	2.00%	32,147	1.13%	6.00%	3.00%
1994	26,772	4.07%	938,957,424	13.54%	35,072	9.10%	6.00%	2.20%
1995	27,065	1.09%	980,603,088	4.44%	36,231	3.30%	6.00%	3.20%
1996	26,713	(1.30)%	1,025,670,504	4.60%	38,396	5.97%	6.00%	2.70%
1997	26,321	(1.47)%	1,068,038,496	4.13%	40,577	5.68%	5.50%	2.70%
1998	26,271	(0.19)%	1,066,458,432	(0.15)%	40,595	0.04%	5.50%	2.01%
1999	26,397	0.48%	1,162,538,616	9.01%	44,041	8.49%	5.50%	2.07%
2000	26,767	1.40%	1,261,050,576	8.47%	47,112	6.97%	5.50%	3.21%
2001	26,540	(0.85)%	1,274,942,064	1.10%	48,039	1.97%	5.50%	2.60%
2002	26,571	0.12%	1,330,456,896	4.35%	50,072	4.23%	5.50%	1.59%
2003 ²	25,513	(3.98)%	\$ 1,307,079,312	(1.76)%	\$51,232	2.32%	5.50%	1.84%
Average Increase (Decrease) for the Last 5 Years		(0.57)%		4.23%		4.80%		2.26%
Average Increase (Decrease) for the Last 10 Years		(0.06)%		4.77%		4.81%		2.41%

¹ Includes members who were on disability

² Average annual increase in average salary 1972-2003, about 5.6% compounded. The average annual increase in the annual average Chicago CPI for the same period is approximately 4.9%.

**HISTORY OF NEW ANNUITIES GRANTED
SURVIVING TO END OF YEAR OF RETIREMENT
1977 – 2003**

Year	Employee Annuitants					Widow/er Annuitants					Total New	
	Male	Female	Optional ¹		Total	Deceased Employee	Deceased Annuitant	Optional ¹		Comp.		Total
			Male	Female				Employee Annuitant	Employee Annuitant			
1977	140	182	-	-	322	45	62	-	-	-	107	429
1978	141	149	-	-	290	42	54	-	-	-	96	386
1979	131	182	-	-	313	53	51	-	-	-	104	417
1980	159	185	-	-	344	52	65	-	-	-	117	461
1981	123	193	-	-	316	49	64	-	-	-	113	429
1982	143	200	-	-	343	33	72	-	-	-	105	448
1983	138	182	-	-	320	38	58	-	-	-	96	416
1984	157	203	-	-	360	39	79	-	-	-	118	478
1985	181	178	-	-	359	43	76	-	-	-	119	478
1986	180	275	44	31	455	78	71	2	-	-	149	604
1987	196	231	77	54	427	40	83	5	-	-	123	550
1988	206	250	71	51	456	58	87	2	2	-	145	601
1989	186	261	79	63	447	56	74	3	-	1	131	578
1990	181	220	69	70	401	51	77	1	1	-	128	529
1991	238	267	102	70	505	55	83	-	1	-	138	643
1992	244	291	68	54	535	42	97	4	2	-	139	674
1993 ²	770	1,102	431	510	1,872	52	110	5	1	1	163	2,035
1994	101	161	34	36	262	40	129	3	1	-	169	431
1995	149	182	69	36	331	42	84	1	-	-	126	457
1996	152	181	60	52	333	55	111	2	-	-	166	499
1997 ²	237	301	137	147	538	50	97	3	1	-	147	685
1998 ²	682	1,141	439	671	1,823	44	105	2	12	-	149	1,972
1999	172	189	86	60	361	59	117	4	-	-	176	537
2000	192	190	97	64	382	53	96	1	-	-	149	531
2001	201	243	96	71	444	48	119	3	-	-	167	611
2002	161	245	68	84	406	55	86	7	-	-	141	547
2003 ²	1,117	1,489	647	808	2,606	51	150	9	-	-	201	2,807

¹ Optional annuities are included with regular annuities.

² Early Retirement Incentive was offered during year.

HISTORY OF TOTAL ANNUITIES

Year End	Number of Annuitants	Total Annuities	Average Annuities
Employee Annuitants			
1980	3,755	\$ 13,310,524	\$ 3,545
1981	3,869	14,240,288	3,681
1982	4,037	15,612,322	3,867
1983	4,148	16,992,021	4,096
1984	4,306	18,926,560	4,395
1985	4,326	20,502,646	4,739
1986	4,531	23,974,744	5,291
1987	4,698	27,641,694	5,884
1988	4,879	33,449,404	6,856
1989	5,039	37,718,002	7,485
1990	5,171	42,088,775	8,139
1991	5,396	47,514,004	8,805
1992	5,633	52,153,198	9,259
1993	7,165	85,443,552	11,925
1994	7,062	87,149,731	12,341
1995	7,070	91,080,698	12,883
1996	7,056	94,937,059	13,455
1997	7,162	104,383,700	14,575
1998	8,707	148,343,826	17,037
1999	8,701	156,032,734	17,933
2000	8,684	161,859,756	18,639
2001	8,767	168,856,580	19,260
2002	8,814	176,323,273	20,005
2003	11,037	\$ 270,915,375	\$ 24,546
Widow/Widower Annuitants (Not Including Compensation)			
1980	1,041	\$ 1,369,782	\$ 1,316
1981	1,082	1,515,539	1,401
1982	1,104	1,660,056	1,504
1983	1,112	1,775,023	1,596
1984	1,136	2,074,874	1,826
1985	1,172	2,242,520	1,913
1986	1,270	2,592,717	2,042
1987	1,298	2,777,030	2,139
1988	1,343	3,211,055	2,391
1989	1,383	3,486,679	2,521
1990	1,425	3,796,080	2,664
1991	1,471	4,110,197	2,794
1992	1,509	4,453,673	2,951
1993	1,584	5,159,355	3,257
1994	1,668	5,986,078	3,589
1995	1,683	6,422,485	3,816
1996	1,758	7,156,836	4,071
1997	1,760	7,842,783	4,456
1998	1,827	8,960,902	4,905
1999	1,895	10,181,869	5,373
2000	1,905	10,907,607	5,726
2001	1,958	11,856,943	6,056
2002	2,009	12,888,471	6,415
2003	2,104	\$ 15,079,044	\$ 7,167

HISTORY OF BENEFIT EXPENSES BY TYPE

Year	Employee Annuities	Widow/er Annuities ¹	Children's Annuities	Ordinary Disabilities	Duty Disabilities	Hospitalization Benefits	Other ²	Total Benefits
1983	\$ 16,532,675	\$ 1,778,423	\$ 170,161	\$ 2,148,131	\$ 239,159	\$ -	\$ 8,268	\$ 20,876,817
1984	18,339,649	2,104,149	172,799	2,309,617	311,979	-	(16,130)	23,222,063
1985	20,053,723	2,250,901	156,087	2,336,526	257,686	-	(18,710)	25,036,213
1986	23,056,000	2,512,226	175,420	2,568,626	271,720	-	(14,812)	28,569,180
1987	26,654,719	2,722,030	187,874	3,077,893	351,573	-	(1,317)	32,992,772
1988	31,405,782	3,035,249	212,925	3,641,616	257,260	-	79,126	38,631,958
1989	36,658,806	3,414,296	270,135	3,982,458	408,592	-	(83,567)	44,650,720
1990	41,198,279	3,820,054	285,687	4,424,399	389,401	2,674,709	(76,645)	52,715,884
1991	46,417,861	4,098,191	352,568	4,744,767	431,771	2,972,783	(98,122)	58,919,819
1992	52,157,524	4,390,126	341,048	5,165,662	508,004	3,294,666	(93,609)	65,763,421
1993	76,268,025	4,954,746	363,324	4,557,661	472,311	8,949,940	(91,904)	95,474,103
1994	87,605,876	5,683,647	355,604	4,592,473	373,341	9,712,360	(87,556)	108,235,745
1995	90,966,685	6,273,931	411,603	5,676,571	504,172	9,470,670	(84,734)	113,218,898
1996	94,654,342	6,992,288	465,405	6,635,746	467,527	11,572,032	(73,592)	120,713,748
1997	101,401,026	7,689,429	538,953	7,532,161	333,828	12,426,148	(53,656)	129,867,888
1998	147,481,002	8,605,514	595,376	6,518,143	403,248	14,692,653	(45,790)	178,250,146
1999	155,150,651	9,638,282	606,519	7,653,078	405,075	17,065,828	(55,448)	190,463,985
2000	162,137,977	10,733,151	591,369	8,330,365	363,791	19,278,274	(49,842)	201,385,086
2001	168,814,760	11,669,343	589,390	9,885,529	400,753	21,150,226	(53,290)	212,456,712
2002	176,814,563	12,670,093	660,065	10,813,946	364,539	23,919,030	(51,154)	225,191,082
2003	\$258,423,996	\$14,400,949	\$ 618,998	\$ 9,478,729	\$ 515,210	\$ 32,378,575	\$(43,986)	\$315,772,471

¹ Includes compensation annuities.

² Includes supplementary payments less Reciprocal Act reimbursements.

HISTORY OF BENEFIT EXPENSES BY TYPE

Year	Employee Annuities	Widow/er Annuities ¹	Children's Annuities	Ordinary Disabilities	Duty Disabilities	Hospitalization Benefits	Other ²	Total Benefits
Percent of Total Benefits								
1983	79.19%	8.52%	0.82%	10.29%	1.15%	-	0.04%	100.00%
1984	78.98%	9.06%	0.74%	9.95%	1.34%	-	(0.07)%	100.00%
1985	80.10%	8.99%	0.62%	9.33%	1.03%	-	(0.07)%	100.00%
1986	80.70%	8.79%	0.61%	8.99%	0.95%	-	(0.05)%	100.00%
1987	80.79%	8.25%	0.57%	9.33%	1.07%	-	0.00%	100.00%
1988	81.29%	7.86%	0.55%	9.43%	0.67%	-	0.20%	100.00%
1989	82.10%	7.65%	0.60%	8.92%	0.92%	-	(0.19)%	100.00%
1990	78.15%	7.25%	0.54%	8.39%	0.74%	5.07%	(0.15)%	100.00%
1991	78.78%	6.96%	0.60%	8.05%	0.73%	5.05%	(0.17)%	100.00%
1992	79.31%	6.68%	0.52%	7.85%	0.77%	5.01%	(0.14)%	100.00%
1993	79.88%	5.19%	0.38%	4.77%	0.49%	9.37%	(0.10)%	100.00%
1994	80.94%	5.25%	0.33%	4.24%	0.34%	8.97%	(0.08)%	100.00%
1995	80.35%	5.54%	0.36%	5.01%	0.45%	8.36%	(0.07)%	100.00%
1996	78.41%	5.79%	0.39%	5.50%	0.39%	9.59%	(0.06)%	100.00%
1997	78.08%	5.92%	0.42%	5.80%	0.26%	9.57%	(0.04)%	100.00%
1998	82.74%	4.83%	0.33%	3.66%	0.23%	8.24%	(0.03)%	100.00%
1999	81.46%	5.06%	0.32%	4.02%	0.21%	8.96%	(0.03)%	100.00%
2000	80.51%	5.33%	0.29%	4.14%	0.18%	9.57%	(0.02)%	100.00%
2001	79.46%	5.49%	0.28%	4.65%	0.19%	9.96%	(0.03)%	100.00%
2002	78.52%	5.63%	0.29%	4.80%	0.16%	10.62%	(0.02)%	100.00%
2003	81.84%	4.56%	0.20%	3.00%	0.16%	10.25%	(0.01)%	100.00%
Percent Increase (Decrease) from Previous Year								
1984	10.93%	18.32%	1.55%	7.52%	30.45%	-	(295.09)%	11.23%
1985	9.35%	6.97%	(9.67)%	1.17%	(17.40)%	-	16.00%	7.81%
1986	14.97%	11.61%	12.39%	9.93%	5.45%	-	(20.83)%	14.11%
1987	15.61%	8.35%	7.10%	19.83%	29.39%	-	(91.11)%	15.48%
1988	17.82%	11.51%	13.33%	18.32%	(26.83)%	-	(6108.05)%	17.09%
1989	16.73%	12.49%	26.87%	9.36%	58.82%	-	(205.61)%	15.58%
1990	12.38%	11.88%	5.76%	11.10%	(4.70)%	-	(8.28)%	18.06%
1991	12.67%	7.28%	23.41%	7.24%	10.88%	11.14%	28.02%	11.77%
1992	12.37%	7.12%	(3.27)%	8.87%	17.66%	10.83%	(4.60)%	11.62%
1993	46.23%	12.86%	6.53%	(11.77)%	(7.03)%	171.65%	(1.82)%	45.18%
1994	14.87%	14.71%	(2.12)%	0.76%	(20.95)%	8.52%	(4.73)%	13.37%
1995	3.84%	10.39%	15.75%	23.61%	35.04%	(2.49)%	(3.22)%	4.60%
1996	4.05%	11.45%	13.07%	16.90%	(7.27)%	22.19%	(13.15)%	6.62%
1997	7.13%	9.97%	15.80%	13.51%	(28.60)%	7.38%	(27.09)%	7.58%
1998	45.44%	11.91%	10.47%	(13.46)%	20.80%	18.24%	(14.66)%	37.25%
1999	5.20%	12.00%	1.87%	17.41%	0.45%	16.15%	21.09%	6.85%
2000	4.50%	11.36%	(2.50)%	8.85%	(10.19)%	12.96%	(10.11)%	5.73%
2001	4.12%	8.72%	(0.33)%	18.67%	10.16%	9.71%	6.92%	5.50%
2002	4.74%	8.58%	11.99%	9.39%	(9.04)%	13.09%	(4.01)%	5.99%
2003	46.16%	13.66%	(6.22)%	(12.35)%	41.33%	35.37%	(14.01)%	40.22%

¹ Includes compensation annuities.

² Includes supplementary payments less Reciprocal Act reimbursements.

HISTORY OF INVESTMENT YIELDS
(Amortized Cost)

Year	Investment Yield on Total Assets				Investment Yield on Invested Assets			
	Excluding Gain/Loss		Including Gain/Loss		Excluding Gain/Loss		Including Gain/Loss	
	Gross	Net ¹	Gross	Net ¹	Gross	Net ¹	Gross	Net ¹
1987	7.20%	7.09%	11.83%	11.71%	7.68%	7.56%	12.63%	12.50%
1988	7.11%	7.00%	8.80%	8.69%	7.53%	7.41%	9.33%	9.21%
1989	7.63%	7.52%	9.98%	9.86%	8.06%	7.93%	10.55%	10.42%
1990	8.26%	8.13%	8.64%	8.51%	8.69%	8.55%	9.09%	8.95%
1991	6.38%	6.19%	9.70%	9.51%	6.69%	6.49%	10.17%	9.97%
1992	4.62%	4.42%	8.29%	8.09%	4.84%	4.63%	8.69%	8.47%
1993	5.07%	4.86%	9.46%	9.25%	5.28%	5.06%	9.85%	9.63%
1994	4.82%	4.59%	5.01%	4.78%	5.01%	4.77%	5.21%	4.97%
1995	5.30%	5.09%	8.88%	8.66%	5.53%	5.31%	9.27%	9.04%
1996	5.64%	5.43%	9.68%	9.47%	5.88%	5.67%	10.11%	9.89%
1997	5.27%	5.03%	12.19%	11.93%	5.47%	5.22%	12.65%	12.39%
1998	4.75%	4.58%	10.85%	10.67%	4.93%	4.76%	11.30%	11.11%
1999	4.36%	4.18%	10.33%	10.13%	4.51%	4.32%	10.69%	10.49%
2000	4.26%	4.10%	7.67%	7.50%	4.37%	4.21%	7.87%	7.70%
2001	3.72%	3.55%	3.74%	3.57%	3.85%	3.67%	3.87%	3.70%
2002	2.89%	2.72%	0.77%	0.61%	3.01%	2.83%	0.80%	0.63%
2003	2.85%	2.67%	3.86%	3.68%	2.97%	2.79%	4.02%	3.84%
5-year average	3.62%	3.44%	5.27%	5.10%	3.74%	3.56%	5.45%	5.27%

Year	Actuarial Assumption	Average Insurance Company	30 Year Treasury	3-Month Treasury Bills	Market Asset Value ¹		Actuarial Asset Value ¹	
					Investment Yield on Tot. Assets	Investment Yield on Inv. Assets	Investment Yield on Tot. Assets	Investment Yield on Inv. Assets
					1987	7.50%	9.10%	8.59%
1988	7.50%	9.03%	8.96%	6.69%	9.84%	10.29%	8.73%	9.19%
1989	8.00%	9.10%	8.45%	8.12%	14.71%	15.30%	11.44%	11.97%
1990	8.00%	8.89%	8.61%	7.51%	5.49%	5.69%	7.36%	7.65%
1991	8.00%	8.63%	8.14%	5.42%	16.23%	16.81%	8.97%	9.29%
1992	8.00%	8.08%	7.67%	3.45%	7.99%	8.31%	10.50%	10.87%
1993	8.00%	7.52%	6.59%	3.02%	9.50%	9.86%	11.23%	11.60%
1994	8.00%	7.14%	7.37%	4.29%	(2.07)%	(2.15)%	3.84%	3.98%
1995	8.00%	7.34%	6.05%	5.15%	21.46%	22.42%	10.75%	11.18%
1996	8.00%	7.17%	6.71%	5.02%	9.66%	10.05%	10.31%	10.73%
1997	8.00%	7.17%	6.02%	5.26%	16.92%	17.50%	14.18%	14.67%
1998	8.00%	6.95%	5.42%	4.86%	12.50%	12.94%	12.25%	12.67%
1999	8.00%	6.71%	6.82%	4.68%	8.05%	8.29%	15.03%	15.53%
2000	8.00%	7.05%	5.58%	5.89%	4.28%	4.38%	7.26%	7.46%
2001	8.00%	6.31%	5.75%	3.83%	(1.15)%	(1.19)%	3.16%	3.28%
2002	8.00%	5.38%	4.84%	1.65%	(6.86)%	(7.12)%	(2.48)%	(2.58)%
2003	8.00%	N/A	5.11%	1.02%	16.99%	17.71%	1.87%	1.95%
5-year average		6.48%	5.62%	3.41%	4.26%	4.41%	4.97%	5.13%

¹ Investment income is net of investment expense.

Notes: Yield = Investment Income/((Beginning Assets + End Assets - Investment Income)/2)

Bonds valued at amortized cost, stocks at cost. Market values considered only in Market Value section.

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LEGISLATIVE CHANGES

Spring 1982 Session

- 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 1452 • Allows a participant who served as Village Trustee and was not then eligible to participate in the IMRF for such service, to obtain credit in this fund by making the required contributions. Four-year maximum credit.
- 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.
- HB 2286 • Deputy Sheriff may elect between January 1, 1983 and January 15, 1983 to transfer credit to this Fund from the State Employees' Retirement System.

Spring 1983 Session

- SB 22 • Delegation of investment authority restrictions.
- HB 514 •
 - 10% prudent person investment category.
 - 10% increase in spouse benefits to spouses receiving benefits as of January 1, 1984.
 - Immediate participation rather than after 1 year of service.
 - Refunds if off the payroll at least 30 days.
 - Money purchase annuity for County Sheriff's service not counted for Sheriff Formula.
 - Elected sheriff may be covered by Sheriff Formula with contributions.
- HB 637 • Allows an active member of the General Assembly to establish credit in this fund for time for which he or she could have elected to participate with interest at 6% and to transfer credits to the Park Fund.

