

LABORERS' AND RETIREMENT BOARD  
EMPLOYEES' ANNUITY AND BENEFIT  
FUND OF CHICAGO

ACTUARIAL STATEMENT

DECEMBER 31, 1980

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October 16, 1981

The Retirement Board of the  
Laborers' and Retirement Board  
Employees' Annuity and Benefit  
Fund of Chicago,  
Chicago, Illinois

Gentlemen:

This is to certify that the annual statement as of December 31, 1980 of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago 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 1980. This statement has been prepared from the books of the Fund as substantiated by our letters of recommendation to the Retirement Board.

The accounting procedure is outlined in Article 11 of the Illinois Pension Code.

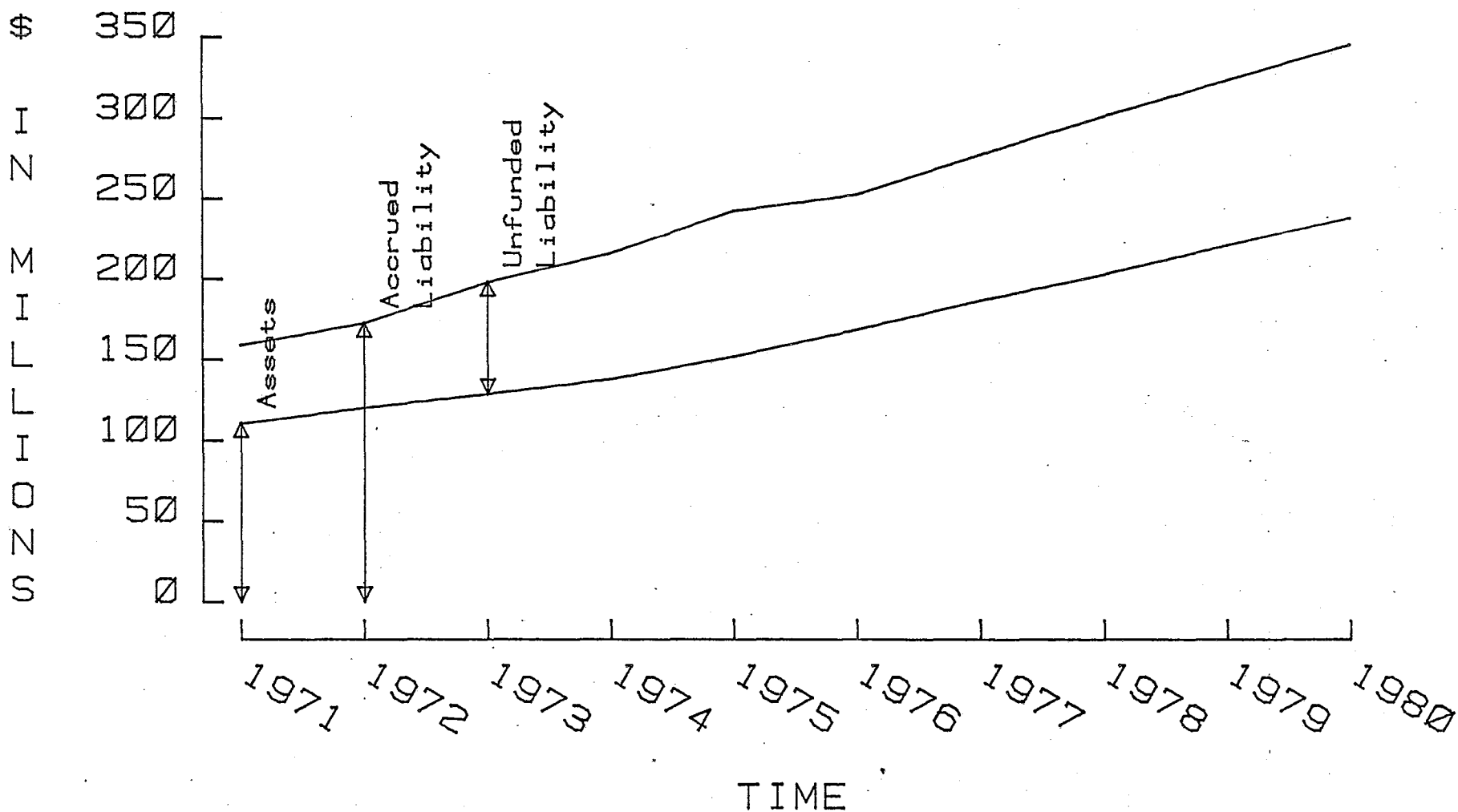
The method of valuation, or method of financing the system, and the actuarial assumptions and methods used in the valuation are shown in a separate Exhibit. The attempt is made to give effect to realistic valuation factors affecting costs.

## SUMMARY

The following represents a summary of this report:

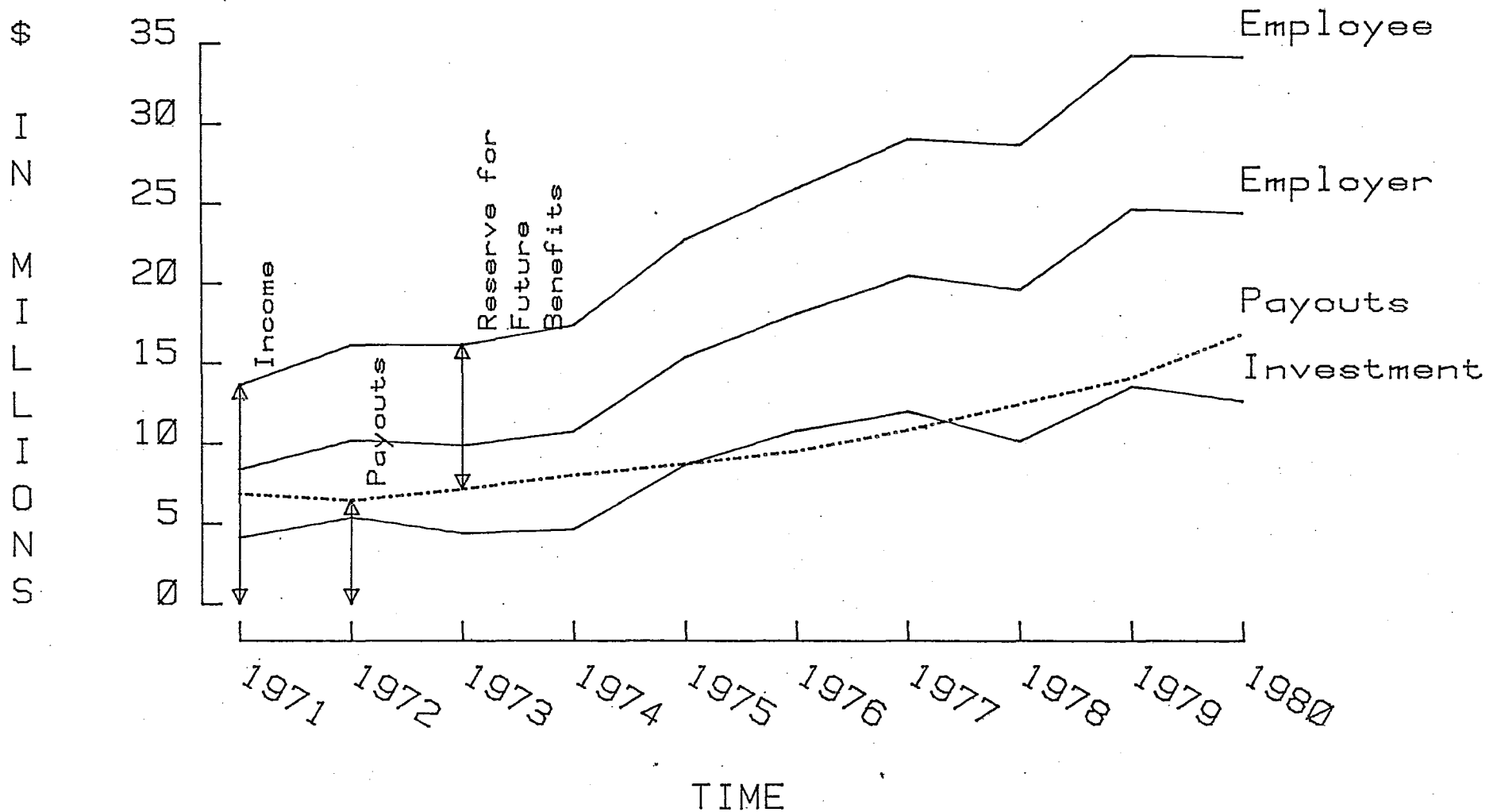
	<u>This Year</u>	<u>Last Year</u>
INCOME: Investment	\$ 12,626,861	\$ 13,547,589
Employer	\$ 11,791,330	\$ 11,108,298
Employee	\$ 9,729,912	\$ 9,571,764
Total	\$ 34,148,103	\$ 34,227,651
OUTGO: Refunds, Benefits, Expenses	\$ 16,796,949	\$ 14,055,673
EXCESS OF INCOME OVER OUTGO	\$ 17,351,154	\$ 20,171,977
ACTIVE PARTICIPANTS	5,847	6,175
BENEFICIARIES: Employee	2,379	2,227
Spouse	1,162	1,113
Disabilities	177	161
Children	139	153
Other	1	1
ACTUARIAL:		
Assets: (Total at book value)	\$238,242,772	\$220,810,778
Funded Ratio	68.98%	68.28%
Accrued Liability	\$345,364,820	\$323,368,034
Termination Liability	\$183,588,283	\$169,975,809
Excess Upon Termination	\$ 54,654,489	\$ 50,834,969
Unfunded Liability	\$107,122,048	\$102,557,256
Annual Actuarial Requirement (ER & EE)	\$ 25,019,195	\$ 21,699,408
Expected Net Annual Actuarial Deficiency	\$ 3,333,603	\$ 953,861
Required Employer Multiple	1.96	1.62
INVESTMENT:		
Yield (On Invested Assets including gains/losses)	6.03%	7.00%
MISCELLANEOUS:		
Salary Roll	\$108,854,496	\$105,825,264
Average Salary	\$ 18,617	\$ 17,138

LABORERS' A & B FUND OF CHICAGO  
Assets, Unfunded Liability, Accrued Liability



# LABORERS' A & B FUND OF CHICAGO

## Income and Payouts



The graph of Assets, Unfunded Liability and Accrued Liability illustrates the Fund's position with respect to asset growth and accrued liability growth. Please note that the difference between the assets and the accrued liability is what is called unfunded liability.

