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

ACTUARIAL STATEMENT

DECEMBER 31, 1985

June 1, 1986

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, 1985, 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 1985. 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.

This statement has been prepared in accordance with generally accepted actuarial principles and practice.

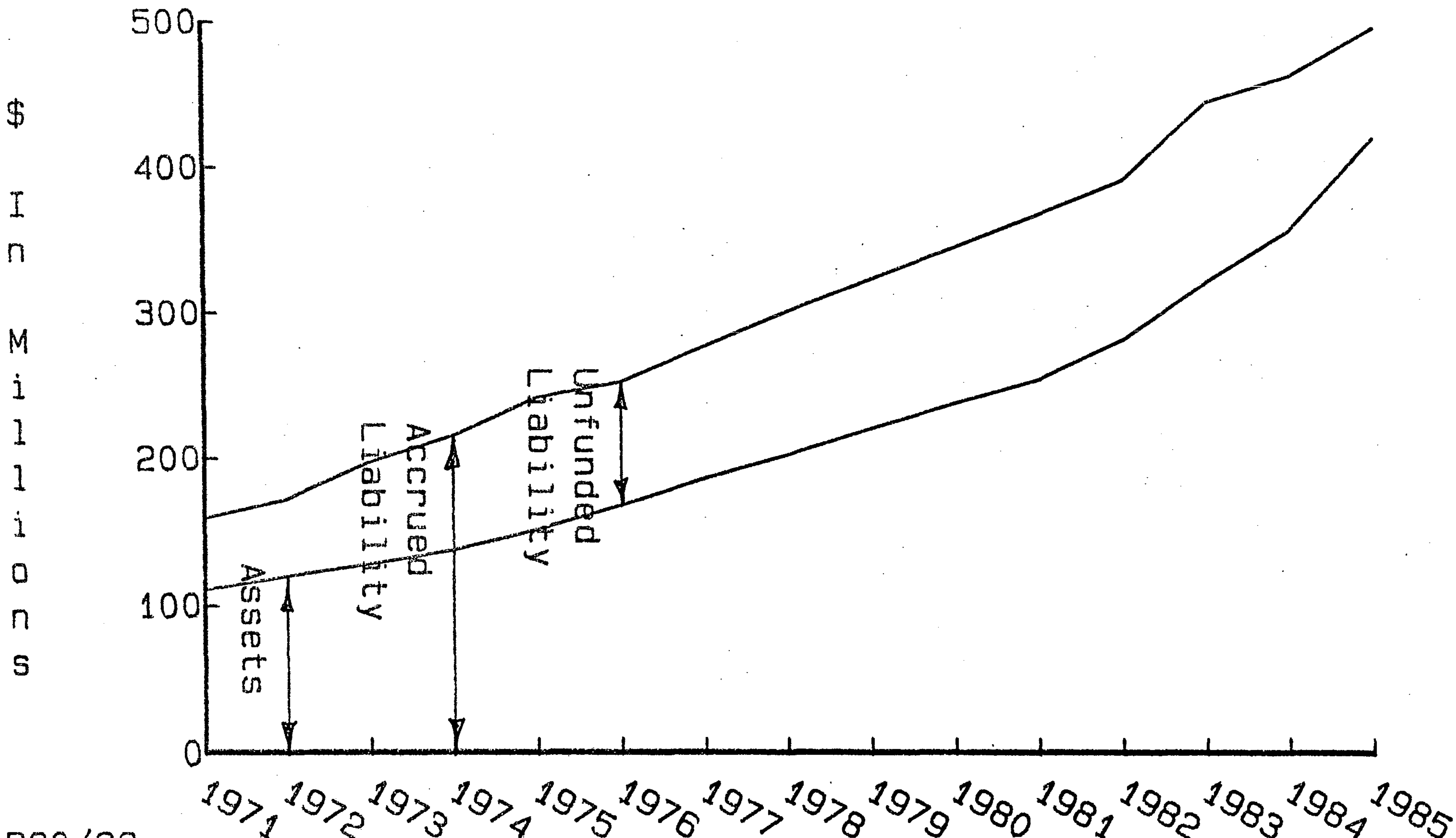
The actuarial present value of credited projected benefits is shown in a separate exhibit.

SUMMARY

The following represents a summary of 1985 Laborers' Actuarial Report:

	(1985 includes 1985 amendments) Last Year	This Year
INCOME: Investment	$ 28,832,621	$ 58,720,209
Employer	$ 14,996,619	$ 15,035,039
Employee	$ 11,531,243	$ 11,569,775
Total	$ 55,360,483	$ 85,325,023
OUTGO: Refunds, Benefits, Expenses	$ 20,473,249	$ 22,055,822
EXCESS OF INCOME OVER OUTGO	$ 34,887,234	$ 63,269,201
ACTIVE PARTICIPANTS	5,341	5,138
BENEFICIARIES		
Employee	2,469	2,419
Spouse	1,227	1,208
Disabilities	188	218
Children	96	104
Other--Reversionary	3	4
ACTUARIAL:		
Assets (Total at book value)	$356,809,111	$420,554,173
Funded Ratio	77.16%	84.82%
Accrued Liability	$462,455,964	$495,844,974
Termination Liability	$254,602,113	$276,396,525
Excess Upon Termination	$102,206,998	$144,157,648
Unfunded Liability	$105,646,853	$ 75,290,801
Annual Actuarial Requirement (ER & EE)	$ 26,200,791	$ 24,965,655
Expected Net Annual Actuarial Excess (Deficiency)	($ 16,803)	$ 491,974
Required Employer Multiple	1.58	1.60
PV Credited Projected Benefits	$415,442,598	$447,815,793
INVESTMENT:		
Yield (on Invested Assets, including gains/losses)	9.30%	17.07%
Invested Assets (Book Value)	$341,315,777	$405,366,977
Invested Assets (Market Value)	$353,113,438	$442,248,537
MISCELLANEOUS:		
Salary Roll	$131,327,856	$125,594,688
Average Salary	$ 24,589	$ 24,444

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



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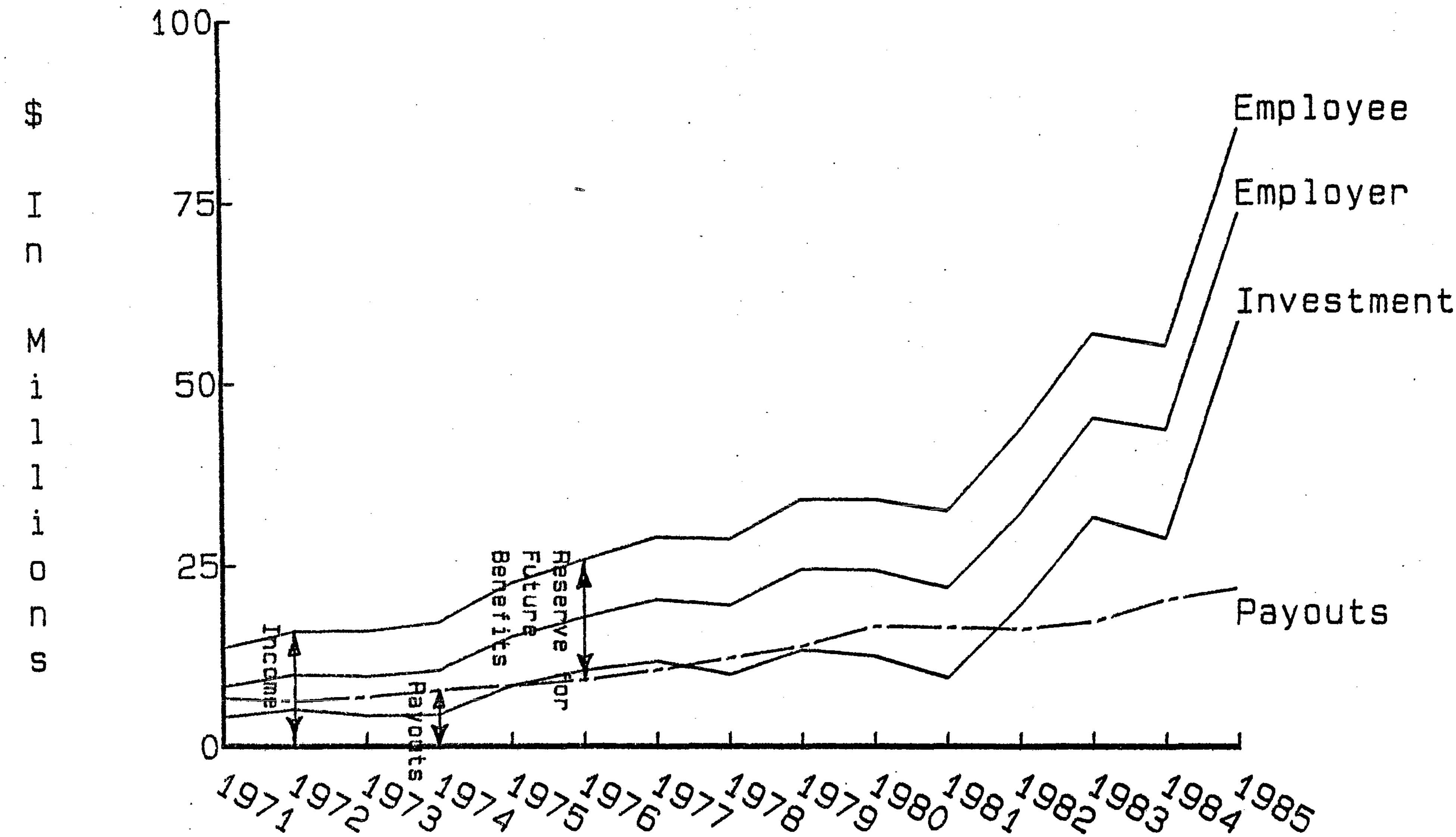
LABORERS' A & B FUND OF CHICAGO
Income and Payouts



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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 consulted two recent studies in an attempt 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 1985 of 948 private pension plans indicated that the average interest assumption used was 7.6% and that the average salary scale assumption was 6%. Only 22% of the plans used an interest rate higher than 7% while 39% used an interest rate lower than 7%. For salary scale, 11% used an assumption higher than 6% while 67% used an assumption lower than 6%. The most common assumptions were 7% interest and 5% salary. We have also made a study of large public employee pension plans and found that the actuarial assumptions used for the rate of interest and rate of salary increase were somewhat higher. These ranged from 6% to 8% for interest and from 4.5% to 8% for salary. The Greenwich Research Associates report to participants, Public Pension Funds 1984 surveys state and municipal pension plans. The average plan surveyed is 55.5% funded (based on projected pensions). The average actuarial interest rate of return assumption is 6.9% and the average salary increase assumption was 5.4%. The Greenwich report LARGE CORPORATE PENSIONS 1983 indicates an average interest assumption for funding of 7.1% and an average salary increase assumption of 5.5%. Based on these studies, it is our opinion that for this 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 7% future interest assumption is a reasonable rate for valuation purposes, and a 7% per year salary scale assumption is reasonable considering the generally accepted views on future salary increases for our national economy. They could be characterized as being middle of the road.

This valuation includes the costs of the 1985 amendments. The valuation salary roll includes the amount of Board of Education "pick-up." An additional receivable due from active employees is included for the years 1981 through 1985. The health insurance supplement is being valued for active and retired employees.

The liabilities and costs in this report are based in part on a 7% per year interest assumption and a 7% per year salary scale assumption. Last year, the interest rate assumption was 6.75% per year and the salary scale assumption was 6% per year. 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 are currently making 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 future variations from the assumptions used. These will be submitted at a later time.

