

LABORERS' AND RETIREMENT BOARD
EMPLOYEES' ANNUITY AND BENEFIT
FUND OF CHICAGO
ACTUARIAL STATEMENT
DECEMBER 31, 1986

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April 24, 1987

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, 1986, 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 1986. 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.

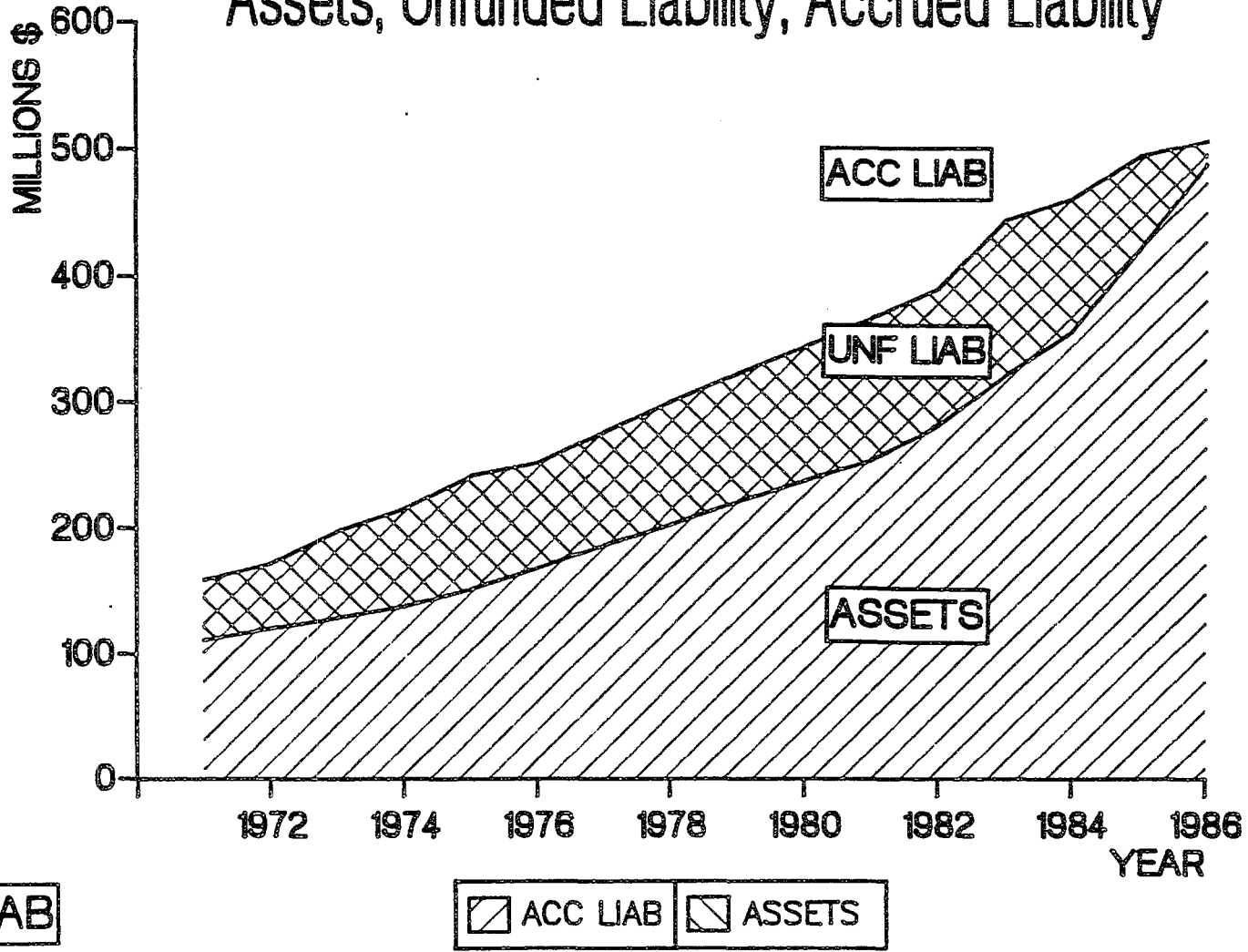
SUMMARY

The following represents a summary of 1986 Laborers' Actuarial Report:
 (1986 includes HB2630 amendments)

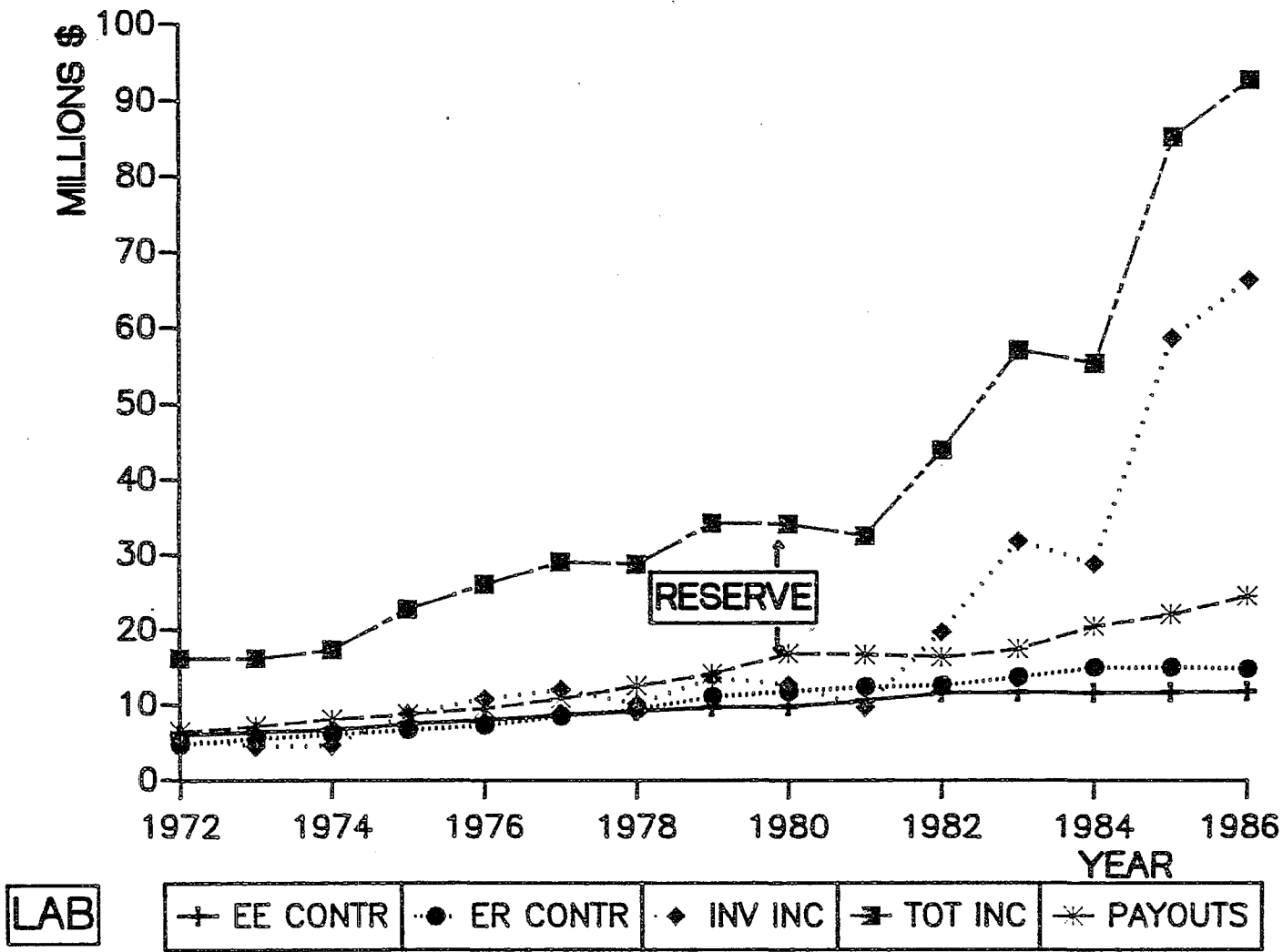
	Last Year	This Year
INCOME: Investment	\$ 58,720,209	\$ 67,653,382
Employer	\$ 15,035,039	\$ 14,765,250
Employee	\$ 11,569,775	\$ 11,691,095
Total	\$ 85,325,023	\$ 94,109,727
OUTGO: Refunds, Benefits, Expenses	\$ 22,055,822	\$ 25,774,701
EXCESS OF INCOME OVER OUTGO	\$ 63,269,201	\$ 68,335,026
ACTIVE PARTICIPANTS	5,138	4,844
BENEFICIARIES		
Employee	2,419	2,487
Spouse	1,212	1,228
Disabilities	218	354
Children	104	92
ACTUARIAL:		
Assets (Total at book value)	\$420,554,173	\$489,403,006
Funded Ratio	84.82%	96.34%
Accrued Liability	\$495,844,974	\$507,984,848
Termination Liability	\$276,396,525	\$302,314,080
Excess Upon Termination	\$144,157,648	\$187,088,926
Unfunded Liability	\$ 75,290,801	\$ 18,581,842
Annual Actuarial Requirement (ER & EE)	\$ 24,965,655	\$ 20,171,065
Expected Net Annual Actuarial Excess (Deficiency)	\$ 491,974	\$ 5,429,849
Required Employer Multiple	1.60	.99
PV Credited Projected Benefits	\$447,815,793	\$499,443,486
INVESTMENT:		
Yield (on Invested Assets, including gains/losses)	17.07%	16.69%
Invested Assets (Book Value)	\$405,366,977	\$473,166,911
Invested Assets (Market Value)	\$442,248,537	\$508,418,070
MISCELLANEOUS:		
Salary Roll	\$125,594,688	\$128,601,816
Average Salary	\$ 24,444	\$ 26,549