The next graph 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 of income over payouts goes to build reserves for future benefit payments.

#### ACTUARIAL ASSUMPTIONS:

Actuarial assumptions required by ERISA must take into consideration anticipated future experience as well as past experience. As a guide to our thinking, we have attempted to learn what interest and salary scale assumptions are being used to anticipate the future in other public and private pension fund valuations.

A comprehensive study made in 1976 indicated that 53% of the funds surveyed used an interest assumption of 6% or greater and that 33% used a salary scale of 5% or greater. Based on this study it is our opinion that for the Laborers' Fund, having evaluated past experience of investment earnings and having given effect both to locked in interest rates and to generally expected future interest earnings, a 6% future interest assumption is a reasonable rate for valuation purposes, and a 5% per year salary scale assumption is reasonable considering the generally accepted views on future salary increases for our national economy. These two assumptions could be characterized as being middle of the road.

The liabilities and costs in this report were based in part on a 6% per year interest assumption and a 5% per year salary scale assumption. These and all other assumptions are the same as those used for the last report.

In our opinion, these actuarial assumptions in the aggregate are reasonable, taking into account fund experience and future expectations and, represent the best estimate of anticipated experience.

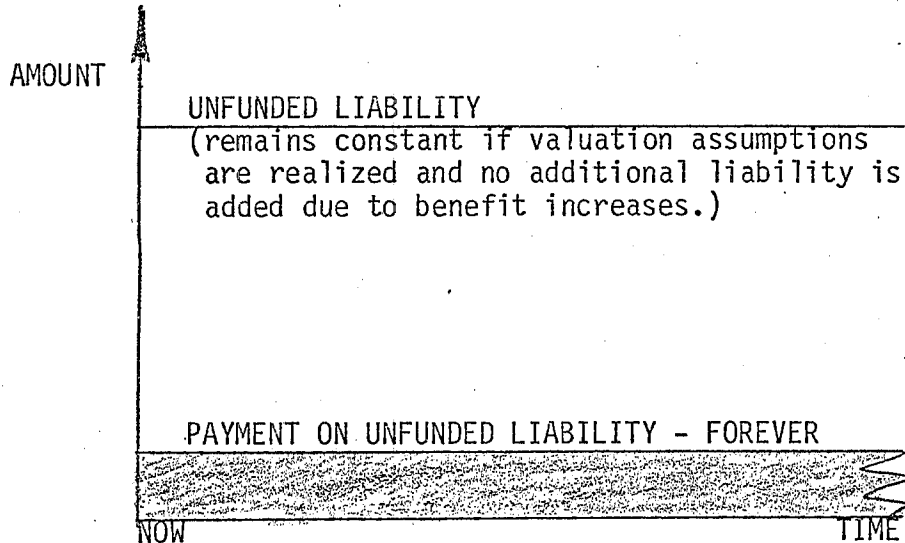
ALTERNATIVE VALUATIONS:

We can make alternative valuations giving effect to different rates of salary increases and investment earnings to serve as a guide to the Retirement Board and ourselves in estimating the effects on costs of possible variations in future experience from the assumptions used.

THREE METHODS OF FINANCING THE UNFUNDED LIABILITY:

1.) The method of valuation used for this report, is the same as for the last report. It is known as a Normal Cost-plus-Interest Basis and is intended to continue the current provisions of the Article governing the fund in full force and effect on a permanent basis - explained in detail under Actuarial Assumptions and Methods. The method is also referred to as a middle-of-the-road method of funding since the unfunded liability is recognized but not amortized.

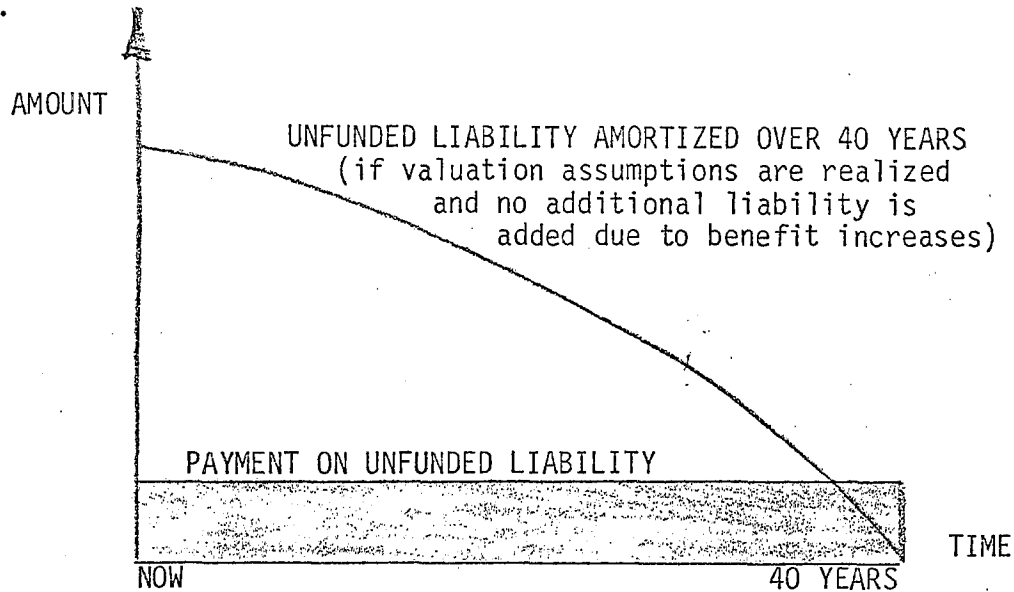
The normal cost plus interest only method of funding is that recommended by the Illinois Public Employees Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.



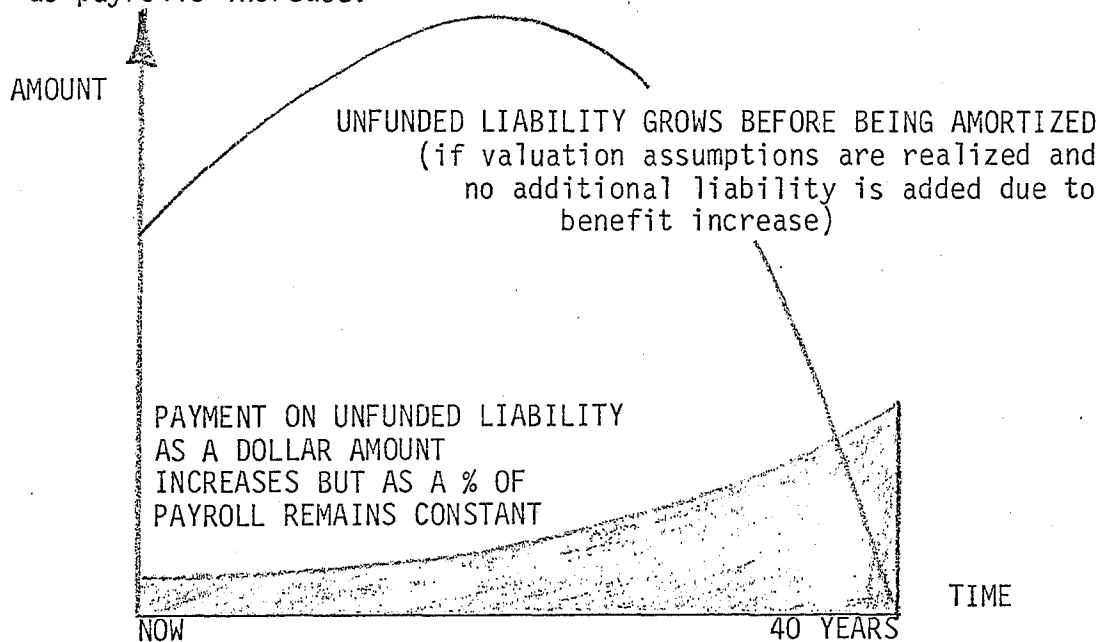
2.) ERISA now requires that initial unfunded liability be amortized over a forty year period.

The normal cost plus interest method and the Normal Cost Plus 40 Year Amortization method both 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 payrolls as future payrolls increase.



3.) An alternative method for funding that is receiving increased attention for public employee pension plans is a method which 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 funding method under ERISA. It may be more acceptable in view of the presumably permanent nature of public retirement systems, and the desire to place a relatively constant tax burden (as percentage of salary) on future generations of taxpayers.



For the Retirement Boards guidance, we have estimated the financial effects of different funding methods. The results are given in the following table:

	Required 1981 Tax Levy	Ultimate Required Multiple	Unfunded Liability Will	Portion Required For Amortization Of Unfunded Liability*
1) Normal Cost + Interest Only	\$16,423,503	1.96	Remain constant at \$107,122,048	\$6,427,323
2) ERISA: Normal Cost + 40 Year Amortization	\$17,144,517	2.04	Decrease to \$0	\$7,119,496
3) Normal Cost + 40 Yr. Level % of Payroll Increasing 3½% a Year (Inflation Only)	\$14,007,114	1.67	Increase to \$132,136,431 in 18 years and decrease thereafter	\$4,107,589 increasing to \$16,263,011 in 40 Years
4) Present Law	\$12,951,000	1.37		

\* 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 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, declining fund membership.