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, 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	2,419	$104,521,850
Annuity Increase	2,183	20,432,777
Future Widow Benefit	1,429	9,847,691
Lump Sum Death Benefit	0	0
Health Insurance Supplement	1,350	2,447,555
Widow Annuity	1,210	21,262,339
Widow Compensation	2	2,240
Total Retired Reserve		$158,514,452

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 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	Reserve
Employee Annuity	$ 378,716,323	
Annuity Increase	80,127,733	
Future Widow/Widower Benefit	17,994,348	
Lump Sum Death Benefit	0	
Health Insurance Supplement	3,075,064	
Widow/Widower of Employees - Dying in service	12,488,525	
Widow/Widower Compensation - Duty Death	0	
Miscellaneous	74,870,091	
Total Active	$ 567,272,084	
Total Active and Retired Present Value of Benefits	$ 725,786,536	
Less Present Value of Future Normal Costs		$ 229,941,562
Net Active Reserve		337,330,522
Net Active Reserve & Retired		495,844,974
Less Present Assets		420,554,173
Unfunded Liability		$ 75,290,801

The difference between the sum of the actuarial reserve for active and retired lives (sometimes called the "Accrued Actuarial Liability") and the present assets is called the "Unfunded Liability." 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 for amortization of the unfunded liability on some reasonable basis.

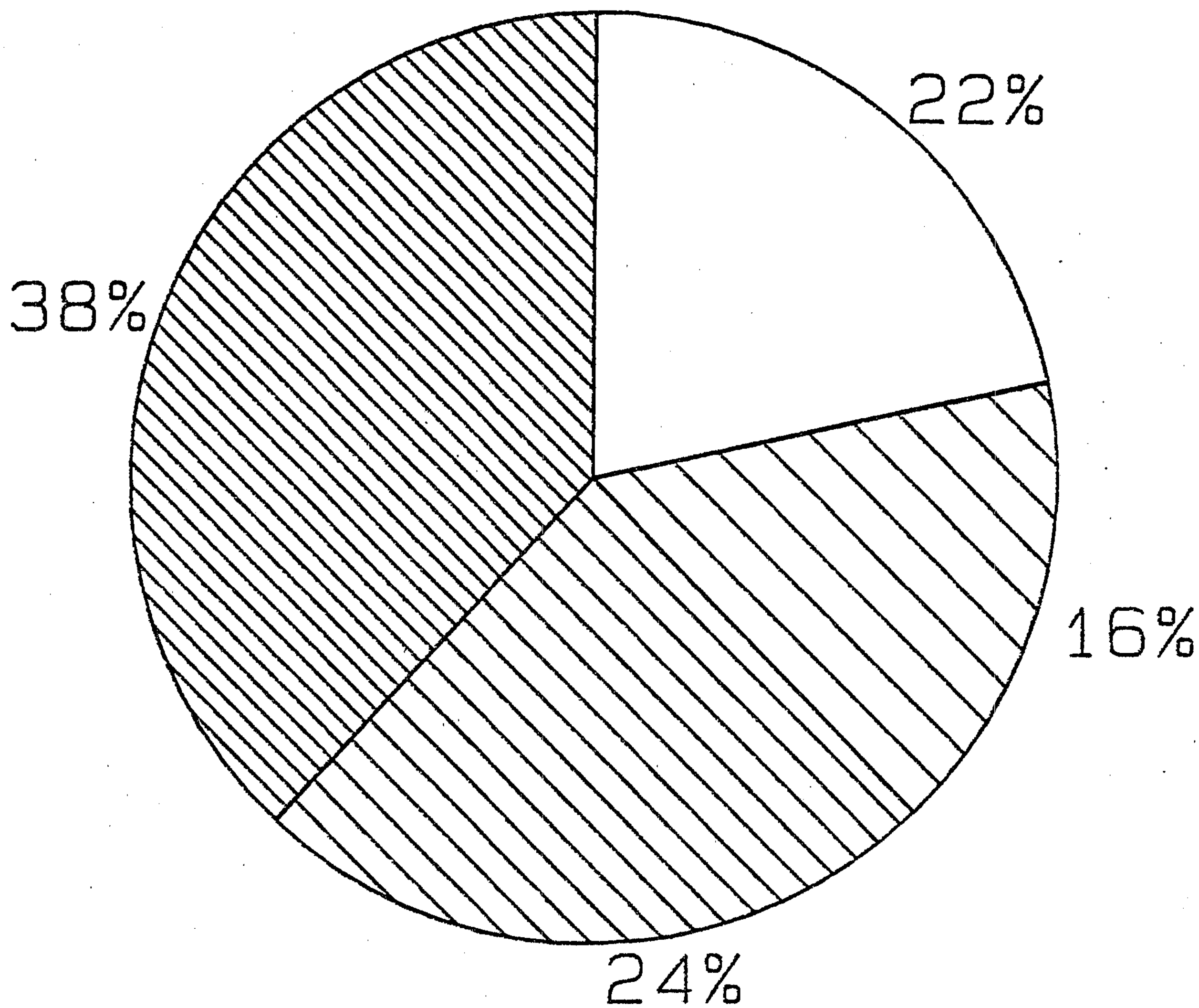
Present Value of		% of Total
Present Assets	$ 420,554,173	57.9%
Future Employee contributions	112,476,511	15.5
Future Employer contributions	147,929,108	20.4
Deficiency	44,826,744	6.2
TOTAL	$ 725,786,536	100%

Present Value of	Actuarial Assets	% of Total	Actuarial Liabilities	% of Total
Benefits				
Retired lives			$ 158,814,452	21.8%
Active lives			567,272,084	78.2%
Present Assets	$ 420,554,173	57.9%		
Normal Costs	229,941,562	31.7%		
Unfunded Liability	75,290,801	10.4%		
Total	$ 725,786,536	100%	$ 725,786,536	100%

Following are pie charts that illustrate

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

LABORERS' A & B FUND OF CHICAGO
Actuarial Present Value of Benefits



$ In Millions

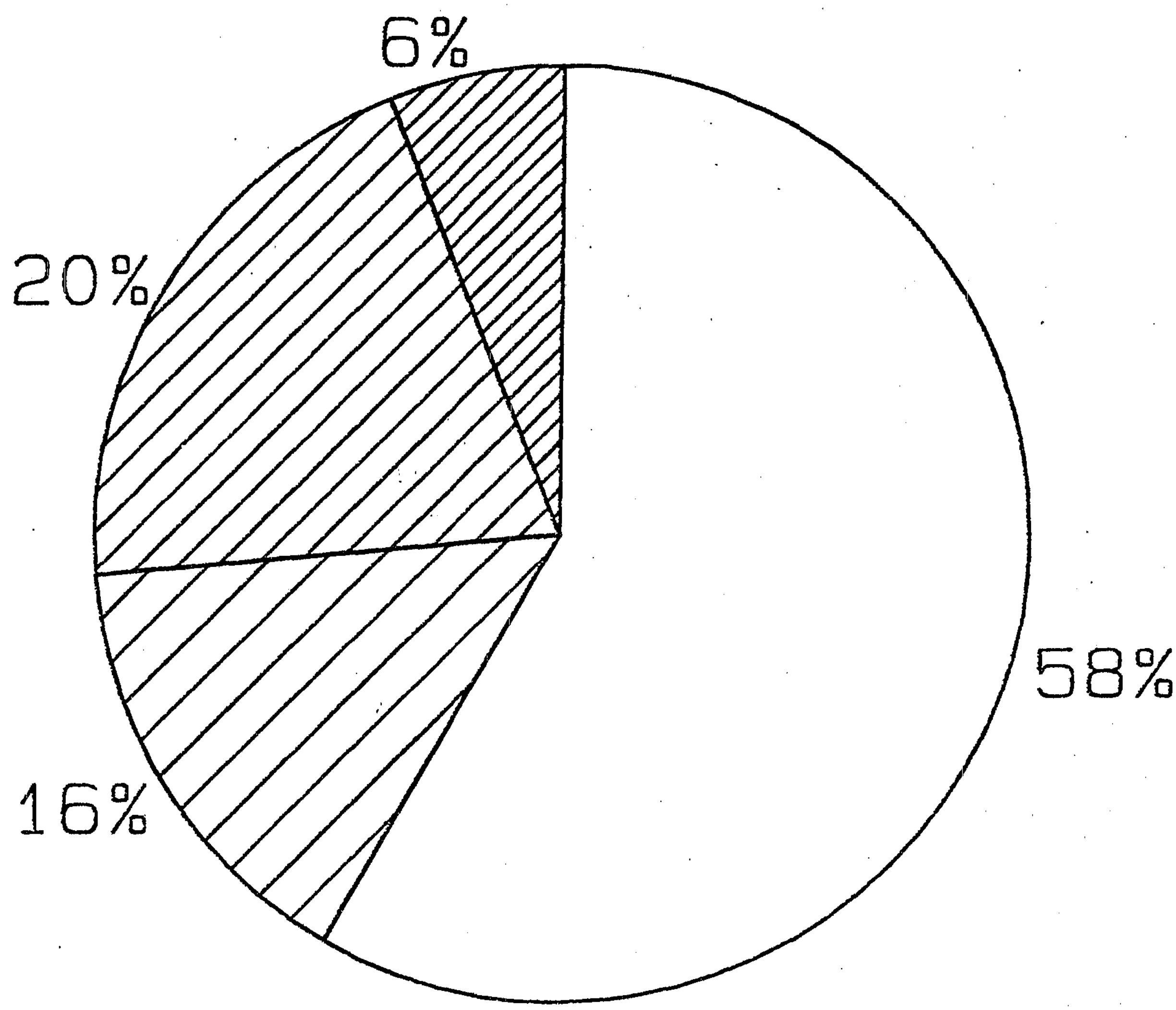
$ 158.5 - Retired

$ 117.9 - Contributions

$ 176.4 - Vested

RG2/23 $ 273.0 - Future

LABORERS' A & B FUND OF CHICAGO
Actuarial Assets



$ In Millions

- $ 420.6 - Assets
- $ 112.5 - PV Employee
- $ 147.9 - PV Employer
- $ 44.8 - Deficiency

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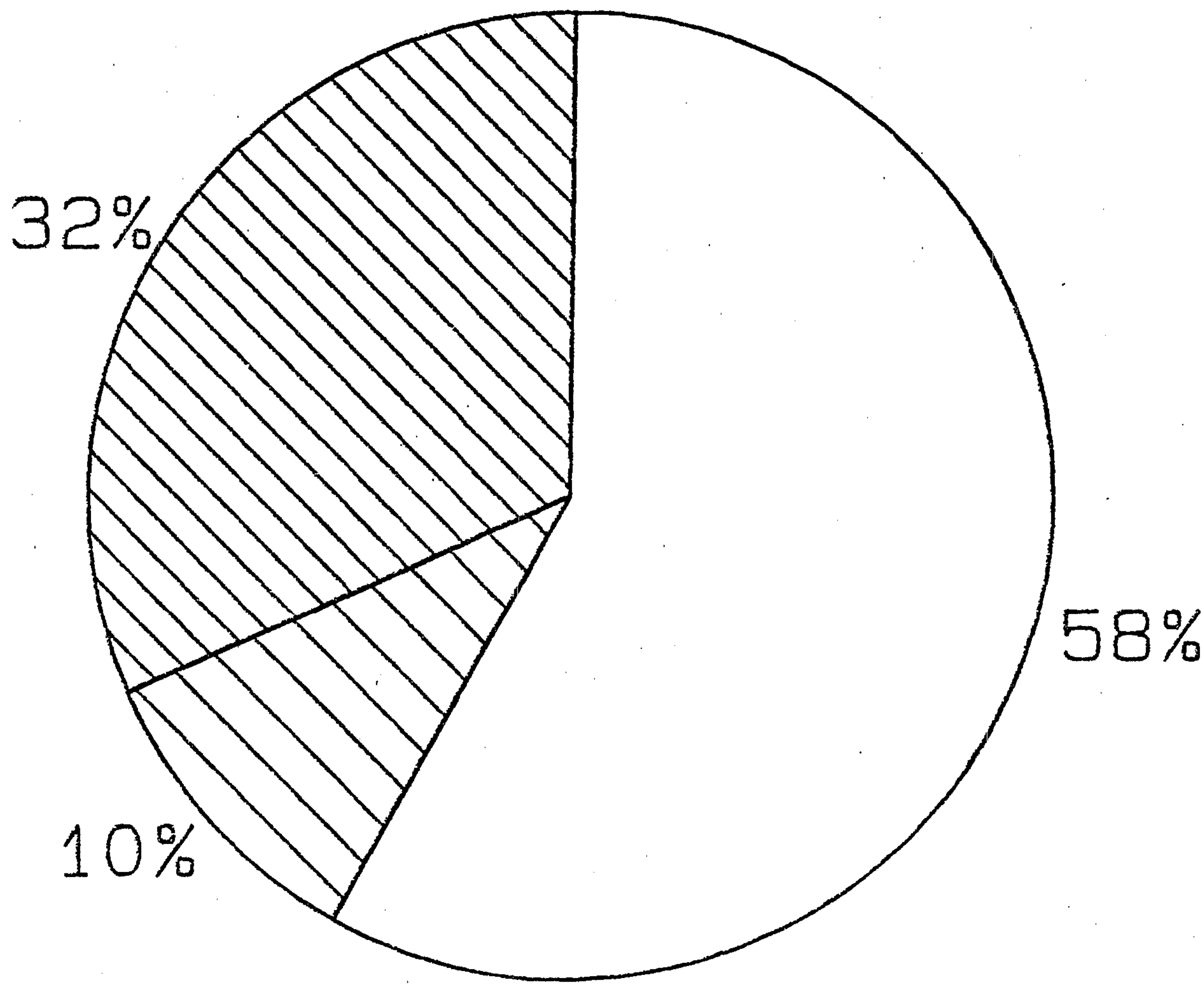
LABORERS' A & B FUND OF CHICAGO
Actuarial Cost Method