1986

Assets, Unfunded Liability, Accrued Liability



1986 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 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 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 also have 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 7% to 8% for interest and from 5.5% to 7% 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 is 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, the past experience of investment earnings giving effect to locked-in interest rates and generally expected future interest earnings that a 7.5% future interest assumption would be a reasonable rate for valuation purposes and that 6% per year salary scale is reasonable. These assumptions take into consideration 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 HB2630 Amendments:

- (1) For widows of employees retiring or dying in service on or after January 23, 1987, there is no maximum dollar amount for the widow's annuity.
- (2) For employees retiring on or after January 1, 1987, the automatic post-retirement increase will begin on the first payment date following the first anniversary of retirement or after age 60 if later.

The liabilities and costs in this report are based in part on a 7.5% per year interest assumption and a 6% per year salary scale assumption. Last year, the interest rate assumption was 7% per year and the salary scale assumption was 7% 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	2,487	\$121,368,237
Annuity Increase	2,289	23,398,980
Future Widow Benefit	1,515	11,087,393
Lump Sum Death Benefit	0	0
Health Insurance Supplement	1,478	2,590,215
Widow Annuity	1,226	21,434,815
Widow Compensation	2	<u>2,194</u>
Total Retired Reserve		\$179,881,834

2. Active Lives

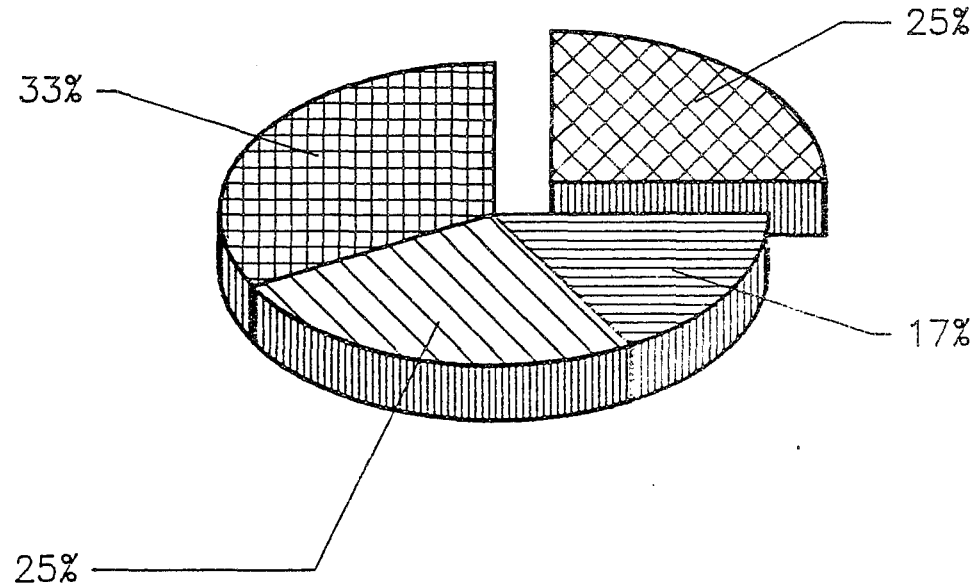
The value of future payments for active employees who will receive benefits in the future is estimated, since the amount of pension is only known at the actual time of retirement. This estimate is made using various actuarial assumptions as to future salary increases, probable retirement age, and chance 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	\$ 316,310,243	
Annuity Increase	67,037,788	
Future Widow/Widower Benefit	34,027,883	
Lump Sum Death Benefit	0	
Health Insurance Supplement	2,659,345	
Widow/Widower of Employees - Dying in service	20,641,183	
Widow/Widower Compensation - Duty Death	0	
Miscellaneous	<u>113,115,393</u>	
Total Active	\$ 553,791,835	
Total Active and Retired Present Value of Benefits	\$ 733,673,669	
Less Present Value of Future Normal Costs		<u>\$ 225,688,821</u>
Net Active Reserve		328,103,014
Net Active Reserve & Retired		507,984,848
Less Present Assets		<u>489,403,006</u>
Unfunded Liability		\$ 18,581,842

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.

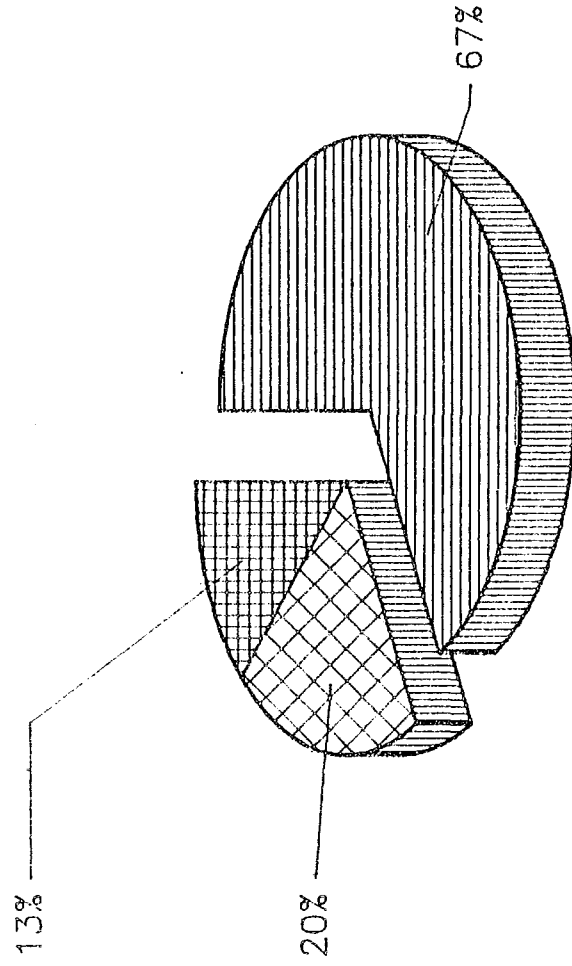
1986 Actuarial Present Value of Benefits