#### REQUIRED ACTUARIAL CONTRIBUTION:

Based on the Normal Cost-Plus-Interest-Method of funding we find that the City tax levy for 1981 should be \$16,423,503 which amount includes a 4% reserve for loss on collection. This amount is based on an annual payroll as of December 31, 1980 of \$108,854,496 and an active membership of 5,847 persons. The detail is as follows:

Detail of Annual City Contribution:

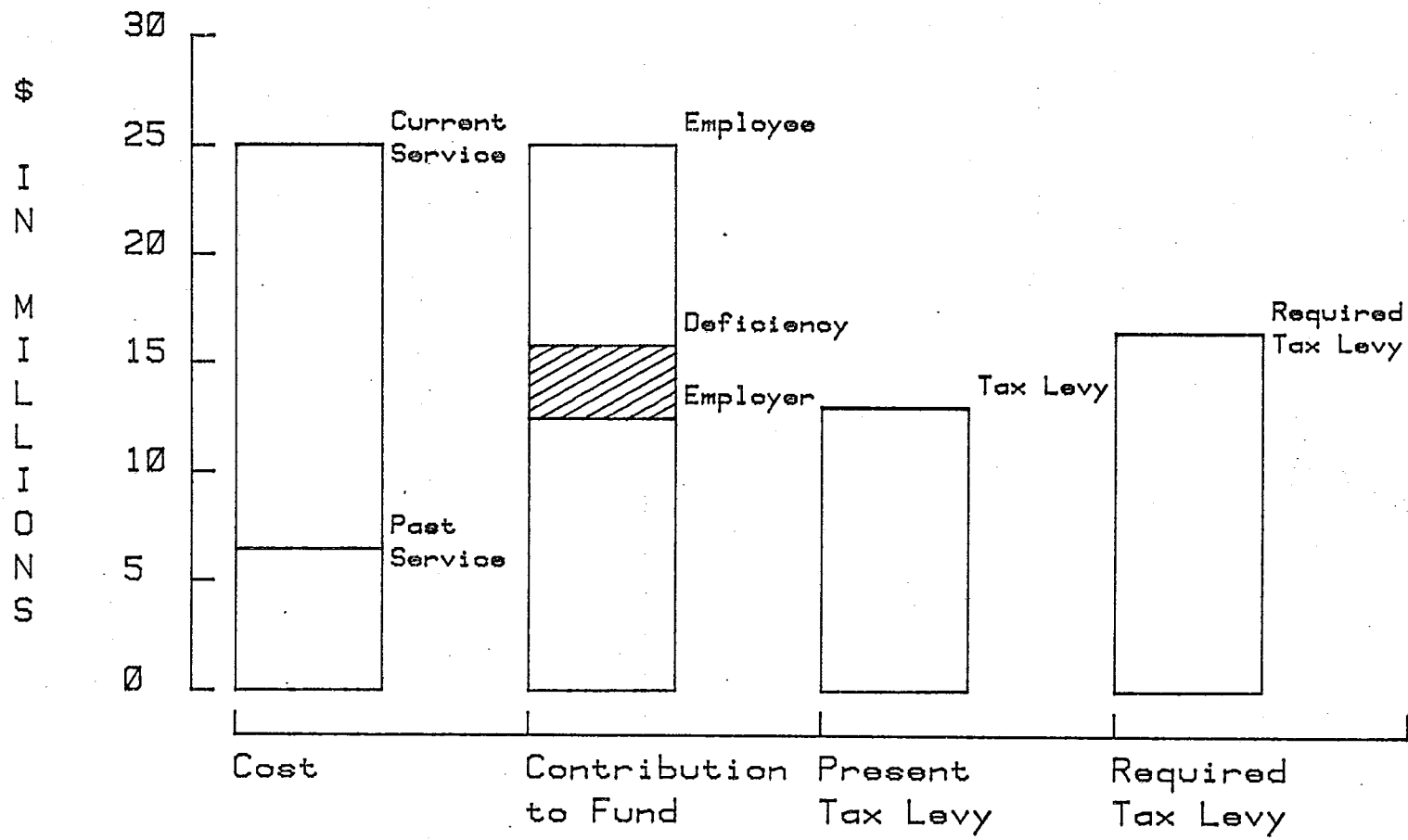
	<u>Amount</u>	<u>Percent of Salary</u>	<u>Dollar Per Active</u>
1. Normal Cost - For Current Service	\$18,591,872	17.08%	\$3,180
2. <u>6% Interest on Unfunded Liability</u>	<u>\$ 6,427,323</u>	<u>5.90%</u>	<u>\$1,099</u>
3. <u>Total Actuarial Requirement (1)+(2)</u>	<u>\$25,019,195</u>	<u>22.98%</u>	<u>\$4,279</u>
4. Employee Contributions	\$ 9,252,632	8.50%	\$1,582
5. Employer Requirement (3)-(4)	\$15,766,563	14.48%	\$2,697
6. <u>Expected Net Employer Contribution from 1981 Tax Levy of \$12,951,000 after a 4% loss</u>	<u>\$12,432,960</u>	<u>11.42%</u>	<u>\$2,126</u>
7. Expected Net Annual Deficiency	\$ 3,333,603	3.06%	\$ 570
8. Tax Levy Required (assume 4% loss)	\$16,423,503		
9. Increase in Tax Levy Required	\$ 3,472,503		
10. Required Ultimate Multiple	1.96		
11. Present Authorized Ultimate Multiple	1.37		
12. Increase in Ultimate Multiple Needed	.59		

The Illinois Public Employees Pension Laws Commission Impact Statement - appended to this report - illustrates both the present financial position and the direction of the financial condition.

The above table indicates the need for additional contributions to maintain the fund on an actuarial basis.

The following bar chart illustrates the annual actuarial cost (composed of current service cost and past service cost) to be paid for by the employee and the employer. Since the annual cost is not being met, there is a deficiency shown in the hatched area. The employer portion is provided by tax levy. The last column represents the amount of tax levy required to meet the cost and therefore eliminate the deficiency.

LABORERS' A & B FUND OF CHICAGO  
 Annual Actuarial Cost 1981  
 (Normal Cost plus Interest Only)



<u>Detail of Normal Cost (given above)</u>	<u>% Salary</u>	<u>\$ Per Active</u>
Retirement Annuity	7.77%	\$1,446
Retirement Annuity Increase	1.12	209
Post-Retirement Spouse Annuity	.38	71
Spouse Annuity for Death in Service	.51	95
Child's Annuity	.11	20
Ordinary Disability	2.50	465
Duty Disability	.34	62
Refunds	3.85	718
Widows Compensation	0	1
Expense of Administration	.40	75
Reciprocal Benefits	<u>.10</u>	<u>18</u>
 <u>CHANGE IN THE UNFUNDED LIABILITY:</u>	 17.08%	 \$3,180

The total unfunded liability as of December 31, 1980 is \$107,122,048. As of December 31, 1979, it was \$102,557,256.

Detail of Change in Unfunded Liability:

1. Increase in Salaries over 5% Assumed	\$8,111,444	Increase
2. Investment Yield under 6% Assumed	758,925	Increase
3. Excess in Annual Contribution:		
1980 Total Actuarial Requirement.....	\$21,699,408	
Less Employer Net to Fund 1980		
Tax Levy .....	11,791,330	
Less Employee Contributions for 1980..	<u>9,729,912</u>	178,166 Increase
4. Miscellaneous Actuarial Changes - Gain From Retirement and Death	<u>(4,483,742)</u>	Decrease
Net Change in Unfunded Liability	\$4,564,792	Increase

FUNDED RATIO:

The ratio of assets to liabilities is 68.98% as of December 31, 1980 - and was 68.28% as of December 31, 1979. This ratio represents the extent to which present and future benefit promises are secured by present assets. The funded ratio increased slightly because assets increased 7.9% while the liabilities increased 6.8%.

RATIO OF ACTIVE EMPLOYEES TO ANNUITANTS & BENEFICIARIES:

The ratio of active employees to annuitants and beneficiaries is 1.52 as of December 31, 1980 and was 1.69 as of December 31, 1979. This ratio illustrates the relationship between the contributors and the beneficiaries.

TERMINATION LIABILITY:

A measure of Fund funding is to compare the assets to liabilities for present retirees on pension and amount of contributions of active and inactive employees. This amount would be a minimum measure of what it would cost to terminate the Fund as of December 31, 1980.

Liability for retired annuitants, widows, spouses of annuitants...	\$ 97,598,923
Salary Deductions Contributed by Active Fund Members (incl. ½%)...	<u>85,989,360</u>
Total Termination Liability.....	\$183,588,283
Assets at Book Value.....	<u>238,242,772</u>
Excess Assets Upon Termination.....	\$ 54,654,489

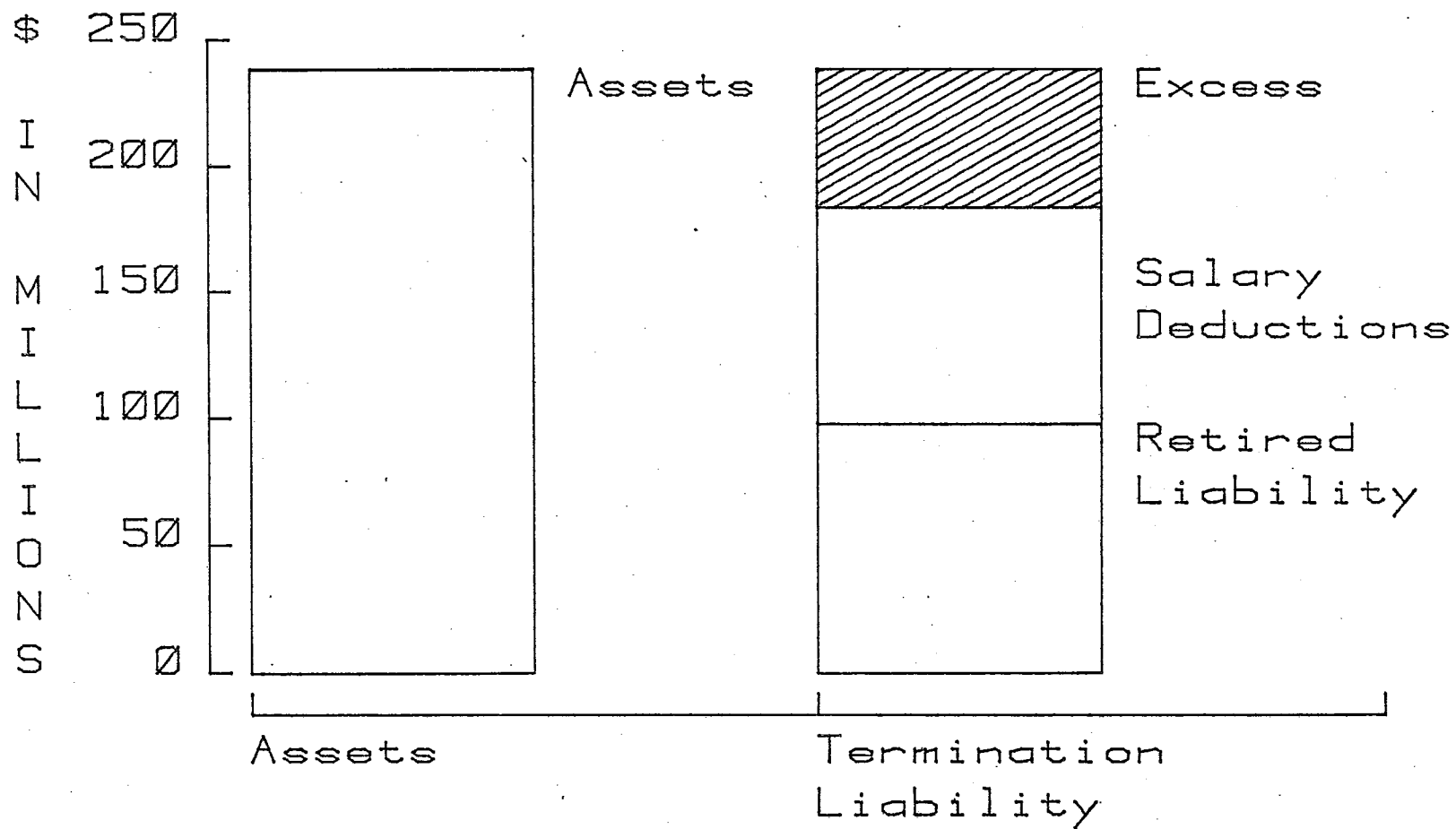
In other words....if the pension fund was terminated as of valuation date, an excess amount of \$54,654,489 would exist after providing lifetime pensions to those now retired and to return all active members' contributions.