$ In Millions

$ 420.6 - Assets

$ 75.3 - Unfunded Liability

$ 229.9 - Normal Cost

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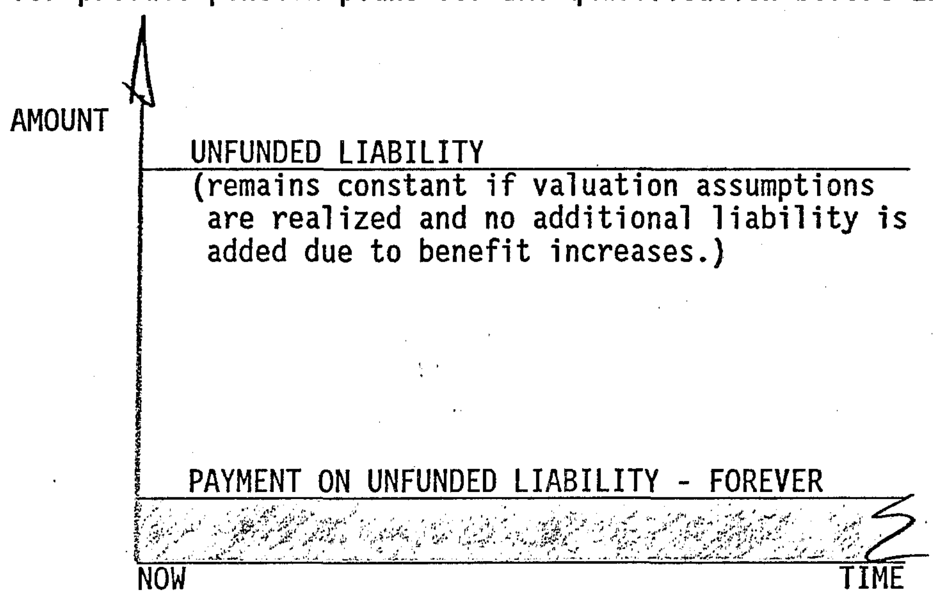
THREE METHODS OF FINANCING THE UNFUNDED LIABILITY

1. Normal Cost-Plus-Interest Method. This method of valuation used for this report, is the same as for the last report. It is the method that was used 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.

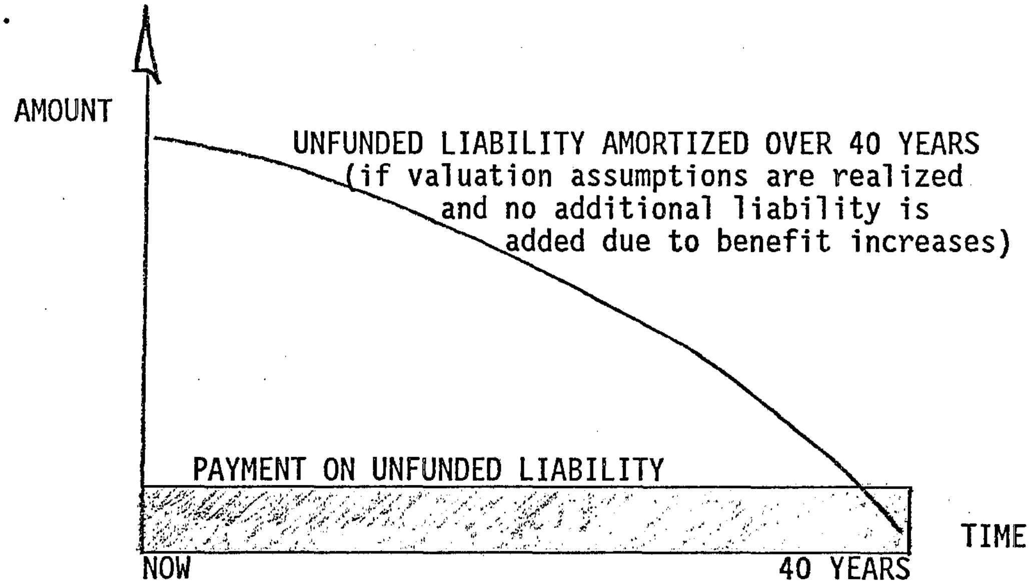
The normal cost-plus-interest-only method of funding is that recommended by the Illinois Public Employees Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.



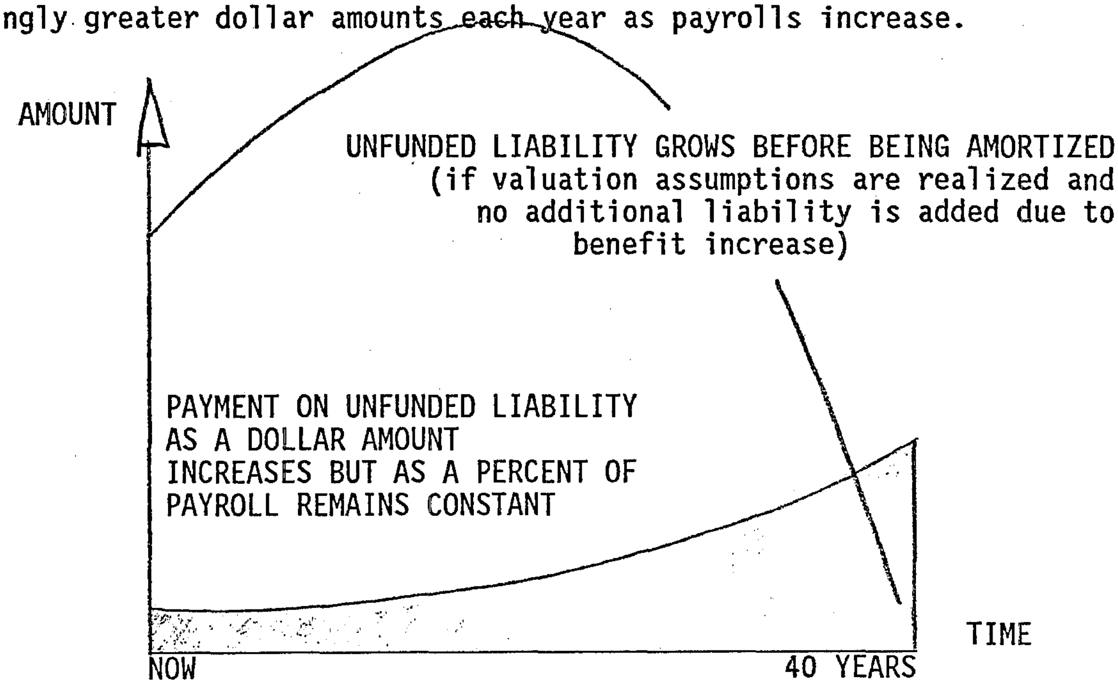
2. Normal Cost-Plus-40-Year-Amortization Method. ERISA now requires that initial unfunded liability existing on January 1, 1976, be amortized over a 40 year period. We have calculated the cost of amortizing the existing unfunded liability.

The 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 payroll as future payrolls increase.



3. <u>Level-Annual-Percent of-Payroll Method</u>. An alternative method for funding that is receiving increased attention for public employee pension plans is a method that sets the funding standard cost objective as a level annual percent of payroll rather than as a level annual amount. This method will result in increasingly greater dollar amounts each year as payrolls increase.



This constant percent of payroll method is not an acceptable method under ERISA. 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 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. These three methods meet the requirements set
forth in Illinois Revised Statutes, Chapter 108-1/2, Article 22-501.10. The results are given in the following table:

	Required 1986 Tax Levy	Ultimate Required Multiple	Unfunded Liability Will:	Portion Required for Amortization of Unfunded Liability
1. Normal Cost + Interest Only	$14,885,527	1.60	Remain constant at $ 75,290,801*	$5,095,046
2. ERISA: Normal Cost + 40-Year Amortization	$15,265,316	1.64	Decrease to $0*	$5,459,643
3. Normal Cost + 40 Year Level % of Payroll Increasing 4% a Year (Inflation Only)	$12,440,006	1.33	Increase to $103,537,626 in 20 years and decrease thereafter*	$3,032,688 in 1986 increases to $14,751,660 in 40 Years
4. Present Law (Includes Park)	$15,398,000	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, and declining fund membership.

REQUIRED ACTUARIAL CONTRIBUTION

Based on the normal cost-plus-interest-method of funding, we find that the tax levy for 1986 should be $14,885,527, which amount includes a 4% reserve for loss on collection. This amount is based on an annual payroll (as of December 31, 1985) of $125,594,688 and an active membership of 5,138 persons. The detail is shown in the table that follows.