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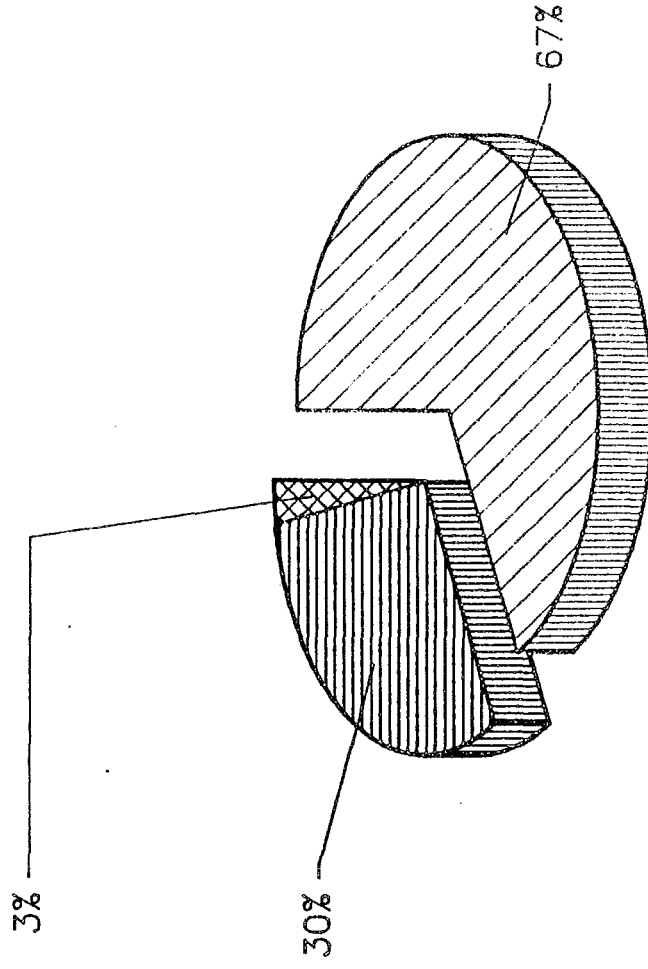


1986 Actuarial Assets



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1986 Actuarial Cost Method



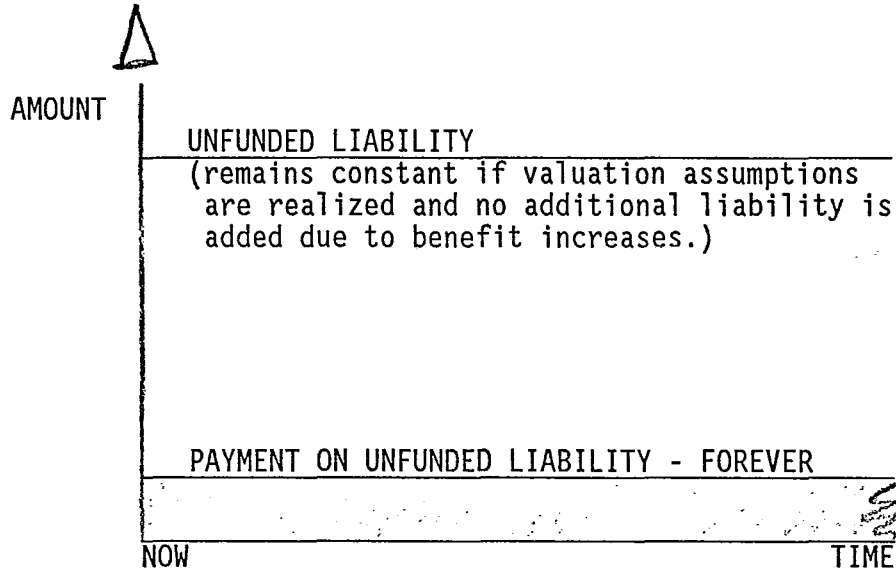
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UNF LIA PV NC ASSETS

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.

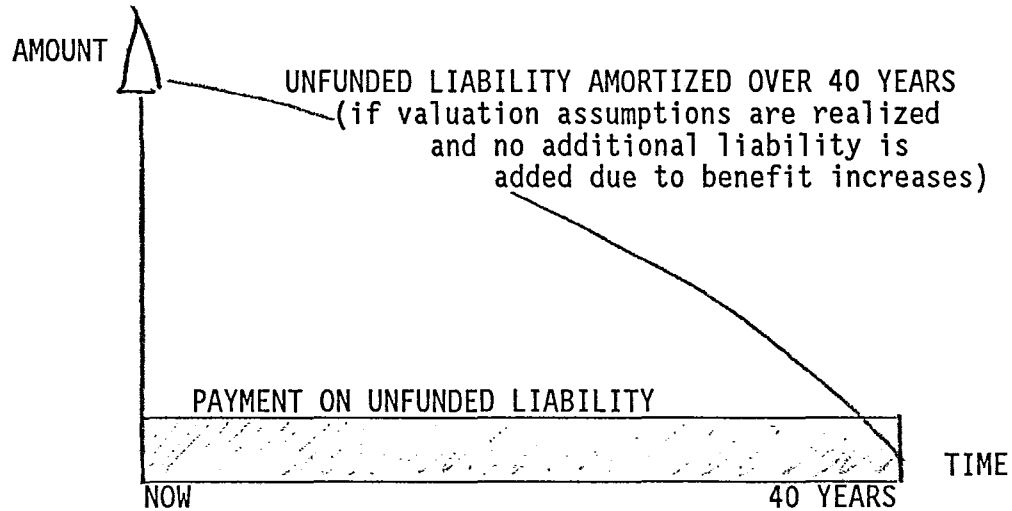
The normal cost-plus-interest-only method of funding is that recommended by the Illinois Public Employees Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.



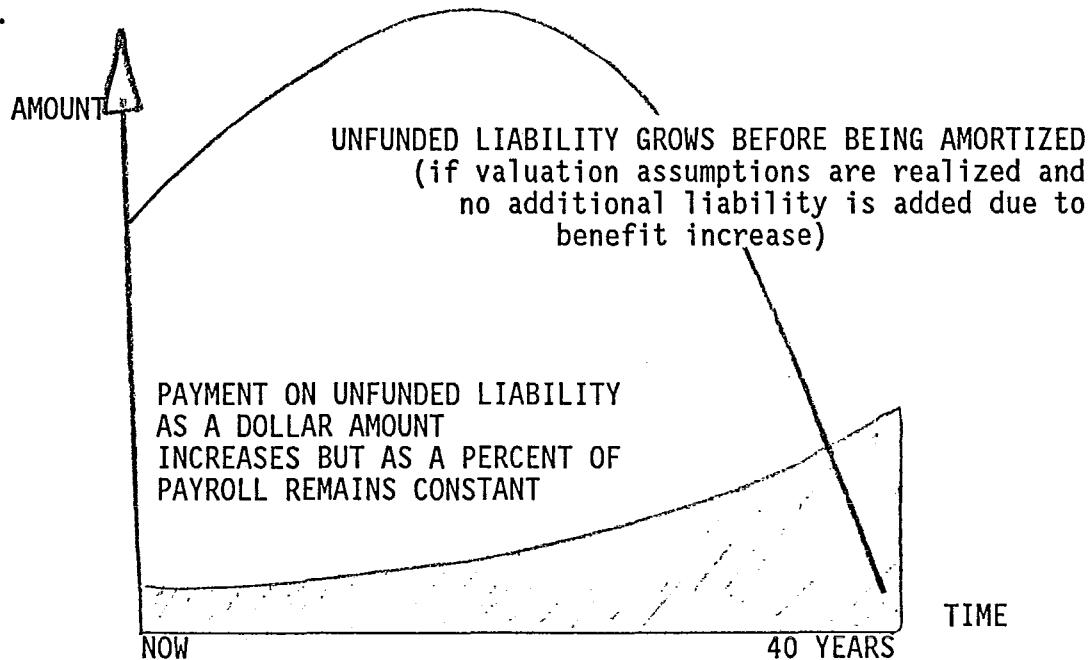
2. Normal Cost-Plus-40-Year-Amortization Method. ERISA now requires that initial unfunded liability existing on January 1, 1976, be amortized over a 40 year period. We have calculated the cost of amortizing the existing unfunded liability.