Or the assets on hand amounting to \$238,242,772 would be sufficient to provide for the future lifetimes for all retired annuitants, widows and spouses of annuitants, for whom the total liability is \$97,598,923, the difference between the total assets and such reserve liability or \$140,643,849 could be paid to active employees.

As there were 5,847 active employees, the average amount that could be paid to each such member would be \$24,054. The average amount contributed is \$14,707 so that 164% of what was contributed could be returned to each active employee. This measure does not provide for any retirement benefit which may be accrued and may have a greater value.

The following chart illustrates the excess of assets over the termination liability upon terminating the plan (the hatched area).

# LABORERS' A & B FUND OF CHICAGO Assets and Termination Liability



## THE FUTURE

As in the past - a continuous review of the Fund's operating experience is needed. 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.

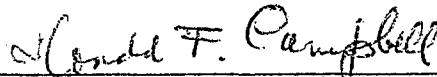
For example, for every \$1.00 in salary increase over the 5% increases assumed in the salary scale the unfunded liability will be increased by about \$2.28. This will be in addition to the additional current annual service cost for every dollar in salary over the 5% salary scale assumed.

These additional costs will be reduced to some extent by the annual amount of investment income earned over the assumed 6% used for valuation purposes. The extent of the reduction will depend on the relative amounts of these two items.

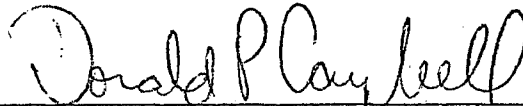
The alternative funding methods indicate the imperative need to monitor Fund income if future Fund obligations are to be met.

The disadvantage of funding methods that use the level percent of payroll funding of past service is that the unfunded liability will continually increase if salaries continue at the predicted rates. Subject, however, to projections of contributions and disbursements for potential cost flow problems the level percent of payroll method would appear to provide a long range level funding method on a minimum funding basis whether for interest only or over 40 year period.

Respectfully submitted,



Donald F. Campbell, F.C.A., M.A.A.A.  
Enrolled Actuary # 1248



Donald P. Campbell, F.S.A., M.C.A., M.A.A.A.  
Enrolled Actuary #1498

DFC:jd

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LABORERS' AND RETIREMENT BOARD  
EMPLOYEES' ANNUITY AND BENEFIT  
FUND OF CHICAGO

ACTUARIAL BALANCE SHEET

AS OF

DECEMBER 31, 1980

ASSETS

AND

LIABILITIES

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ASSETSACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1980

CASH:		
On Deposit		\$ 791,676.42
INVESTMENTS:		
Bonds - Par Value	\$173,875,735.00	
Bond Premiums & Discounts	( 8,199,926.94)	
Common Stocks - Cost	51,257,524.74	
Accrued Bond Interest	3,758,699.87	
Due from Broker	<u>1,318,139.73</u>	
Total Investments		\$222,010,172.40
ACCOUNTS RECEIVABLE - TAXES (See Exhibit "D")		
Replacement Tax From State	\$ 4,501,285.00	
Tax Extension	\$ 17,527,486.59	
Less: Estimates for Loss on Collection	<u>6,104,481.00</u>	
Net Taxes Receivable		\$ 15,924,290.59
OTHER ACCOUNTS RECEIVABLE:		
Salary Deductions Accrued	\$ 699,865.17	
Miscellaneous Employee Accounts	<u>42,587.91</u>	
Total Other Accounts Receivable		\$ 742,453.08
GROSS LEDGER ASSETS		<u>\$239,468,592.49</u>
LESS: ACCOUNTS PAYABLE:		
Miscellaneous Employee Accounts	\$ 1,224,263.09	
Military Service Deductions		
Excess from Refunds	<u>1,557.71</u>	
Total Accounts Payable		\$ 1,225,820.80
NET LEDGER ASSETS		<u>\$238,242,771.69</u>

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

LIABILITIES AND FUND BALANCESACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1980

ANNUITY PAYMENT FUND ACCOUNT:		
(Based on 4% Amer. Exp. & 3% Comb.)		
Employee Annuitants	\$31,454,212.20	
Employee Annuities Fixed	5,879,820.12	
Spouse Annuitants	12,679,360.80	
Spouses' Annuities Fixed	<u>7,076,083.25</u>	
Total Annuity Payment Fund		\$ 57,089,476.37
SALARY DEDUCTION FUND ACCOUNT:		
Employees	\$62,353,239.13	
Spouses of Employees	<u>13,506,977.26</u>	
Total Salary Deduction Fund		\$ 75,860,216.39
CITY CONTRIBUTION FUND ACCOUNT:		
Employees	\$59,448,368.53	
Spouses of Employees	19,120,589.38	
Supplemental Annuities	<u>12,289.56</u>	
Total City Contribution Fund		\$ 78,581,247.47
OTHER RESERVES:		
Supplementary Payment Reserve	\$ 99,756.51	
Annuity Payment Fund Account	<u>8,563,421.46</u>	
Total Other Reserves		\$ 8,663,177.97
PRIOR SERVICE FUND ACCOUNT:		
(Based on 4% Amer. Exp. & 3% Comb.)		
Employee Annuitants	\$43,907,346.24	
Employee Annuities Fixed	3,350,604.96	
Spouse Annuitants	1,978,421.04	
Spouses' Annuities Fixed	2,976,371.37	
Salary Deductions 2% Annuity	5,179,425.94	
Estimated Excess Liability (Note 1)	<u>67,778,531.92</u>	
Total Prior Service Account		\$125,170,701.47
TOTAL LIABILITIES		\$345,364,819.67
Obligations of Fund for Prior Service Liabilities (Note 1)		( <u>107,122,047.98</u> )
TOTAL NET LIABILITIES AND FUND BALANCES		<u>\$238,242,771.69</u>

Note 1 - The letter of transmittal attached hereto sets forth the manner in which this liability was determined.

LABORERS' AND RETIREMENT BOARD  
EMPLOYEES' ANNUITY AND BENEFIT  
FUND OF CHICAGO

INCOME

YEAR 1980

INCOME

AND

EXPENDITURES

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

INCOME FOR YEAR OF 1980

## SALARY DEDUCTIONS:

## Total Contributions by Employee

Employee	\$ 7,202,718.68	
Spouse	1,572,068.40	
Automatic Increase	546,371.70	
Ordinary Disability - Ded. in Lieu	240,960.96	
Received From Municipal Fund	10,636.43	
Temporary Service Payments	23,813.06	
Total Contributed by Employee		\$ 9,596,569.23

## Total Contributed by City

Duty Disability - Ded. in Lieu	133,342.93	
Total Contributed By City		\$ 133,342.93

## Total Salary Deductions

\$ 9,729,912.16

## CITY CONTRIBUTIONS:

(1980 Taxes of \$ 8,944,408 (City) plus  
\$29,000 (Park) Less 5% for Loss of  
Collection \$448,670 Plus Replacement Tax  
From State of \$3,266,592)

Employees	\$ 6,595,748.43
Spouses of Employees	2,217,570.64
Ordinary Disability Fund	1,422,028.68
Duty Disability Fund	389,518.41
Child's Annuity Payment Fund	118,864.12
Expense Fund	440,591.05
Interest on Income	144,454.71
Prior Service Annuity Fund	462,553.96

## Total City Contributions

\$11,791,330.00

## INVESTMENT INCOME:

Interest on Bonds	\$14,505,164.81
Dividends	2,483,620.17
Gain (Loss) on Sale of Bonds*	( 6,757,953.58)
Gain (Loss) on Sale of Stocks	2,396,029.51

## Total Investment Income

\$12,626,860.91

## TOTAL INCOME FORWARDED

\$34,148,103.07

\*Losses were advisedly taken in order to replace low interest yielding bonds with higher interest yielding bonds with the eventual result of a financial gain sufficient to more than offset a present temporary loss.

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

EXPENDITURES FOR YEAR 1980

TOTAL INCOME FORWARDED		\$34,148,103.07
ANNUITIES AND BENEFITS PAID:		
Employees' Annuities	\$8,591,787.16	
Spouses' Annuities	1,614,326.44	
Compensation Annuities	3,469.32	
Children's Annuities	118,864.12	
Ordinary Disability	1,408,837.25	
Duty Disability	365,268.98	
Supplementary Payments	66,365.28	
	<u>                    </u>	
Total Benefits Paid	\$12,168,918.55	
Reciprocal Act Re- imbursements	( 7,626.35)	
	<u>                    </u>	
Net Benefits Paid		\$12,161,292.20
EXPENSE OF ADMINISTRATION:		
Salaries:		
Regular Employees	\$ 109,785.83	
Blue Cross & Blue Shield	4,137.60	
Services:		
Actuarial	214,065.52	
Auditing	16,100.00	
Investment	36,000.00	
Office Supplies and Equipment	4,752.64	
Printing and Stationery	7,475.99	
Postage	10,000.00	
Rent & Electricity	30,377.13	
Telephone & Telegraph	1,089.74	
Miscellaneous	6,806.60	
	<u>                    </u>	
Total Expenses		\$ 440,591.05
REFUNDS		<u>4,195,055.49</u>
TOTAL EXPENDITURES		<u>\$16,796,948.74</u>
EXCESS INCOME OVER EXPENDITURES		\$17,351,164.33
Net Change in Reserve for Loss on Collection and Taxes Receivable for Prior Years		<u>80,828.88</u>
INCREASE IN NET ASSETS FOR YEAR		<u><u>\$17,431,993.21</u></u>