DETAIL OF ANNUAL CITY CONTRIBUTION:

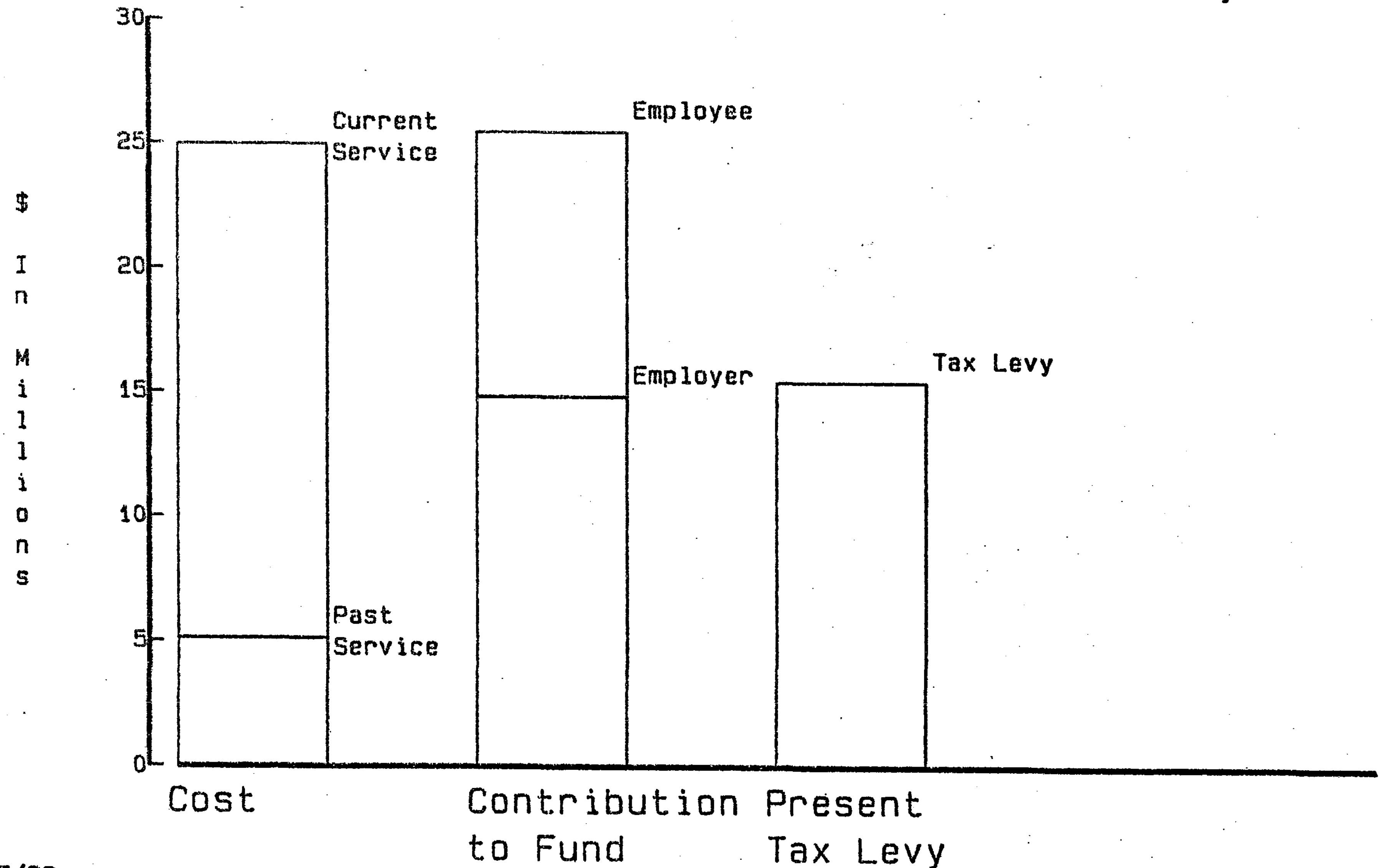
		Amount	Percent of Salary	Dollars Per Active Member
1.	Normal Cost - for Current Service	$19,870,609	15.82%	$3,867
2.	7% Interest on Unfunded Liability	$ 5,095,046	4.06%	$ 992
3.	Total Actuarial Requirement (1)+(2)	$24,965,655	19.88%	$4,859
4.	Employee Contributions	$10,675,548	8.50%	$2,078
5.	Employer Requirement (3-4)	$14,290,107	11.38%	$2,781
6.	Expected Net Employer Contribution from 1986 Tax Levy of $15,398,000 after a 4% Loss	$14,782,080	11.77%	$2,877
7.	Expected Net Annual Deficiency	$(491,973)	(.39%)	$(96)
8.	Tax Levy Required (Assume 4% Loss)	$14,885,527		
9.	Required Multiple	1.60		
10.	Present Authorized Multiple	1.37		
11.	Increase in Multiple Needed	.23		

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 that the Fund is more than meeting the annual actuarial cost on the normal cost plus interest basis for the coming year, but the ultimate required multiple shows that the Fund will need additional contributions to maintain the Fund on an actuarial basis in the future.

The following bar chart illustrates the annual actuarial cost for the next year (composed of current service cost and past service cost) to be paid for by the employee and the employer. Since the annual cost is more than being met. The employer portion is provided by tax levy (the third column).

LABORERS' A & B FUND OF CHICAGO
Annual Actuarial Cost 1986
(Normal Cost plus Interest Only)



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DETAIL OF NORMAL COST

	% Salary	$ Per Active Member
Retirement Annuity	8.46%	$2,070
Retirement Annuity Increase	1.79	439
Postretirement Spouse Annuity	0.25	60
Spouse Annuity for Death in Service	0.36	86
Health Insurance	0.04	10
Child's Annuity	0.08	20
Ordinary Disability	1.13	276
Duty Disability	0.78	190
Refunds	1.81	442
Widows'/Widowers' Compensation	0.00	0
Expense of Administration	1.01	247
Reciprocal Benefits	0.11	27
	15.82%	$3,867

CHANGE IN THE UNFUNDED LIABILITY

The total unfunded liability as of December 31, 1985, is $75,290,801. As of December 31, 1984, it was $105,646,853.

Detail of Change in Unfunded Liability

1. Increase in Salaries under 6% Assumed		($20,313,749)	Decrease
2. Investment Yield over 6.75% Assumed		(33,560,632)	Decrease
3. Excess in Annual Contribution:			
1985 Total Actuarial Requirement......	$26,200,791		
Less Employer Net to Fund 1985 Tax Levy	15,035,039		
Less Employee Contributions for 1985..	11,569,775	(404,023)	Decrease
4. Change in Assumptions		806,348	Increase
5. Amendments		17,491,073	Increase
6. Miscellaneous Actuarial Changes		5,624,931	Increase
Net Change in Unfunded Liability		($30,356,052)	Decrease

FUNDED RATIO:

The ratio of assets to liabilities is 84.82% as of December 31, 1985, and was 77.16% as of December 31, 1984. This ratio represents the extent to which present and future benefit promises are secured by present assets. The funded ratio increased because assets increased 17.9% while liabilities increased 7.2%.

RATIO OF ACTIVE EMPLOYEES TO ANNUITANTS and BENEFICIARIES:

The ratio of active employees to annuitants and beneficiaries is 1.30 as of December 31, 1985, and was 1.34 as of December 31, 1984. This ratio illustrates the relationship between the contributors and the beneficiaries.

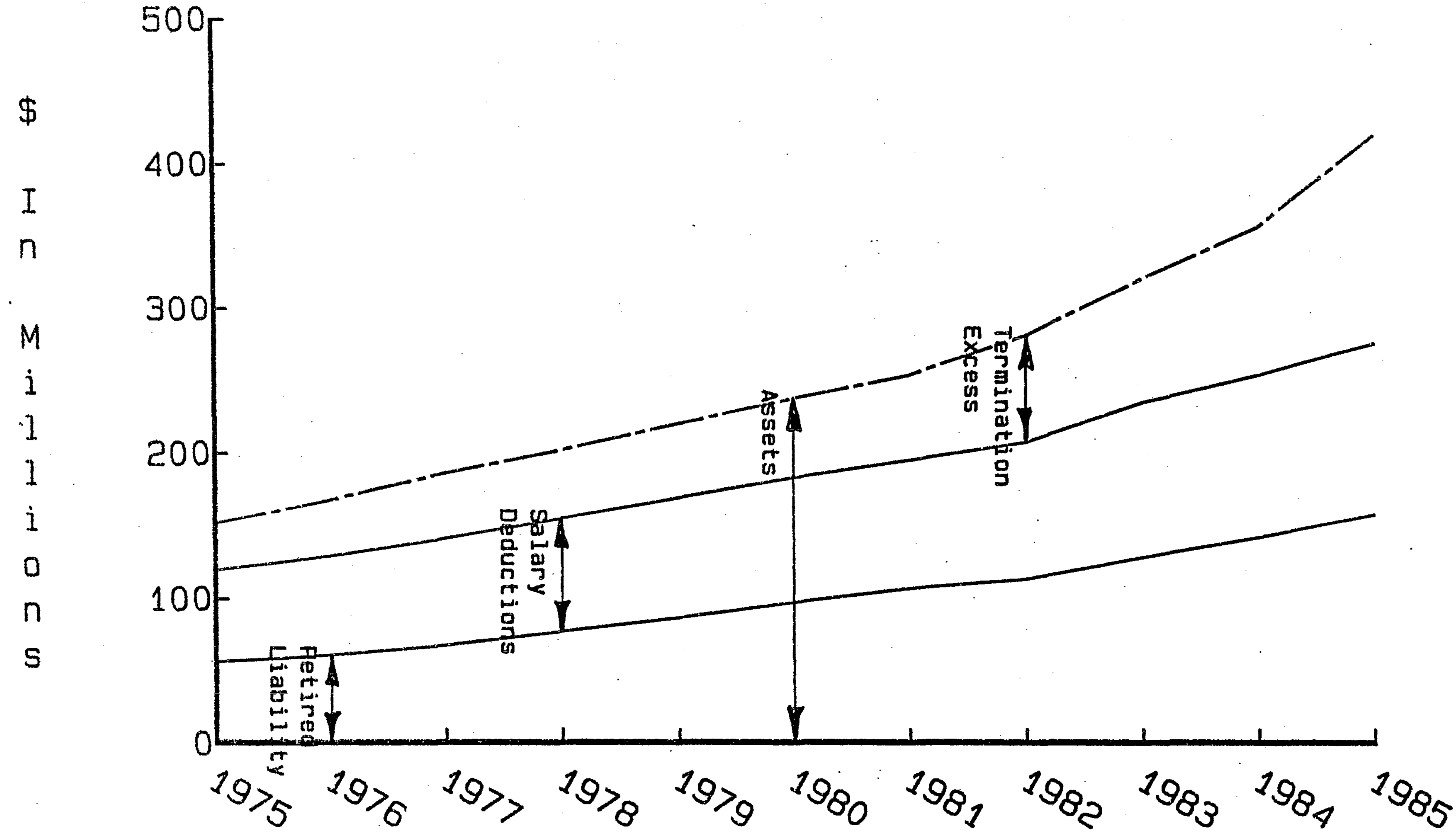
TERMINATION LIABILITY

A measure of plan funding is to compare 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 what it would cost to terminate the plan as of the valuation date.

	Last Year	This Year
Liability for Retired Annuitants and Widows/Widowers Spouses of Annuitants........	$142,713,639	$158,514,452
Salary Deductions Contributed by Active Fund Members........................	$111,888,474	$117,882,073
Total	$254,602,113	$276,396,525
Assets at Book Value.......................	$356,809,111	$420,554,173
Excess Upon Termination.....................	$102,206,998	$144,157,648
Available Assets for Actives (Retirees Fully Funded)............	$214,095,472	$262,039,721
Available Per Active Employee	$ 40,085	$ 51,000
Refundable per Active Employee	$ 20,949	$ 22,943
Ratio of Available to Refundable	191%	222%

The following chart illustrates the remaining assets after terminating the plan.

LABORERS' A & B FUND OF CHICAGO
Termination Liability



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VESTED LIABILITY

We have computed the value of vested benefits for active employees. That is, an employee who is eligible to retire, either with an immediate or deferred retirement annuity, is assumed to retire and is valued at the estimated amount of annuity for the employee's life. The value of estimated postretirement annuity increase and estimated spouse annuity is added. No death or disability benefits for those dying or becoming disabled in the future are included. Active employees not currently eligible for a retirement benefit are valued at the amount of their refundable accumulated salary deductions with statutory interest. Retired lives are entirely vested. The total vested liability computed using the actuarial assumptions of interest and mortality in this report is greater than the termination liability used in previous reports because the value of a retirement annuity for an eligible employee is greater than the amount of his or her accumulated salary deductions.

	Last Year	This Year
Liability for Retired Annuitants and Widows/Widowersand Spouses of Annuitants	$142,713,639	$158,514,452
Value of Active Employees Eligible To Retire	$229,492,171	$227,353,826
Accumulated Salary Deductions of Active Employees Eligible for Refund and not Annuity	$ 62,190,440	$ 66,873,899
Active Vested Liability	$291,682,611	$294,227,725
Total Vested Liability	$434,396,250	$452,742,177
Assets at Book Value	$356,809,111	$420,554,173
Unfunded Vested Liability	$ 77,587,139	$ 32,188,004
Vested Funded Ratio	82.14%	92.89%

The average amount of assets required per active employee to provide for vested benefits as of the valuation date is $57,265. This should be compared to the average amount of assets required per active employee to fully fund the present amount required to provide for future projected retirement annuity assuming future service and salary increments--using the entry age normal funding method described in the actuarial assumptions and methods. This amount per active employee is $65,654.