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. Level-Annual-Percent -of-Payroll Method. 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 1987 Tax Levy	Ultimate Required Multiple	Unfunded Liability Will:	Portion Required for Amortization of Unfunded Liability
1. Normal Cost + Interest Only	\$ 9,624,907	.99	Remain constant at \$18,581,842*	\$1,344,144
2. ERISA: Normal Cost + 40-Year Amortization	\$ 9,707,055	1.00	Decrease to \$0*	\$1,423,006
3. Normal Cost + 40 Year Level % of Payroll Increasing 4% a Year (Inflation Only)	\$ 9,115,037	.94	Increase to \$26,933,673 in 22 years and decrease thereafter*	\$854,668 in 1987 increases to \$4,090,741 in 40 Years
4. Present Law (Includes Park)	\$15,281,000	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 1987 should be \$9,624,907, which amount includes a 4% reserve for loss on collection. This amount is based on an annual payroll (as of December 31, 1986) of \$128,601,816 and an active membership of 4,844 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	\$18,826,921	14.64%	\$3,887
<u>2. 7.5% Interest on Unfunded Liability</u>	<u>\$ 1,344,144</u>	<u>1.05%</u>	<u>\$ 277</u>
<u>3. Total Actuarial Requirement (1)+(2)</u>	<u>\$20,171,065</u>	<u>15.68%</u>	<u>\$4,164</u>
4. Employee Contributions	\$10,931,154	8.50%	\$2,257
5. Employer Requirement (3-4)	\$ 9,239,911	7.18%	\$1,907
6. Expected Net Employer Contribution from 1987 Tax Levy of \$15,281,000 after a 4% Loss	<u>\$14,669,760</u>	<u>11.41%</u>	<u>\$3,028</u>
7. Expected Net Annual Deficiency	\$(5,429,849)	(4.22%)	(\$1,121)
8. Tax Levy Required (Assume 4% Loss)	\$ 9,624,907		
9. Required Multiple	.99		
10. Present Authorized Multiple	1.37		

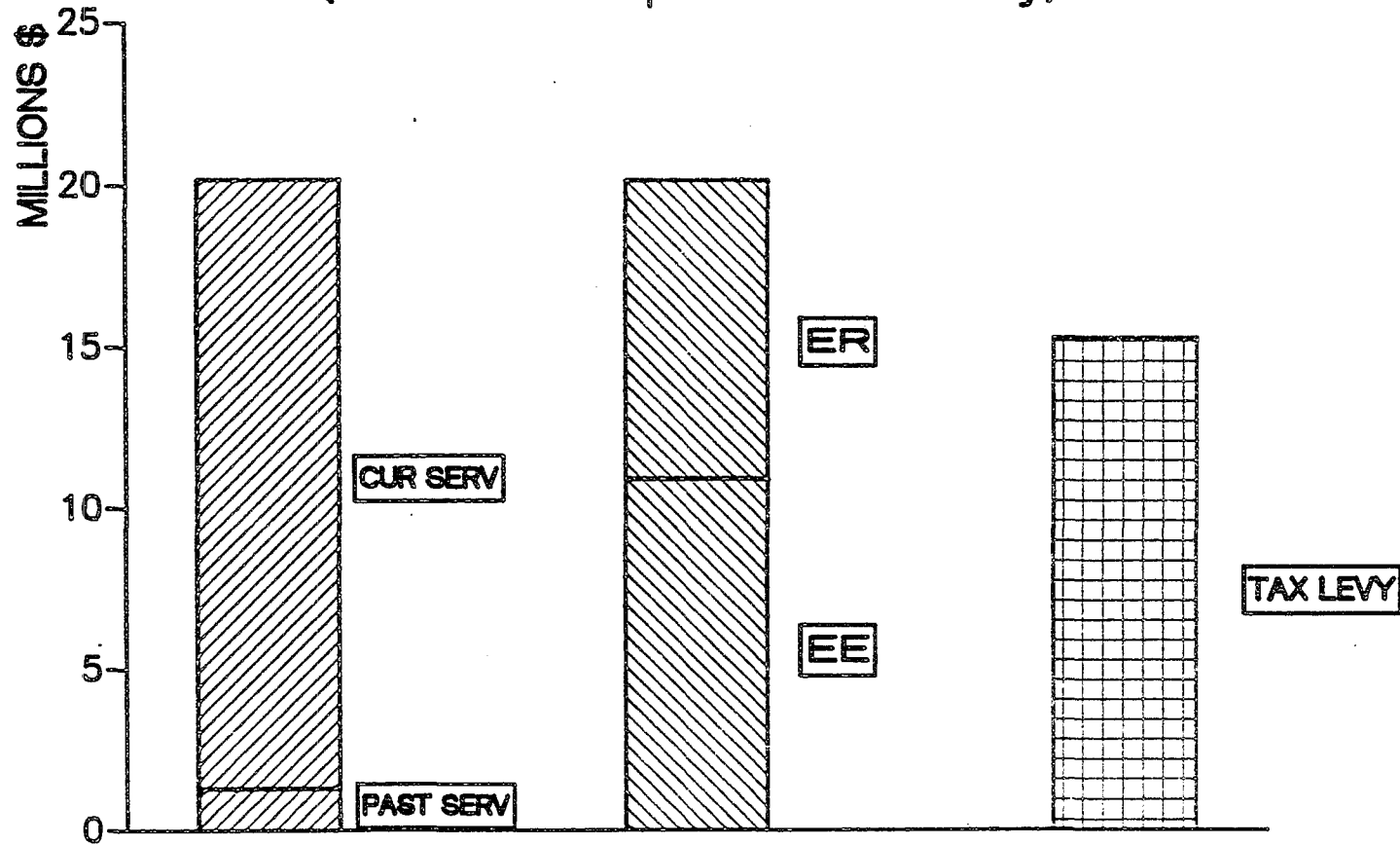
The "Illinois Public Employees Pension Laws Commission Impact Statement," appended to this report, illustrates both the present financial position and the direction of the financial condition.

The above table indicates that the Fund is more than meeting the annual actuarial cost on the normal cost plus interest basis.

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. The annual cost is more than being met. The employer portion is provided by tax levy (the third column).

1986 Annual Actuarial Cost

(Normal Cost plus Interest Only)



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DETAIL OF NORMAL COST

	% Salary	\$ Per Active Member
Retirement Annuity	6.23%	\$1,656
Retirement Annuity Increase	1.33	351
Postretirement Spouse Annuity	0.69	181
Spouse Annuity for Death in Service	0.60	160
Health Insurance	0.03	8
Child's Annuity	0.07	20
Ordinary Disability	1.00	265
Duty Disability	0.80	213
Refunds	2.24	596
Widows'/Widowers' Compensation	0.00	0
Expense of Administration	1.56	414
Reciprocal Benefits	<u>0.09</u>	<u>23</u>
	14.64%	\$3,887

CHANGE IN THE UNFUNDED LIABILITY

The total unfunded liability as of December 31, 1986, is \$18,581,842. As of December 31, 1985, it was \$75,290,801.

Detail of Change in Unfunded Liability

1. Increase in Salaries under 7% Assumed	\$ 5,125,287	Increase
2. Investment Yield over 7% Assumed	(38,156,363)	Decrease
3. Excess in Annual Contribution:		
1986 Total Actuarial Requirement.....	\$24,965,655	
Less Employer Net to Fund 1986		
Tax Levy	14,765,250	
Less Employee Contributions for 1986..	<u>11,691,095</u>	(1,490,690) Decrease
4. Change in Assumptions	(50,944,726)	Decrease
5. Amendments	15,144,096	Increase
6. Miscellaneous Actuarial Changes	<u>13,613,438</u>	Increase
Net Change in Unfunded Liability		(\$56,708,958) Decrease

FUNDED RATIO:

The ratio of assets to liabilities is 96.34% as of December 31, 1986, and was 84.82% as of December 31, 1985. This ratio represents the extent to which present and future benefit promises are secured by present assets. The funded ratio increased because assets increased 16.4% while liabilities increased 2.4%.