1984 Session

- No changes.

1985 Session

- HB 17 • For withdrawals on or after July 1, 1985, 10 year vesting formula (for employee minimum and spouse minimum annuity) providing the employee 2% of final average earnings for each year of service reduced 0.5% (for ages 55-60) for each month under age 60 (but no reduction with at least 30 years of service. Spouse minimum amount is 50% of the employee's amount at retirement (reduced 0.5% for each month the spouse is under age 60) but not less than 10% of the final average earnings.
 - Unisex money purchase factors for widows/widowers.
 - Disability provisions extended to 70 in certain cases.
 - Sheriff formula for withdrawals after December 31, 1985 after having attained age 50 in service with 20 or more years of service of 50% of 4 year average earnings plus 2% for each year or fraction of service over 20.

LEGISLATIVE CHANGES

- Changes in the reversionary annuity provisions.
- Optional plan of 3% contributions for 1% optional benefit per year of service. Provisions for payment of past service with interest. Provisions expire July 1, 1990. Such plan, if elected by a member, would require a 3% of salary contribution (with interest for past service) and would produce an additional 1% per year of service benefit and would increase the employee annuity, post-retirement increase and spouse annuity. Membership in this plan is optional and as such, it is possible to delay election to just prior to retirement. Therefore, at this time, there is no accurate estimate of how many members will actually elect the optional benefits. The liabilities and the annual cost requirements of the fund may be substantially understated (up to 50% in some cases) if participation is high. It is difficult to pre-fund an unknown benefit. Actuarial losses may occur as experience develops.

1986 Session

- HB 2630
- Allows for a member of a County police department to establish service credit for approved leaves of absence without pay, during which the employee served as head of an employee association consisting of other police officers by making the required contributions.
 - Allows for the use of service of less than one year for calculating reciprocal annuities in the case of employees who transfer or are transferred as a class from one participating system to another.

Spring 1987 Session

- HB 2715
- For withdrawals after January 1, 1988, and for employees with at least 10 years of service and age 50, the minimum formula annuity is increased to 2.2% of the Final Average Salary for each of the first 20 years of service and 2.4% for each year thereafter, not to exceed the maximum of 80% of Final Average Salary. For retirement between age 50 (new minimum retirement age) and age 60, the annuity thus computed will be reduced 0.5% for each month the employee is under age 60 unless the employee has 30 or more years of service in which case no reduction will apply.
 - The surviving spouse of an employee who retires on or after January 1, 1988, with at least 10 years of service is entitled to 50% of the annuity including increases that the deceased annuitant was receiving as of his or her date of death. Such annuity to be reduced 0.5% for each month the surviving spouse is under age 60 at the date of the annuitant's death.
 - Effective July 1, 1988, any child's annuity being paid shall be increased from \$140 per month to 10% of the employee's salary at the date of death provided that the increased annuity would be greater than \$140 per month, subject to Statutory maximums.
 - Effective January 1, 1987, the maximum age conditions for any disability are removed for employees whose disability continued past that date.
 - A Deputy Sheriff with at least 15 years of service as a Deputy Sheriff can receive credit under the Police formula for other Cook County service by electing to pay an additional contribution prior to retirement. In addition, any Police Officer who has rendered at least 20 years of service and who separates from service prior to age 50 and does not withdraw his or her contributions can apply for pension benefits at age 50 without returning to duty.
 - Effective July 1, 1988, all employee and surviving spouse annuitants will receive a one-time increase. Such increase to be an additional 1% for each full year that the annuitant has received benefits as of July 1, 1988.

LEGISLATIVE CHANGES

- An alternative plan for elected officials of 3% of the Final Average Salary for the first 8 years, 4% for the next 4 years and 5% thereafter, subject to the maximum of 80%, is available. The elected official must contribute an additional 3% of salary to receive these benefits.
- Effective December 1, 1988, the Retirement Board will be increased from 5 to 7 Trustees. One annuitant Trustee to be elected for a 3 year term by those persons receiving annuity or disability benefits and 1 Forest Preserve District Trustee to be elected by the Forest Preserve District contributors for a term of 3 years beginning December 1, 1988.

Spring 1988 Session

- No legislative changes.

1989 Session

- SB 95
- Allows active members of the General Assembly to transfer credits and creditable service established in the Fund to a Fund established under Article 5 of the Pension Code.
 - For withdrawals on or after July 1, 1985, provides that for employees with at least 30 years of service, no reduction for age less than 60 will apply for the spouse annuity.
- SB 1096
- Extends the Optional Plan of benefits from the original expiration date of July 1, 1990 to July 1, 1992.
- HB 332
- Signed August 23, 1989.
 - Eliminated age-related discriminatory provisions as required by Federal law or regulation.
 - Provided for age discrimination changes effective January 1, 1988 to eliminate age 65 requirements for marriage in service and children's benefits, provided contributions after age 65 for spouse benefits, provided employee accumulation annuities be computed after age 70, provided employee and spouse accumulation annuities not be "fixed" at age 65, provided no age 70 restriction on disability benefits, provided for active members over age 65 that their accounts be "unfixed" and accumulate interest until the date of withdrawal, and provided that there be no age 70 membership limitation and removed the permitted "no spouse" refund at age 65.
 - Provides that for employees retiring after January 1, 1988, but before age 55, Section 20-131 shall not apply; therefore, they are not entitled to the alternative formula set forth in Section 20-122 repealed in 1975.
- HB 158
- Provides for payment by the Fund of 50% of the health care premiums for annuitants who participate in any of the County's health care programs beginning January 1, 1990 and ending December 31, 1993, subject to the following maximums:

Single coverage, no Medicare	\$130.00 per month
Single coverage, with Medicare	39.00 per month
Annuitant + 1 family member, no Medicare	212.00 per month
Annuitant + 1 family member, 1 with Medicare	168.00 per month
Annuitant + 1 family member, both with Medicare	78.00 per month
Annuitant + 2 or more family members, no Medicare	280.00 per month

LEGISLATIVE CHANGES

1990 Session

- SB 1951
- Signed January 14, 1991.
 - Raises the maximum annuity for a Deputy Sheriff from 75% of final average salary to 80% of final average salary.
 - Provides for a revised table to be used for reversionary annuities to allow for the younger age 50 retirement approved in previous legislation.
 - Allows for the refund of the additional 0.5% contributions that are paid by a Deputy Sheriff for the special Sheriff's formula to be refunded if the regular formula is used to calculate the employee annuity at the time of retirement. The refund, if given, is to include the interest as well as the 0.5% contributions.
-
- In the case where an employee who is disabled and cannot return to work after all his/her disability credit has expired, and chooses the option to pay for up to one additional year of service under Section 9-174, this additional service will not affect the resignation date for annuity purposes, but the salary and service will be used for such purposes.
 - Provides for employees who retire on or after November 1, 1990, any accumulated vacation paid out in a lump-sum at the time of retirement will not affect the employees' withdrawal date for purposes of annuity. Any service will be granted and used for annuity purposes, but the final average salary will not include the salary for any vacation paid out.
- SB 136
- Amends Chapter 120, Paragraph 671 of the Revenue Act to provide for a separate listing on the tax bill of the dollar amount of tax due from the person assessed which is allocable to a tax levied under the Illinois Pension Code, or any other tax levied by a municipality or township for public pension or retirement purposes. Effective January 1, 1990.

1991 Session

- HB 971
- Signed November 19, 1991.
 - Early Retirement Window for employees attaining age 55 prior to withdrawal and withdrawing on or after January 1, 1992, but before December 31, 1992, the service requirement for minimum formula annuity is reduced to 5 years. In addition, for the same period above, the age discount for retirement prior to age 60 is reduced to 0.25% per month under age 60 at retirement. The widow(er)'s annuity for the above early retirement window is 50% of the employee's annuity reduced by 0.5% for each month the widow(er) is under age 60 at the time of the employee's death.

Other Changes

- Provides that the 3% annuity increase will begin on January 1st following the first anniversary of retirement for employees who retired with 30 or more years of service and were under age 60 at retirement.
- Extends the Optional Plan of Benefits for an additional 5 years to July 1, 1997.
- Allows for an employee to make contributions and receive service credit for any unused accumulated sick leave up to 180 days, at retirement.
- Employees may now discontinue making contributions to the Pension Fund after 35 (previously 42) years of contributing service upon notification to the Retirement Board at least 60 days before the deductions cease.

LEGISLATIVE CHANGES

- For widow(er)s of employees or annuitants who die after November 19, 1991, the maximum limit on the spouse annuity is removed provided that the employee was at least age 60 with at least 20 years of service or also if retirement occurred on or after January 1, 1982, at age 65 or over with at least 10 years of service for retirements.
- For widow(er)s of employees who retired on or after January 1, 1984, but before July 1, 1985, with at least 30 years of service, the annuity is 50% of the employee's annuity as of the date of retirement with no discount for under age 60.

- Beginning with retirements or deaths on January 1, 1992, with at least 10 years of service, the age discount for a widow(er)'s annuity will be 0.5% for each month the widow(er) is under age 55 at the date of the employee's death. This is reduced from age 60 for prior deaths or retirements.
- Beginning on November 19, 1991, provides for a \$1,000.00 death benefit payable upon the death of employee or annuitant to the employee's designated beneficiary, or to the employee's estate if no beneficiary has been named.
- Beginning December 1, 1991, the Fund may pay, on behalf of each of the Fund's annuitants who chooses to participate in any of the County's health care plans, all or any portion of the total health care premium (including coverage for other family members) due from each such annuitant.
- Allows the annuitant to authorize the withholding of dues from annuity checks for certain labor organizations.
- Allows participation for all employees with at least one month of service.
- Provides for a repayment of contributions and transfer of service from the General Assembly and for former members of the General Assembly through February 1, 1993.
- Grants the authority to rent or lease office space to the Board of Trustees when deemed desirable for the purposes of the Fund.
- Allows the Pension Fund to withhold contributions to a labor organization from annuity checks provided that at least 100 annuitants authorize withholding from their checks.
- Provides for the repayment of contributions by former members of the County Police who were the head of an employee association, to include both the employee and employer shares.

1992 Session

- SB 1770
- Signed September 16, 1992.
 - Early Retirement Incentive
 - Provides an extra 1% per year of County service, up to 10 maximum, times the final four year average salary for those eligible employees. There is no cost to the employee. The age discount from age 55 to 60 is eliminated if eligible.
 - Eligible if a contributing member on May 1, 1992 and:
 - Retires on or after December 1, 1992 and on or before May 29, 1993;
 - Attains age 55 or more on or before the date of retirement; and
 - Has at least 10 years of creditable service.

LEGISLATIVE CHANGES

1993 Session

- SB 1650
- Signed January 26, 1993.
 - Provides that the 3% annuity increase will begin no later than January 1, 1993 for employees who retire before age 60 before January 1, 1991 with at least 30 years of service.
 - For widow(er)s of annuitants who die on or after January 1, 1993, the widow(er)'s annuity shall be 50% of employee's retirement annuity at death discounted 0.5% per month the widow(er)'s age is less than 55, except if the employee had 30 years of service.
 - Allows an employee with 25 years of service to pay for up to 2 years of military service, whether or not followed by County service.
 - Two year minimum subsequent service is changed to six months for employees who apply to repay a refund between January 1, 1993 and March 1, 1993.
 - Employees may transfer to County up to 10 years with Municipal or Laborers' until March 1, 1993.
 - Allows for transfer of County service credit to Judges.
-
- Allows a State Policeman to transfer all or some of his service with County Police to State Employees Retirement System until July 1, 1993 and reinstate service credit terminated by a refund by paying 6% compounded annually until July 1, 1993.
 - Former members of County Police who retire January 1, 1993 to March 1, 1993 do not have to pay employer contribution for periods served as head of an employee association.

1994 Session

- No legislative changes.

1995 Session

- SB 114
- Approved July 14, 1995.
 - The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became participants before 1996.
 - Allows for active participants employed by the Cook County State's Attorney's office on January 1, 1995 to transfer to this Fund credits accumulated under a pension fund established under Article 5 of this Code and to transfer said credits from said fund to the Cook County fund upon payment of both employee and employer contributions with 6% interest to the County Employees' Annuity and Benefit Fund.
 - The Fund is authorized to make certain involuntary distributions required by Section 401(a)(9) of the Internal Revenue Code.
- SB 424
- Approved July 7, 1995.
The Pension Laws Commission was created as a legislative support services agency.

1996 Session

- SB 1456
- Approved August 9, 1996.
 - Any chief of the County Police Department or undersheriff of the County Sheriff's Department may elect to be included as a deputy sheriff.

LEGISLATIVE CHANGES

1997 Session

- HB 313
- Signed June 27, 1997.
 - Change county size necessary for fund creation to 3,000,000, from the previously required 500,000.
 - As of January 1, 1998 the automatic annual increase for employee and spouse annuitants changed to 3% compounded for all past, current, and future annuitants, regardless of the effective date of the annuity. Term annuities are not eligible for the automatic annual increase.
 - Early Retirement Incentive
 - Provides an extra 1% per year of County service, up to 10 maximum, times the final four year average salary for those eligible employees. There is no cost to the employee. The age discount from age 55 to 60 is eliminated if eligible.
 - Eligible if a contributing member on May 1, 1997 and:
 - Retires on or after September 1, 1997 and on or before February 28, 1998;
 - Attains age 55 or more on or before the date of retirement; and
 - Has at least 10 years of creditable service.
 - Effective January 1, 1998 all widow(er) annuitants will have their annuities increased by 3% and will receive the automatic increase of 3% compounded annually. Those widow(er) annuitants receiving a Term annuity will not be eligible for the automatic annual increase.
 - Extends the Optional Plan of benefits to July 1, 2002.
 - Allows members of the Cook County police department to transfer their service into the Policemen's fund until July 1, 1998, and to reinstate service credit terminated by a refund by paying 6% compounded annually.
 - Allows members of the fund with at least 20 years of service credit to make contributions, until June 1, 1998, into the fund based on CTA compensation and creditable service is granted for this period for up to 10 years of service credit.

1998 Session

- Passed the Qualified Illinois Domestic Relations Order (QILDRO) which allows for alternative payees designated by the order. All or some of annuity or refund payments can be made to alternative payee, but employee cannot be forced to make retirement decisions, hence alternative payee can only be paid from normally scheduled payments. The fund may be required to provide statement of benefits accrued based on data on file as of date of subpoena, but in no event shall the fund be required to provide an actuarial opinion of a member's present value.

1999 Session

- No legislative changes.

2000 Session

- Passed Public Act 87-1130, which removes the remarriage penalty. Effective September 6, 2000 widow annuities will no longer be ceased due to their remarriage.

2001 Session

- No legislative changes.

LEGISLATIVE CHANGES

2002 Session

- HB 5168
- Signed June 28, 2002.
 - Contractual service to the Retirement Board, of at least 5 years, can be purchased as creditable service in the fund for up to 10 years of services by making a written application to the board before July 1, 2003. A person who establishes such credit may, at the same time, reinstate credit in the Fund and repay a refund without a return to service.
 - An employee, who withdraws on or after July 1, 1996 but before August 1, 1996, at age 55 or over with 8 or more years of service, may elect to receive a minimum formula annuity equal to 2.2% of the Final Average Salary for each of the first 20 years of service and 2.4% for each year thereafter, not to exceed the maximum of 80% of Final Average Salary. There will be an age discount of 0.25% for each month that the employee is under the age of 60, unless the employee has at least 30 years of service.
 - For withdrawals after June 30, 2002, with at least 10 years of service and age 50, the minimum formula annuity is increased to 2.4% of the Final Average Salary for each year of service, not to exceed the maximum of 80% of Final Average Salary.
 - Early Retirement Incentive
 - Provides an extra 1% per year of County service, up to 10 maximum, times the highest consecutive four year average salary in the last 10 years of service for those eligible employees. There is no cost to the employee. The age discount for attained age under 60 is eliminated if eligible.
 - Eligible if a contributing member on January 1, 2001 and:
 - Retires on or after November 30, 2002 and on or before March 31, 2003;
 - Attains age 50 or more on or before the date of retirement; and
 - Has at least 20 years of creditable service in the Fund.
 - For widow(er)s of annuitants who die in service or after July 1, 2002, or has at least 10 years of service and dies on or after July 1, 2002 while receiving an annuity, the widow(er)'s annuity shall be 65% of employee's retirement annuity at death discounted 0.5% per month the widow(er)'s age is less than 55, except if the employee had 30 years of service.
 - For widow(er)s of annuitants who were not married at the time of retirement, but married after retirement for at least one year prior to annuitant's death, the widow(er) will be eligible for an annuity if the refunded contributions for a widow(er)s annuity are repaid, plus interest at the rate of 6% per year. (The Pension Fund Board has received a legal opinion that has interpreted this to include the widow(er)s of annuitants who were married at the time of retirement, but later legally married the current widow(er). The legal opinion was that, since in these instances no refund of spouse contributions was made, there is no payment due from the widow.)
 - Extends the Optional Plan of benefits to July 1, 2005.

2003 Session

- No legislative changes.

HISTORY OF RECOMMENDED EMPLOYER MULTIPLES AND TAXES LEVIED

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 40-Year Amortization	Normal Cost Plus 40-Year % of Salary Amortization
1987 ^{a,b}	1.54	1.91	1.93	1.78
1988 ^b	1.54	1.89	1.91	1.77
1989 ^{a,b}	1.54	1.45	1.46	1.41
1990	1.54	1.44	1.45	1.40
1991 ^b	1.54	1.50	1.51	1.41
1992 ^{a,b}	1.54	1.62	1.63	1.51
1993 ^b	1.54	1.69	1.71	1.58
1994	1.54	1.67	1.69	1.52
1995	1.54	1.62	1.64	1.50
1996 ^a	1.54	1.65	1.66	1.54
1997 ^{a,b,c}	1.54	1.86	1.88	1.75
1998 ^{a,b}	1.54	2.14	2.16	2.00
1999	1.54	1.91	1.92	1.83
2000	1.54	1.95	1.96	1.86
2001 ^a	1.54	2.31	2.33	2.12
2002 ^{a,b}	1.54	3.14	3.21	2.72
2003	1.54	4.02	4.12	3.41

^a Change in actuarial assumptions.

^b Change in benefits.

^c Change to actuarial asset value.