LABORERS' AND RETIREMENT BOARD  
EMPLOYEES' ANNUITY AND BENEFIT  
FUND OF CHICAGO

COMPARATIVE ANALYSIS

YEAR 1980

ASSETS

AND

LIABILITIES

## Exhibit "C"

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

COMPARATIVE ANALYSIS

	<u>ASSETS</u>		
	<u>1/1/1980</u>	<u>12/31/1980</u>	<u>Increase (Decrease)</u>
CASH:			
On Deposit	(\$ 1,146,731)	\$ 791,676	\$ 1,938,407
INVESTMENTS:			
Bonds (Par Value)	\$161,312,574	\$172,875,735	\$11,563,161
Bond Premiums & Discounts	( 5,599,771)	( 7,199,927)	( 1,600,156)
Common Stocks - Cost	50,031,027	51,257,525	1,226,498
Due From Broker	416,517	1,318,140	901,623
Accrued Bond Interest	3,150,356	3,758,700	608,344
Accrued Dividends	0	0	0
Total Investments	\$209,310,703	\$222,010,173	\$12,699,470
ACCOUNTS RECEIVABLE - TAXES			
Replacement Tax From State	\$ 3,133,949	\$ 4,501,285	\$ 1,367,336
Tax Extension	15,938,439	17,527,487	1,589,048
Less: Estimates for L/C	6,679,058	6,104,481	( 574,577)
Net Taxes Receivable	\$ 12,393,330	\$ 15,924,291	\$ 3,530,961
TAXES IN TRANSIT	\$ 0	\$ 0	\$ 0
OTHER ACCOUNTS RECEIVABLE:			
Salary Deductions Accrued	\$ 1,344,305	\$ 699,865	(\$ 644,440)
Misc. Employee Accounts	79,208	42,588	( 36,620)
Total Other Accts. Rec.	\$ 1,423,513	\$ 742,453	(\$ 681,060)
GROSS LEDGER ASSETS	\$221,980,815	\$239,468,593	\$17,487,778
LESS: ACCOUNTS PAYABLE:			
Misc. Employee Accts.	\$ 1,168,478	\$ 1,224,263	\$ 55,785
Military Service Deds.	1,558	1,558	0
Total Accts. Payable	\$ 1,170,036	\$ 1,225,821	\$ 55,785
NET LEDGER ASSETS	<u>\$220,810,779</u>	<u>\$238,242,772</u>	<u>\$17,431,993</u>



## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

COMPARATIVE ANALYSISLIABILITIES AND FUND BALANCES

	<u>1/1/1980</u>	<u>12/31/1980</u>	Increase (Decrease)
LIABILITY RESERVES:			
ANNUITY PAYMENT FUND:			
Employee Annuitants	\$ 27,982,762	\$ 31,454,212	\$ 3,471,450
Emp. Annuities Fixed	8,527,380	5,879,820	( 2,647,560)
Spouse Annuitants	11,620,647	12,679,361	1,058,714
Spouses' Annuities Fixed	6,881,069	7,076,083	195,014
Total	\$ 55,011,858	\$ 57,089,476	\$ 2,077,618
SALARY DEDUCTION FUND ACCOUNT:			
Employees	\$ 59,899,556	\$ 62,353,239	\$ 2,453,683
Spouses of Employees	12,849,553	13,506,977	657,424
Total	\$ 72,749,109	\$ 75,860,216	\$ 3,111,107
CITY CONT. FUND ACCOUNT:			
Employees	\$ 57,332,846	\$ 59,448,369	\$ 2,115,523
Spouses of Employees	18,326,808	19,120,589	793,781
Supplemental Annuities	12,737	12,290	( 447)
Total	\$ 75,672,391	\$ 78,581,248	\$ 2,908,857
OTHER RESERVES:			
Supplemental Pymt. Res.	\$ 66,122	\$ 99,757	\$ 33,635
Annuity Fund Account	8,251,779	8,563,422	311,643
Total	\$ 8,317,901	\$ 8,663,179	\$ 345,278
PRIOR SERVICE FUND ACCOUNT:			
Employee Annuitants	\$ 37,973,839	\$ 43,907,346	\$ 5,933,507
Emp. Annuities Fixed	12,569	3,350,605	3,338,036
Spouse Annuitants	1,700,659	1,978,421	277,762
Spouses' Annuities Fixed	2,157,678	2,976,371	818,693
Sal. Ded. 2% Annuity	4,735,214	5,179,426	444,212
Estimated Excess Liability	65,036,816	67,778,532	2,741,716
Total	\$111,616,775	\$125,170,701	\$13,553,926
TOTAL LIABILITIES	\$323,368,034	\$345,364,820	\$21,996,786
UNFUNDED OBLIGATIONS	( 102,557,256)	( 107,122,048)	( 4,564,792)
TOTAL NET LIABILITIES	\$220,810,778	\$238,242,772	\$ 17,431,994

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

TAXES RECEIVABLEDECEMBER 31, 1980

Year	<u>Uncollected Taxes 12-31-80</u>	<u>Estimate for Loss 12-31-79</u>	<u>Additional Est. Setup 12-31-80</u>	<u>Total Est. for loss 12-31-80</u>	<u>Taxes Collectible 12-31-80</u>
CITY:					
1976	\$ 1,431,741.42	\$1,417,647.00	\$	\$1,417,647.00	\$ 14,094.42
1977	1,813,767.93	1,755,336.00		1,755,336.00	58,431.93
1978	2,322,820.02	2,052,001.00		2,052,001.00	270,819.02
1979	2,965,858.03	418,302.00		418,302.00	2,547,556.03
1980	8,944,408.00		447,220.00	447,220.00	8,497,188.00
	<u>\$17,478,595.40</u>	<u>\$5,643,286.00</u>	<u>\$ 447,220.00</u>	<u>\$6,090,506.00</u>	<u>\$11,388,089.40</u>
1979	\$ 1,234,693.00	Replacement tax due from State			\$ 1,234,693.00
1980	\$ 3,266,592.00				\$ 3,266,592.00
	\$ 4,501,285.00				\$ 4,501,285.00
	\$21,979,880.40				\$15,889,374.40
PARK DISTRICT:					
1976	\$ 4,856.35	\$ 3,500.00	\$	\$ 3,500.00	\$ 1,356.35
1977	5,451.53	3,750.00		3,750.00	1,701.53
1978	6,215.20	3,875.00		3,875.00	2,340.20
1979	3,368.11	1,400.00		1,400.00	1,968.11
1980	29,000.00		1,450.00	1,450.00	27,550.00
	<u>\$ 48,891.19</u>	<u>\$ 12,525.00</u>	<u>\$ 1,450.00</u>	<u>\$ 13,975.00</u>	<u>\$ 34,916.19</u>
TOTAL:					
	<u>\$22,028,771.59</u>	<u>\$5,655,811.00</u>	<u>\$ 448,670.00</u>	<u>\$6,104,481.00</u>	<u>\$15,924,290.59</u>

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

MEMBERSHIP STATISTICSYEAR 1980

	<u>Number at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Number At End of Year</u>
A. Changes in Active Participants				
Male	5,470	1,221	1,457	5,234
Female	<u>705</u>	<u>87</u>	<u>179</u>	<u>613</u>
Total	<u>6,175</u>	<u>1,308</u>	<u>1,636</u>	<u>5,847</u>
B. Changes In Annuitants & Beneficiaries				
Employee Annuitants	2,183	268	114	2,337
Spouse Annuitants	1,106	94	46	1,154
Children's Annuities	153	15	29	139
Ordinary Disability Benefits	139	296	283	152
Duty Disability Benefits	22	670	667	25
Reversionary (Beneficiaries)	1	0	0	1
Reciprocal: Employee	44	7	9	42
Spouse	5	1	0	6
Widow Compensation Annuities	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total	<u>3,655</u>	<u>1,351</u>	<u>1,148</u>	<u>3,858</u>
C. Ratio of Active Participants to Annuitants & Beneficiaries				
	<u>1.69</u>			<u>1.52</u>

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SALARY AND AGE STATISTICSYEAR 1980Ages and Salaries as of December 31, 1980Male

<u>Ages</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Average Annual Salaries</u>
Under 20	35	\$ 611,400	\$17,469
20 - 24	452	8,626,224	19,085
25 - 29	637	12,283,752	19,284
30 - 34	486	9,609,264	19,772
35 - 39	425	8,504,112	20,010
40 - 44	495	10,035,600	20,274
45 - 49	492	9,855,480	20,031
50 - 54	697	13,878,816	19,912
55 - 59	659	12,788,736	19,406
60 - 64	526	10,226,904	19,443
65 - 69	175	3,477,120	19,869
70 & Over	77	1,496,496	19,435
Without Record	78	1,486,032	19,052
Total	<u>5234</u>	<u>\$102,879,936</u>	<u>\$19,656</u>

Female

Under 20	1	\$ 8,808	\$ 8,808
20 - 24	3	30,408	10,136
25 - 29	2	27,624	13,812
30 - 34	1	13,680	13,680
35 - 39	5	56,016	11,203
40 - 44	17	184,440	10,849
45 - 49	41	444,792	10,849
50 - 54	90	933,672	10,374
55 - 59	169	1,606,704	9,507
60 - 64	200	1,939,296	9,696
65 - 69	79	671,016	8,494
70 & Over	4	43,824	10,956
W/O under	1	14,280	14,280
Total	<u>613</u>	<u>\$ 5,974,560</u>	<u>\$ 9,746</u>

TOTAL MALE AND FEMALE	<u>5847</u>	<u>\$108,854,496</u>	<u>\$18,617</u>
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## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SALARY AND AGE STATISTICSYEAR 1980Ages at EntranceMALEFEMALE

	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
Under 25	1,633	\$32,646,936	12	\$ 172,056
25 - 29	992	19,677,312	36	449,712
30 - 34	722	14,162,752	64	692,545
35 - 39	594	11,593,098	133	1,301,940
40 - 44	520	10,041,720	185	1,811,890
45 - 49	353	6,839,002	139	1,183,585
50 - 54	203	3,787,370	32	240,704
55 - 59	110	2,115,740	10	102,980
60 & Over	29	530,000	1	14,300
W/O record	78	1,486,006	1	4,848
Totals	<u>5,234</u>	<u>\$102,879,936</u>	<u>613</u>	<u>\$5,974,560</u>

Average Annual Salary	\$19,656	\$9,746
Average Attained Age	43.3	57.6
Average Service	12.2	17.3
Average Age at Entrance	31.8	40.5