GASB DISCLOSURE

The Governmental Accounting Standards Board (GASB) Proposed Statement of Governmental Accounting Standards Disclosure of Defined Benefit Pension Information for Public Employee Retirement Systems and State and Local Governmental Employers, when effective, will require disclosure of the actuarial present value of credited projected benefits. Presently, this disclosure is not required.

The actuarial present value (APV) of credited projected benefits must take account the long-term nature of the pension obligations on a going-concern basis (rather than a termination basis). Benefits are projected to anticipated retirement, assuming future salary increases and future years of service credit. The liability or value of credited benefits is determined based on the ratio of years of service to date to the total years of service at projected retirement. This measure differs from the actuarial cost method used for funding the pension plan. The credited projected benefit method is not recommended for funding if level costs are desired.

The stated purpose of the GASB disclosure is to provide persons familiar with financial matters with information useful to (a) assess the funding status on a going-concern basis, (b) ascertain the progress made in accumulating assets to pay benefits when due, and (c) assess the extent to which employers are making contributions to the system at actuarially determined rates. The use of a single actuarial method--the credited projected benefit method, which may differ from that used for funding--is to facilitate comparison and understanding. However, the financial health of the pension plan should be measured against the actuarial method used for funding the plan. No split between vested and nonvested current employees is possible, due to the different vesting schedules of the defined benefit and defined contribution portions of the benefits.

	Last Year	This Year
APV of Credited Projected Benefits		
Accumulated contributions (with interest)	$111,888,574	$117,882,073
Payable to retirees and beneficiaries	$142,713,639	$158,514,452
Payable to vested and nonvested current employees	$160,840,385	$171,419,268
Total APV	$415,442,598	$447,815,793
Net assets available for benefits (book value)	$356,809,111	$420,554,173
Unfunded APV of credited projected benefits	$ 58,633,487	$ 27,261,620
	85.89%	93.91%

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 increase in salary over the 7% increases assumed in the salary scale the unfunded liability will be increased by about $2.69. This will be in addition to the additional current annual service cost for every dollar in salary over the 7% salary scale assumed.

These additional costs will be reduced to some extent by the annual amount of investment income earned over the assumed 7% 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 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 a 40 year period.

Respectfully submitted,

Donald F. Campbell

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

ACTUARIAL BALANCE SHEET

AS OF

DECEMBER 31, 1985

ASSETS

AND

LIABILITIES

Exhibit "A"

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

ASSETS

ACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1985

CASH		
In Bank	($ 34,345.36)	
Investment Trust Cash	274,662.21	
Total Cash		$ 240,316.85
INVESTMENTS		
Bonds--Par Value (Market $280,201,324)	$281,040,219.40	
Bond Premiums & Discounts	(12,472,534.12)	
Common Stocks-Cost (Market $126,232,981)	102,204,623.38	
Accrued Bond Interest	5,236,226.18	
Accrued Dividends	304,398.25	
Accrued Principal Payments	270,352.88	
Accrued Real Estate Income	183,885.17	
Real Estate Separate Account (Market $29,819,368)	28,599,805.82	
Total Investments (Total Market $442,248,536.68)		$405,366,976.96
ACCOUNTS RECEIVABLE--TAXES (See Exhibit "D")		
Replacement Tax From State	$ 2,300,000.00	
Tax Extension	15,190,275.99	
Less: Estimates for Loss on Collection	2,327,044.37	
Net Taxes Receivable		$ 15,163,231.62
OTHER ACCOUNTS RECEIVABLE		
Salary Deductions Accrued	$ 988,979.16	
Miscellaneous Employee Accounts	174,318.99	
Due From Broker	148,676.17	
Total Other Accounts Receivable		$ 1,311,974.32
GROSS LEDGER ASSETS		$422,082,499.75
LESS: ACCOUNTS PAYABLE		
Miscellaneous Employee Accounts	$ 1,526,769.24	
Military Service Deductions Excess from Refunds	1,557.71	
Total Accounts Payable		$ 1,528,326.95
NET LEDGER ASSETS		$420,554,172.80

Exhibit "A"

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

LIABILITIES AND FUND BALANCES

ACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1985

ANNUITY PAYMENT FUND ACCOUNT		
(Based on 4% Amer. Exp. & 3% Comb.)		
Employee Annuitants	$46,611,330.72	
Employee Annuities Fixed	12,958,141.80	
Spouse Annuitants	18,718,734.12	
Spouses' Annuities Fixed	13,975,679.56	
Total Annuity Payment Fund		$ 92,263,886.20
SALARY DEDUCTION FUND ACCOUNT		
Employees	$83,877,449.57	
Spouses of Employees	18,864,900.33	
Total Salary Deduction Fund		$102,742,349.90
CITY CONTRIBUTION FUND ACCOUNT		
Employees	$78,643,454.06	
Spouses of Employees	25,857,700.74	
Supplemental Annuities	3,737.55	
Total City Contribution Fund		$104,504,892.35
OTHER RESERVES		
Supplementary Payment Reserve	$ 69,255.35	
Annuity Payment Fund Account	470,225.83	
Total Other Reserves		$ 539,481.18
PRIOR SERVICE FUND ACCOUNT		
(Based on 4% Amer. Exp. & 3% Comb.)		
Employee Annuitants	$85,158,672.12	
Spouse Annuitants	3,273,524.16	
Spouses' Annuities Fixed	3,338,896.91	
Salary Deductions 3% Annuity Increase	8,311,930.59	
Estimated Excess Liability (Note 1)	95,711,340.85	
Total Prior Service Account		$195,794,364.63
TOTAL LIABILITIES		$495,844,974.26
Obligations of Fund for Prior Service Liabilities (Note 1)		($ 75,290,801.46)
TOTAL NET LIABILITIES AND FUND BALANCES		$420,554,172.80

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 1985

INCOME

AND

EXPENDITURES

Exhibit "B"

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

INCOME FOR YEAR OF 1985

SALARY DEDUCTIONS		
Total Contributions by Employee		
Employee	$ 8,312,562.36	
Spouse	1,809,486.43	
Automatic Increase	639,333.24	
Ordinary Disability - Ded. in Lieu	236,506.60	
Received From Municipal Fund	56,838.50	
Temporary Service Payments	99,349.36	
Total Contributed by Employee		$11,154,076.49
Total Contributed by City		
Duty Disability - Ded. in Lieu	415,698.22	
Total Contributed by City		$ 451,698.22
Total Salary Deductions		$11,569,774.71
CITY CONTRIBUTIONS: (1985 Taxes of $13,318,000 [City] plus $29,000 [Park], Less 5% for Loss of Collection [$665,900 + 1,450] Plus Replacement Tax from State of $2,300,000)		
Employees	$ 7,788,183.94	
Spouses of Employees	2,595,497.06	
Ordinary Disability Fund	1,419,709.01	
Duty Disability Fund	977,158.87	
Child's Annuity Payment Fund	102,680.00	
Expense Fund	1,266,552.50	
Health Insurance	45,502.00	
Interest on Income	277,066.16	
Prior Service Annuity Fund	507,300.46	
Total City Contributions		$14,979,650.00
Interest on Tax Income		$ 55,389.51
INVESTMENT INCOME		
Interest on Bonds	$27,875,104.05	
Dividends	3,551,884.94	
Gain (Loss) on Sale of Bonds	17,892,745.17	
Gain (Loss) on Sale of Stocks	7,710,966.98	
Gain (Loss) on Sale of Real Estate	47,776.10	
Income on Real Estate	1,641,731.64	
Total Investment Income		$58,720,208.88
TOTAL INCOME FORWARDED		$85,325,023.10

Exhibit "B"

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

EXPENDITURES FOR YEAR 1985

TOTAL INCOME FORWARDED			$85,325,023.10
ANNUITIES AND BENEFITS PAID			
Employees' Annuities	$13,493,965.87		
Spouses' Annuities	2,447,497.68		
Compensation Annuities	00		
Children's Annuities	102,680.00		
Ordinary Disability	1,419,709.01		
Duty Disability	977,158.87		
Supplementary Payments	35,977.08		
Annuitant Health Insurance	45,502.00		
Total Benefits Paid	$18,522,490.51		
Reciprocal Act Reimbursements	(6,241.88)		
Net Benefits Paid		$18,516,248.63	
EXPENSE OF ADMINISTRATION			
Salaries			
Regular Employees	$ 196,178.45		
Blue Cross & Blue Shield	20,051.00		
Services			
Legal Expense	14,004.00		
Medical Expense	15,558.72		
Actuarial & Data Processing	218,941.09		
Auditing	28,000.00		
Investment	588,271.14		
Office Supplies and Equipment	45,213.30		
Printing and Stationery	23,581.66		
Postage	11,764.74		
Rent & Electricity	58,453.98		
Election Expense	1,795.68		
Telephone & Telegraph	2,858.42		
Conference & Association Exp.	20,616.00		
Insurance Premiums	214.00		
Microfilming	10,160.17		
Temporary Help	1,110.75		
Miscellaneous	9,779.40		
Total Expenses		$1,266,552.50	
REFUNDS		2,273,020.86	
TOTAL EXPENDITURES			$22,055,821.99
EXCESS INCOME OVER EXPENDITURES			$63,269,201.11
Net Change in Reserve for Loss on Collection and Taxes Receivable for Prior Years			243,652.02
Cancelled Checks			232,208.56
INCREASE IN NET ASSETS FOR YEAR			$63,745,061.69

LABORERS' AND RETIREMENT BOARD

EMPLOYEES' ANNUITY AND BENEFIT

FUND OF CHICAGO

COMPARATIVE ANALYSIS

YEAR 1985

ASSETS

AND

LIABILITIES

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

COMPARATIVE ANALYSIS

ASSETS

	01/01/1985	12/31/85	Increase (Decrease)
CASH			
On Deposit	$ 630,990	$ 240,317	($ 390,673)
INVESTMENTS			
Bonds (Par Value)	$272,792,179	$281,040,220	$ 8,248,040
Bond Premiums & Discounts	(41,826,543)	(12,472,534)	29,354,009
Common Stocks--Cost	86,460,961	102,204,623	15,743,663
Accrued Bond Interest	6,116,563	5,420,111	(696,451)
Accrued Dividends	210,145	304,398	94,253
Accrued Principal Payments	108,577	270,353	161,776
Real Estate Separate Account	17,453,895	28,599,806	11,145,910
Total Investments	$341,315,777	$405,366,977	$ 64,051,200
ACCOUNTS RECEIVABLE--TAXES			
Replacement Tax from State	$ 2,329,000	$ 2,300,000	($ 29,000)
Tax Extension	15,163,056	15,190,276	27,220
Less: Estimates for L/C	2,329,609	2,327,044	(2,565)
Net Taxes Receivable	$ 15,162,447	$ 15,163,232	$ 785
OTHER ACCOUNTS RECEIVABLE			
Salary Deductions Accrued	$ 617,583	$ 988,979	$ 371,396
Misc. Employee Accounts	74,182	174,319	100,137
Due From Broker	554,832	148,676	(406,156)
Total Other Accts. Rec.	$ 1,246,597	$ 1,311,974	$ 65,377
GROSS LEDGER ASSETS	$358,355,811	$422,082,500	$ 63,726,689
LESS: ACCOUNTS PAYABLE			
Misc. Employee Accts.	$ 1,545,142	$ 1,526,769	($ 18,373)
Military Service Deds.	1,558	1,558	0
Total Accts. Payable	$ 1,546,700	$ 1,528,327	($ 18,373)
NET LEDGER ASSETS	$356,809,111	$420,554,173	$ 63,745,062

Exhibit "C"