Tax Levy Year	Tax Levy
1987	\$ 59,383,000
1988	66,014,000
1989	72,670,000
1990	76,523,000
1991	83,139,000
1992	91,634,000
1993	96,266,000
1994	107,557,000
1995	117,129,000
1996	124,429,000
1997	136,103,000
1998	147,850,000
1999	161,488,000
2000	159,399,000
2001	160,702,000
2002	179,603,000
2003	187,745,000
2004	\$ 220,223,000

HISTORY OF FINANCIAL INFORMATION

History of Change in Unfunded Liability

Year	Salary Scale	Investment	Contribution	Amendments	
1985	\$ (10,887,383)	\$ (17,840,767)	\$ (16,810,429)	\$ 72,617,375	HB 17
1986	7,319,628	(64,267,716)	(3,508,613)	2,302,219	HB 17
1987	(30,864,189)	(41,443,409)	(13,918,700)	101,303,875	HB 17
1988	(23,302,581)	(14,799,747)	(81,561)	23,534,219	HB 2715
1989	38,287,821	(31,763,013)	(5,906,829)	8,704,247	SB 95/1906, HB 332
1990	33,708,995	(7,552,661)	(22,824,460)	-	
1991	76,727,358	(14,454,019)	(23,014,976)	25,873,187	HB 971
1992	14,291,452	(12,389,373)	(19,843,067)	14,453,810	SB 1650
1993	(88,482,033)	(26,777,417)	(8,618,216)	61,441,663	HB 1770
1994	38,775,473	76,209,597	(15,919,565)	-	
1995	(53,984,531)	(17,085,533)	(10,974,927)	-	
1996	(527,790)	(42,463,470)	(20,018,889)	-	
1997	(7,884,045)	(127,563,281)	(30,454,409)	243,307,672	HB 313
1998	(173,308,347)	(170,962,809)	24,268,173	174,642,880	HB 313
1999	113,655,163	(320,357,598)	32,889,550	-	
2000	53,012,368	39,442,139	26,424,194	-	
2001	(176,382,814)	277,149,048	47,781,605	-	
2002	(50,394,086)	625,783,192	53,495,770	365,295,962	HB 5168
2003	(163,465,697)	357,788,718	169,405,451	506,254,164	HB 5168
Totals	\$ (403,705,238)	\$ 466,651,881	\$ 162,370,102	\$ 1,599,731,273	

Year	Change in Assumptions	Health Insurance	Optional Ret. Experience	Miscellaneous	Total
1985 ^{c,w}	\$ 42,363,076	\$ -	\$ -	\$ 7,159,565	\$ 76,601,437
1986 ^{ls}	(29,757,691)	-	-	7,501,645	(80,410,528)
1987 ^r	45,648,725	-	-	15,293,113	76,019,415
1988	-	-	-	4,988,960	(9,660,710)
1989 ⁱ	(105,094,295)	-	4,357,170	(13,831,890)	(105,246,789)
1990	-	-	4,854,713	(17,456,404)	(9,269,817)
1991	-	-	6,116,369	(19,628,381)	51,619,538
1992 ^h	112,802,977	-	4,246,532	6,214,156	119,776,487
1993	-	-	34,570,173	51,062,118	23,196,288
1994	-	-	3,358,566	15,730,703	118,154,774
1995	-	-	4,357,641	14,131,428	(63,555,922)
1996 ^r	51,158,286	-	4,799,929	(1,977,686)	(9,029,620)
1997 ^{s,a,q,w}	22,315,336	-	11,040,505	6,210,808	116,972,586
1998 ^h	76,222,866	-	-	51,938,077	(17,199,160)
1999	-	-	-	49,407,377	(124,405,508)
2000	-	-	-	(38,062,802)	80,815,899
2001 ^h	280,799,928	-	-	(49,903,311)	379,444,456
2002	8,219,437	197,336,707	-	42,624,083	1,242,361,065
2003	-	(35,211,836)	-	31,923,277	866,694,077
Totals	\$ 504,678,645	\$ 162,124,871	\$ 77,701,598	\$ 163,324,836	\$ 2,732,877,968

a = asset valuation method; h = health insurance; i = interest; q = mortality; r = retirement; s = salary; w = withdrawal

Note: Miscellaneous includes death, retirement, and withdrawal experience.

HISTORY OF FINANCIAL INFORMATION

Actuarial Accrued and Unfunded Liabilities (Book Value)

Year End	Actuarial Accrued Liability	Assets at Amortized Cost	Funded Ratio	Unfunded Actuarial Accrued Liability (Surplus)	Payroll	Unfunded Accrued % Payroll (Surplus)
1985 a,b	\$ 946,125,742	\$ 750,633,712	79.34%	\$ 195,492,030	\$ 455,069,568	42.96%
1986 a,b	1,042,623,007	927,541,505	88.96%	115,081,502	491,607,576	23.41%
1987 a,b	1,291,036,367	1,099,935,450	85.20%	191,100,917	512,943,384	37.26%
1988 b	1,440,469,227	1,259,029,020	87.40%	181,440,207	540,098,328	33.59%
1989 a,b	1,528,444,970	1,452,251,552	95.01%	76,193,418	591,018,648	12.89%
1990	1,712,653,822	1,645,730,221	96.09%	66,923,601	643,504,512	10.40%
1991 b	1,983,198,717	1,864,655,578	94.02%	118,543,139	740,361,048	16.01%
1992 a,b	2,350,677,377	2,112,357,951	89.86%	238,319,426	810,741,456	29.40%
1993 b	2,631,597,979	2,370,082,065	90.06%	261,515,914	826,971,432	31.62%
1994	2,932,627,441	2,552,956,753	87.05%	379,670,688	938,957,424	40.44%
1995	3,164,701,603	2,848,586,837	90.01%	316,114,766	980,603,088	32.24%
1996 a	3,509,378,287	3,202,293,141	91.25%	307,085,146	1,025,670,504	29.94%
1997 a,b	4,426,784,225	3,676,804,700	83.06%	749,979,525	1,068,038,496	70.22%
1998 a,b	4,942,155,173	4,111,168,896	83.19%	830,986,278	1,066,458,432	77.92%
1999	5,555,661,795	4,582,730,379	82.49%	972,931,416	1,162,538,616	83.69%
2000	6,070,267,055	4,977,840,126	82.00%	1,092,426,929	1,261,050,576	86.63%
2001 a	6,678,219,689	5,203,933,816	77.92%	1,474,285,873	1,274,942,064	115.64%
2002 a,b	7,846,307,991	5,309,453,185	67.67%	2,536,854,806	1,330,456,896	190.68%
2003	\$ 8,780,969,704	\$ 5,462,731,674	62.21%	\$ 3,318,238,030	\$ 1,307,079,312	253.87%

Solvency / Termination Test (Book Value)

Year End	Retired Liability	Active Member Salary Deductions	Total Termination Liability	Assets at Amortized Cost Value	Termination Cost (Excess)	Quick Ratio ^c
1985 a,b	\$ 202,486,036	\$ 253,497,510	\$ 455,983,546	\$ 750,633,712	\$ (294,650,166)	164.62%
1986 a,b	233,402,223	280,368,376	513,770,599	927,541,505	(413,770,906)	180.54%
1987 a,b	270,597,008	311,718,517	582,315,525	1,099,935,450	(517,619,925)	188.89%
1988 b	323,694,908	344,186,863	667,881,771	1,259,029,020	(591,147,249)	188.51%
1989 a,b	357,328,289	381,422,068	738,750,357	1,452,251,552	(713,501,195)	196.58%
1990	399,947,192	422,780,781	822,727,973	1,645,730,221	(823,002,248)	200.03%
1991 b	456,637,629	463,985,121	920,622,750	1,864,655,578	(944,032,828)	202.54%
1992 a,b	548,839,124	521,424,179	1,070,263,303	2,112,357,951	(1,042,094,648)	197.37%
1993 b	948,195,907	510,404,261	1,458,600,168	2,370,082,065	(911,481,897)	162.49%
1994	953,063,821	584,154,454	1,537,218,275	2,552,956,753	(1,015,738,478)	166.08%
1995	980,421,031	660,953,820	1,641,374,851	2,848,586,837	(1,207,211,986)	173.55%
1996 a	1,010,675,521	744,710,839	1,755,386,360	3,202,293,141	(1,446,906,781)	182.43%
1997 a,b	1,240,955,803	821,181,256	2,062,137,059	3,676,804,700	(1,614,667,641)	178.30%
1998 a,b	1,848,475,127	808,675,585	2,657,150,712	4,111,168,896	(1,454,018,183)	154.72%
1999	2,009,011,295	897,872,191	2,906,883,486	4,582,730,379	(1,675,846,893)	157.65%
2000	2,059,663,630	997,482,161	3,057,145,791	4,977,840,126	(1,920,694,335)	162.83%
2001 a	2,277,232,951	1,108,332,348	3,358,565,299	5,203,933,816	(1,818,368,516)	153.71%
2002 a,b	2,498,721,228	1,245,347,907	3,744,069,135	5,309,453,185	(1,565,384,051)	141.81%
2003	\$ 4,021,001,425	\$ 1,141,964,297	\$ 5,162,965,722	\$ 5,462,731,674	\$ (299,765,952)	105.81%

^a Change in valuation assumptions

^b Change in benefits

^c Quick ratio is defined as assets divided by the termination liability

DEPARTMENT OF INSURANCE DISCLOSURE

Pension Benefit Obligation (PBO)

APV of Credited Projected Benefits	2002	2003
Payable to Retirees and Beneficiaries	\$ 2,498,721,228	\$ 4,021,001,425
Current Employees:		
Accumulated Employee Contributions	1,245,347,907	1,141,964,297
Payable to vested and non-vested employees	4,102,541,157	3,607,930,739
Total APV	7,846,610,292	8,770,896,461
Net Assets Available for Benefits, Actuarial Value	5,861,233,506	5,929,201,142
Unfunded (Assets in Excess of) APV of Credited Projected Benefits	\$ 1,985,376,786	\$ 2,841,695,319
Percentage Funded	74.70%	67.60%
Unfunded APV as Percent of Payroll	149.23%	217.41%
Payroll	\$ 1,330,456,896	\$ 1,307,079,312

GASB DISCLOSURE

Plan Description

Any employee of Cook County employed under the provisions of the County personnel ordinance who is not participating in any other pension fund or retirement system is covered by the County Employees' Annuity and Benefit Fund (County Plan) which is a defined benefit single employer pension plan with a defined contribution minimum. Although this is a single employer plan, the defined benefits, as well as the employer and employee contribution levels are mandated in Illinois Compiled Statutes Chapter 40, Pensions, Article 9 and may be amended only by the Illinois legislature. The County of Cook accounts for the plan as a pension trust fund. The County payroll for employees covered by the County Plan for the year ended December 31, 2003 was \$1,307,079,312. At December 31, 2003 the County Plan membership consisted of:

Retirees and beneficiaries currently receiving annuities	13,672
Terminated employees entitled to benefits or a refund of contributions but not yet receiving them	9,888
Current employees	25,513

The County Fund provides retirement benefits as well as death and disability benefits. Employees age 50 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial County contributions if under age 60 with less than 20 years of service. Employees age 50 or more with at least 10 years of service are entitled to receive a minimum formula annuity of 2.4% per year of service times the final average salary (the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by 0.5% for each month the employee is under age 60 unless the employee has 30 years of service, in which case no reduction is made for under age 60. The original annuity can not exceed 80% of the highest average annual salary. The monthly annuity is increased by 3% of the original annuity beginning in January of the year immediately following the first anniversary of retirement, and by 3% annually thereafter if the employee retires at age 60 or older or if he has at least 30 years of service. If retirement is before age 60 and the employee has less than 30 years of service, increases begin in January of the year following attainment of age 60.

Covered employees are required to contribute 8.5% of their salary to the County Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when employee became a participant). Cook County is required by state statutes to contribute the remaining amounts necessary to finance the requirements of the Fund. It is required to levy a tax at a rate not more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.54 annually.

Plan Assets

GASB No. 25 requires the use of a market related asset value. We have used a 5 year smoothed average ratio of market to book value. For Insurance Department use, assets are at fair market value.

GASB DISCLOSURE

GASB Disclosure	
Actuarial Valuation Date	December 31, 2003
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	40 Years (Open period)
Actuarial Asset Valuation Method	5-Year Average Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases	
Inflation	3.5%
Seniority Merit	2.0%
Post Retirement Benefit Increases	3.0% per year compounded for employee and widow(er) annuitants
Post Retirement Health Insurance	10.0% per year compounded

Actuarial Accrued Liability (AAL)

Actuarial Accrued Liability (AAL)	2002	2003
Payable to Retirees and Beneficiaries	\$ 2,498,721,228	\$ 4,021,001,425
Current Employees:		
Accumulated Employee Contributions including statutory interest	1,245,347,907	1,141,964,297
Payable to Vested and Non-Vested Employees (not split)	4,102,238,856	3,618,003,982
Total Actuarial Accrued Liability, AAL	7,846,307,991	8,780,969,704
Net Plan Actuarial Assets	5,861,233,506	5,929,201,142
Unfunded AAL (Assets in Excess of AAL)	\$ 1,985,074,485	2,851,768,562
Percentage Funded	74.70%	67.52%
Unfunded AAL as Percent of Payroll	149.20%	218.18%
Payroll	\$ 1,330,456,896	\$ 1,307,079,312

GASB DISCLOSURE

Schedule of Employer Contributions

	2002	2003
Contribution multiplier	1.54	1.54
County contribution, net of reserve for loss in tax collection ¹	\$ 178,410,973	\$ 185,608,032
County contribution as a percent of covered payroll	13.99%	13.95%
Employee contributions	\$ 146,979,954	\$ 140,029,598
Employee contributions as a percent of covered payroll	11.53%	10.52%
Actuarially Determined Contribution – ADC (NC+40-Year level dollar)	\$ 378,886,697	\$ 495,043,081
ADC as a percent of covered payroll	29.72%	37.21%
Current year normal cost	\$ 318,953,825	\$ 334,858,532
Normal cost as a percent of covered payroll	25.02%	25.17%
40-year level dollar amortization of the unfunded liability	\$ 59,932,872	\$ 160,184,549
40-year level dollar amortization as a percent of covered payroll	4.70%	12.04%
Payroll, beginning of year	\$ 1,274,942,064	\$ 1,330,456,896

¹ Includes miscellaneous income.

For the year 2003 (based on a 2003 multiple of 1.54) the County contributed (after tax levy losses of 3.0%) \$185,608,032 or 13.95% of payroll. For 2003, the employee contributions were \$140,029,598 or 10.52% of payroll. As the Annual Required Contribution was 27.41% of payroll, there was a deficiency of 12.73% of payroll or \$169,405,451.

Schedule of Funding Progress Restated to Actuarial Asset Values for GASB No. 25

Year	Actuarial Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded AAL (Surplus)	Annual Covered Payroll	UAAL (Surplus) as a % of Payroll
1987 ^{a,b}	\$ 1,122,346,956	\$ 1,291,036,367	86.93%	\$ 168,689,411	\$ 512,943,384	32.89%
1988 ^b	1,283,807,704	1,440,469,227	89.12%	156,661,523	540,098,328	29.01%
1989 ^{a,b}	1,500,173,218	1,528,444,970	98.15%	28,271,752	591,018,648	4.78%
1990	1,680,061,324	1,712,653,822	98.10%	32,592,498	643,504,512	5.06%
1991 ^b	1,903,873,063	1,983,198,717	96.00%	79,325,654	740,361,048	10.71%
1992 ^{a,b}	2,190,991,024	2,350,677,377	93.21%	159,686,353	810,741,456	19.70%
1993 ^b	2,500,170,483	2,631,597,979	95.01%	131,427,496	826,971,432	15.89%
1994	2,665,558,827	2,932,627,441	90.89%	267,068,614	938,957,424	28.44%
1995	3,027,413,256	3,164,701,603	95.66%	137,288,347	980,603,088	14.00%
1996 ^a	3,423,965,896	3,509,378,287	97.57%	85,412,391	1,025,670,504	8.33%
1997 ^{a,b}	4,002,726,492	4,426,784,225	90.42%	424,057,733	1,068,038,496	39.70%
1998 ^{a,b}	4,535,296,601	4,942,155,173	91.77%	406,858,573	1,066,458,432	38.15%
1999	5,273,208,730	5,555,661,795	94.92%	282,453,065	1,162,538,616	24.30%
2000	5,706,998,091	6,070,267,055	94.02%	363,268,964	1,261,050,576	28.81%
2001 ^a	5,935,506,269	6,678,219,689	88.88%	742,713,420	1,274,942,064	58.25%
2002 ^{a,b}	5,861,233,506	7,846,307,991	74.70%	1,985,074,485	1,330,456,896	149.20%
2003	\$ 5,929,201,142	\$ 8,780,969,704	67.52%	\$ 2,851,768,562	\$ 1,307,079,312	218.18%

^a Change in actuarial assumptions.

^b Change in benefits.

GASB DISCLOSURE

Annual Required Contribution of the Employer

Year	Annual Required Contribution (ARC) of the Employer ¹	Required Statutory Basis ²	Actual ³	Percent of ARC Contributed
1990	\$ 59,955,248	\$ 75,145,739	\$ 76,576,429	127.72%
1991	66,181,875	81,642,664	83,241,044	125.78%
1992	79,196,905	89,984,771	91,482,365	115.51%
1993	90,948,614	94,533,405	96,569,029	106.18%
1994	93,592,161	105,622,215	107,551,885	114.92%
1995	107,445,667	115,020,912	116,856,957	108.76%
1996	103,553,505	121,069,790	123,031,471	118.81%
1997 ^{4,5}	107,741,768	132,428,219	134,783,854	125.10%
1998 ^{4,5}	171,928,912	143,858,050	146,339,155	85.12%
1999	196,850,449	156,643,360	160,940,258	81.76%
2000	190,557,579	154,617,030	158,474,997	83.16%
2001	211,188,715	155,880,940	161,141,138	76.30%
2002	253,942,375	174,214,910	178,410,973	70.26%
2003	\$ 364,658,305	\$ 182,112,650	\$ 185,608,032	50.90%

¹ Stated at Normal Cost Plus 40-Year Level Dollar Amortization.

² Tax levy after 1.8% overall loss through 1995, 2.7% beginning in 1996, and 3.0% beginning in 1998.

³ Net tax levy plus miscellaneous.

⁴ Changes in asset valuation, actuarial assumptions, employee benefits, and funding method result in changes to the expected employee and employer contributions. The scale of these changes will cause any comparison to previous years to have little practical meaning.

⁵ Beginning in 1998, estimates for employee contributions include estimated optional contributions.