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

AGE AND SERVICE DISTRIBUTIONYEAR 1980

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

Ages	Years of Service									Total
	<u>Under 1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35+</u>	
00-20	32 17288	4 16752								36 17228
20-24	91 17824	303 19162	61 20138							455 19026
25-29	81 18348	283 18801	256 19945	19 20986						639 19267
30-34	47 18566	152 19307	177 19849	108 20926	3 14128					487 19760
35-39	31 17367	101 18819	105 20140	92 20770	87 20718	14 20925				430 19907
40-44	23 18500	91 19199	89 19832	101 20403	144 19408	62 22289	2 22536			512 19961
45-49	23 18476	78 19200	89 19880	80 18552	123 18979	83 18521	55 21936	2 23028		533 19325
50-54	14 17169	67 18938	99 18949	101 17860	161 16391	120 19055	167 20292	57 22558	1 23256	787 18821
55-59	11 16896	37 17364	76 19428	122 16806	209 14019	134 17056	131 19570	104 20702	4 27000	828 17386
60-64	7 17037	31 18489	54 18019	91 17523	196 12778	146 17517	117 18846	79 19198	5 24480	726 16758
65-69		4 19440	16 20169	34 17100	73 12194	49 16708	43 19223	30 18150	5 17270	254 16331
70+			4 15210	11 19529	10 19097	18 18284	16 18500	16 20040	6 21324	81 19016
W/O	10 18749	24 17432	28 19709	9 20501	5 19627	1 11328	2 24312			79 18991
No.	370	1175	1054	768	1011	627	533	288	21	5847
Sal.	17989	18940	19694	18938	16050	18343	19850	20371	22283	18617
Age										45.6
Service										12.5

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ANNUITANTS CLASSIFIED BY AGE AS OF 12/31/1980Retirement Annuities

Ages	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
25 - 29	1	\$ 600	\$ 600		\$	\$
30 - 34						
35 - 39						
40 - 44						
45 - 49	2	1,741	870			
50 - 54	6	10,230	1,705			
55 - 59	50	253,978	5,080	8	13,855	1,732
60 - 64	184	1,242,910	6,755	68	189,654	2,789
65 - 69	414	2,339,444	5,651	236	576,682	2,444
70 - 74	336	1,748,171	5,203	254	472,955	1,862
75 - 79	221	826,528	3,740	166	296,565	1,787
80 - 84	114	383,934	3,368	118	192,821	1,634
85 - 89	70	257,920	3,685	55	80,129	1,457
90 - 94	19	50,250	2,645	12	16,715	797
95 - 99	1	342	342	2	3,277	1,639
Totals	<u>1418</u>	<u>\$7,116,048</u>	<u>\$5,018</u>	<u>919</u>	<u>\$1,842,653</u>	<u>\$2,005</u>
Average Age			<u>71</u>			<u>73</u>

Spouses Annuities (Not Including Compensation)

Ages	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
20 - 24		\$	\$		\$	\$
25 - 29	1	1,200	1,200			
30 - 34				2	2,400	1,200
35 - 39				6	6,102	1,017
40 - 44				21	23,083	1,099
45 - 49				24	31,344	1,306
50 - 54				61	93,992	1,541
55 - 59	1	1,200	1,200	122	214,740	1,760
60 - 64	4	4,800	1,200	187	323,181	1,728
65 - 69	1	1,200	1,200	201	330,138	1,642
70 - 74	1	1,200	1,200	199	302,080	1,518
75 - 79				137	175,630	1,282
80 - 84				120	125,126	1,043
85 - 89				46	35,740	777
90 - 94				17	14,396	847
95 - 99				3	1,524	508
Totals	<u>8</u>	<u>\$ 9,600</u>	<u>\$1,200</u>	<u>1,146</u>	<u>\$1,679,476</u>	<u>\$1,466</u>
Average Age			<u>60</u>			<u>68</u>

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

NEW ANNUITIES GRANTEDAS OF DECEMBER 31, 1980

	<u>Male Annuitants</u>	<u>Female Annuitants</u>	<u>Widows of Deceased Employees</u>	<u>Widows of Deceased Annuitants</u>
Number Retired	187	81	34	60
Average Attained Age	65.2	65.9	56.6	68.9
Average Length of Service	21.8	20.4	17.6	N/A
Average Annual Salary (4 out of 10)	\$ 13,620	\$ 5,952	N/A	N/A
Average Annual Final Salary	\$ 17,544	\$ 7,836	N/A	N/A
Total Annual Annuity	\$ 1,180,008	\$ 227,175	\$ 79,828	\$ 136,476
Average Annual Annuity	\$ 6,310	\$ 2,805	\$ 2,348	\$ 2,275
Total Liability (6% 1951 G.A.)	\$12,799,832	\$2,391,545	\$ 901,183	\$1,078,841
Average Liability	\$ 68,448	\$ 29,525	\$ 26,505	\$ 17,980
Total Cost For Income Tax Purposes	\$ 2,744,044	\$ 497,746	443,317	N/A
Average Cost	\$ 14,674	\$ 6,145	13,039	N/A



## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY 1964 to 1980AVERAGE ANNUAL SALARIES ENTIRE FUND

	<u>Total Members In Ser- vice(1)</u>	<u>Percentage Increase Of Preceding Year</u>	<u>Total Salaries</u>	<u>Percentage Increase Of Preceding Year</u>	<u>Average Annual Salaries</u>	<u>Percentage Increase Of Preceding Year</u>
1964	7,868		\$ 44,441,712		\$ 5,648	
1965	7,936	0.9%	45,872,832	3.2%	5,780	2.3%
1966	7,995	0.7	47,598,552	3.8	5,954	3.0
1967	8,102	1.3	52,268,304	9.8	6,451	8.3
1968	7,891	(2.6)	56,165,136	7.5	7,118	10.3
1969	7,777	(1.4)	60,523,296	7.8	7,782	9.3
1970	7,220	(7.2)	62,916,768	4.0	8,714	12.0
1971	6,864	(4.9)	66,142,320	5.1	9,636	10.6
1972	6,971	1.6	69,950,692	5.8	10,035	4.1
1973	6,752	(3.1)	73,108,848	4.5	10,828	7.9
1974	6,638	(1.7)	78,526,728	7.4	11,830	9.3
1975	7,032	5.9	89,276,280	13.7	12,696	7.3
1976	6,811	(3.1)	90,487,008	1.4	13,285	4.6
1977	6,752	(0.9)	98,029,296	8.3	14,519	9.3
1978	6,613	(2.1)	103,399,152	5.5	15,636	7.7
1979	6,175	(6.6)	105,825,264	2.3	17,138	9.6
1980	5,847	(5.3)	108,854,496	2.9	18,617	8.6

Average Increase  
for the last 5  
years

(3.6)%

4.1%

8.0%

(1) Includes those members who were on disability

(2) Average annual increase in salary 1964 - 1980 about 7.96% compounded.

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF TOTAL ANNUITIES 1968 - 1980Employee Annuitants (Male & Female)

	<u>Number Of Annuitants</u>	<u>Total Annuities</u>	<u>Average Annuities</u>
1968	1,572	\$2,389,710	\$1,520
1969	1,593	2,495,396	1,566
1970	1,651	2,779,061	1,683
1971	1,675	2,927,594	1,748
1972	1,724	3,373,308	1,957
1973	1,777	3,781,854	2,128
1974	1,831	4,331,609	2,366
1975	1,907	4,887,747	2,563
1976	2,009	5,633,971	2,804
1977	2,087	6,287,310	3,013
1978	2,188	7,162,866	3,274
1979	2,227	7,976,776	3,582
1980	2,379	8,958,700	3,766

Spouse Annuitants  
(Not Including Compensation)

1968	875	\$ 580,690	\$ 664
1969	909	640,079	704
1970	928	673,352	726
1971	921	711,618	773
1972	932	775,469	832
1973	967	860,410	890
1974	997	959,632	963
1975	1,022	1,053,816	1,031
1976	1,041	1,142,064	1,097
1977	1,059	1,267,194	1,197
1978	1,075	1,381,263	1,285
1979	1,111	1,523,370	1,371
1980	1,154	1,689,076	1,464

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF INVESTMENT YIELDSNonrecurring Gains and Losses are Excluded from Income

<u>Year</u>	<u>Investment Yield on Total Assets</u>	<u>Investment Yield on Invested Assets</u>
December 31, 1971	4.75%	4.99%
December 31, 1972	5.47	5.70
December 31, 1973	5.76	6.03
December 31, 1974	6.58	6.98
December 31, 1975	7.25	7.73
December 31, 1976	7.23	7.65
December 31, 1977	7.01	7.35
December 31, 1978	6.61	6.97
December 31, 1979	7.38	7.82
December 31, 1980	7.69	8.20
Average of Last 5 Years	7.18%	7.60%

Nonrecurring Gains and Losses are Included in Income

<u>Year</u>	<u>Investment Yield on Total Assets</u>	<u>Investment Yield on Invested Assets</u>
December 31, 1971	3.95%	4.14%
December 31, 1972	4.79	5.00
December 31, 1973	3.60	3.77
December 31, 1974	3.55	3.76
December 31, 1975	6.17	6.58
December 31, 1976	6.98	7.39
December 31, 1977	7.00	7.35
December 31, 1978	5.34	5.62
December 31, 1979	6.61	7.00
December 31, 1980	5.66	6.03
Average of Last 5 Years	6.32%	6.68%

## Notes:

$$\text{Yield} = \frac{\text{Investment Income}}{\frac{1}{2} (\text{Assets at beginning} + \text{end}) - \frac{1}{2} \text{Investment Income}}$$

Bonds valued at amortized value, stocks at cost.  
Market values are not considered.

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF FINANCIAL INFORMATION\*

<u>Year End</u>	<u>Employee Contributions(1)</u>	<u>Employer Contributions(2)</u>	<u>Investment Income (3)</u>	<u>Total Income</u>
71	\$ 5,254,928	\$ 4,241,819	\$ 4,145,156	\$13,641,903
72	5,928,386	4,793,135	5,391,547	16,113,068
73	6,269,104	5,463,149	4,394,426	16,126,679
74	6,597,012	6,103,125	4,646,080	17,346,217
75	7,375,222	6,699,000	8,665,212	22,739,434
76	7,887,179	7,287,000	10,785,585	25,959,764
77	8,568,248	8,470,000	11,993,200	29,031,448
78	9,077,825	9,477,125	10,112,216	28,667,166
79	9,571,764	11,108,298	13,547,589	34,227,651
80	9,729,912	11,791,330	12,626,861	34,148,103

<u>Year End</u>	<u>Pay Outs(4)</u>	<u>Income Less Pay Outs(5)</u>	<u>Pay Outs To Assets</u>	<u>Income To Assets</u>	<u>Pay Outs To Income</u>
71	\$ 6,829,674	\$ 6,812,229	6.2%	12.4%	50.1%
72	6,425,129	9,687,939	5.4	13.4	39.9
73	7,125,454	9,001,225	5.5	12.5	44.2
74	7,999,287	9,346,930	5.8	12.6	46.1
75	8,690,763	14,048,671	5.7	15.0	38.2
76	9,482,736	16,477,028	5.6	15.4	36.5
77	10,819,180	18,212,268	5.8	15.6	37.3
78	12,454,451	16,212,715	6.1	14.1	43.4
79	14,055,673	20,171,977	6.4	15.5	41.1
80	16,796,949	17,351,154	7.1	14.3	49.2

\*Statistical material suggested by the Laborers' Finance Officers Association in the disclosure guidelines for security offerings by the State and Local Government.