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

COMPARATIVE ANALYSIS

LIABILITIES AND FUND BALANCES

LIABILITY RESERVES	01/01/1985	12/31/1985	Increase (Decrease)
ANNUITY PAYMENT FUND			
Employee Annuitants	$ 43,511,838	$ 46,611,331	$ 3,099,493
Emp. Annuities Fixed	1,680,675	12,958,142	11,277,466
Spouse Annuitants	16,875,442	18,718,734	1,843,292
Spouses' Annuities Fixed	9,231,366	13,975,679	4,744,314
Total	$ 71,299,321	$ 92,263,886	20,964,565
SALARY DEDUCTION FUND ACCOUNT			
Employees	$ 80,313,068	$ 83,877,450	$ 3,564,382
Spouses of Employees	17,967,772	18,864,900	897,128
Total	$ 98,280,840	$102,742,350	$ 4,461,510
CITY CONT. FUND ACCOUNT			
Employees	$ 75,495,665	$ 78,643,454	$ 3,147,789
Spouses of Employees	24,754,548	25,857,701	1,103,152
Supplemental Annuities	3,550	3,737	188
Total	$100,253,763	$104,504,892	$ 4,251,129
OTHER RESERVES			
Supplemental Pymt. Res.	$ 70,232	$ 69,255	($ 977)
Annuity Fund Account	10,694,898	470,226	(10,224,672)
Total	$ 10,765,130	$ 539,481	($10,225,649)
PRIOR SERVICE FUND ACCOUNT			
Employee Annuitants	$ 74,117,425	$ 85,158,672	$11,041,248
Emp. Annuities Fixed	9,716,846	0	(9,716,846)
Spouse Annuitants	3,243,146	3,273,524	30,378
Spouses' Annuities Fixed	5,964,256	3,338,897	(2,625,359)
Sal. Ded. 2% Annuity	7,770,457	8,311,931	541,474
Estimated Excess Liability	81,044,780	95,711,341	14,666,560
Total	$181,856,910	$195,794,365	$13,937,455
TOTAL LIABILITIES	$462,455,964	$495,844,974	$33,389,010
UNFUNDED OBLIGATIONS	($105,646,853)	($ 75,290,801)	$30,356,052
TOTAL NET LIABILITIES	$356,809,111	$420,554,173	$63,745,062

Exhibit "D"

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

TAXES RECEIVABLE

DECEMBER 31, 1985

Year	Uncollected Taxes 12-31-85	Estimate for Loss 12-31-84	Additional Est. Setup 12-31-85	Total Est. for loss 12-31-85	Taxes Collectible 12-31-85
CITY					
1981	$ 454,995.56	($ 445,565.00)	($ 9,430.56)	($ 454,995.56)	$ 0.00
1982	333,084.32	(321,740.00)	(5,348.00)	(327,088.00)	5,996.32
1983	341,096.72	(461,860.00)	127,585.00	(334,275.00)	6,821.72
1984	709,633.50	(663,850.00)	124,804.00	(539,046.00)	170,587.50
1985	13,318,000.00		(665,900.00)	(665,900.00)	12,652,100.00
	$15,156,810.10	($1,893,015.00)	($428,289.56)	($2,321,304.56)	$12,835,505.54
1985	$ 2,300,000.00	Replacement tax due from State			$ 2,300,000.00
	$17,456,810.10				$15,135,505.54
PARK DISTRICT					
1981	$ 1,121.83	($ 1,167.88)	$ 46.05	($ 1,121.83)	$ 0.00
1982	689.03	(1,113.18)	424.15	(689.03)	0.00
1983	878.95	(1,450.00)	571.05	(878.95)	0 00
1984	1,776.08	(1,600.00)	0.00	(1,600.00)	176.08
1985	29,000.00		(1,450.00)	(1,450.00)	27,550.00
	$ 33,465.89	($ 5,331.06)	($ 408.75)	($ 5,739.81)	$ 27,726.08
TOTAL					
	$17,490,275.99	($1,898,346.06)	($428,698.31)	($2,327,044.37)	$15,163,231.62

Note: The loss on the 1985 tax levy was 5%. Due to the 100% collection of the personal property replacement tax, the overall loss is 4%. The statutory requirement of $15,647,000 is the sum of $13,318,000 plus $2,300,000 plus $29,000.

Exhibit "E"

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

MEMBERSHIP STATISTICS

YEAR 198~~0~~5

	Number at Beginning of Year	Increases	Decreases	Number At End of Year
A. Changes in Active Participants				
Male	4,929	439	628	4,740
Female	412	55	69	398
Total	5,341	494	697	5,138
B. Changes in Annuitants & Beneficiaries				
Employee Annuitants	2,386	160	203	2,343
Spouse Annuitants	1,210	89	112	1,187
Children's Annuities	96	27	19	104
Ordinary Disability Benefits	111	123	126	108
Duty Disability Benefits	77	691	658	110
Reversionary (Beneficiaries)	3	1	0	4
Reciprocal: Employee	83	10	17	76
Reciprocal: Spouse	15	5	1	19
Widow/WidowerCompensation Annuities	2	0	0	2
Total	3,983	1106	1136	3,953
C. Ratio of Active Participants to Annuitants & Beneficiaries	1.34			1.30

Exhibit "F"

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

SALARY AND AGE STATISTICS

YEAR 1985

Ages and Salaries as of December 31, 1985

Male

Ages	Number	Annual Salaries	Average Annual Salaries
Under 20	3	$ 85,896	$28,632
20 - 24	175	4,293,384	24,534
25 - 29	584	14,763,144	25,279
30 - 34	677	17,331,264	25,600
35 - 39	535	13,789,848	25,775
40 - 44	444	11,641,536	26,220
45 - 49	495	12,730,056	25,717
50 - 54	478	11,835,936	24,761
55 - 59	614	15,420,456	25,115
60 - 64	426	10,398,168	24,409
65 - 69	197	4,937,880	25,065
70 & over	66	1,744,632	26,434
Without Record	46	1,128,840	24,540
Total	4740	$120,101,040	$25,338

Female

Ages	Number	Annual Salaries	Average Annual Salaries
20 - 24	10	$ 200,352	$20,035
25 - 29	14	266,040	19,003
30 - 34	9	216,960	24,107
35 - 39	7	144,600	20,657
40 - 44	11	224,544	20,413
45 - 49	24	402,384	16,766
50 - 54	41	661,440	16,133
55 - 59	80	1,079,352	13,492
60 - 64	127	1,464,792	11,534
65 - 69	71	773,808	10,899
70 & over	4	59,376	14,844
Total	398	$ 5,493,648	$13,803
TOTAL MALE AND FEMALE	5138	$125,594,688	$21,313

Exhibit "F"

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

SALARY AND AGE STATISTICS

YEAR 1985

AGES AT ENTRANCE

	MALE		FEMALE	
	Number	**Annual Salaries**	**Number**	**Annual Salaries**
Under 25	1,653	$ 43,503,672	24	$ 457,584
25 - 29	983	24,835,848	38	643,536
30 - 34	649	15,944,616	56	924,648
35 - 39	441	11,079,048	104	1,298,040
40 - 44	421	10,182,744	116	1,399,920
45 - 49	285	6,987,168	47	570,696
50 - 54	146	3,467,496	6	77,328
55 - 59	92	2,322,048	4	64,320
60 & over	24	649,560	3	57,576
W/O record	46	1,128,840	---	---
Totals	4,740	$120,101,040	398	$5,493,648

	Male	Female
Average Annual Salary	$25,338	$13,803
Average Attained Age	44.2	56.2
Average Service	13.6	18.5
Average Age at Entrance	30.6	37.7

Exhibit "G"

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

AGE AND SERVICE DISTRIBUTION

YEAR 1985

Average Salaries by Age and Service Grouping (Showing the Number of Members and the Average Salaries of Males and Females Combined)

Ages	Years of Service									
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
00-20	3									3
	28632									28632
20-24	17	93	75							185
	23149	24139	24737							24290
25-29	17	153	375	53						598
	23932	23850	25351	27674						25132
30-34	16	113	337	203	17					686
	25455	24096	25008	27139	28313					25581
35-39	7	86	192	159	95	3				542
	24411	23505	25468	26436	26906	30952				25709
40-44	7	48	126	95	86	81	12			455
	26290	24165	24440	26512	27714	27248	27798			26079
45-49	3	38	120	71	95	131	59	2		519
	19896	21741	24096	25523	26227	25053	29055	27600		25303
50-54	3	30	102	76	73	108	76	49	2	519
	25480	24938	24537	24693	23728	22488	22891	27146	31320	24080
55-59	1	17	75	82	89	134	101	146	49	694
	27360	24928	23987	24016	22814	20610	23782	25146	28876	23775
60-64	1	17	53	55	90	155	63	68	51	553
	35472	25343	23538	25037	21389	16345	19230	24684	27916	21452
65-69	1	2	20	33	39	78	49	31	15	268
	36384	22284	24920	22823	21106	16000	24980	23583	23530	21312
70+			3	10	13	13	10	16	5	70
			28840	27281	25839	23778	23923	27987	22526	25772
W/O		5	20	15	2	2	1	1		46
		23424	22916	25784	26592	28476	13656	42840		24540
No.	76	602	1498	852	599	705	371	313	122	5138
Sal.	24787	23902	24862	25993	24728	21163	23930	25421	27597	24444
Age										45.2
Service										14.0

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

ANNUITANTS CLASSIFIED BY AGE AS OF DECEMBER 31, 1985

Retirement Annuities

Ages	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
25 - 29						
30 - 34	1	$ 1,200.00	$ 1,200.00		$	$
35 - 39	3	3,000.00	1,000.00			
40 - 44	1	1,200.00	1,200.00			
45 - 49						
50 - 54	4	6,393.72	1,598.43			
55 - 59	36	267,419.28	7,428.31	2	3,496.08	1,748.04
60 - 64	209	2,166,792.72	10,367.43	39	111,957.24	2,870.70
65 - 69	427	3,817,816.08	8,941.02	178	685,180.32	3,849.33
70 - 74	418	3,050,844.72	7,298.67	249	758,784.00	3,047.33
75 - 79	256	1,580,031.12	6,172.00	185	420,092.64	2,270.77
80 - 84	119	556,758.24	4,678.64	115	257,738.52	2,241.20
85 - 89	51	223,466.04	4,381.69	65	124,118.40	1,909.51
90 - 94	28	100,272.48	3,581.16	29	48,784.20	1,682.21
95 - 99	2	4,352.88	2,176.44	2	4,789.80	2,394.90
100-105						
Totals	1555	$11,779,547.28	$ 7,575.27	864	$2,414,941.20	$2,795.07
Average Age			71			75

Spouses Annuities (Not Including Compensation)

Ages	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
20 - 24		$	$		$	$
25 - 29				2	2,400.00	1,200.00
30 - 34				3	3,600.00	1,200.00
35 - 39				4	7,422.72	1,855.68
40 - 44				17	31,999.80	1,882.34
45 - 49				23	44,799.36	1,947.80
50 - 54	1	1,200.00	1,200.00	45	118,670.64	2,637.13
55 - 59				95	230,631.36	2,427.70
60 - 64	2	3,580.80	1,790.40	170	408,400.20	2,402.35
65 - 69	3	3,600.00	1,200.00	248	564,817.20	2,277.49
70 - 74	5	6,324.12	1,264.82	229	466,557.96	2,037.37
75 - 79				174	315,911.76	1,815.58
80 - 84				105	144,418.92	1,375.42
85 - 89				61	82,170.48	1,347.06
90 - 94				18	18,480.60	1,026.70
95 - 99				3	3,335.28	1,111.76
100-105				2	4,197.84	2,098.92
Totals	11	$ 14,704.92	$1,336.81	1199	$2,447,814.12	$2,041.55
Average Age			67			69

Exhibit "I"