Trend Information

Year	Assets Available for Benefits as a % of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus) as a % of Covered Payroll End of Year	Employer Contributions as a % of Covered Payroll Beginning of Year
1990	98.10%	5.06%	12.96%
1991	96.00%	10.71%	12.94%
1992	93.21%	19.70%	12.36%
1993	95.01%	15.89%	11.91%
1994	90.89%	28.44%	13.01%
1995	95.66%	14.00%	12.45%
1996	97.57%	8.33%	12.55%
1997	90.42%	39.70%	13.14%
1998	91.77%	38.15%	13.65%
1999	94.92%	24.30%	15.09%
2000	94.02%	28.81%	13.63%
2001	88.88%	58.25%	12.78%
2002	74.70%	149.20%	13.99%
2003	67.52%	218.18%	13.95%

GASB DISCLOSURE

Actuarially Determined Contribution – ADC (Actuarial Asset Values)

	A	B	C	D	A	B	C	D
	Normal Cost	NC Plus Interest	NC Plus GASB 40-Year Amortization	NC Plus Increasing % of Salary	Expressed as a Percentage of Salary Beginning of Year			
1994	\$154,250,645	\$168,453,435	\$169,138,748	\$163,366,631	18.65%	20.37%	20.45%	19.75%
1995	167,116,351	190,855,538	192,001,002	182,353,224	17.80%	20.33%	20.45%	19.42%
1996 a	177,000,546	191,834,255	192,550,011	186,521,484	18.05%	19.56%	19.64%	19.02%
1997 a,b	188,031,453	194,606,502	194,923,761	192,251,614	18.33%	18.97%	19.00%	18.74%
1998 a,b	242,377,568	275,021,548	276,596,685	264,832,112	22.69%	25.75%	25.90%	24.80%
1999	266,061,473	299,738,396	301,363,375	287,676,830	24.95%	28.11%	28.26%	26.97%
2000	281,693,958	303,437,207	304,486,363	295,649,749	24.23%	26.10%	26.19%	25.43%
2001 a	305,457,871	333,422,329	334,771,671	323,406,713	24.22%	26.44%	26.55%	25.65%
2002 a,b	318,953,825	376,127,931	378,886,697	355,650,727	25.02%	29.50%	29.72%	27.90%
2003	334,858,532	487,669,637	495,043,081	439,971,440	25.17%	36.65%	37.21%	33.07%
2004 est.	\$355,398,811	\$574,928,057	\$585,520,786	\$506,404,573	27.19%	43.99%	44.80%	38.74%

Actual Employer and Employee Contribution

Year	E Employer (plus misc.)	(1) Optional	(2) Elected Official	(3) Total Optional	F Total Employee	E	(1)	(2)	(3)	F
						Expressed as a Percentage of Salary Beginning of Year				
1994	\$ 107,551,885	\$ 4,840,834	\$ 24,599	\$ 4,865,433	\$ 82,749,830	13.01%	0.59%	0.00%	0.59%	10.01%
1995	116,856,957	6,461,427	22,511	6,483,938	90,461,384	12.45%	0.69%	0.00%	0.69%	9.63%
1996 a	123,031,471	8,804,285	16,999	8,821,284	98,322,490	12.55%	0.90%	0.00%	0.90%	10.03%
1997 a,b	134,783,854	13,474,680	22,343	13,497,022	107,341,434	13.14%	1.31%	0.00%	1.32%	10.47%
1998 a,b	145,828,010	12,699,411	17,534	12,716,945	105,989,357	13.65%	1.19%	0.00%	1.19%	9.92%
1999	160,940,258	11,109,174	34,537	11,143,711	107,533,567	15.09%	1.04%	0.00%	1.04%	10.08%
2000	158,474,997	14,413,247	24,609	14,437,856	119,587,172	13.63%	1.24%	0.00%	1.24%	10.29%
2001 a	161,141,138	16,729,844	23,201	16,753,045	125,848,928	12.78%	1.33%	0.00%	1.33%	9.98%
2002 a,b	178,410,973	20,501,654	25,101	20,526,755	146,979,954	13.99%	1.61%	0.00%	1.61%	11.53%
2003	185,608,032	16,420,921	63,136	16,484,057	140,029,598	13.95%	1.23%	0.00%	1.24%	10.52%
2004 est.	\$ 212,515,195	\$ -	\$ -	\$ -	\$128,093,773	16.26%	-	-	-	9.80%

Deficiency (Excess) in Annual Contribution

Year	G NC Plus Interest	H NC Plus GASB 40-Year Amortization	I NC Plus Increasing % of Salary	G	H	I
	Expressed as a Percentage of Salary Beginning of Year					
1994	\$(21,848,280)	\$(21,162,967)	\$(26,935,084)	(2.64)%	(2.56)%	(3.26)%
1995	(16,462,803)	(15,317,339)	(24,965,117)	(1.75)%	(1.63)%	(2.66)%
1996 a	(29,519,706)	(28,803,950)	(34,832,477)	(3.01)%	(2.94)%	(3.55)%
1997 a,b	(47,518,786)	(47,201,527)	(49,873,674)	(4.63)%	(4.60)%	(4.86)%
1998 a,b	23,204,182	24,779,319	13,014,746	2.17%	2.32%	1.22%
1999	31,264,570	32,889,549	19,203,004	2.93%	3.08%	1.80%
2000	25,375,038	26,424,194	17,587,580	2.18%	2.27%	1.51%
2001 a	46,432,264	47,781,605	36,416,647	3.68%	3.79%	2.89%
2002 a,b	50,737,004	53,495,770	30,259,800	3.98%	4.20%	2.37%
2003	162,032,007	169,405,451	114,333,810	12.18%	12.73%	8.59%
2004 est.	\$ 234,319,089	\$ 244,911,818	\$ 165,795,605	17.93%	18.74%	12.68%

^a Change in actuarial assumptions. ^b Change in benefits. All computations restated to the actuarial asset value.

GASB DISCLOSURE

History of Financial Information

Year	Employee Contributions ¹	Employer Contributions ²	Investment Income ³	Total Income
1985	\$ 39,004,307	\$ 46,843,112	\$ 69,948,752	\$ 155,796,171
1986	43,327,167	55,771,338	118,846,913	217,945,418
1987	47,762,114	59,479,936	113,231,720	220,473,770
1988	50,287,272	66,086,179	99,461,147	215,834,598
1989	54,751,286	72,759,648	128,921,832	256,432,766
1990	60,306,878	76,576,429	128,283,858	265,167,165
1991	63,424,020	83,241,044	152,119,452	298,784,516
1992	73,652,931	91,482,365	168,702,750	333,838,046
1993	78,256,085	96,569,029	202,518,777	377,343,891
1994	82,749,830	107,551,885	120,248,719	310,550,434
1995	90,461,384	116,856,957	229,512,287	436,830,628
1996	98,322,490	123,031,471	279,391,433	500,745,394
1997	107,341,434	134,783,854	395,140,621	637,265,909
1998	105,989,357	146,339,155	400,747,577	653,076,089
1999	107,533,567	160,940,258	426,846,961	695,320,787
2000	119,587,172	158,474,997	353,033,528	631,095,697
2001	125,848,928	161,141,138	186,939,944	473,930,010
2002	146,979,954	178,410,973	40,303,734	365,694,661
2003	\$ 140,029,598	\$ 185,608,032	\$ 203,903,270	\$ 529,540,900

¹ Includes deductions in lieu for disability

² Net tax levy plus miscellaneous income

³ Includes realized net gain or loss on sale and exchange of bonds; excludes unrealized gain or loss

Year	Benefits	Administrative and Investment Expense	Refunds	Total	Income Less Pay Outs ⁴
1985	\$ 25,036,213	\$ 1,360,455	\$ 9,670,373	\$ 36,067,041	\$ 119,729,130
1986	28,569,180	1,952,868	10,931,650	41,453,698	176,491,720
1987	32,992,772	2,314,053	12,708,716	48,015,541	172,458,229
1988	38,631,958	2,396,589	13,642,768	54,671,315	161,163,283
1989	44,650,720	2,727,082	16,049,478	63,427,280	193,005,486
1990	52,715,883	3,156,084	15,317,401	71,189,368	193,977,797
1991	58,919,820	4,574,004	15,929,412	79,423,236	219,361,280
1992	65,763,422	6,286,369	14,433,006	86,482,797	247,355,249
1993	95,474,103	7,199,484	18,586,021	121,259,608	256,084,283
1994	108,235,745	7,821,010	15,221,236	131,277,991	179,272,443
1995	113,218,899	7,934,964	17,907,284	139,061,147	297,769,481
1996	120,713,748	8,746,174	17,906,517	147,366,439	353,378,955
1997	129,867,888	11,761,479	22,341,681	163,971,048	473,294,861
1998	178,250,146	10,260,190	30,201,556	218,711,893	434,364,196
1999	190,463,985	11,027,245	22,268,073	223,759,303	471,561,484
2000	201,385,086	11,353,541	23,247,323	235,985,950	395,109,747
2001	212,456,712	13,104,919	22,274,689	247,836,320	226,093,690
2002	225,191,082	14,729,674	20,254,536	260,175,291	105,519,369
2003	\$ 315,772,471	\$ 16,279,987	\$ 44,209,953	\$ 376,262,411	\$ 153,278,489

⁴ Does not include prior year adjustments.

GASB DISCLOSURE

**Actuarial Accrued Liability Prioritized Solvency Test
Restated to Actuarial Asset Values for GASB No. 25**

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

Valuation Date 12/31	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (ER Financed Portion)	Actuarial Asset Values for GASB ^c	Portion (%) of Present Value Covered by Assets		
					(1)	(2)	(3)
1986 a,b	\$ 280,368,376	\$ 233,402,223	\$ 528,852,408	\$ 950,011,386	100.00%	100.00%	82.49%
1987 a,b	311,718,517	270,597,008	708,720,842	1,122,346,956	100.00%	100.00%	76.20%
1988 b	344,186,863	323,694,908	772,587,456	1,283,807,704	100.00%	100.00%	79.72%
1989 a,b	381,422,068	357,328,289	789,694,613	1,500,173,218	100.00%	100.00%	96.42%
1990	422,780,781	399,947,192	889,925,849	1,680,061,324	100.00%	100.00%	96.34%
1991 b	463,985,121	456,637,629	1,062,575,967	1,903,873,063	100.00%	100.00%	92.53%
1992 a,b	521,424,179	548,839,124	1,280,414,074	2,190,991,024	100.00%	100.00%	87.53%
1993 b	510,404,261	948,195,907	1,172,997,811	2,500,170,483	100.00%	100.00%	88.80%
1994	584,154,454	953,063,821	1,395,409,166	2,665,558,827	100.00%	100.00%	80.86%
1995	660,953,820	980,421,031	1,523,326,752	3,027,413,256	100.00%	100.00%	90.99%
1996 a	744,710,839	1,010,675,521	1,753,991,927	3,423,965,896	100.00%	100.00%	95.13%
1997 a,b	821,181,256	1,240,955,803	2,364,647,166	4,002,726,492	100.00%	100.00%	82.07%
1998 a,b	808,675,585	1,848,475,127	2,285,004,461	4,535,296,601	100.00%	100.00%	82.19%
1999	897,872,191	2,009,011,295	2,648,778,309	5,273,208,730	100.00%	100.00%	89.34%
2000	997,482,161	2,059,663,630	3,013,121,264	5,706,998,091	100.00%	100.00%	87.94%
2001 a	1,108,332,348	2,277,232,951	3,292,654,390	5,935,506,269	100.00%	100.00%	77.44%
2002 a,b	1,245,347,907	2,498,721,228	4,102,238,856	5,861,233,506	100.00%	100.00%	51.61%
2003	\$1,141,964,297	\$4,021,001,425	\$3,618,003,982	\$ 5,929,201,142	100.00%	100.00%	21.18%

a Change in actuarial assumptions.

b Change in benefits.

c Change in asset valuation method for all years.

Note: Active Members (ER Financed Portion) was based on credited projected value of benefits prior to 1997.

GASB DISCLOSURE

**Actuarial Asset Calculation Method
(Reflecting Smoothed Market Value)**

The Investment Asset Value is valued at cost times the average ratio of the market to cost for the current year and the prior four years. Cash and equivalents are valued at market value for the total actuarial assets, while all other assets are valued at market value.

Year	Invested Assets		Ratio	5-Year Average	Other Assets (Including Cash and Equivalents)	
	Book	Market			Book	Market
1986	\$ 736,934,865	\$ 802,155,227	1.088502	1.030491	\$ 177,094,148	\$ 177,094,148
1987	846,547,769	829,543,683	0.979914	1.026474	253,387,681	253,387,681
1988	979,433,321	973,678,756	0.994125	1.025299	279,595,699	279,595,699
1989	1,142,706,114	1,198,730,043	1.049027	1.041937	309,545,438	309,545,438
1990	1,411,160,255	1,425,443,863	1.010122	1.024338	234,569,966	234,556,251
1991	1,678,255,936	1,818,641,329	1.083650	1.023368	186,399,642	186,399,642
1992	1,856,064,629	1,995,090,357	1.074903	1.042365	256,293,322	256,294,217
1993	2,263,824,624	2,421,426,511	1.069618	1.057464	106,257,441	106,257,441
1994	2,405,975,371	2,395,643,349	0.995706	1.046800	146,981,382	146,983,809
1995	2,569,788,173	2,888,603,215	1.124063	1.069588	278,798,664	278,798,664
1996	2,824,060,088	3,177,612,482	1.125193	1.077897	378,233,053	379,919,999
1997	3,345,738,729	3,922,851,305	1.172492	1.097414	291,159,615	291,159,615
1998	3,081,811,294	3,769,079,037	1.223008	1.128092	1,029,357,601	1,058,729,934
1999	4,287,247,449	4,975,401,981	1.160512	1.161054	263,813,217	263,813,217
2000	4,516,252,288	5,085,541,066	1.126053	1.161452	418,960,596	418,960,596
2001	4,884,411,183	5,210,780,115	1.066818	1.149777	280,770,063	280,770,063
2002	4,938,471,159	4,850,871,506	0.982262	1.111731	329,302,338	329,302,338
2003	\$ 5,157,835,314	\$ 5,758,976,061	1.116549	1.090439	\$ 258,305,553	\$ 258,305,553

Year	Total Assets at Book Value	Total Assets at Market Value	Total Assets at Actuarial Value
1986	\$ 927,541,505	\$ 992,761,867	\$ 950,011,386
1987	1,099,935,450	1,082,931,364	1,122,346,956
1988	1,259,029,020	1,253,274,455	1,283,807,704
1989	1,452,251,552	1,508,275,481	1,500,173,218
1990	1,645,730,221	1,660,000,114	1,680,061,324
1991	1,864,655,578	2,005,040,971	1,903,873,063
1992	2,112,357,951	2,251,384,574	2,190,991,024
1993	2,370,082,065	2,527,683,952	2,500,170,483
1994	2,552,956,753	2,542,627,158	2,665,558,827
1995	2,848,586,837	3,167,401,879	3,027,413,256
1996	3,202,293,141	3,557,532,481	3,423,965,896
1997	3,676,804,700	4,253,917,276	4,002,726,492
1998	4,111,168,896	4,827,808,971	4,535,296,601
1999	4,582,730,379	5,270,884,912	5,273,208,730
2000	4,977,840,126	5,547,128,904	5,706,998,091
2001	5,203,933,816	5,530,302,748	5,935,506,269
2002	5,309,453,185	5,221,853,532	5,861,233,506
2003	\$ 5,462,731,674	\$ 6,063,872,421	\$ 5,929,201,142

GASB DISCLOSURE

Reconciliation of Assets - December 31, 2003

	Market	Actuarial	Book
Additions:			
Contributions:			
From Cook County	\$ 181,216,061.00	\$ 181,216,061.00	\$ 181,216,061.00
Employee Contributions	140,029,597.56	140,029,597.56	140,029,597.56
Reciprocal Reimbursements	43,985.14	43,985.14	43,985.14
Total Contributions	321,289,643.70	321,289,643.70	321,289,643.70
Investment Income:			
Interest on Bonds	110,540,861.02	110,540,861.02	110,540,861.02
Partnership Income	7,022,293.15	7,022,293.15	7,022,293.15
Other Investment Income	0.00	0.00	(2,875,143.00)
Dividends	35,957,736.60	35,957,736.60	35,957,736.60
Commission Recapture	616,213.52	616,213.52	616,213.52
Net Appreciation	738,506,566.63	(35,544,687.31)	52,641,308.80
Total Investment Income	892,643,670.92	118,592,416.98	203,903,270.09
Less Investment Activity Fees	9,147,582.82	9,147,582.82	9,147,582.82
Net Investment Income	883,496,088.10	109,444,834.16	194,755,687.27
Other			
Federal Government Contribution	3,916,446.54	3,916,446.54	3,916,446.54
Interest Income	55,534.12	55,534.12	55,534.12
Transfers from Chicago and State Police	54,851.11	54,851.11	54,851.11
Miscellaneous	539,227.44	539,227.44	539,227.44
Net Change in Reserve for Loss	(286,300.55)	(286,300.55)	(286,300.55)
Adjustment for Payables & Receivable	112,212.40	112,212.40	112,212.40
Total Additions:	1,209,177,702.86	435,126,448.92	520,437,302.03
Deductions:			
Annuities and Benefits:			
Employee Annuitants	258,423,995.90	258,423,995.90	258,423,995.90
Surviving Spouse Annuitants	14,400,948.68	14,400,948.68	14,400,948.68
Child Annuitants	618,997.97	618,997.97	618,997.97
Ordinary Disability Benefits	9,478,728.85	9,478,728.85	9,478,728.85
Duty Disability Benefits	515,209.57	515,209.57	515,209.57
Group Health Insurance	32,378,574.68	32,378,574.68	32,378,574.68
Total Annuities and Benefits	315,816,455.65	315,816,455.65	315,816,455.65
Refunds of Employee Contributions	44,209,953.34	44,209,953.34	44,209,953.34
Administrative Expenses	7,230,324.15	7,230,324.15	7,230,324.15
Charged to Forest Preserve	(97,919.66)	(97,919.66)	(97,919.66)
Total Deductions	367,158,813.48	367,158,813.48	367,158,813.48
Net Increase (Decrease)	842,018,889.38	67,967,635.44	153,278,488.55
Net Assets			
Beginning Of Year	\$5,221,853,532.07	\$5,861,233,506.27	\$5,309,453,185.22
End Of Year	\$6,063,872,421.45	\$5,929,201,141.71	\$5,462,731,673.77

GASB DISCLOSURE
NET PENSION OBLIGATION

Year Ending	Employer's Expected Annual Pension Cost ¹	Percentage of Employer's APC Contributed	Net Pension Obligation (NPO)
1995	\$ 98,314,616	118.86%	\$ (179,662,466)
1996	89,877,662	136.89%	(212,816,275)
1997	87,725,886	153.64%	(260,017,802)
1998	171,928,912	84.82%	(235,218,484)
1999	196,850,449	81.76%	(202,328,934)
2000	190,557,579	83.16%	(175,904,740)
2001	211,188,715	76.30%	(128,123,135)
2002	253,942,375	70.26%	(74,627,365)
2003	\$ 364,658,305	50.90%	\$ 94,778,086

Net Pension Obligation (NPO)	2003
Annual Required Contribution (ARC)	\$ 364,658,305
Interest on Net Pension Obligation	(5,970,189)
Adjustment to Annual Required Contribution ²	5,970,189
Annual Pension Cost (APC)	364,658,305
Contributions made by Employer	185,608,032
Contributions made in excess of estimated totals	9,644,822
Increase (decrease) in Net Pension Obligation	169,405,451
Net Pension Obligation – beginning of year	(74,627,365)
Net Pension Obligation – end of year	\$ 94,778,086

¹ Employer's Annual Pension Cost is the APC less Expected Employee Contributions.

² In accordance with GASB No. 27, for an employer that has no net pension obligation (this included an NPO that is a negative balance) the annual pension cost (APC) is equal to the annual required contribution (ARC).

Note: GASB No. 27 states that employers should have all necessary information to calculate NPO beginning after the effective date of GASB No. 5, December 15, 1986. NPO calculations begin for first statement year following that effective date. The Net Pension Obligation is a liability, so a negative NPO balance is desirable.