- (1) Includes Deductions In Lieu for Disability.
- (2) Net Tax Levy and Miscellaneous Income.
- (3) Includes Realized Net Loss on Sale and Exchange of Bonds.
- (4) Includes Pensions, Benefits, Refunds and Administrative Expenses.
- (5) Does Not Include Prior Year Adjustments.

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF FINANCIAL INFORMATIONANNUAL ACTUARIAL REQUIREMENTS

Actuarial Recommended Contribution (Employer and Employee)  
Normal Cost Plus Various Amortization Methods.

<u>Year</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>Expressed as</u>		
	<u>NC Plus Interest</u>	<u>NC Plus ERISA 40 Year Amortization</u>	<u>NC Plus Increasing % of Salary at 3½%</u>	<u>Percentage of Salary Beginning of Year</u>		
77	\$17,063,326	\$17,607,328	\$15,240,172	18.86%	19.46%	16.84%
78	18,468,103	19,054,056	16,504,353	18.84	19.44	16.84
79	20,575,276	21,211,686	18,442,428	19.90	20.51	17.84
80	21,699,408	22,362,086	19,478,525	20.50	21.13	18.41
81 EST	25,019,195	25,711,368	22,699,461	22.98	23.62	20.85

Actual Employer and Employee Contribution

<u>Year</u>	<u>D</u>	<u>E</u>	<u>Expressed as a</u>	
	<u>Employer</u>	<u>Employee</u>	<u>Percentage of Salary Beginning of Year</u>	
77	\$ 8,470,000	\$ 8,568,248	9.36%	9.47%
78	9,477,125	9,077,825	9.67	9.26
79	11,108,298	9,571,764	10.74	9.26
80	11,791,330	9,729,912	11.14	9.19
81 EST	12,432,960	9,252,632	11.42	8.50

Deficiency (Excess) In Annual Contribution

<u>Year</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>Expressed as a</u>		
	<u>NC Plus Interest</u>	<u>NC Plus ERISA 40 Year Amortization</u>	<u>NC Plus Increasing % of Salary at 3½%</u>	<u>Percentage of Salary Beginning of Year</u>		
77	\$ 25,078	\$ 569,080	( \$1,798,076)	.03%	.63%	(1.99%)
78	( 86,847)	499,106	( 2,050,597)	( .09 )	.51	(2.09)
79	( 104,786)	531,624	( 2,237,634)	( .10 )	.51	(2.16)
80	178,166	840,844	( 2,042,717)	.17	.79	(1.93)
81 EST	3,333,603	4,025,776	1,013,869	3.06	3.70	.93

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF FINANCIAL INFORMATIONACCRUED AND UNFUNDED LIABILITIES

<u>Year End</u>	<u>Accrued Liability</u>	<u>Assets At Book Value</u>	<u>Funded Ratio</u>	<u>Unfunded Accrued Liability</u>	<u>Payroll</u>	<u>Unfunded Accrued % Payroll</u>
71	\$158,815,569	\$110,423,040	69.5%	\$ 48,392,529	\$ 66,142,320	73%
72	172,160,657	120,072,655	69.7	52,088,002	69,950,692	74
73	197,782,050	128,624,035	65.0	69,158,015	73,108,848	95
74	215,636,093	137,709,821	63.9	77,926,272	78,526,728	99
75	242,216,859	151,749,085	62.7	90,467,774	89,276,280	101
76*	252,410,689	168,219,982	66.6	84,190,707	90,487,008	93
77	277,111,671	186,428,465	67.3	90,683,205	98,029,296	93
78	301,135,468	202,643,520	67.3	98,491,948	103,399,152	95
79	323,368,034	220,810,778	68.3	102,557,256	105,825,264	97
80	345,364,820	238,242,772	69.0	107,122,048	108,854,496	98

SOLVENCY (TERMINATION) TEST

<u>Year End</u>	<u>Retired Liability</u>	<u>Active Member Salary Deductions</u>	<u>Total Term. Liab.</u>	<u>Assets At Book Value</u>	<u>Termination Cost (Excess)</u>	<u>Quick Ratio Assets to Term. Liab.</u>
75	\$56,403,573	\$63,162,106	\$119,565,679	\$151,749,085	\$(32,183,406)	127%
76*	61,271,047	68,189,205	129,460,252	168,219,982	(38,759,730)	130
77	67,977,467	73,608,310	141,585,777	186,428,466	(44,842,689)	132
78	77,603,101	78,072,062	155,675,163	202,643,520	(46,968,357)	130
79	86,918,802	83,057,007	169,975,809	220,810,778	(50,834,969)	130
80	97,598,923	85,989,360	183,588,283	238,242,772	(54,654,489)	130

\* Change in valuation assumptions  
Quick ratio is defined as assets divided by the termination liability

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Method: The actuarial funding method used is the ENTRY AGE NORMAL METHOD.

This cost method assigns to each year of employment a constant percentage of an employees 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, mortality and pension fund earnings, since the actual pension can only be known 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 which should have been paid 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 keep the UNFUNDED LIABILITY from increasing if all assumptions are realized. This amount is called INTEREST ONLY on the UNFUNDED LIABILITY.

The total actuarial contribution required to the fund is equal to the CURRENT SERVICE COSTS plus INTEREST ONLY on the UNFUNDED LIABILITY. This is the funding policy. This minimum method of funding, often referred to as 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 give effect to all interested groups including opinions often expressed by the Civic Federation. No funds are provided for amortization of the UNFUNDED LIABILITY.

Reserves for employee retirement annuities, spouses retirement annuities and death benefit annuities are valued on the entry age normal method. Grouped ages of entry, 22, 27, 32, 37, 42, 47, 52, 57, 62 and over, are used.

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

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

- 1) Duty Disability Benefits
- 2) Ordinary Disability Benefits
- 3) Children's Annuities
- 4) Refunds - including refunds for no wife
- 5) Expense of administration

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

Actuarial Assumptions:Mortality:

Active Members, Present and Future Retired Members and Spouses: 1951 GROUP ANNUITY MORTALITY TABLE, male and female. Past experience indicates this table's adequacy. For active lives in 1980, the experience was 157% of expected. The retired life employee 1980 experience was 106% of expected and the spouse experience was 121% of expected.

Interest: 6% a year, compounded annually. An exhibit details the investment yields the Fund actually realized over the past few years.

Interest earnings over the assumed rate can be used to reduce losses which 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, say, that the youngest employee in the fund will work, then retire on pension for the rest of his life. There is no guarantee that the current high interest rates will continue over this period.

Salary Increase: 5% a year, compounded annually. An exhibit details the annual increase in the average salary over the past years which averages greater than 5%.

It should be remembered that pensions are based directly upon salary. If it is believed that the recent pattern will continue in the long range future, the salary scale assumption will need to be increased.

Increased costs would necessarily result with the extent of the increase in cost depending on the extent of the increase in salary over the assumed long range.



## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Rate of Retirement: The rates of retirement used in this valuation are shown in Exhibit "0" for each age of entrance group into the service and are based on 1973, 1974 and 1975 experience of the Fund adjusted to 1978.

These rates reflect the changing pattern of retirement. For 1979 the actual retirements were heavier than expected, the 1980 experience was 146% of expected.

Rate of Termination: These rates are shown in Exhibit "0" and are based on the experience of the Fund for the years 1973, 1974 and 1975 adjusted to 1978. The rate of withdrawal for 1979 was heavier than expected. The 1980 experience was 263% of expected.

Proportion Married: The scale is shown in Exhibit "0".

Active Membership: It is assumed that the future active membership of the Fund will approximate its present membership, which as of December 31, 1980 was made up of 5,234 males and 613 females.

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

Asset Value: Bonds are amortized value; stocks are at cost.

Reciprocal Benefits: Active life normal costs and reserves are loaded 1%.

Loss on Tax Levy: 4% overall is assumed for all future years.

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SERVICE TABLE FUNCTIONSRate of RetirementMale

Attained Age	Age at Entrance								
	22	27	32	37	42	47	52	57	62
55	.065	.010	.007	.008	.002				
56	.135	.065	.008	.010	.003				
57	.187	.115	.010	.015	.005	.007			
58	.205	.146	.016	.020	.011	.009			
59	.219	.157	.035	.028	.021	.011			
60	.229	.160	.150	.046	.033	.015	.021	.017	
61	.236	.172	.193	.074	.055	.022	.037	.028	
62	.240	.210	.211	.115	.097	.044	.084	.042	
63	.245	.321	.225	.140	.116	.106	.134	.064	.125
64	.255	.336	.249	.216	.136	.174	.162	.081	.145
65	.324	.345	.334	.319	.152	.200	.178	.113	.167
66	.354	.350	.348	.348	.166	.217	.193	.130	.201
67	.363	.354	.356	.358	.180	.231	.205	.139	.227
68	.370	.359	.362	.364	.194	.246	.220	.146	.275
69	.374	.363	.367	.367	.208	.259	.232	.152	.290
70	.377	.365	.370	.371	.225	.270	.243	.157	.300
71	.379	.368	.373	.374	.240	.275	.250	.162	.309
72	.381	.371	.375	.377	.255	.280	.260	.167	.315
73	.383	.373	.377	.379	.265	.285	.271	.172	.321
74	.500	.500	.500	.500	.500	.500	.500	.500	.500
75	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Female