RATIO OF ACTIVE EMPLOYEES TO ANNUITANTS and BENEFICIARIES:

The ratio of active employees to annuitants and beneficiaries is 1.19 as of December 31, 1986, and was 1.30 as of December 31, 1985. This ratio illustrates the relationship between the contributors and the beneficiaries.

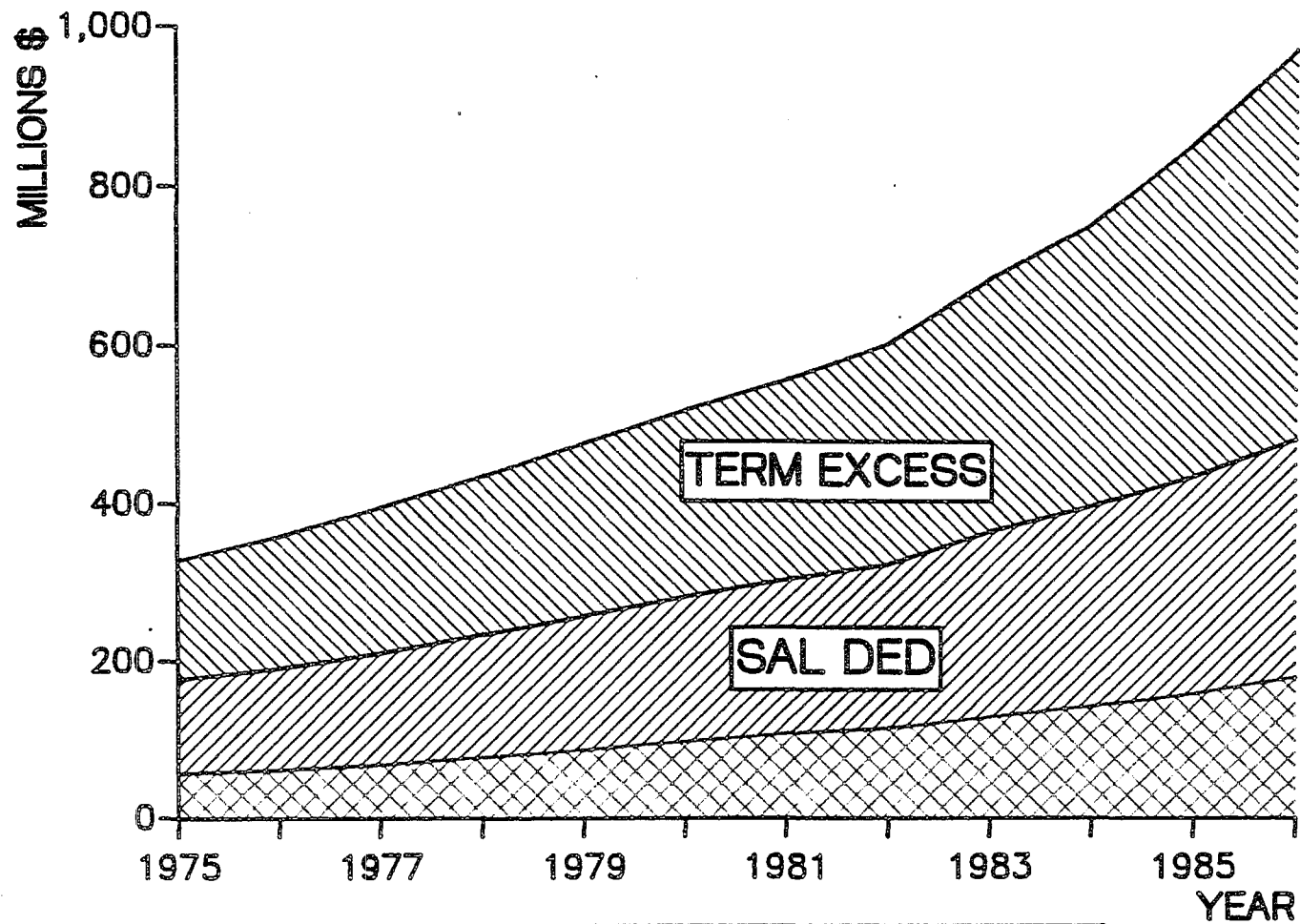
TERMINATION LIABILITY

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.....	\$158,514,452	\$179,881,834
Salary Deductions Contributed by Active Fund Members.....	<u>\$117,882,073</u>	<u>\$122,432,246</u>
Total	\$276,396,525	\$302,314,080
Assets at Book Value.....	<u>\$420,554,173</u>	<u>\$489,403,006</u>
Excess Upon Termination.....	\$144,157,648	\$187,088,926
Available Assets for Actives (Retirees Fully Funded).....	\$262,039,721	\$309,521,172
Available Per Active Employee.....	\$ 51,000	\$ 63,898
Refundable per Active Employee.....	\$ 22,943	\$ 25,275
Ratio of Available to Refundable.....	222%	253%

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

1986 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 post retirement 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/Widowers and Spouses of Annuitants.....	\$158,514,452	\$179,881,834
Value of Active Employees Eligible To Retire.....	\$227,353,826	\$234,844,382
Accumulated Salary Deductions of Active Employees Eligible for Refund and not Annuity.....	\$ 66,873,899	\$ 70,442,970
Active Vested Liability.....	<u>\$294,227,725</u>	<u>\$305,287,352</u>
Total Vested Liability.....	\$452,742,177	\$485,169,186
Assets at Book Value.....	<u>\$420,554,173</u>	<u>\$489,403,006</u>
Unfunded Vested Liability.....	\$ 32,188,004	(\$ 4,233,820)
Vested Funded Ratio.....	92.89%	100.87%

The average amount of assets required per active employee to provide for vested benefits as of the valuation date is \$63,024. 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 \$67,734.

GASB DISCLOSURE

The Governmental Accounting Standards Board (GASB) Statement No. 5 - Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers will require disclosure of the actuarial present value of credited projected benefits for reports issued for fiscal years beginning after December 15, 1986.

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)	\$117,882,073	\$122,432,246
Payable to retirees and beneficiaries	\$158,514,452	\$179,881,834
Payable to vested and nonvested current employees	<u>\$171,419,268</u>	<u>\$197,129,406</u>
Total APV	\$447,815,793	\$499,443,486
Net assets available for benefits (book value)	<u>\$420,554,173</u>	<u>\$489,403,006</u>
Unfunded APV of credited projected benefits	\$ 27,261,620	\$ 10,040,480
Percentage funded	93.91%	97.99%
Unfunded APV as % of Payroll	21.7%	7.80%

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 6% increases assumed in the salary scale the unfunded liability will be increased by about \$2.55. This will be in addition to the additional current annual service cost for every dollar in salary over the 6% salary scale assumed.

These additional costs will be reduced to some extent by the annual amount of investment income earned over the assumed 7.5% used for valuation purposes. The extent of the reduction will depend on the relative amounts of these two items.

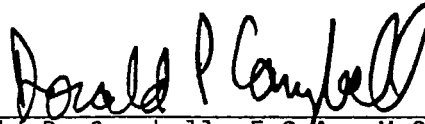
The alternative funding methods indicate the imperative need to monitor Fund income if future Fund obligations are to be met.