GASB DISCLOSURE

History of Retirees and Beneficiaries Added to & Removed from Benefit Payroll

Year	Added to Payroll		Removed from Payroll		Payroll, End of Year		Average Annual Benefits	Increase to Average Benefits
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
Employee Annuitants (Male and Female)								
1986	455	\$ 4,197,933	250	\$ 725,835	4,531	\$ 23,974,744	\$ 5,291	11.64%
1987	427	4,303,300	260	636,350	4,698	27,641,694	5,884	11.20%
1988	456	6,784,958	275	977,248	4,879	33,449,404	6,856	16.52%
1989	447	5,270,539	287	1,001,941	5,039	37,718,002	7,485	9.18%
1990	401	5,110,053	269	739,280	5,171	42,088,775	8,139	8.74%
1991	505	6,563,270	280	1,138,041	5,396	47,514,004	8,805	8.18%
1992	535	5,782,766	298	1,143,572	5,633	52,153,198	9,259	5.15%
1993	1,872	35,008,544	340	1,718,190	7,165	85,443,552	11,925	28.80%
1994	273	3,199,690	376	1,493,511	7,062	87,149,731	12,341	3.49%
1995	333	4,845,373	325	914,406	7,070	91,080,698	12,883	4.39%
1996	334	5,059,825	348	1,203,464	7,056	94,937,059	13,455	4.44%
1997	538	11,669,419	432	2,222,779	7,162	104,383,700	14,575	8.32%
1998	1,823	47,265,924	278	3,305,798	8,707	148,343,826	17,037	16.90%
1999	361	12,107,442	367	4,418,533	8,701	156,032,734	17,933	5.26%
2000	382	10,787,120	399	4,960,098	8,684	161,859,756	18,639	3.94%
2001	444	11,272,664	361	4,275,840	8,767	168,856,580	19,260	3.34%
2002	406	12,553,274	359	5,086,581	8,814	176,323,273	20,005	3.87%
2003	2,606	\$ 99,596,040	383	\$ 5,003,938	11,037	\$ 270,915,375	\$ 24,546	22.70%
Widow/Widower Annuitants (Not Including Compensation)								
1986	149	\$ 419,234	51	\$ 69,037	1,270	\$ 2,592,717	\$ 2,042	6.69%
1987	122	339,348	94	155,035	1,298	2,777,030	2,139	4.80%
1988	145	439,766	100	5,741	1,343	3,211,055	2,391	11.75%
1989	130	453,374	90	177,750	1,383	3,486,679	2,521	5.44%
1990	128	458,245	86	148,844	1,425	3,796,080	2,664	5.66%
1991	138	529,097	92	214,980	1,471	4,110,197	2,794	4.89%
1992	139	577,904	101	234,428	1,509	4,453,673	2,951	5.63%
1993	162	910,406	87	204,724	1,584	5,159,355	3,257	10.36%
1994	175	1,020,984	91	194,261	1,668	5,986,078	3,589	10.18%
1995	129	801,020	114	364,613	1,683	6,422,485	3,816	6.33%
1996	167	1,014,958	92	280,607	1,758	7,156,836	4,071	6.68%
1997	147	1,035,501	145	349,555	1,760	7,842,783	4,456	9.46%
1998	149	1,528,264	82	410,145	1,827	8,960,902	4,905	10.07%
1999	176	1,648,692	108	427,725	1,895	10,181,869	5,373	9.55%
2000	149	1,298,608	139	572,870	1,905	10,907,607	5,726	6.57%
2001	167	2,018,518	114	1,069,182	1,958	11,856,943	6,056	5.76%
2002	141	1,621,832	90	590,304	2,009	12,888,471	6,415	5.94%
2003	201	\$ 2,730,179	106	\$ 539,607	2,104	\$ 15,079,044	\$ 7,167	11.72%

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SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Method: The actuarial funding method used is the **entry age normal method**, which reflects actuarial gains and losses immediately in the **unfunded liability**.

This cost method assigns to each year of employment a constant percentage of an employee's salary, called the **current service cost** (sometimes referred to as **normal cost**), sufficient to accumulate the necessary funds to provide for the full prospective costs of the employee's projected retirement pension. The amount of pension must be estimated using various assumptions as to future compensation levels, employee turnover, and mortality and pension fund earnings, since the actual pension can be known only at the time of retirement. These are called actuarial assumptions.

It should be emphasized that the actuarial assumptions do not directly affect the cost of the pension plan. Benefits are fixed by statute and will become payable as various members and their dependents satisfy the contingencies covered. The actual cost of the plan can only be determined after all benefits have been paid and is equal to the total benefits paid, plus total administrative expenses, minus total investment income.

The **accrued liability** of the fund at any point in time is the accumulated value of all **current service costs** that should have been paid up at that time for active employees plus the full prospective cost of pensions for all retired employees. The extent that the actual plan **assets** are less than the **accrued liability** is called the **unfunded liability**.

An amount of money is required each year to amortize the **unfunded liability** over a period of 40 years if all assumptions are realized. This amount is called **40-year level-dollar amortization** of the **unfunded liability**.

The required total **actuarial contribution** required to the fund is equal to the **current service costs** plus a **40-year level dollar amortization** on the **unfunded liability**. The old funding policy of interest only has been strengthened. This minimum method of funding, often referred to as the middle of the road method, is the method the fund has tried to follow in the past. It has evolved over the years and seeks to satisfy the ideologies of all interested groups, including opinions often expressed by the Civic Federation. Under the new GASB No. 25 standard, a 40-year level dollar amount is provided for amortization of the **unfunded liability**.

Reserves for employees' retirement annuities, spouses' retirement annuities, health insurance and death benefits are valued on the entry age normal method. Grouped ages of entry 22, 27, 32, 37, 42, 47, 52, 57, 62, and 67 and over are used.

The costs for the following items are valued on an actuarial cost basis. No reserves are set up, as these items tend to stabilize on a cash basis.

1. Duty disability benefits
2. Ordinary disability benefits
3. Children's annuities
4. Refunds, including refunds for no spouse
5. Expense of administration (net of investment expense)

Reserves are set up for duty and ordinary disability recipients as if they were in active service.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Assumptions

The actuary selects actuarial assumptions, but the statute calls for certain reserves to be computed with specified assumptions.

Mortality: Active members, present and future retired members and spouses: 1983 Group Annuity Mortality Table, male and female, set forward two years. Adopted 1997.

Interest: 8% a year (net of investment expense) compounded annually. Exhibit Q details the investment yields the Fund actually realized over the past few years. This assumption contains a 3.5% inflation assumption and a 4.5% real rate of return assumption. Adopted 1989.

Interest earnings over the assumed rate can be used to reduce losses that may result from variations in other cost factors, such as increased costs resulting from salary increases greater than the assumed rate.

It must be realized that the interest assumption is a long-range assumption. It must cover a period as long as perhaps 50 years, which would be the period of time, for example, that the youngest employee in the Fund will work before retiring on pension for the rest of his or her life. There is no guarantee that current interest rates will continue over this period.

Salary Increase: 5.5% a year compounded annually. Exhibit M details the annual increase in the salary over the past years, which averages greater than 5.5%. This assumption contains a 3.5% inflation assumption and a 2% merit and longevity assumption. Adopted 1997.

It should be remembered that pensions are based directly upon salary. It is believed that if the recent pattern continues in the long-range future, the salary scale assumption will need to be adjusted. Increased costs may result, with the extent of the increase in cost depending on the extent of the increase in salary over the assumed time period.

Rate of Retirement: The rates of retirement used in this valuation are shown in Exhibit X grouped by age of entrance into the service and are based on 1985, 1986, and 1987 experience of this Fund. These rates were extended down to age 50 for anticipated earlier retirements due to the HB 2715 amendments. Adopted 1987.

Rate of Termination: These rates are shown in Exhibit X and are based on the experience of the Fund. Adopted 1997.

Proportion Married: This is shown in Exhibit X.

Active Membership: It is assumed that the future active membership of the Fund will remain at the present level and that the average age at entrance into the service will be about the same in the future as it has been in the past. The actuarial costs are based on the present group. If future entrants to the Fund are older than the present group, then costs will tend to increase. Conversely, if new entrants are younger, then costs will tend to decrease.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Age of Spouse: The spouse of a male employee is assumed four years younger; the spouse of a female employee is assumed four years older.

Asset Value: GASB No. 25 requires the use of a market related asset value. We have used a 5 year smoothed average ratio of market to book value. For Insurance Department use, assets are at fair market value.

Reciprocal Benefits: Active life normal costs and reserves are loaded 15%.

Loss on Tax Levy: 3.5% overall is assumed for all future years.

Optional Benefits: Reserves are calculated and prefunded assuming a permanent benefit structure, assuming 11% times benefit accruals.

Sheriff Benefits: Valued separately using different assumptions, which are appropriate for police service.

Benefits for Widows Married after Retirement: Retired Life Widow normal costs and reserves are loaded 1%.

Group Health Insurance: The annuitants are charged a subsidized premium depending on the plan and family composition. We have assumed for those receiving benefits that the Fund subsidy will remain the same each year until age 65 with a slight decrease assumed when annuitant is eligible for Medicare. For active employees we have assumed an average retiree Fund supplement based on current retiree premiums, assumed to increase at 10% per year. Adopted 2001.

Ultimate Required Multiple: Is computed using the actuarial requirement less expected employee contributions (increased to adjust for the loss on the tax levy) divided by the expected employee contributions computed two years prior using the actuarial salary scale. If the actual contributions had been used, the result would be somewhat different. The method used approximates a steady condition of uniformly increasing salaries.

SERVICE TABLE FUNCTIONS

Rates of Retirement

Age	22	27	32	37	42	47	52	57	62	67
Entry Ages – Male										
50	0.02	0.01	0.01	0.01	-	-	-	-	-	-
51	0.02	0.01	0.01	0.01	-	-	-	-	-	-
52	0.20	0.02	0.02	0.01	0.01	-	-	-	-	-
53	0.10	0.02	0.02	0.02	0.01	-	-	-	-	-
54	0.15	0.03	0.03	0.02	0.02	-	-	-	-	-
55	0.20	0.04	0.13	0.02	0.02	-	-	-	-	-
56	0.23	0.05	0.15	0.02	0.03	-	-	-	-	-
57	0.27	0.20	0.18	0.03	0.03	0.01	-	-	-	-
58	0.30	0.15	0.20	0.04	0.04	0.03	-	-	-	-
59	0.33	0.15	0.22	0.05	0.04	0.04	-	-	-	-
60	0.36	0.20	0.24	0.20	0.11	0.13	-	-	-	-
61	0.40	0.24	0.27	0.22	0.17	0.13	-	-	-	-
62	0.44	0.28	0.30	0.25	0.20	0.15	0.10	0.07	-	-
63	0.47	0.31	0.33	0.28	0.22	0.18	0.14	0.07	-	-
64	0.50	0.35	0.37	0.30	0.26	0.20	0.18	0.07	-	-
65	1.00	0.40	0.40	0.33	0.30	0.24	0.20	0.20	-	-
66	-	0.50	0.42	0.36	0.34	0.29	0.25	0.20	-	-
67	-	1.00	0.45	0.40	0.37	0.35	0.30	0.20	0.30	-
68	-	-	0.48	0.44	0.40	0.40	0.40	0.30	0.40	-
69	-	-	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-
70	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Age	22	27	32	37	42	47	52	57	62	67
Entry Ages – Female										
50	0.02	0.01	0.01	0.01	-	-	-	-	-	-
51	0.02	0.01	0.01	0.01	-	-	-	-	-	-
52	0.20	0.02	0.02	0.01	0.01	-	-	-	-	-
53	0.12	0.02	0.02	0.02	0.01	-	-	-	-	-
54	0.16	0.03	0.03	0.02	0.02	-	-	-	-	-
55	0.20	0.04	0.03	0.02	0.02	-	-	-	-	-
56	0.22	0.05	0.04	0.02	0.03	-	-	-	-	-
57	0.25	0.20	0.04	0.03	0.03	0.01	-	-	-	-
58	0.28	0.15	0.06	0.04	0.04	0.01	-	-	-	-
59	0.30	0.18	0.08	0.05	0.04	0.02	-	-	-	-
60	0.34	0.23	0.20	0.05	0.05	0.03	0.03	-	-	-
61	0.40	0.29	0.22	0.08	0.05	0.05	0.03	-	-	-
62	0.50	0.35	0.27	0.15	0.05	0.07	0.03	0.04	-	-
63	1.00	0.40	0.33	0.15	0.07	0.09	0.05	0.04	-	-
64	-	0.50	0.38	0.15	0.09	0.11	0.08	0.05	-	-
65	-	1.00	0.44	0.26	0.24	0.15	0.13	0.08	-	-
66	-	-	0.50	0.31	0.25	0.20	0.15	0.10	-	-
67	-	-	1.00	0.37	0.25	0.25	0.15	0.12	0.30	-
68	-	-	-	0.43	0.40	0.40	0.35	0.40	0.40	-
69	-	-	-	0.50	0.50	0.50	0.50	0.50	0.50	-
70	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00

SERVICE TABLE FUNCTIONS

Rates of Termination

Age at Entrance

Attained Age	22	27	32	37	42	47	52	57	62
Male									
22	0.092	-	-	-	-	-	-	-	-
27	0.054	0.077	-	-	-	-	-	-	-
32	-	0.062	0.088	-	-	-	-	-	-
37	-	-	0.056	0.075	-	-	-	-	-
42	-	-	-	0.045	0.076	-	-	-	-
47	-	-	-	-	0.045	0.042	-	-	-
52	-	-	-	-	-	0.018	0.029	-	-
57	-	-	-	-	-	-	0.018	0.056	-
62	-	-	-	-	-	-	-	-	0.058
Female									
22	0.099	-	-	-	-	-	-	-	-
27	0.080	0.122	-	-	-	-	-	-	-
32	-	0.078	0.110	-	-	-	-	-	-
37	-	-	0.062	0.076	-	-	-	-	-
42	-	-	-	0.040	0.083	-	-	-	-
47	-	-	-	-	0.046	0.058	-	-	-
52	-	-	-	-	-	0.041	0.051	-	-
57	-	-	-	-	-	-	0.039	0.073	-
62	-	-	-	-	-	-	-	-	0.067

Attained Age	Male Death Rate GAM 1983 Set Forward 2 Year (per 1000)	Female Death Rate GAM 1983 Set Forward 2 Year (per 1000)	Proportion Married Percent
22	.444	.239	81%
27	.572	.320	81%
32	.785	.443	81%
37	1.128	.617	80%
42	1.932	.919	83%
47	3.513	1.505	83%
52	5.660	2.315	84%
57	8.384	3.821	82%
62	13.868	6.386	80%
67	24.817	10.922	78%
70	33.337	16.610	74%
75	54.758	30.672	74%

A history of the withdrawal experience is shown in Exhibit Y.

SERVICE TABLE FUNCTIONS

Average Ages at Retirement

Year	Average Age at Retirement
1981	66.8
1982	67.1
1983	66.5
1984	66.8
1985	67.0
1986	66.7
1987	65.9
1988	66.5
1989	65.8
1990	66.1
1991	65.4
1992	65.2
1993	64.7
1994	63.3
1995	63.5
1996	64.0
1997	62.7
1998	62.1
1999	61.7
2000	61.5
2001	61.0
2002	61.4
2003	58.7

Expected Average Age at Retirement

Present Membership	60.61
New Hires	61.53

ACTUARIAL EXPERIENCE

The actuarial assumptions for retirement, withdrawal and pre-retirement mortality determine when and if a benefit is expected to be paid. The post-retirement mortality determines how long the benefit is expected to be paid. Once the actives enter service, there is a probability that they will not be in the work force at the end of each year because of withdrawal, retirement or death, at which time they may be eligible for a benefit to be paid. The withdrawal and retirement rates for the County have been based on past experience of this Fund with adjustments for expected changes in the future. The pre-retirement and post-retirement mortality are based on a published table, the 1983 GAM set forward two years (adopted 1997), and not on the experience of this Fund. The actual experience of the Fund is compared to the expected experience of the Fund each year and changes in the rates or tables are made when the future expectations differ from the expectations using the current rates.

Actuarial Experience: Actual to Expected Experience					
Year	Active Mortality	Retired Mortality	Widow/er Mortality	Retirement	Withdrawal
1985 ¹	1.42	1.63	1.44	1.23	1.28
1986	0.88	1.19	0.69	0.98	1.44
1987 ²	0.91	1.17	1.47	0.90	1.53
1988	0.86	1.19	1.56	0.98	1.11
1989	0.84	1.19	1.27	0.98	1.08
1990	0.80	1.10	1.33	0.82	1.03
1991	0.65	1.09	1.29	1.03	0.92
1992	0.93	1.11	1.37	1.13	0.79
1993	0.92	1.21	1.08	3.72	0.84
1994	0.63	1.15	1.23	0.82	0.83
1995	0.68	1.02	1.48	0.88	0.78
1996	0.77	1.12	1.17	0.82	0.80
1997 ³	0.75	1.24	1.48	1.23	0.76
1998	1.03	0.98	1.37	3.94	0.95
1999	1.06	1.21	1.41	1.12	1.00
2000	0.99	0.98	1.55	1.14	0.92
2001	0.97	1.28	1.35	1.13	0.91
2002	1.13	1.12	1.05	0.86	0.77
2003	0.95	1.18	0.93	4.48	0.65

¹ New rates of withdrawal and retirement

² New rates of retirement

³ New mortality and withdrawal rates

ACTUARIAL EXPERIENCE
Attained Age at Retirement - Employee Annuitants

New Male Annuitants

Age	Age at Entrance										Total
	22	27	32	37	42	47	52	57	62	67	
40	-	-	-	-	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-	-	-
46	-	-	-	-	-	-	-	-	-	-	-
47	-	-	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-	-	-
50	71	-	-	-	-	-	-	-	-	-	71
51	76	-	-	-	-	-	-	-	-	-	76
52	94	-	-	-	-	-	-	-	-	-	94
53	99	1	1	-	-	-	-	-	-	-	101
54	91	1	-	-	-	-	-	-	-	-	92
55	83	4	2	-	1	-	-	-	-	-	90
56	93	1	1	-	1	-	-	-	-	-	96
57	61	1	2	-	-	-	-	-	-	-	64
58	47	5	-	-	-	-	-	-	-	-	52
59	42	10	1	1	-	-	-	-	-	-	54
60	33	8	4	2	2	2	-	-	-	-	51
61	15	7	1	2	1	1	-	-	-	-	27
62	7	12	2	4	4	-	3	-	-	-	32
63	17	9	6	1	2	4	3	-	-	-	42
64	4	9	5	2	1	1	1	-	-	-	23
65	1	13	7	3	1	-	5	-	-	-	30
66	-	6	7	-	3	1	2	-	-	-	19
67	1	3	4	3	6	-	-	-	-	-	17
68	-	5	6	2	1	1	1	2	-	-	18
69	-	2	3	1	3	1	2	1	-	-	13
70	1	-	3	-	2	-	3	-	-	-	9
71	-	-	2	2	-	1	-	1	-	-	6
72	-	-	2	2	-	1	-	2	-	-	7
73	-	-	-	1	1	-	-	1	-	-	3
74	-	-	-	1	1	-	-	1	1	-	4
75	-	-	1	-	-	1	1	-	2	-	5
76	-	-	-	-	1	-	1	1	-	-	3
77	-	-	-	-	3	-	-	1	-	-	4
78	-	-	-	-	3	-	-	-	-	-	3
79	-	-	-	1	1	-	-	1	-	-	3
80	-	-	-	-	-	1	-	-	-	-	1
81	-	-	-	-	-	-	-	-	-	-	-
82	-	-	-	-	1	-	-	1	-	1	3
83	-	-	1	-	-	1	-	-	-	-	2
84	-	-	-	-	-	1	-	-	-	-	1
85	-	-	-	-	-	-	-	-	-	-	-
86	-	-	-	-	-	1	-	-	-	-	1
87	-	-	-	-	-	-	-	-	-	-	-
88	-	-	-	-	-	-	-	-	-	1	1
89	-	-	-	-	-	-	-	-	-	-	-
90	-	-	-	-	-	-	1	-	-	-	1
Total	836	97	61	28	39	18	23	12	3	2	1,119