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

NEW ANNUITIES GRANTED

DURING 1985

	Male Annuitants	Female Annuitants	Widows/ Widowers of Deceased Employees	Widows/ Widowers of Deceased Annuitants
Number Retired	146	29	36	59
Average Attained Age	64.3	67.6	52.3	69.3
Average Length of Service	25.7	24.3	22.0	N/A
Average Annual Salary (4 out of 10)	$ 23,604	$ 8,424	N/A	N/A
Average Annual Final Salary	$ 25,248	$ 8,880	24,660	N/A
Total Annual Annuity	$ 1,711,793	$ 118,007	$ 137,404	$ 170,319
Average Annual Annuity	$ 11,725	$ 4,069	$ 3,817	$ 2,889
Total Liability (7% UP-1984)	$19,301,916	$1,356,543	$1,525,931	$1,431,033
Average Liability	$ 132,205	$ 46,777	$ 42,387	$ 24,255
Total Cost for Income Tax Purposes	$ 2,636,449	$ 195,151	$ 595,567	N/A
Average Cost	$ 18,055	$ 6,729	$ 16,544	N/A
Expected Future lifetime (yrs.)	15.35	16.71	28.62	15.35
Payback Period (yrs.)	1.54	1.65	4.33	N/A
Replacement ratio	46.4%	45.8%	N/A	N/A
Liability divided by Salary	5.24	5.27	N/A	N/A

Exhibit "J"

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

HISTORY 1965 to 1985

HISTORY OF AVERAGE ANNUAL SALARIES ENTIRE FUND

Year	Total Members in Service(1)	Percentage Increase Preceding Year	Total Salaries	Percentage Increase Preceding Year	Average Annual Salaries	Percentage Increase of Preceding Year	CPI Ave Chicago
65	7,936	0.9%	$ 45,872,832	3.2%	$ 5,780	2.3%	1.4%
66	7,995	0.7	47,598,552	3.8	5,954	3.0	2.9
67	8,102	1.3	52,268,304	9.8	6,451	8.3	2.7
68	7,891	(2.6)	56,165,136	7.5	7,118	10.3	4.3
69	7,777	(1.4)	60,523,296	7.8	7,782	9.3	5.4
70	7,220	(7.2)	62,916,768	4.0	8,714	12.0	5.6
71	6,864	(4.9)	66,142,320	5.1	9,636	10.6	3.9
72	6,971	1.6	69,950,692	5.8	10,035	4.1	2.9
73	6,752	(3.1)	73,108,848	4.5	10,828	7.9	6.2
74	6,638	(1.7)	78,526,728	7.4	11,830	9.3	10.7
75	7,032	5.9	89,276,280	13.7	12,696	7.3	7.9
76	6,811	(3.1)	90,487,008	1.4	13,285	4.6	4.8
77	6,752	(0.9)	98,029,296	8.3	14,519	9.3	6.4
78	6,613	(2.1)	103,399,152	5.5	15,636	7.7	8.6
79	6,175	(6.6)	105,825,264	2.3	17,138	9.6	12.5
80	5,847	(5.3)	108,854,496	2.9	18,617	8.6	14.4
81	5,765	(1.4)	118,054,512	8.5	20,478	10.0	9.6
82	5,970	3.6	134,293,920	13.8	22,495	9.8	6.8
83	5,424	(9.1)	131,355,840	(2.2)	24,218	7.7	4.0
84	5,341	(1.5)	131,327,856	(0)	24,589	1.5	3.8
85	5,138	(3.8)	125,594,688(3)	(4.4)	24,444	(.6)(2)	3.8
Average Increase (Decrease) for the Last 5 Years		(2.4)%		3.1%		5.7%	5.6

(1) Includes those members who were on disability.

(2) Average annual increase in salary 1965-1985, about 7.48% compounded. The average increase in the Chicago CPI for the same period is about 5.6%.

(3) Total salaries include the 7% Board of Education "pick up" for the first time due to a change in the law.

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

HISTORY OF TOTAL ANNUITIES

Employee Annuitants (Male and Female)

Year End	Number of Annuitants	Total Annuities	Average Annuities
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
1981	2,420	9,950,080	4,112
1982	2,419	10,725,716	4,434
1983	2,419	11,550,456	4,775
1984	2,469	13,123,860	5,315
1985	2,419	14,194,488	5,868

Spouse Annuitants
(Not Including Compensation)

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
1981	1,153	1,768,868	1,534
1982	1,174	1,927,743	1,642
1983	1,211	2,128,737	1,758
1984	1,228	2,304,994	1,877
1985	1,210	2,462,519	2,035

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

HISTORY OF INVESTMENT YIELDS

Nonrecurring Gains and Losses Are Excluded from Income

Year End	Investment Yield on Total Assets	Investment Yield on Invested Assets
1971	4.75%	4.99%
1972	5.47	5.70
1973	5.76	6.03
1974	6.58	6.98
1975	7.25	7.73
1976	7.23	7.65
1977	7.01	7.35
1978	6.61	6.97
1979	7.38	7.82
1980	7.69	8.20
1981	8.46	9.11
1982	9.88	10.47
1983	9.37 (9.30)*	9.79 (9.72)*
1984	9.67 (9.58)*	10.12(10.03)*
1985	8.89 (8.72)*	9.27(9.10)*
Average of Last 5 Years	9.25%	9.75%

Nonrecurring Gains and Losses Are Included in Income

Year End	Investment Yield on Total Assets	Investment Yield on Invested Assets
1971	3.95%	4.14%
1972	4.79	5.00
1973	3.60	3.77
1974	3.55	3.76
1975	6.17	6.58
1976	6.98	7.39
1977	7.00	7.35
1978	5.34	5.62
1979	6.61	7.00
1980	5.66	6.03
1981	3.99	4.29
1982	7.64	8.09
1983	11.14 (11.07)*	11.64 (11.57)*
1984	8.88 (8.79)*	9.30 (9.21)*
1985	16.34 (16.17)*	17.07 (16.89)*
Average of Last 5 Years	9.60%	10.08%

Notes: *Investment Income is net of investment expenses.

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

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

Exhibit "M"

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

RECENT LEGISLATIVE CHANGES

1984 SESSION

Direct deposit

1985 SESSION

HB 398 1.80, 2.00, 2.20, 2.40% Benefit accrual rate for those born before January 1, 1936, and retiring after August 16, 1985

Reduction in age discount factor (employee and widow) from 0.5% to 0.25% for employees born before January 1, 1936, and retiring after August 16, 1985

Health insurance supplement up to $25 per month if the employee is age 65 or older with at least 15 years of service (for each employee annuitant in receipt of annuity and for each employee who retires on annuity in the future)

Disability provisions extended to age 70 in certain cases

Unisex money purchase factors for widows/widowers

Membership provisions extended to age 70

Board of Education employee contribution "pick up" included in the definition of salary for contribution and benefit purposes

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

HISTORY OF RECOMMENDED EMPLOYER MULTIPLES

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 40 Year Amortization	Normal Cost Plus 40 Year % of Salary Amortization
1974	1.235	1.48	---	---
1975	1.280	1.33	---	---
1976A	1.325	1.54	1.62	1.24
1977	1.370	1.53	1.62	1.24
1978A	1.370	1.69	1.78	1.38
1979	1.370	1.62	1.71	1.34
1980	1.370	1.96	2.04	1.67
1981	1.370	1.59	1.67	1.30
1982A	1.370	1.34	1.40	1.03
1983B	1.370	1.54	1.60	1.21
1984	1.370	1.58	1.63	1.30
1985AB	1.370	1.60	1.64	1.33

A = Change in actuarial assumptions
B = Change in benefits

Exhibit "O"

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

HISTORY OF FINANCIAL INFORMATION

Year End	Employee Contributions(1)	Employer Contributions(2)	Investment Income (3)	Total Income
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
81	10,522,389	12,392,694	9,631,793	32,546,876
82	11,546,286	12,589,417	19,729,269	43,864,972
83	11,608,537	13,681,225	31,809,924	57,099,686
84	11,531,243	14,996,619	28,832,621	55,360,483
85	11,569,775	15,035,039	58,720,209	85,325,023

Year End	Pay-Outs(4)	Income Less Pay-Outs(5)	Pay Outs to Assets	Income to Assets	Pay Outs to Income
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
81	16,596,246	15,950,630	6.5	12.8	51.0
82	16,338,842	27,526,130	5.8	15.6	37.2
83	17,406,849	39,692,837	5.4	17.8	30.5
84	20,473,249	34,887,234	5.7	15.5	37.0
85	22,055,822	63,269,201	5.2	20.3	25.8

Statistical material suggested by the Municipal 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

Exhibit "O"

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

HISTORY OF FINANCIAL INFORMATION
ANNUAL ACTUARIAL REQUIREMENTS

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

Year	A NC Plus Interest	B NC Plus ERISA 40-Year Amortization	C NC Plus Increasing % of Salary	A	B	C
				Expressed as Percentage of Salary Beginning of Year		
77A	$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
79A	20,575,276	21,211,686	18,442,428	9.90	20.51	17.84
80	21,699,408	22,362,086	19,478,525	20.50	21.13	18.41
81	25,019,195	25,711,368	22,699,461	22.98	23.62	20.85
82	23,885,754	24,620,727	21,422,580	20.23	20.86	18.15
83A	24,484,651	25,070,322	21,442,931	18.23	18.67	15.97
84B	25,818,914	26,456,281	22,731,331	19.66	20.14	17.31
85	26,200,791	26,746,874	23,555,414	19.95	20.37	17.94
86AB	24,965,655	25,330,252	22,617,955	19.88	20.17	18.01

ACTUAL EMPLOYER AND EMPLOYEE CONTRIBUTION

Year	D Employer	E Employee	D	E
			Expressed as a Percentage of Salary Beginning of Year	
77A	$ 8,470,000	$ 8,568,248	9.36%	9.47%
78	9,477,125	9,077,825	9.67	9.26
79A	11,108,298	9,571,764	10.74	9.26
80	11,791,330	9,729,912	11.14	9.19
81	12,392,694	10,522,389	11.38	9.67
82	12,589,417	11,546,286	10.66	9.78
83A	13,681,225	11,608,537	10.19	8.64
84B	14,996,619	11,531,243	11.42	8.78
85	15,035,039	11,569,775	11.45	8.81
86AB	EST14,782,080	10,675,548	11.77	8.50

DEFICIENCY (EXCESS) IN ANNUAL CONTRIBUTION

Year	F NC Plus Interest	G NC Plus ERISA 40-Year Amortization	H NC Plus Increasing % of Salary	F	G	H
				Expressed as a Percentage of Salary Beginning of Year		
77A	$ 25,078	$ 569,080	($1,798,076)	.03%	.63%	(1.99)%
78	(86,847)	499,106	(2,050,597)	(.09)	.51	(2.09)
79A	(104,786)	531,624	(2,237,634)	(.10)	.51	(2.16)
80	178,166	840,844	(2,042,717)	.17	.79	(1.93)
81	2,104,112	2,796,285	(215,622)	1.93	2.57	(.20)
82	(249,949)	485,024	(2,713,123)	(.21)	.41	(2.30)
83A	(805,111)	(219,440)	(3,846,831)	(.60)	(.16)	(2.86)
84B	(708,948)	(71,581)	(3,796,531)	(.54)	(.05)	(2.89)
85	(404,023)	142,060	(3,049,400)	.31	.11	(2.32)
86AB	EST(491,973)	(127,377)	(2,839,674)	(.39)	(.10)	(2.26)

A Change in actuarial assumptions
B Change in benefits

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

HISTORY OF FINANCIAL INFORMATION

ACCRUED AND UNFUNDED LIABILITIES

Year-End	Accrued Liability	Assets at Book Value	Funded Ratio	Unfunded Accrued Liability	Payroll	Unfunded Accrued % Payroll
71A	$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
76A	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
78A	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
81	367,980,498	254,234,605	69.1	113,745,893	118,054,512	96
82A	391,353,993	281,708,565	72.0	109,645,428	134,293,920	82
83B	444,711,069	321,404,078	72.3	123,306,991	131,355,840	94
84	462,455,964	356,809,111	77.2	105,646,853	131,327,856	80
85AB	495,844,974	420,554,173	84.8	75,290,801	125,594,688	60

SOLVENCY (TERMINATION) TEST

Year-End	Retired Liability	Active Member Salary Deductions	Total Term. Liab.	Assets at Book Value	Termination Cost (excess)	Quick Ratio Assets to Term. Liab.
75	$56,403,573	$63,162,106	$119,565,679	$151,749,085	$(32,183,406)	127%
76A	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
78A	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
81	107,291,048	88,378,748	195,669,796	254,234,605	(58,564,809)	130
82A	113,743,284	94,516,563	208,259,847	281,708,565	(73,448,718)	135
83B	128,901,825	106,730,627	235,632,452	321,404,078	(85,771,626)	136
84	142,713,639	111,888,474	254,602,113	356,809,111	(102,206,998)	140
85AB	158,514,452	117,882,073	276,396,525	420,554,173	(144,157,648)	152

A Change in valuation assumptions
B Change in benefits

Quick ratio is defined as assets divided by the termination liability

Exhibit "P"

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

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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 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, 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 keep the unfunded liability from increasing if all assumptions are realized. This amount is called interest only on the unfunded liability.