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, 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

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

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

ACTUARIAL BALANCE SHEET

AS OF

DECEMBER 31, 1986

ASSETS

AND

LIABILITIES

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

LIABILITIES AND FUND BALANCES

ACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1986

ANNUITY PAYMENT FUND ACCOUNT		
(Based on 4% Amer. Exp. & 3% Comb.)		
Employee Annuitants	\$ 54,294,205.68	
Employee Annuities Fixed	11,428,992.60	
Spouse Annuitants	19,696,871.52	
Spouses' Annuities Fixed	<u>16,136,185.18</u>	
Total Annuity Payment Fund		\$101,556,254.98
SALARY DEDUCTION FUND ACCOUNT		
Employees	\$ 86,365,679.32	
Spouses of Employees	<u>19,533,270.71</u>	
Total Salary Deduction Fund		\$105,898,950.03
CITY CONTRIBUTION FUND ACCOUNT		
Employees	\$ 80,760,584.96	
Spouses of Employees	26,633,930.39	
Supplemental Annuities	<u>3,898.16</u>	
Total City Contribution Fund		\$107,398,413.51
OTHER RESERVES		
Supplementary Payment Reserve	\$ 68,836.51	
Annuity Payment Fund Account	<u>3,467,167.43</u>	
Total Other Reserves		\$ 3,536,003.94
PRIOR SERVICE FUND ACCOUNT		
(Based on 4% Amer. Exp. & 3% Comb.)		
Employee Annuitants	\$105,817,526.28	
Spouse Annuitants	3,396,029.88	
Spouses' Annuities Fixed	4,016,860.55	
Salary Deductions 3% Annuity Increase	8,758,996.45	
Estimated Excess Liability (Note 1)	<u>67,605,813.02</u>	
Total Prior Service Account		<u>\$189,595,226.18</u>
TOTAL LIABILITIES		\$507,984,848.64
Obligations of Fund for Prior Service Liabilities (Note 1)		<u>(\$ 18,581,842.62)</u>
TOTAL NET LIABILITIES AND FUND BALANCES		<u>\$489,403,006.02</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 1986

INCOME

AND

EXPENDITURES

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

EXPENDITURES FOR YEAR 1986

TOTAL INCOME FORWARDED		\$92,846,919.32
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ANNUITIES AND BENEFITS PAID

Employees' Annuities	\$15,582,978.55
Spouses' Annuities	2,571,348.15
Compensation Annuities	0.00
Children's Annuities	95,080.00
Ordinary Disability	1,285,078.68
Duty Disability	1,032,647.41
Supplementary Payments	35,418.84
Annuitant Health Insurance	<u>283,945.00</u>

Total Benefits Paid	\$20,886,496.63
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Reciprocal Act

Reimbursements

(5,024.34)

Net Benefits Paid

\$20,881,472.29

EXPENSE OF ADMINISTRATION

Salaries

Regular Employees	\$ 237,356.44
Blue Cross & Blue Shield	19,014.00

Services

Legal Expense	17,500.00
Medical Expense	18,300.00
Actuarial & Data Processing	203,073.66
Auditing (1984 and 1985)	35,700.00
Other Accounting	7,300.00
Payroll Tax Services	4,500.00
Payroll Processing	38,837.07
Office Supplies and Equipment	26,992.14
Printing and Stationery	27,124.87
Postage	18,692.50
Rent & Electricity	65,489.41
Election Expense	743.00
Telephone & Telegraph	1,512.40
Conference & Association Exp.	7,398.00
Insurance Premiums	374.75
Microfilming	5,929.98
Temporary Help	150.00
Miscellaneous	<u>8,115.85</u>

Total Expenses

\$ 744,104.07

REFUNDS

2,886,316.62

TOTAL EXPENDITURES

\$24,511,892.98

EXCESS INCOME OVER EXPENDITURES

\$68,335,026.34

Net Change in Reserve for Loss on Collection
and Taxes Receivable for Prior Years

513,806.88

INCREASE IN NET ASSETS FOR YEAR

\$68,848,833.22

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

COMPARATIVE ANALYSIS

YEAR 1986

ASSETS

AND

LIABILITIES

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

COMPARATIVE ANALYSIS

LIABILITIES AND FUND BALANCES

LIABILITY RESERVES	01/01/1986	12/31/1986	Increase (Decrease)
ANNUITY PAYMENT FUND			
Employee Annuitants	\$ 46,611,331	\$ 54,294,206	\$ 7,682,875
Emp. Annuities Fixed	12,958,142	11,428,993	(1,529,149)
Spouse Annuitants	18,718,734	19,696,871	978,137
Spouses' Annuities Fixed	<u>13,975,679</u>	<u>16,136,185</u>	<u>2,160,506</u>
Total	\$ 92,263,886	\$101,556,255	9,292,369
SALARY DEDUCTION FUND ACCOUNT			
Employees	\$ 83,877,450	\$ 86,365,679	\$ 2,488,229
Spouses of Employees	<u>18,864,900</u>	<u>19,533,271</u>	<u>668,371</u>
Total	\$102,742,350	\$105,898,950	\$ 3,156,600
CITY CONT. FUND ACCOUNT			
Employees	\$ 78,643,454	\$ 80,760,585	\$ 2,117,131
Spouses of Employees	25,857,701	26,633,930	776,229
Supplemental Annuities	<u>3,737</u>	<u>3,898</u>	<u>161</u>
Total	\$104,504,892	\$107,398,413	\$ 2,893,521
OTHER RESERVES			
Supplemental Pymt. Res.	\$ 69,255	\$ 68,837	(\$ 418)
Annuity Fund Account	<u>470,226</u>	<u>3,467,167</u>	<u>2,996,941</u>
Total	\$ 539,481	\$ 3,536,004	\$ 2,996,523
PRIOR SERVICE FUND ACCOUNT			
Employee Annuitants	\$ 85,158,672	\$105,817,526	\$20,658,854
Spouse Annuitants	3,273,524	3,396,030	122,506
Spouses' Annuities Fixed	3,338,897	4,016,861	677,964
Sal. Ded. 2% Annuity	8,311,931	8,758,996	447,065
Estimated Excess Liability	<u>95,711,341</u>	<u>67,605,813</u>	<u>(28,105,528)</u>
Total	\$195,794,365	\$189,595,226	(\$ 6,199,139)
TOTAL LIABILITIES	<u>\$495,844,974</u>	<u>\$507,984,848</u>	<u>\$12,139,874</u>
UNFUNDED OBLIGATIONS	(\$ 75,290,801)	(\$ 18,581,842)	\$56,708,959
TOTAL NET LIABILITIES	<u>\$420,554,173</u>	<u>\$489,403,006</u>	<u>\$68,848,833</u>

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

TAXES RECEIVABLE

DECEMBER 31, 1986

Year	Uncollected Taxes 12-31-86	Estimate for Loss 12-31-85	Additional Est. Setup 12-31-86	Total Est. for loss 12-31-86	Taxes Collectible 12-31-86
CITY					
1982	\$ 333,084.32	(\$ 327,088.00)	\$ 419.94	(\$ 326,668.06)	\$ 6,416.26
1983	341,096.72	(334,275.00)	32,305.00	(301,970.00)	39,126.72
1984	540,033.17	(539,046.00)	185,693.00	(353,353.00)	186,680.17
1985	673,931.40	(665,900.00)	294,461.00	(371,439.00)	302,492.40
1986	<u>12,630,000.00</u>		<u>(631,500.00)</u>	<u>(631,500.00)</u>	<u>11,998,500.00</u>
	<u>\$14,518,145.61</u>	<u>(\$1,866,309.00)</u>	<u>(\$118,621.06)</u>	<u>(\$1,984,930.06)</u>	<u>\$12,533,215.55</u>
1986	\$ 2,743,000.00	Replacement tax due from State			\$ 2,743,000.00
	<u>\$17,261,145.61</u>				<u>\$15,276,215.55</u>

PARK DISTRICT

1982	\$ 672.84	(\$ 689.03)	\$ 16.19	(\$ 672.84)	\$ 0.00
1983	702.28	(878.95)	176.67	(702.28)	0 00
1984	994.21	(1,600.00)	605.79	(994.21)	0.00
1985	1,665.79	(1,450.00)	0.00	(1,450.00)	215.79
1986	<u>25,000.00</u>		<u>(1,250.00)</u>	<u>(1,250.00)</u>	<u>23,750.00</u>
	<u>\$ 29,035.12</u>	<u>(\$ 4,617.98)</u>	<u>(\$ 451.35)</u>	<u>(\$ 5,069.33)</u>	<u>\$ 23,965.79</u>

TOTAL

\$17,290,180.73 (\$1,870,926.98) (\$119,072.41) (\$1,989,999.39) \$15,300,181.34

Note: The loss on the 1986 tax levy was 5%. Due to the 100% collection of the personal property replacement tax, the overall loss is 4%. The statutory requirement of \$15,398,000 is the sum of \$12,630,000 plus \$25,000 plus \$2,743,000.