ACTUARIAL EXPERIENCE
Attained Age at Retirement - Employee Annuitants

New Female Annuitants

Age	Age at Entrance										Total
	22	27	32	37	42	47	52	57	62	67	
40	-	-	-	-	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-	-	-
46	-	-	-	-	-	-	-	-	-	-	-
47	-	-	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-	-	-
50	79	1	1	-	-	-	-	-	-	-	81
51	70	-	-	-	-	-	-	-	-	-	70
52	83	1	1	-	-	-	-	-	-	-	85
53	84	2	-	-	-	-	-	-	-	-	86
54	104	1	-	-	1	-	-	-	-	-	106
55	105	3	2	3	1	-	-	-	-	-	114
56	126	4	1	2	6	-	-	-	-	-	139
57	88	1	5	-	-	-	-	-	-	-	94
58	81	13	1	5	1	-	-	-	-	-	101
59	92	14	6	2	1	3	-	-	-	-	118
60	49	17	6	3	2	2	1	-	-	-	80
61	35	22	2	6	3	1	-	-	-	-	69
62	19	23	4	-	2	2	3	1	-	-	54
63	11	26	6	2	1	1	1	-	-	-	48
64	11	12	6	3	1	2	4	-	-	-	39
65	6	21	7	1	5	4	3	-	-	-	47
66	-	10	5	4	3	1	5	-	-	-	28
67	1	7	16	2	4	-	2	1	-	-	33
68	-	3	7	3	1	3	-	3	-	-	20
69	-	3	2	1	3	1	5	3	-	-	18
70	-	1	5	2	3	-	-	-	-	-	11
71	-	-	1	2	1	-	-	-	-	-	4
72	-	-	3	5	-	-	1	1	-	-	10
73	-	-	1	2	-	2	-	2	-	-	7
74	-	-	1	1	1	-	-	-	-	-	3
75	-	-	-	-	-	-	-	-	-	-	-
76	-	-	-	1	4	-	-	1	-	-	6
77	-	-	-	1	2	-	-	1	-	1	5
78	-	-	-	1	1	-	-	-	-	-	2
79	-	-	-	-	-	-	-	-	-	-	-
80	-	-	-	-	-	1	-	-	-	-	1
81	-	-	-	-	1	-	-	-	-	-	1
82	-	-	-	-	-	-	-	-	-	-	-
83	-	-	-	-	-	-	-	-	-	-	-
84	-	-	-	-	-	1	-	-	-	-	1
85	-	-	-	-	-	1	-	-	-	-	1
86	-	-	-	-	-	-	1	-	-	-	1
87	-	-	-	-	-	-	1	-	-	-	1
88	-	-	-	-	-	-	-	-	-	-	-
89	-	-	-	-	-	-	-	-	-	-	-
90	-	-	-	-	-	1	1	-	-	-	2
Total	1,044	185	89	52	48	26	28	13	-	1	1,486

IMPACT STATEMENT

County				
Annual Payroll	\$	1,307,079,312		
Active Members		25,513		
Valuation Date		December 31, 2003		
Present Plan				
(1) Accrued Pension Liability	\$	8,780,969,704		
(2) Present Actuarial Assets		5,929,201,142		
(3) Unfunded Liability = (1)-(2)		2,851,768,562		
(4) Funded Ratio = (2)/(1)		67.52%		
Direction of Financial Condition			Per Active	Percent of Salary
(5) Minimum Recommended Actuarially Determined Contribution	\$	585,520,787	\$ 22,950	44.80%
(6) Estimated Annual Employer Contribution		212,515,195	8,330	16.26%
(7) Estimated Annual Employee Contribution		128,093,773	5,021	9.80%
(8) Deficiency (Excess) in Annual Contributions =(5)-(6)-(7)		244,911,819	9,599	18.74%

PLAN SUMMARY

Participants

Persons employed by the County whose salary, or persons whose wage is paid in whole or in part by the County.

Service

For all purposes except minimum formula annuity and ordinary disability credit, service in 4 months in any calendar year constitutes one year of service credit. No more than 1 year of service is allowed during any calendar year.

For minimum formula annuity, service for any 15 days in a calendar month shall be a month of service.

For purposes of ordinary disability, service shall include the following:

- a) the time during which he performed the duties of his position;
- b) paid vacations and leaves of absence with whole or part pay;
- c) period for which he received duty disability benefits;
- d) any period of disability for which he received whole or part pay.

Retirement Annuity

Accumulation Annuity: Payable at age 50, with at least 10 years of service (entire sum accumulated from deductions plus 10% County contributions for each year after 10). Full County contributions are added for age 60 and over, regardless of service. This annuity is known as the money purchase plan.

Minimum Formula Annuity: Payable at age 50, with at least 10 years service; 2.4% per year of service times the final average salary (highest 4 consecutive within the last 10 years). Maximum annuity is 80% of final average monthly salary. Under age 60 the annuity is reduced by a percentage equal to 0.5% for each month and fraction thereof that the employee is under age 60 at retirement unless he has 30 or more years service credit, in which case there is no reduction for age.

Automatic Increase in Annuity: Retirement at age 60 or older or if retirement occurs on or after January 1, 1991 with at least 30 years of service: 3% of annuity starting January of the year following the year in which the first anniversary of retirement occurs. If retirement is before age 60 with less than 30 years of service, increases begin in January of the year immediately following the year in which the age of 60 years is attained. Beginning January 1, 1998, increases are calculated as 3% of the monthly annuity payable at the time of the increase. Increases apply only to life annuities.

Special rules applicable only to the County Police Department have not been included in the above.

PLAN SUMMARY

Optional Plan of Contributions and Benefits

Optional plan of 3% of salary contributions (past service requires repayment with interest) for 1% optional benefit per year of service. Basic retirement annuity, post-retirement increase and spouse's annuity are increased. Provisions expire July 1, 2005.

Elected County Officials' Optional Plan

An alternative plan for elected officials of 3% of the Final Salary for the first 8 years, 4% for the next 4 years and 5% thereafter, subject to the maximum of 80%, is available. The elected official must be age 60 with 10 years of service or age 65 with 8 years of service to be eligible. The elected official must contribute an additional 3% of salary to receive these benefits.

Spouse's Annuity

Spouse annuity is payable for life or until termination of temporary annuity.

Death in Service (Non-Duty): Money Purchase based on total salary deductions and County contributions for both employee and spouse.

Minimum Formula Annuity if the deceased employee has at least 10 years service. Beginning January 1, 1992, widow(er)'s annuity is 50% of annuity that would have been payable to employee which is discounted 0.5% for each month widow(er) is under age 55 at death of employee. Beginning July 1, 2002, widow(er)'s annuity is 65% of annuity that would have been payable to employee which is discounted 0.5% for each month widow(er) is under age 55 at death of employee. There is no reduction for age with 30 or more years of service. For employee dying in service, annuity shall not be less than 10% of the final average salary.

Death after Retirement: Annuity is determined to be based on money purchase plan or formula minimum annuity depending on rules in effect at the date the participant retires. Widow(er)s of annuitants who die on or after January 1, 1993 will receive 50% of the employee's annuity at death, discounted 0.5% per month the widow(er) is under 55 at employee's death. Widow(er)s of annuitants who die on or after July 1, 2002 will receive 65% of the employee's annuity at death if he had at least 10 years of service at retirement, discounted 0.5% per month the widow(er) is under 55 at employee's death. There is no reduction for age with 30 or more years of service.

Increases for Surviving Spouses: Spouse annuitants will receive 3% of the monthly annuity payable at the time of the increase starting on January 1, 1998, or on the January 1st occurring on or immediately following the first anniversary of the employee's death, whichever is later.

Children's Annuity

Child annuity is payable upon death of County employee, either active or retired. Child must be unmarried, under age 18, legally adopted at least one year before child's annuity becomes payable. Annuity is the greatest of 10% of the employee's final salary at the date of death or \$140 per month per child. Except for duty death, deceased employee must have had 4 years of service and at least 2 years from latest re-entrance if he had previously resigned from service.

PLAN SUMMARY

Family Maximum

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

Duty Death: 70% of final monthly salary.

Disabilities

Duty Disability Benefit: Benefit is granted if the employee is disabled as a result of an accidental injury incurred in the performance of an act of duty (unless the disability resulted from a physical defect or disease that existed prior to the time of the injury). Duty disability benefit is equal to 75% of employee's salary at the date of disablement. This benefit is reduced by the amount the employee receives from Worker's Compensation. Duty disability benefit begins on the first day after disablement occurs and continues until the employee attains age 65, if disability begins before age 60. For an employee who begins disability on or after age 60, disability will continue for period of 5 years. In addition, the employee is entitled to receive \$10 a month for each child under age 18; the total amount paid for the children not to exceed 15% of his final salary. The County contributes the amounts necessary for the employee's pension. Any disablement resulting from any physical defect or disease which existed at the time such injury was sustained shall be paid at 50% of the salary at the date of such injury.

Ordinary Disability Benefit: Benefit is granted if the employee is disabled from any causes that are not duty related. Ordinary disability benefit is equal to 50% of employee's salary at the date of disablement. The first payment shall be made one month after the disablement occurs. Payments will continue for a period not greater than 25% of employee's total service, but no more than 5 years. The County pays deductions for pension purposes. Service for this purpose is actual service; one day of service is given for each day paid, exclusive of any overtime payments.

Employees unable to return to work at the expiration of Disability benefits may elect to receive annuity benefits before age 50. If service is less than 10 years, such employees are entitled to receive accumulation annuity (entire sum accumulated from deductions plus full County contributions). If employee has at least 10 years and is age 50 or more, such employee is entitled to the greater of the accumulation annuity previously described, or minimum formula annuity discounted by 0.5% for each month he is less than age 60. If service is 20 years or more, at any age the employee can receive the minimum formula if greater. The annuity would be discounted for age under 60 as in the minimum formula and then reduced to its actuarial equivalent at his attained age.

Lump Sum Death Benefit

Beginning November 19, 1991, a \$1,000 death benefit, payable upon the death of an active or retired employee to the employee's designated beneficiary or to the employee's estate if no beneficiary has been named.

PLAN SUMMARY

Group Health Insurance

The pension fund may pay all or any portion of the premium for health insurance if the annuitant is enrolled in the County plan.

Refunds

To Employee: Upon separation from service, deductions plus interest if employee under age 55. If over age 55, employee is eligible for a refund if he has less than 10 years of service or if employee is eligible for temporary rather than life annuity. Employee forfeits all rights upon acceptance of a refund.

Spouse's annuity deductions: payable to employee if unmarried when he retires.

To Spouse: In lieu of annuity if annuity would be temporary rather than life and spouse so chooses.

Remaining Amounts: Excess over total annuity payments may be paid to children, estate, heirs or designated beneficiary.

Deductions and Contributions

	Deductions	County Contributions ¹
Employee	6.5%	6.0%
Spouse	1.5%	2.0%
Annuity Increase	<u>0.5%</u>	<u>-</u>
Total	8.5%	8.0%

¹ Financing

The County shall levy a tax annually that will produce a sum equal to 1.54 for the years 1984 and after multiplied by the total amount of contributions made by employees two calendar years prior to the year of the levy.

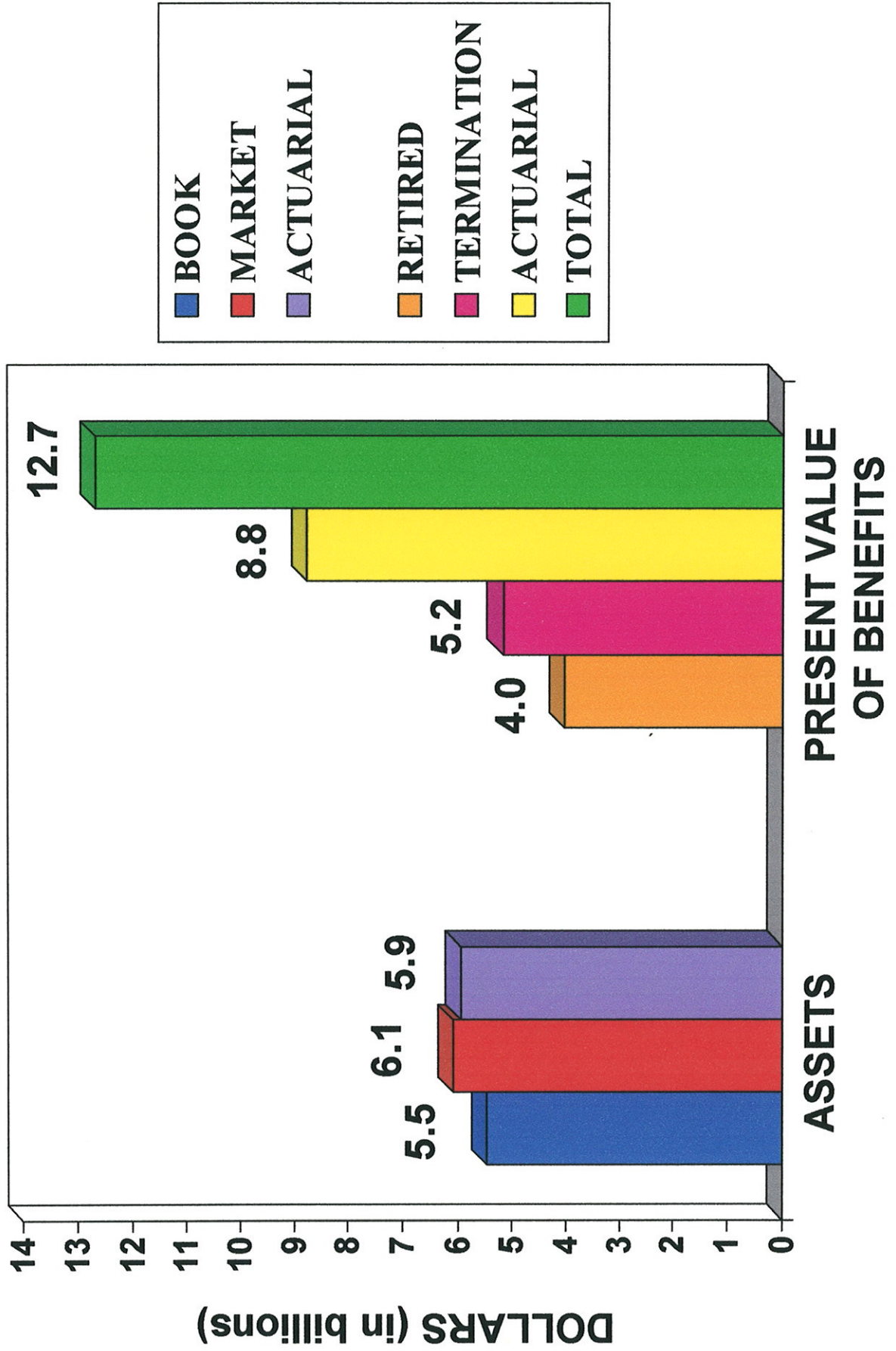
Tax Shelter of Employee Salary Deductions

Beginning April 1, 1982, the employee contributions were designated for income tax purposes to be made by the employer even though they are still paid by the employee. The W-2 salary is therefore reduced by the amount of contribution. For pension purposes the salary remains unchanged. For the purpose of benefits and refunds these contributions will be treated as employee contributions.