The required 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 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. No funds are provided for amortization of the unfunded liability.

Reserves for employees' 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, and 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 METHODS AND ASSUMPTIONS

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: UP-1984 MORTALITY TABLE, male and female.

Interest: 7% a year, compounded annually. An exhibit details the investment yields the Fund actually realized over the past few years. This assumption contains a 4% inflation assumption and a 3% real rate of return assumption.

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, say, 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 the current high interest rates will continue over this period.

Salary Increase: 7% a year, compounded annually. An exhibit details the annual increase in the average salary over the past years, which averages greater than 7%. This assumption contains a 4% inflation assumption and a 3% merit and longevity assumption.

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 increased.

Increased costs will necessarily result, with the extent of the increase in cost depending on the extent of the increase in salary over the assumed time period.

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

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Rate of Retirement: The rates of retirement used in this valuation are shown adjusted in an exhibit grouped by age of entrance into the service and are based on experience of the Fund. These rates were modified to assume all employees retire by age 70.

Rate of Termination: These rates are shown in an exhibit and are based on the experience of the Fund.

Proportion Married: This is shown in an exhibit.

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.

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: Bonds are amortized value; stocks are at cost, real estate separate accounts at adjusted cost.

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

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

Exhibit "Q"

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

SERVICE TABLE FUNCTIONS

Rates of Retirement

Male

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	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Female

Attained Age	22	27	32	37	42	47	52	57	62
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	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Exhibit "Q"

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									

Female

Attained Age	Age at Entrance 22	27	32	37	42	47	52	57	62
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									

Attained Age	Male Death Rate UP-1984 Per 1,000	Female Death Rate UP-1984 Per 1,000	Proportion Married %
22	1.167	1.385	81
27	1.058	1.167	81
32	1.208	1.058	81
37	1.792	1.208	80
42	2.818	1.792	83
47	4.635	2.818	83
52	7.543	4.635	84
57	11.863	7.543	82
62	18.685	11.863	80
67	29.634	18.685	78
70	37.667	24.847	74

IMPACT SHEET PREPARED BY FUND ACTUARY

FUND	LABORERS'
ANNUAL PAYROLL	$125,594,688
ACTIVE MEMBERS	5,138
VALUATION DATE	12-31-85

	PRESENT PLAN
ACCRUED LIABILITY	$495,844,974
ASSETS	$420,554,173
UNFUNDED LIABILITY	$75,290,801
FUNDED RATIO	84.82%

DIRECTION OF FINANCIAL CONDITION

	PRESENT PLAN	PER ACTIVE	% OF SAL.
REQD ANNUAL CONTRIB	$24,965,655	$4,859	19.88%
EST EMPLOYER CONTRIB	$14,782,080	$2,877	11.77%
EST EMPLOYEE CONTRIB	$10,675,548	$2,078	8.50%
DEFICIENCY(EXCESS)	($491,973)	($96)	-0.39%

LIS85/500

Exhibit "S"

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

PLAN SUMMARY

PARTICIPANTS

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.

For minimum annuity, one half-year credit is given for one completed month of service and a full year credit is given for one complete month of service plus service in at least 5 other months. For O.D. credit, the exact number of days, months and years are used.

RETIREMENT ANNUITY

Money Purchase Formula: Maximum is 60% of final salary. Applies in cases where an employee is age 55 or more and has over 10 years of service. If employee is age 55 to 60 with service less than 20 years, the annuity is based on all employee deductions plus 1/10 of the city contributions for each year over 10. In case of withdrawal before age 55 and application after age 55, the annuity is based on employee deductions plus 1/10 of the city contributions for each year over 10, with interest to date of application or age 55, whichever is later. The age factor for age 55 is used.

The annuity is based on all employee deductions and city contributions in cases where the employee is: (a) age 55 to 60 with 20 or more years of service; (b) age 60 to 70; (c) resigning at the time of disability expiration. Money purchase can be calculated only to age 70.

Minimum Annuity Formula: Maximum is 75% of final average salary.
a. An employee age 55 or older born before January 1, 1936, and withdrawing on or after August 16, 1985, with at least 20 years of service, is qualified for an annuity equal to 1.8% for each of the first 10 years of service plus 2.% for each of the next 10 years plus 2.2% for each of the next 10 years and 2.4% for each year of service over 30 years of the final average salary during the four highest consecutive years within the last 10 years of service prior to retirement. This annuity is discounted 0.25% for each month the employee is younger than 60 to age 55. (For employees born after January 1, 1936 the accrual rates are 1.67%, 1.90%, 2.10% and 2.30% and the discount factor for age less than 60 is 0.5%.)
b. An employee who is at least age 65 with 15 or more years of service is qualified for an annuity equal to 1% for each year of service multiplied by the final average salary added to the sum of $25 for each year of service.

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

PLAN SUMMARY

Reversionary Annuity: An employee may elect to reduce his or her annuity by an amount less than or equal to $200 to provide a reversionary annuity for a spouse, parent, child, brother, or sister, to begin upon the employee's death. The election must be made before retirement and have been in effect 2 years prior to death. The death of the employee before retirement voids the election. The reversionary annuity cannot exceed 80% of the employee's reduced annuity. If the employee resigns after June 30, 1983, the 3% automatic annual increase in annuity will be computed on the original, not the reduced, annuity; if the beneficiary dies before the employee annuitant, the full annuity is restored for annuities elected after June 30, 1983. The amount of the monthly reversionary annuity is determined by multiplying the amount of the monthly reduction in the employee's annuity by a factor based on the age of the employee and the difference in the age of the employee and the age of the reversionary annuitant at the starting date of the employee's annuity.

Reciprocal Annuity: Under reciprocal retirement an employee can receive annuity based on continued service credits in two or more governmental units in Illinois to whose pension fund he or she has contributed for at least one year.

Automatic Increase in Annuity: An employee who is age 60 or more is entitled to receive 2% of the original annuity, such increase to begin in January of the year immediately following the year of the first anniversary of retirement. Beginning with January of the year 1984 such increases are at the rate of 3% of the original annuity. An employee who retires prior to age 60 will receive such increase beginning in January of the year following the year he attained age 60.

SPOUSE'S ANNUITY (Payable until remarriage)

Money Purchase Formula: When an employee is 65, or retires prior to age 65, the spouse's annuity is fixed, based on employee deductions and city contributions made for spouses' annuity purposes and a joint life age factor. (If the employee is a female, these are deductions accumulated since October 1974.) In the case of the spouse of an employee over 65, the money purchase annuity is the amount fixed at employee age 65; all deductions after that time are refunded if the employee dies in service.

If the employee dies in service under 65, the spouse's annuity is based on all sums accumulated to their credit. This annuity cannot exceed the amount at which the spouse's annuity would have been fixed if the employee had continued to work to age 65.

For 3% annuities fixed on or after August 1, 1983, the "Combined Annuity Mortality Table" shall continue to be used; however, widows'/widowers'single life annuities and reversionary annuities shall be computed using the best factor (the factor producing the highest annuity), not depending upon sex.

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

PLAN SUMMARY

SPOUSE'S ANNUITY

Spouses' Minimum Annuity Formula: If the employee is at least age 60 and has 20 or more years of service, the spouse's annuity is equal to 1/2 the amount of annuity the employee was entitled to at the time of death, if death occurred before retirement, or was entitled to receive on the date of retirement, if the employee died after retirement. This annuity is subject to a maximum of $400 ($500 if retirement or death before retirement occurs on or after January 1, 1984) and must be then discounted 0.5% for each month that the spouse is under age 60 at the time the annuity is fixed. If the employee was born before January 1, 1936, and withdraws from service on or after August 16, 1985, the spouse discount factor is 0.25%.

In the case of the spouse of a female employee, the female employee must have made contributions for her spouse for at least 20 years to qualify for the minimum annuity formula. Current female employees may elect to pay spouse contributions for their service before October, 1974.

CHILDREN'S ANNUITY

Child's annuity is payable upon the death of the employee, either active or retired, if the child is unmarried, under age 18, born before participant is age 65 and before his separation from service or legally adopted at least one year before child's annuity becomes payable and prior to the attainment of age 55 by the adopting employee parent. Annuity is $80 per month while spouse of deceased employee is alive and $120 per month if no spouse is alive. Except for duty death deceased employee must have had 4 years of service or at least 2 years from latest re-entrance if he had previously resigned from service.

FAMILY MAXIMUM

Non-duty death: 60% of final monthly salary: Duty death: 70% of final monthly salary.

DISABILITIES

Duty Disability Benefits: Any employee who becomes disabled as the result of injury incurred in the performance of any act of duty, shall have a right to receive duty disability benefit in the amount of 75% of salary at date of injury plus $10 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. Duty disability benefits begin one day after the later of the last day worked and the last day paid.

If the disability has resulted from any mental disorder, physical defect or disease which existed at the time such injury was sustained, the duty disability benefit shall be 50% 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 benefit is payable to age 65 if disability begins before age 60. For an employee who begins disability on or after age 60, disability will continue for 5 years or to age 70 whichever occurs first. The City contributes salary deductions for annuity purposes. Such amounts contributed by the city after December 31, 1983, while the employee is receiving duty disability benefits are not refundable to the employee and will be used for annuity purposes only.

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 of employee's total service or 5 years, whichever occurs first if disability begins before age 60. For an employee who begins disability on or after age 60, disability will continue for a period not greater than 1/4 of employee's total service, but no more than 5 years or age 70, whichever occurs first.

GROUP HEALTH HOSPITAL AND SURGICAL INSURANCE PREMIUMS

The pension fund may provide up to $25 per month (paid to the underwriting organization) health insurance supplement for employee annuitants if the employee is age 65 or older with least 15 years of service. This supplement is available to any employee annuitant who is receiving annuity or for any employee who retires on annuity in the future.

REFUNDS

To Employee: Upon separation from service employee is entitled to all salary 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. Effective September 17, 1983, employee may choose a refund in lieu of annuity if annuity would be less than $200 per month.

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

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

PLAN SUMMARY

To Spouse: In lieu of annuity if annuity would be temporary rather than life and spouse so chooses. Effective September 17, 1983, spouse may choose a refund in lieu of annuity if annuity would be less than $200 per month.

Remaining Amounts: Amounts contributed by employee excluding 0.5% deductions for annuity increase, which have yet not been paid out as annuity, are refundable to his estate with interest to his retirement or death if he died in service.

DEDUCTIONS AND CONTRIBUTIONS

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

** 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.

TAX SHELTER OF EMPLOYEE SALARY DEDUCTIONS

Beginning January 1, 1982, the City employee salary deductions were designated for income tax purposes to be made by the employer. The W2 salary is therefore reduced by the amount of contribution. For pension purposes the salary remains unchanged. Income tax will be paid when a refund or annuity is granted. For the purposes of benefits, refunds, or financing, these contributions are treated as employee contributions. Beginning September 1, 1981, Board of Education employee contributions were paid by the employer. The 1985 amendments contained a provision whereby the amount of pick-up, if any, is included in the pensionable salary for contributions and benefits. Such provision was retroactive to September 1, 1981.