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

MEMBERSHIP STATISTICS

YEAR 1986

	<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	4,740	147	401	4,486
Female	<u>398</u>	<u>40</u>	<u>80</u>	<u>358</u>
Total	<u>5,138</u>	<u>187</u>	<u>481</u>	<u>4,844</u>
B. Changes in Annuitants & Beneficiaries				
Employee Annuitants	2,343	241	178	2,406
Spouse Annuitants	1,191	80	66	1,205
Children's Annuities	104	9	20	93
Ordinary Disability Benefits	108	117	106	119
Duty Disability Benefits	110	687	642	155
Reciprocal: Employee	76	7	2	81
Spouse	19	3	1	21
Widow/Widower Compensation Annuities	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total	<u>3,953</u>	<u>1144</u>	<u>1015</u>	<u>4,082</u>
C. Ratio of Active Participants to Annuitants & Beneficiaries				
	<u>1.30</u>			<u>1.19</u>

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

SALARY AND AGE STATISTICS

YEAR 1986

Ages and Salaries as of December 31, 1986

Male

Ages	Number	Annual Salaries	Average Annual Salaries
Under 20	1	\$ 29,544	\$29,544
20 - 24	115	3,001,848	26,103
25 - 29	465	12,424,968	26,721
30 - 34	712	19,467,240	27,342
35 - 39	552	15,411,288	27,919
40 - 44	433	12,049,104	27,827
45 - 49	491	13,756,920	28,019
50 - 54	453	12,221,064	26,978
55 - 59	559	15,369,984	27,496
60 - 64	415	11,383,128	27,430
65 - 69	179	4,866,264	27,186
70 & over	62	1,753,968	28,290
Without Record	49	1,296,912	26,468
Total	<u>4486</u>	<u>\$123,032,232</u>	<u>\$27,426</u>

Female

20 - 24	9	\$ 201,216	\$22,358
25 - 29	21	487,800	23,229
30 - 34	11	279,768	25,434
35 - 39	8	190,560	23,820
40 - 44	10	215,640	21,564
45 - 49	17	348,528	20,502
50 - 54	35	550,248	15,722
55 - 59	68	946,512	13,920
60 - 64	106	1,377,072	12,992
65 - 69	64	806,328	12,599
70 & over	6	76,560	12,760
Without Record	3	89,352	29,784
Total	<u>358</u>	<u>\$ 5,569,584</u>	<u>\$15,557</u>

TOTAL MALE AND FEMALE	<u>4844</u>	<u>\$128,601,816</u>	<u>\$26,549</u>
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LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SALARY AND AGE STATISTICS

YEAR 1986

AGES AT ENTRANCE

	MALE		FEMALE	
	Number	Annual Salaries	Number	Annual Salaries
Under 25	1,587	\$ 44,620,152	25	\$ 536,568
25 - 29	928	25,504,344	41	770,760
30 - 34	629	16,913,832	52	885,600
35 - 39	404	11,069,304	97	1,361,976
40 - 44	402	10,699,560	92	1,256,064
45 - 49	254	6,752,496	36	499,176
50 - 54	126	3,248,304	8	105,288
55 - 59	85	2,304,480	1	17,664
60 & over	22	622,848	3	47,136
W/O record	<u>49</u>	<u>1,296,912</u>	<u>3</u>	<u>89,352</u>
Totals	<u>4,486</u>	<u>\$123,032,232</u>	<u>358</u>	<u>\$5,569,584</u>
Average Annual Salary		\$27,426		\$15,557
Average Attained Age		44.5		55.3
Average Service		14.0		18.1
Average Age at Entrance		30.5		37.2

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

AGE AND SERVICE DISTRIBUTION

YEAR 1986

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									Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
00-20	1 29544									1 29544
20-24	9 28989	56 25006	59 26132							124 25831
25-29	11 27190	104 25350	327 26517	44 29689						486 26569
30-34	15 27667	88 27702	335 26443	274 28158	11 29143					723 27313
35-39	7 23966	56 25615	205 26928	181 29030	99 28886	12 30438				560 27860
40-44	9 25603	35 26451	117 26098	108 27365	82 29387	80 29267	12 29044			443 27686
45-49	4 23130	22 25319	123 25365	86 27509	82 28462	126 28003	63 32574	2 27936		508 27767
50-54	2 26688	24 24735	89 25693	75 27007	72 26425	107 24851	71 26736	48 28170		488 26171
55-59		15 25659	71 26280	81 26020	73 25609	124 22607	69 25618	136 27619	58 30373	627 26023
60-64	1 23832	14 24819	43 25850	57 27117	81 25733	141 20077	55 23204	73 26551	56 28608	521 24492
65-69		1 29544	22 28043	29 25982	34 24152	76 17694	25 28445	36 24630	20 25445	243 23344
70+		2 20880	4 28284	13 27786	10 27516	11 20869	10 27878	15 29979	3 27072	68 26920
W/O	12 <u>27652</u>	1 <u>37224</u>	20 <u>24612</u>	11 <u>28132</u>	5 <u>27384</u>	2 <u>29628</u>		1 <u>19344</u>		52 <u>26659</u>
No.	71	418	1415	959	549	679	305	311	137	4844
Sal.	26821	25900	26326	27842	27347	23802	27321	27196	28860	26549
Age										45.3
Service										14.3

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

ANNUITANTS CLASSIFIED BY AGE AS OF DECEMBER 31, 1986

Ages	Retirement Annuities					
	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
20 - 24		\$	\$		\$	\$
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	3	5,036.16	1,678.72			
55 - 59	48	681,898.80	14,206.23	4	40,188.24	10,047.06
60 - 64	234	2,697,155.88	11,526.31	38	167,498.40	4,407.85
65 - 69	448	4,540,245.48	10,134.48	154	656,793.96	4,264.90
70 - 74	428	3,416,527.80	7,982.54	241	837,022.20	3,473.12
75 - 79	258	1,677,040.20	6,500.16	178	428,301.60	2,406.19
80 - 84	132	748,386.72	5,669.60	132	313,212.72	2,372.82
85 - 89	54	224,338.92	4,154.42	69	125,915.76	1,824.87
90 - 94	29	116,571.48	4,019.71	27	49,020.84	1,815.59
95 - 99	2	1,417.20	708.60	2	3,671.04	1,835.52
100-105				1	1,854.72	1,854.72
Totals	<u>1641</u>	<u>\$14,114,018.64</u>	<u>\$ 8,600.86</u>	<u>846</u>	<u>\$2,623,479.48</u>	<u>\$ 3,101.04</u>

Average Age 71
 Spouses Annuities (Not Including Compensation) 75

Ages	Spouses Annuities (Not Including Compensation)					
	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
20 - 24		\$	\$		\$	\$
25 - 29				1	1,200.00	1,200.00
30 - 34				4	4,800.00	1,200.00
35 - 39				3	5,586.12	1,862.04
40 - 44				16	30,252.12	1,890.76
45 - 49				26	52,817.52	2,031.44
50 - 54	1	1,200.00	1,200.00	42	114,945.60	2,736.80
55 - 59				84	191,814.12	2,283.50
60 - 64	2	3,593.64	1,796.82	165	432,863.52	2,623.42
65 - 69	1	1,200.00	1,200.00	244	606,374.28	2,485.14
70 - 74	9	11,124.12	1,236.01	259	534,252.12	2,062.75
75 - 79	3	3,600.00	1,200.00	187	367,877.28	1,967.26
80 - 84	1	1,200.00	1,200.00	94	132,476.64	1,409.33
85 - 89				60	82,682.40	1,378.04
90 - 94				21	24,377.16	1,160.82
95 - 99				3	6,185.52	2,061.84
100-105						
Totals	<u>17</u>	<u>\$21,917.76</u>	<u>\$ 1,289.28</u>	<u>1209</u>	<u>\$2,588,504.40</u>	<u>\$2,141.03</u>