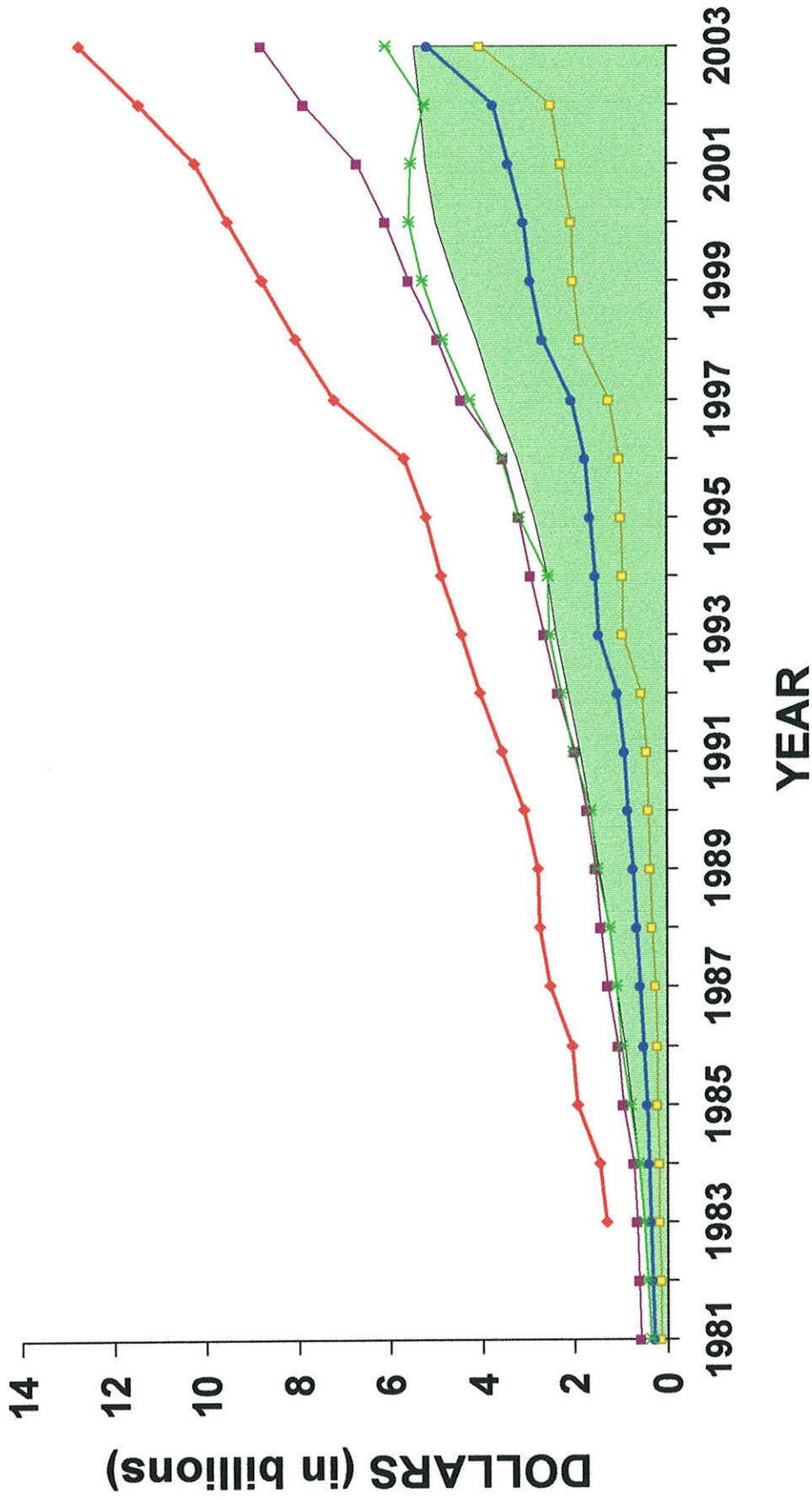
PLAN SUMMARY

Year	Actuarial Accrued Liability	Book Value of Total Assets (A)	Market Value of Total Assets (B)	Actuarial Value of Total Assets (C)
1991	\$ 1,983,198,717	\$ 1,864,655,578	\$ 2,005,040,971	\$ 1,903,873,063
1992	2,350,677,377	2,112,357,951	2,251,384,574	2,190,991,024
1993	2,631,597,979	2,370,082,065	2,527,683,952	2,500,170,483
1994	2,932,627,441	2,552,956,753	2,542,627,158	2,665,558,827
1995	3,164,701,603	2,848,586,837	3,167,401,879	3,027,413,256
1996	3,509,378,287	3,202,293,141	3,557,532,481	3,423,965,896
1997	4,426,784,225	3,676,804,700	4,253,917,276	4,002,726,492
1998	4,942,155,173	4,111,168,896	4,827,808,971	4,535,296,601
1999	5,555,661,795	4,582,730,379	5,270,884,912	5,273,208,730
2000	6,070,267,055	4,977,840,126	5,547,128,904	5,706,998,091
2001	6,678,219,689	5,203,933,816	5,530,302,748	5,935,506,269
2002	7,846,307,991	5,309,453,185	5,221,853,532	5,861,233,506
2003	\$ 8,780,969,704	\$ 5,462,731,674	\$ 6,063,872,421	\$ 5,929,201,142
Year	Unfunded (Surplus) AAL			
	Based on (A)	Based on (B)	Based on (C)	
1991	\$ 118,543,139	\$ (21,842,254)	\$ 79,325,654	
1992	238,319,426	99,292,803	159,686,353	
1993	261,515,914	103,914,027	131,427,496	
1994	379,670,688	390,000,283	267,068,614	
1995	316,114,766	(2,700,276)	137,288,347	
1996	307,085,146	(48,154,194)	85,412,391	
1997	749,979,525	172,866,949	424,057,733	
1998	830,986,278	114,346,202	406,858,573	
1999	972,931,416	284,776,883	282,453,065	
2000	1,092,426,929	523,138,151	363,268,964	
2001	1,474,285,873	1,147,916,941	742,713,420	
2002	2,536,854,806	2,624,454,459	1,985,074,485	
2003	\$ 3,318,238,030	\$ 2,717,097,283	\$ 2,851,768,562	
Year	Percentage Funded			
	(A)/AAL	(B)/AAL	(C)/AAL	
1991	94.02%	101.10%	96.00%	
1992	89.86%	95.78%	93.21%	
1993	90.06%	96.05%	95.01%	
1994	87.05%	86.70%	90.89%	
1995	90.01%	100.09%	95.66%	
1996	91.25%	101.37%	97.57%	
1997	83.06%	96.09%	90.42%	
1998	83.19%	97.69%	91.77%	
1999	82.49%	94.87%	94.92%	
2000	82.00%	91.38%	94.02%	
2001	77.92%	82.81%	88.88%	
2002	67.67%	66.55%	74.70%	
2003	62.21%	69.06%	67.52%	

COUNTY



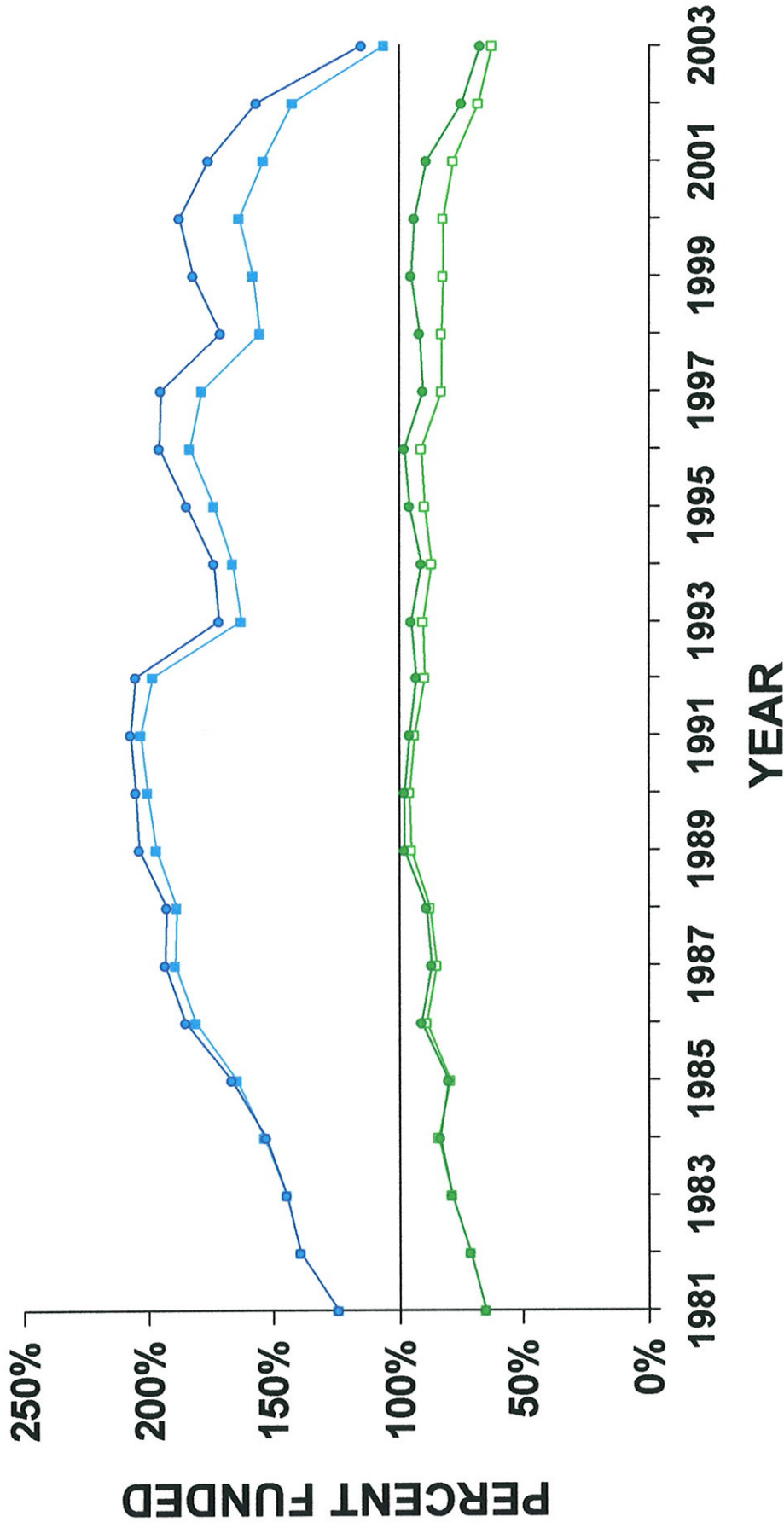
ASSETS AND LIABILITIES



	Book Assets		Retired Liability
	Termination Liability		Accrued Liability
	Market Assets		Present Value of Benefits

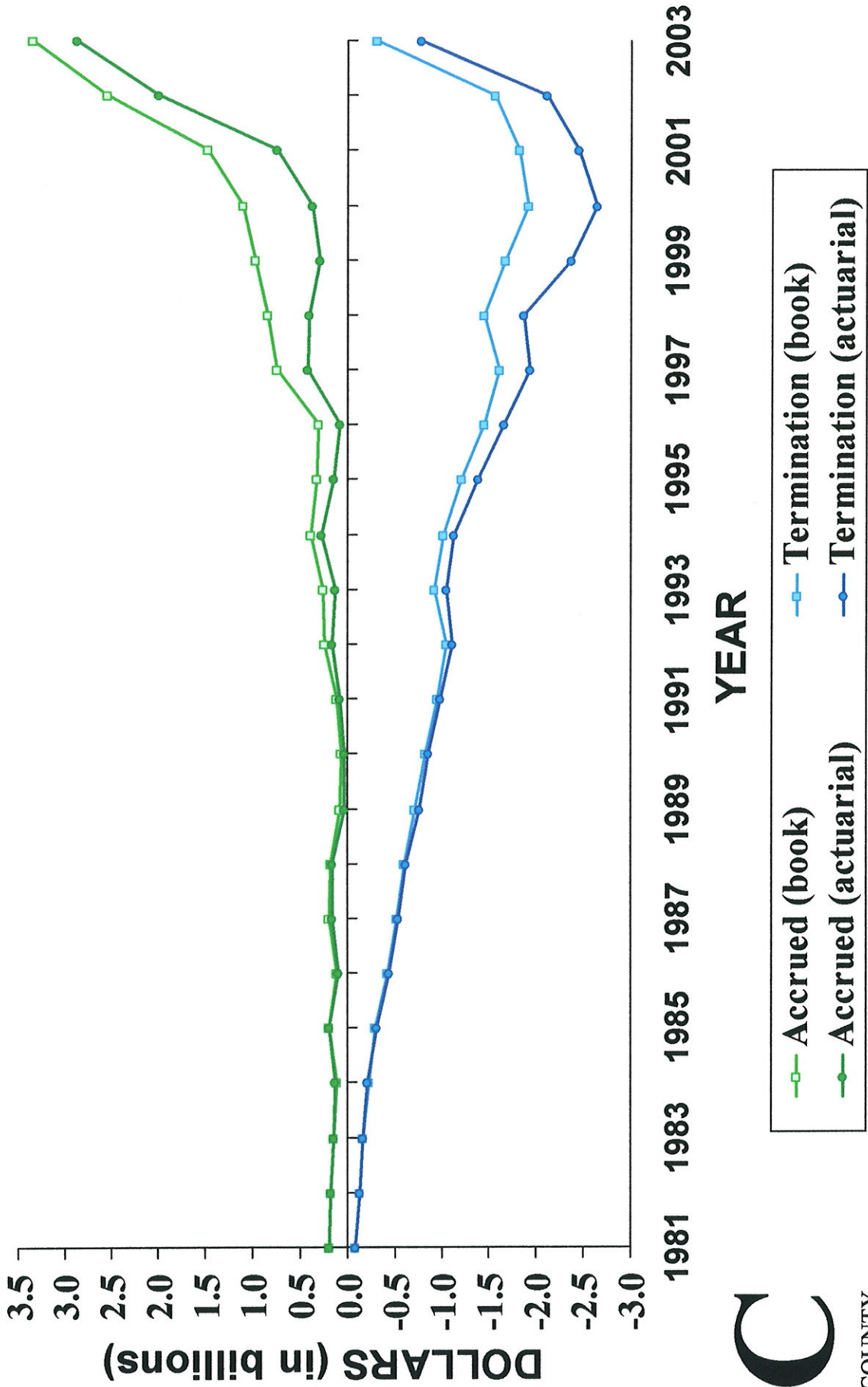
FUNDED RATIOS

(Book Values vs Actuarial Values)

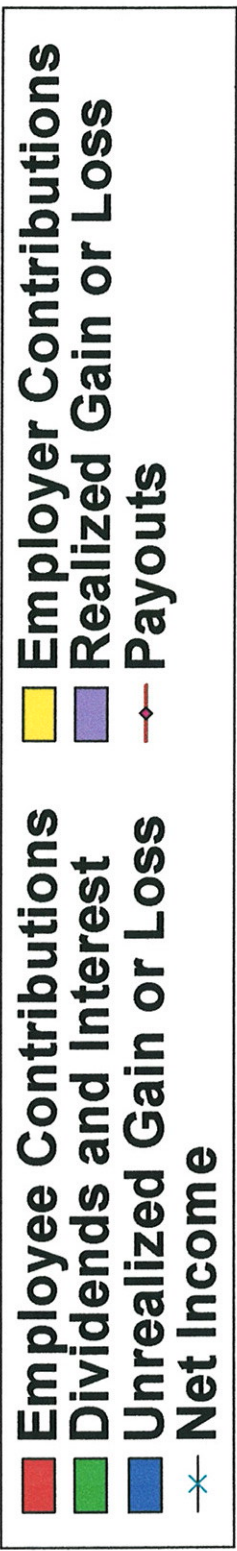
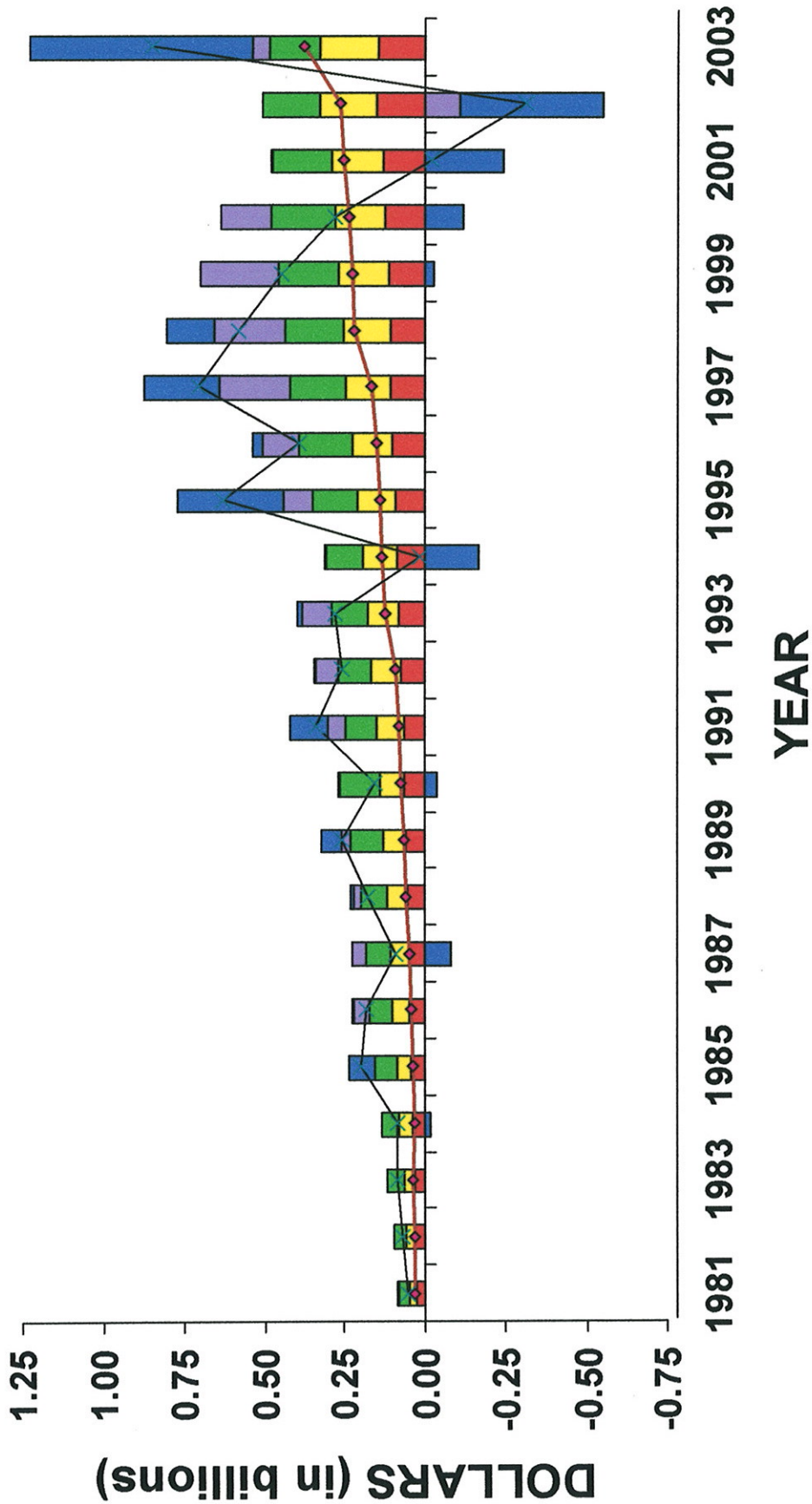


UNFUNDED LIABILITY

(Book Values vs Actuarial Values)

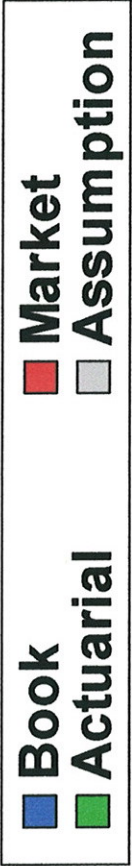
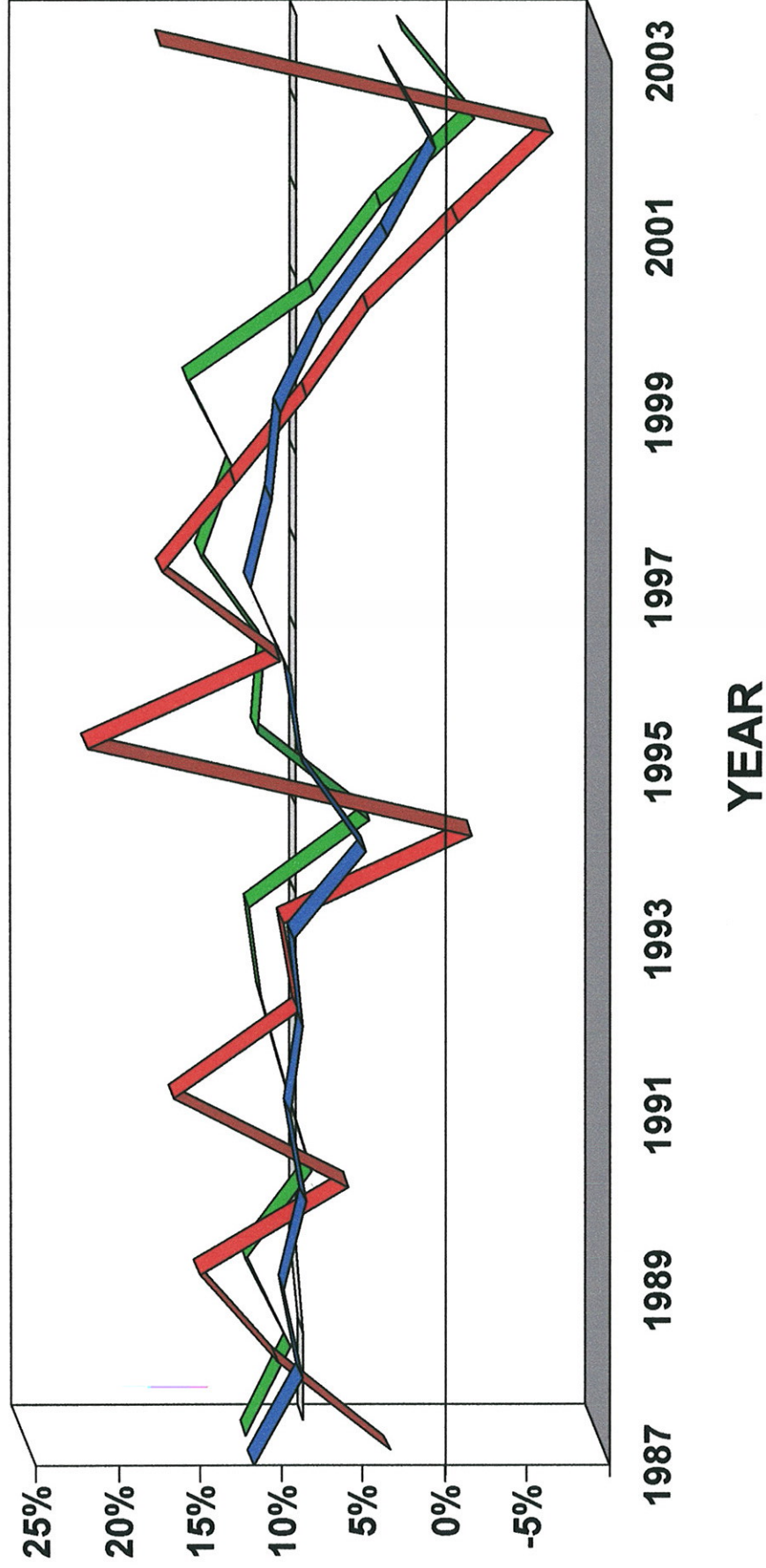