55	.028	.025	.021	.019	.013				
56	.036	.035	.023	.023	.016				
57	.044	.052	.024	.026	.021	.006			
58	.057	.067	.027	.031	.026	.009			
59	.068	.073	.031	.037	.034	.014			
60	.080	.085	.044	.045	.043	.023	.018	.019	
61	.097	.093	.098	.053	.056	.032	.027	.030	
62	.110	.098	.172	.060	.077	.047	.045	.043	
63	.120	.106	.193	.071	.095	.062	.070	.066	.070
64	.136	.123	.204	.083	.114	.100	.135	.100	.090
65	.154	.180	.213	.101	.136	.160	.163	.145	.153
66	.168	.221	.218	.141	.163	.173	.176	.172	.163
67	.176	.236	.228	.190	.183	.193	.182	.186	.168
68	.184	.246	.238	.228	.200	.204	.184	.194	.171
69	.189	.254	.259	.237	.214	.214	.188	.201	.174
70	.192	.258	.292	.248	.230	.221	.195	.207	.175
71	.194	.261	.307	.256	.243	.227	.211	.212	.177
72	.195	.264	.316	.261	.254	.233	.224	.216	.179
73	.196	.265	.322	.266	.271	.237	.240	.220	.181
74	.500	.500	.500	.500	.500	.500	.500	.500	.500
75	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SERVICE TABLE FUNCTIONS

Rates of Termination

Male

Attained Age	Age at Entrance								
	22	27	32	37	42	47	52	57	62
22	.223								
27	.116	.262							
32	.050	.100	.219						
37	.021	.046	.098	.221					
42	.012	.025	.022	.088	.176				
47	.005	.012	.010	.034	.080	.142			
52		.005	.005	.017	.028	.076	.120		
57							.046	.112	
62									.148
67									
72									

Female

22	.140								
27	.108	.174							
32	.052	.085	.108						
37	.022	.038	.062	.074					
42	.008	.022	.033	.051	.054				
47		.013	.017	.028	.033	.063			
52		.005	.009	.015	.020	.033	.054		
57							.036	.056	
62									.027
67									
72									

Attained Age	Male Death Rate 1951 GA Per 1,000	Female Death Rate 1951 GA Per 1,000	Proportion Married %
22	.6	.4	81
27	.8	.5	81
32	1.1	.7	81
37	1.5	1.0	80
42	2.4	1.5	83
47	4.5	2.3	83
52	7.9	3.5	84
57	12.2	5.6	82
62	18.3	9.8	80
67	30.1	16.5	78
70	39.3	23.1	74
75	62.4	44.3	74

# ILLINOIS PUBLIC EMPLOYEES PENSION LAWS COMMISSION IMPACT STATEMENT

Name of Retirement System: Laborers'

Total Annual Payroll: 5847

Bill No. \_\_\_\_\_

Total Number of Active Employees: \$108,854,496

**PRESENT FINANCIAL CONDITION AS OF VALUATION DATE**

Valuation Date	PRESENT PLAN
12-31-80	
(1) Accrued Pension Liability	\$345,364,820
(2) Present Assets	\$238,242,772
(3) Unfunded Liability = (1)-(2)	\$107,122,048
(4) Funded Ratio = (2) ÷ (1)	68.98%

II

PROPOSED LEGISLATION

III

PLAN IF PROPOSED LEGISLATION ENACTED

**DIRECTION OF FINANCIAL CONDITION: FOR YEAR BEGINNING ON VALUATION DATE**

	PRESENT PLAN	PER ACTIVE	% OF SALARY
(5) Minimum Recommended Annual Contribution	\$25,019,195	\$4279	22.98
1981 Levy \$12,951,000 Less 4%			
(6) Estimated Annual Employer Contribution	\$12,432,960	\$2126	11.42
(7) Estimated Annual Employee Contribution	\$ 9,252,632	\$1582	8.50
(8) Deficiency in Annual Contributions = (5)-(6)-(7)	\$ 3,333,603	\$ 570	3.06

PROPOSED LEGISLATION	PER ACTIVE	% OF SALARY	PLAN IF PROPOSED LEGISLATION ENACTED	PER ACTIVE	% OF SALARY

(9) Source of Funding Revenues:

IS THE ANNUAL COST FOR PROPOSED LEGISLATION

(10) Remarks

(For explanation of each line item see back of this statement )

Department of the Treasury Internal Revenue Service

This form is required to be filed under section 6058 of the Internal Revenue Code, referred to as the Code.

calendar plan year 1980 or fiscal plan year beginning January 1, 1980, and ending December 31, 1980

Please type this form or complete in ink and file the original.

- Plan number—Enter your 3 digit plan number in item 5(c); see instruction 5(c) for explanation of "plan number." If any item does not apply, enter "N/A."

1 (a) Name of plan sponsor (employer if for a single employer plan) City of Chicago. 1 (b) Employer identification number 361 6005820. Address (number and street) 121 North LaSalle Street. 1 (c) Business code number 9904. City or town, State and ZIP code Chicago, Illinois 60601. 1 (d) Telephone number of sponsor (312) 744-4000. 2 (a) Name of plan administrator (if other than plan sponsor) Board of Trustees, LaVerne Wilson - Executive Secretary. 2 (b) Administrator's employer identification no. 361 6001591. Address (number and street) 221 North LaSalle Street. 2 (c) Telephone number of administrator (312) 236-2065. City or town, State and ZIP code Chicago, Illinois 60601.

3 Name, address and identification number of plan sponsor and/or plan administrator as they appeared on the last return/report filed for this plan if not the same as in 1 or 2 above: (a) Sponsor The Same. (b) Administrator The Same.

4 Type of plan entity (check only one box): (a) [X] Single-employer plan (b) [ ] Multiple-employer plan

5 (a) (i) Name of plan Laborers' And Retirement Board Employees' Annuity & Benefit Fund of Chicago. 5 (b) Effective date of plan July 1, 1935. 5 (c) Enter three digit plan number 003. (ii) [ ] Check if changed since last return/report

6 Type of plan: (a) [ ] Defined benefit (b) [ ] Defined contribution (c) [X] Other (specify) Defined Benefit with Defined Contribution Minimum

7 (a) Active participants as of the end of the plan year: (i) Fully vested in ER Contribution (20+ yrs or age 60+) 2,076 (ii) Partially vested 10 to 20 yrs and under age 60 1,350 (iii) Nonvested 2,421 (iv) Total 5,847 (b) Total participants (see specific instruction 7(b)): (i) Beginning of plan year (Includes actives, retirees and beneficiaries) 10,049 (ii) End of plan year 9,699

8 Plan termination information: (a) Was this plan terminated during this plan year or any earlier plan year? No (b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan? X

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Date Signature of employer/plan sponsor Date Signature of plan administrator

9 (a) In this plan year, was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan? . . . . .	Yes	No
		X
If "Yes," identify other plan(s):	(c) Employer identification number(s)	(d) Plan number(s)
(b) Name of plan(s) ▶		

10 Indicate funding arrangement:

- (a)  Trust
- (b)  Fully insured
- (c)  Combination
- (d)  Other (specify) ▶

11 Information about employees of the employer at end of the plan year:

(a) Total number of employees . . . . .	5,847
(b) Number of employees excluded under the plan because of:	
(i) Minimum age or years of service . . . . .	
(ii) Employees on whose behalf retirement benefits were the subject of collective bargaining . . . . .	
(iii) Nonresident aliens who receive no earned income from United States sources . . . . .	0
(iv) Total excluded: Add (i), (ii) and (iii) . . . . .	0
(c) Total number of employees not excluded: Subtract (b)(iv) from (a) . . . . .	5,847
(d) Employees ineligible (specify reason) ▶	0
(e) Employees eligible to participate: Subtract (d) from (c) . . . . .	5,847
(f) Employees eligible but not participating . . . . .	0
(g) Employees participating: Subtract (f) from (e) . . . . .	5,847

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

PLAN SUMMARYPARTICIPANT:

Person employed by the City in a position classified by the Civil Service Commission of the employer as labor service of the employer; any person employed by the Board; any person employed by the Retirement Board of any other Annuity and Benefit Fund which is in operation for the employer.

SERVICE:

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

RETIREMENT ANNUITY:

Accumulation Annuity: Age 55, 10 years service (entire sum accumulated from deductions plus 1/10 City contributions for each year after 10). Full City contributions are added for age 60 and over regardless of service. This annuity is known as the money purchase plan and does not increase after age 70 nor does it apply after age 65 if participant has 20 years service.

Formula Minimum Annuity: Age 55, 20 years service; 1.67% for the first 10 years, 1.90% for the second 10 years, 2.1% for the third 10 years, 2.3% for all service over 30 years times the final average salary (highest 4 consecutive years within the last 10 years). Under age 60 the annuity is reduced by a percentage equal to 1/2 of 1% for each month and fraction thereof that the employee is under age 60. Maximum annuity is 75% of highest average monthly salary.

Age 65, 15 years service; 1% of final average salary for each year of service plus the sum of \$25.00 per year for each year of service.

Service during 6 or more months in any year constitutes a year of service credit and service of less than 6 months and at least 1 month in any year constitutes a half a year of service credit for formula minimum annuity.

Automatic Increase In Annuity: Retirement at age 60--2% of annuity starting January of the year following the year in which the first anniversary of retirement occurs. If retirement is before age 60, increases begin with January of the year immediately following the year in which he attains the age of 60 years. Increases apply only to life annuities.

## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

PLAN SUMMARY

have a right to receive duty disability benefit in the amount of 75% of salary at date of injury plus \$10.00 a month for each unmarried child (the issue of the employee) less than age 18. Child's duty disability benefit is limited to 15% of the employee's salary as of date of injury.

If the disability has resulted from any mental disorder, physical defect or disease which existed at the time such injury was sustained, the duty disability benefit shall be 50% of salary at date of injury. Disablement because of heart attacks, strokes, or any disablement due to heart disease shall not be considered to be the result of an accident suffered in the performance of duty.

Duty disability is payable to age 65 and the City contributes salary deductions for annuity purposes.

Ordinary Disability Benefit: Disability other than in performance of an act of duty...50% of salary less the sum ordinarily deducted from salary for annuity purposes, as of last day worked payable until age 65 and limited to a maximum of 1/4 service or 5 years, whichever is less. The City contributes the deductions for pension purposes. Service for this ordinary disability is actual service -- one day of service is given for each day paid, exclusive of any overtime payments and any previous ordinary disability periods.

REFUNDS:

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

Spouse's annuity deductions -- payable to employee if not married when he retires or at age 65.

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 designated beneficiary or children, estate or heirs.



## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

PLAN SUMMARYDEDUCTIONS AND CONTRIBUTIONS:

	<u>Deductions</u>	<u>Contributions *</u>
Employee	6-1/2%	6%
Spouse	1-1/2% **	2% **
Annuity Increase	<u>1/2%</u>	<u>-</u>
Total:	<u>8-1/2%</u>	<u>8%</u>

\*\* Only to employee age 65.

FINANCING: \*

The City shall levy a tax annually equal to the total amount of contributions in the 2 years prior multiplied by 1.370 for 1978 and each year thereafter.