Average Age 71 69

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

NEW ANNUITIES GRANTED

DURING 1986

	Male Annuitants	Female Annuitants	Widows/ Widowers of Deceased Employees	Widows/ Widowers of Deceased Annuitants
Number Retired	188	53	29	51
Average Attained Age	64.7	65.6	58.2	71.5
Average Length of Service	27.9	23.7	20.0	N/A
Average Annual Salary (4 out of 10)	\$ 27,336	\$ 13,296	\$ 24,564	N/A
Average Annual Final Salary	\$ 25,308	\$ 12,588	N/A	N/A
Total Annual Annuity	\$ 2,691,936	\$ 316,972	\$ 104,044	\$ 137,371
Average Annual Annuity	\$ 14,319	\$ 5,981	\$ 3,588	\$ 2,694
Total Liability (7% UP-1984)	\$29,693,170	\$3,744,414	\$1,046,273	\$1,006,213
Average Liability	\$ 157,942	\$ 70,649	\$ 36,078	\$ 19,730
Total Cost for Income Tax Purposes	\$ 3,780,872	\$ 463,116	\$ 405,213	N/A
Average Cost	\$ 20,111	\$ 8,738	\$ 13,973	N/A
Expected Future lifetime (yrs.)	15.35	18.14	23.55	14.05
Payback Period (yrs.)	1.40	1.46	3.89	N/A
Replacement ratio	52.4%	45.0%	N/A	N/A
Liability divided by Salary	5.78	5.31	N/A	N/A

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

HISTORY 1965 to 1986

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)	3.8
86	4,844	(5.7)	128,601,816	2.4	26,549	8.6 (2)	2.0

Average Increase (Decrease)
for the Last 5
Years

(3.3)%

1.9%

5.4%

4.1%

(1) Includes those members who were on disability.

(2) Average annual increase in salary 1965-1986, about 7.5% compounded. The average increase in the Chicago CPI for the same period is about 5.4%.

(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
1986	2,487	16,737,498	6,730

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
1986	1,226	2,610,422	2,129

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)*
1986	7.44 (7.14)*	7.72(7.41)*
Average of Last 5 Years	9.05%	9.47%

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)*
1986	16.06 (15.74)*	16.69 (16.34)*
Average of Last 5 Years	12.01%	12.56%

Notes: *Investment Income is net of investment expenses.

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
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

1986 SESSION

HB2630 Cap removed on spouse maximum annuity.

Automatic post-retirement increase to begin on first anniversary of retirement following attainment at age 60.

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
1986AB	1.370	.99	1.00	.94

A = Change in actuarial assumptions

B = Change in benefits

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
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
86	11,691,095	14,765,250	67,653,382	94,109,727

Year End	Benefits	Administrative Expenses	Refunds	Total	Income Less Pay Outs(5)
72	\$ 5,014,917	\$ 208,278	\$1,201,934	\$ 6,425,129	\$ 9,687,939
73	5,587,346	215,796	1,322,312	7,125,454	9,001,225
74	6,329,476	231,455	1,438,356	7,999,287	9,346,930
75	7,028,933	261,733	1,400,097	8,690,763	14,048,671
76	7,710,946	288,228	1,483,562	9,482,736	16,477,028
77	8,704,971	316,160	1,798,049	10,819,180	18,212,268
78	9,764,039	350,648	2,339,764	12,454,451	16,212,715
79	10,795,166	438,914	2,821,593	14,055,673	20,171,977
80	12,161,292	440,591	4,195,056	16,796,939	17,351,164
81	12,880,890	640,795	3,074,561	16,596,246	15,950,630
82	13,851,434	626,772	1,860,636	16,338,842	27,526,130
83	14,828,962	641,349	1,936,538	17,406,849	39,692,837
84	16,582,310	766,485	3,124,454	20,473,249	34,887,234
85	18,516,249	1,266,552	2,273,021	22,055,822	63,269,201
86	20,881,472	2,006,912	2,886,317	25,774,701	68,335,026

Statistical material required by Government Accounting Standards Board.

- (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 INFORMATION
ANNUAL ACTUARIAL REQUIREMENTSActuarial Recommended Contribution (Employer and Employee)
Normal Cost Plus Various Amortization Methods.

Year	A	B	C	Expressed as		
	NC Plus Interest	NC Plus ERISA 40-Year Amortization	NC Plus Increasing % of Salary	Percentage of Salary Beginning of Year		
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
87AB	20,171,065	20,249,927	19,681,589	15.68	15.75	15.30

ACTUAL EMPLOYER AND EMPLOYEE CONTRIBUTION

Year	D	E	Expressed as a	
	Employer	Employee	Percentage of Salary Beginning of Year	
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	14,765,250	11,691,095	11.76	9.31
87AB EST	14,669,760	10,931,154	11.41	8.50

DEFICIENCY (EXCESS) IN ANNUAL CONTRIBUTION

Year	F	G	H	Expressed as a		
	NC Plus Interest	NC Plus ERISA 40-Year Amortization	NC Plus Increasing % of Salary	Percentage of Salary Beginning of Year		
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	(1,490,690)	(1,126,093)	(3,838,390)	(1.19)	(.90)	(3.06)
87AB EST	(5,429,849)	(5,350,987)	(5,919,325)	(4.22)	(4.16)	(4.60)

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
86AB	507,984,848	489,403,006	96.3	18,581,842	128,601,816	14

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
86AB	179,881,434	122,432,246	302,314,080	489,403,006	(187,088,926)	162

A Change in valuation assumptions

B Change in benefits

Quick ratio is defined as assets divided by the termination liability

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

HISTORY OF FINANCIAL INFORMATION

GASB
ANALYSIS OF FUNDING PROGRESS *

<u>Year</u>	<u>Net Assets Available For Benefit (Book)</u>	<u>Pension Benefit Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Unfunded As % of Covered Payroll</u>
1984	\$356,809,111	\$415,442,598	85.89%	\$58,633,487	44%
1985	420,554,173	447,815,793	93.91	27,261,620	21
1986	489,403,006	499,443,486	97.99	10,040,480	8

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

* The disclosure made in this exhibit does not include other appropriate measures of funding progress which must also be examined to obtain the complete picture.

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: 7.5% 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 3.5% 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: 6% a year, compounded annually. An exhibit details the annual increase in the average salary over the past years, which averages greater than 6%. This assumption contains a 4% inflation assumption and a 2% 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.

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

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

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

Expected average age of retirement

present membership	62.77
new hires	62.74

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

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	CHICAGO LABORERS
=====	=====
ANNUAL PAYROLL	\$128,601,816
ACTIVE MEMBERS	4,844
VALUATION DATE	12-31-86

	PRESENT PLAN
	=====
(1) ACCRUED LIABILITY	\$507,984,848
(2) ASSETS	\$489,403,006
(3) UNFUNDED LIABILITY	\$18,581,842
(4) FUNDED RATIO	96.34%

DIRECTION OF FINANCIAL CONDITION

=====

(5) REQD ANNUAL CONTRIBUTION	\$20,171,065	\$4,164	15.68%
(6) EST EMPLOYER CONTRIBUTION	\$14,669,760	\$3,028	11.41%
(7) EST EMPLOYEE CONTRIBUTION	\$10,931,154	\$2,257	8.50%
(8) DEFICIENCY(EXCESS)	(\$5,429,849)	(\$1,121)	-4.22%

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 2.0% 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. Effective for retirements on or after January 1, 1987, the first increase shall begin upon the first annuity payment date following the first anniversary of retirement, or age 60 if later.

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. Effective January 23, 1987, there is no maximum dollar amount) 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

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

PLAN SUMMARY

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.