INCOME AND PAYOUTS

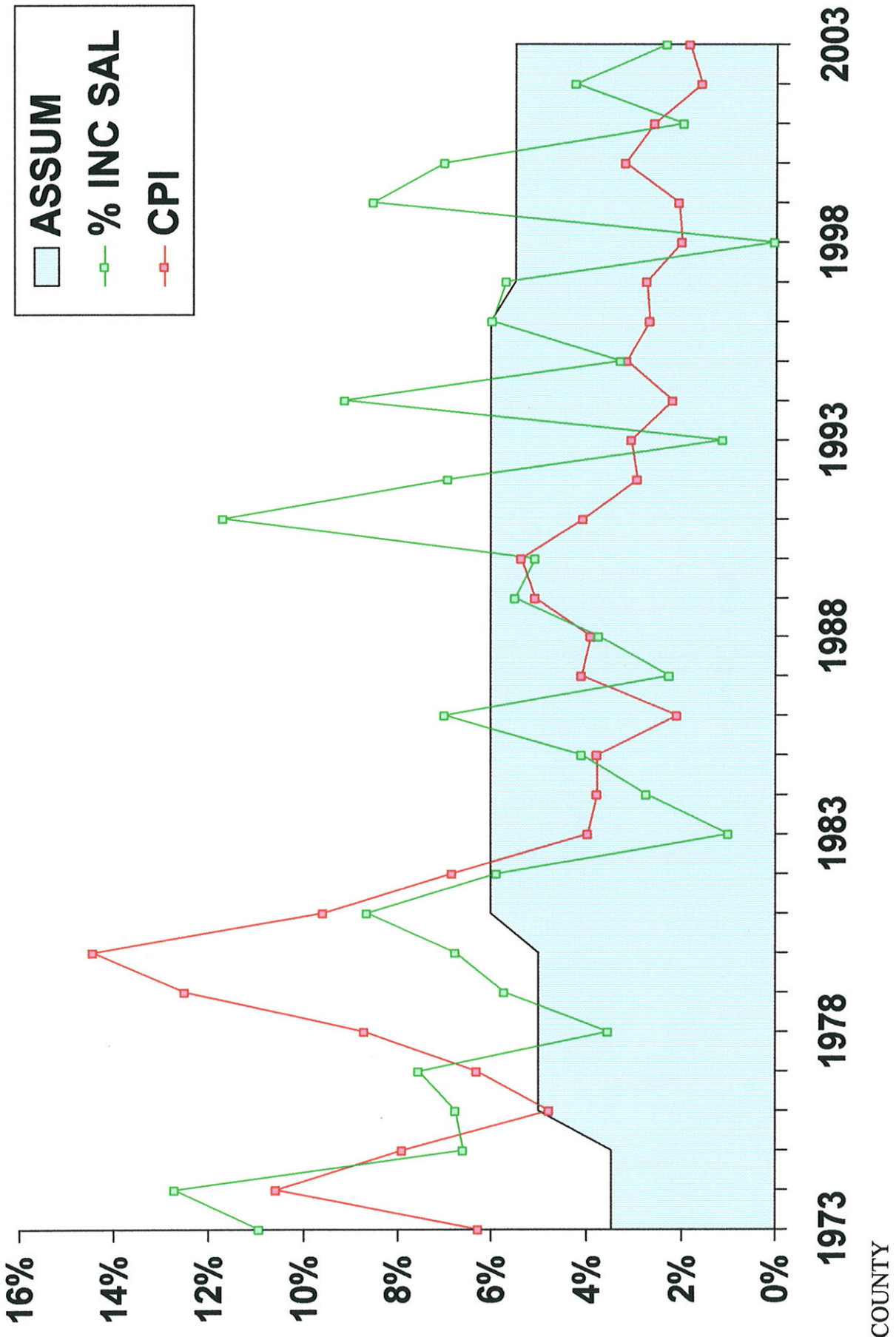


YIELDS ON TOTAL ASSETS

(Compared to Actuarial Assumption)

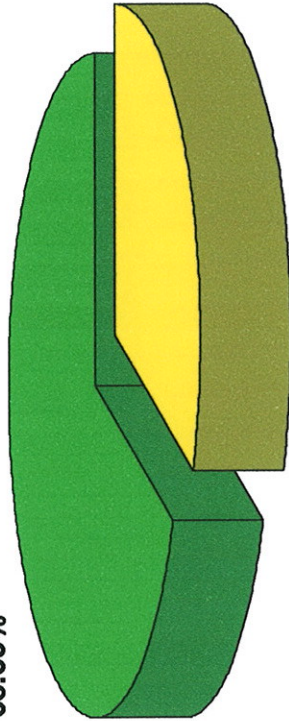


ASSUMPTIONS VS AVERAGE SALARY INCREASE AND CHICAGO CONSUMER PRICE INDEX



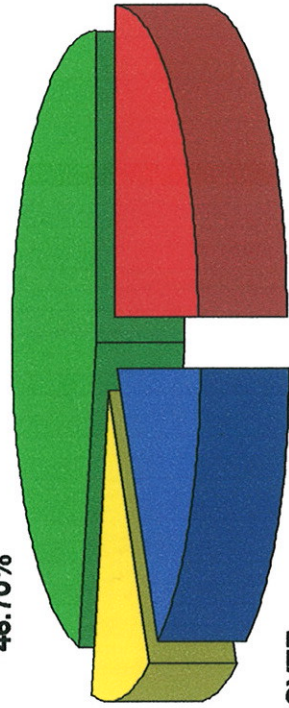
COUNTY

ACTIVE
68.33%



RETIRED
31.67%

ASSETS
46.70%



PV EMPLOYEE
11.45%

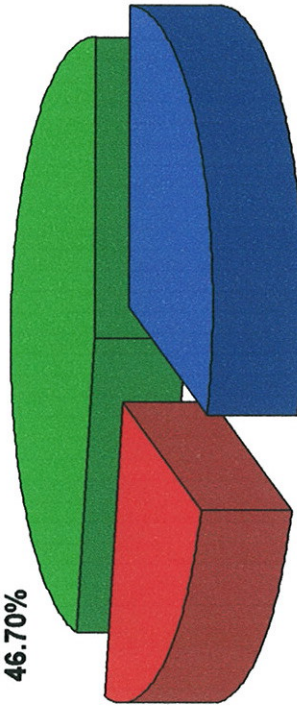
PV EMPLOYER
17.02%

DEFICIENCY
24.83%

Actuarial Present Value of Benefits

Actuarial Assets

ASSETS
46.70%

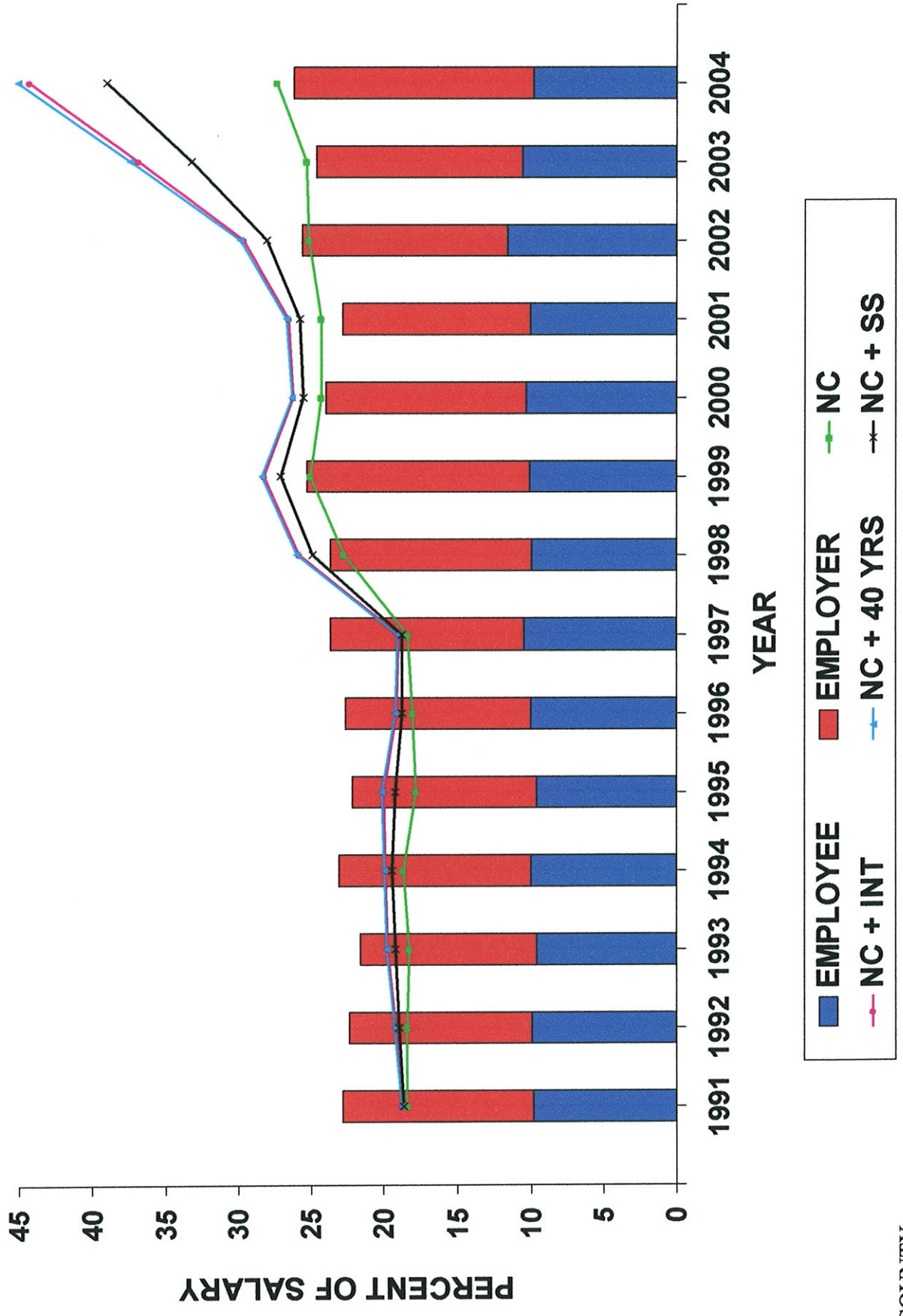


UNFUNDED LIABILITY
22.46%

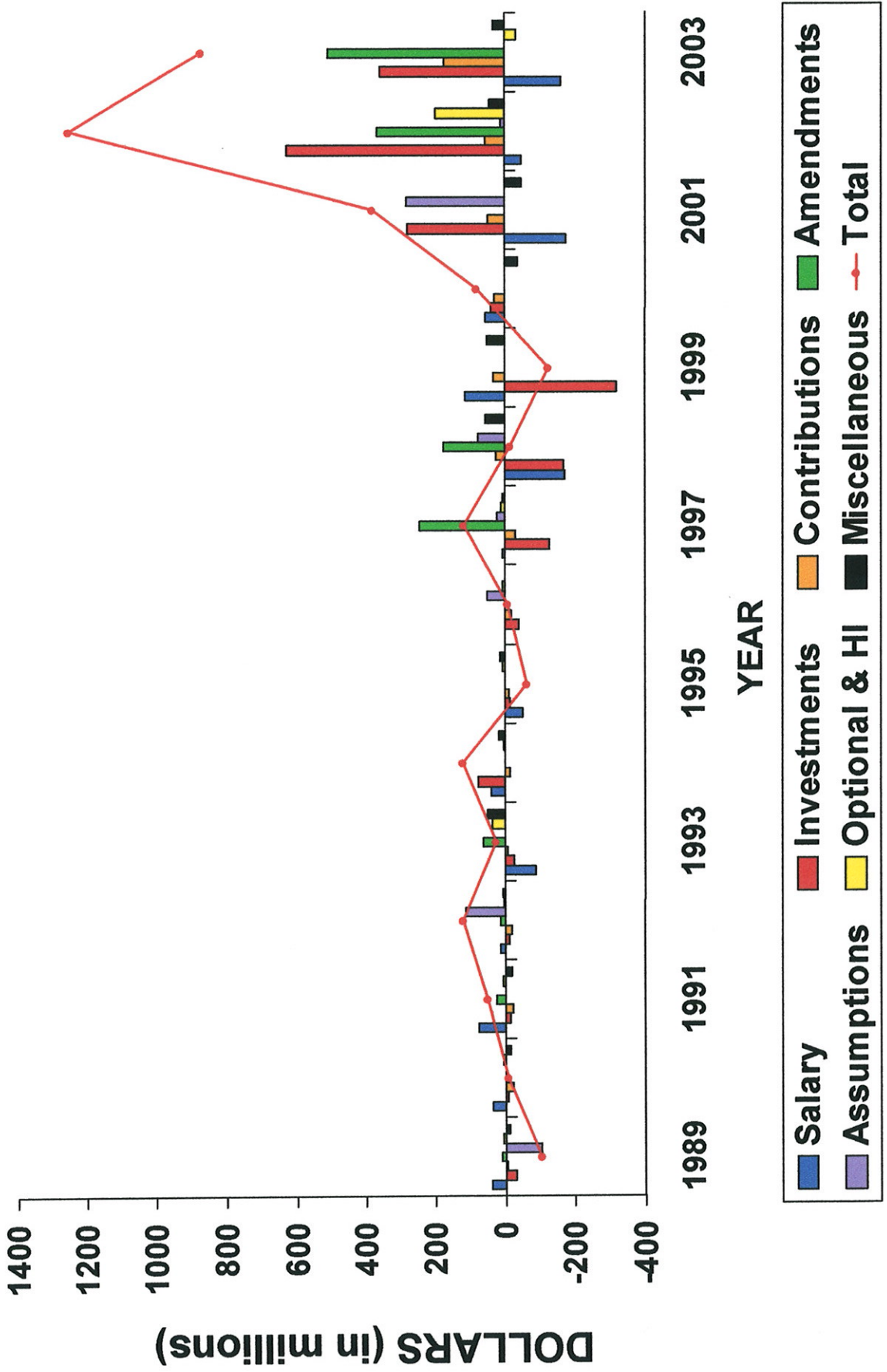
PV OF NORMAL COST
30.84%

Actuarial Cost Method

ACTUARIAL COST

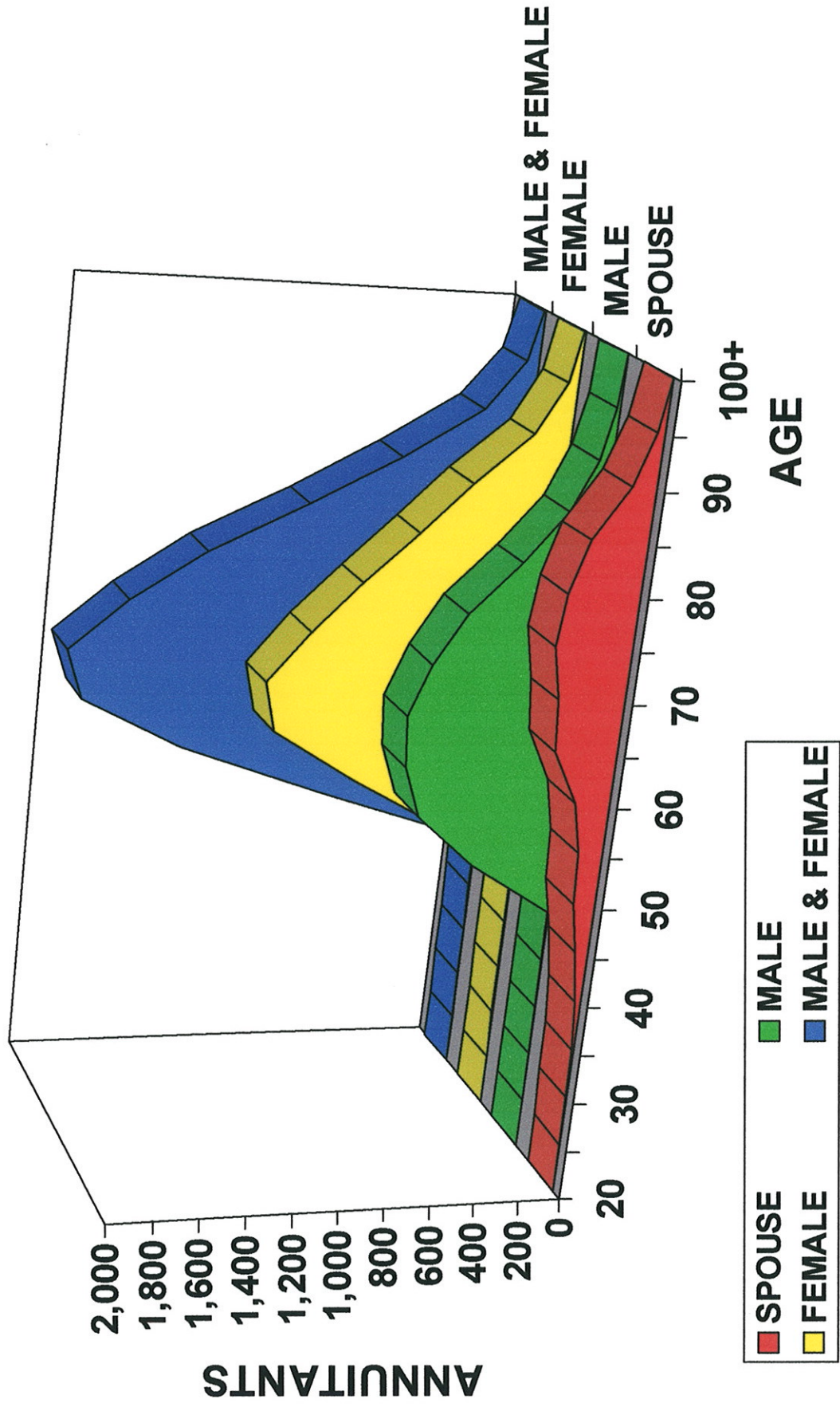


CHANGE IN THE UNFUNDED LIABILITY



ANNUITANTS BY AGE

Number of Annuitants



COUNTY

ANNUITANTS BY AGE

Average Payments to Annuitants

