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

ACTUARIAL STATEMENT

December 31, 1996

Prepared by

Donald F. Campbell
Consulting Actuaries

INDEX

		Pages
Actuarial Summary		1 - 15
Financial Statements		
Exhibit A	Actuarial Balance Sheet, Assets and Liabilities	16 - 18
Exhibit B	Income and Expenditures	19 - 21
Exhibit C	Comparative Analysis, Assets and Liabilities	22 - 24
Exhibit D	Taxes Receivable	25
Statistical Data		
Exhibit E	Membership Statistics	26
Exhibit F	Salary and Age Statistics	27 - 28
Exhibit G	Age and Service Distribution	29 - 30
Exhibit H	Annuitants Classified by Age	31
Exhibit I	Health Insurance Classified by Age	32
Exhibit J	New Annuities Granted During 1996	33 - 34
Exhibit K	Retirees and Beneficiaries by Type of Benefits	35
Exhibit L	Average Employee Retirement Benefits Payable	36
Exhibit M	History of Average Annual Salaries	37
Exhibit N	History of New Annuities Granted	38
Exhibit O	History of Total Annuities	39
Exhibit P	History of Benefit Expenses by Type	40
Exhibit Q	History of Investment Yields	41
Legislative Changes		
Exhibit R	Legislative Changes	42 - 44
Historical Data		
Exhibit S	History of Recommended Employer Multiples and Taxes Levied	45
Exhibit T	History of Financial Information	46 - 48
GASB		
Exhibit U	GASB Disclosure	49 - 57
Actuarial Assumptions		
Exhibit V	Actuarial Methods and Assumptions	58 - 60
Exhibit W	Service Table Functions	61 - 62
Exhibit X	Actuarial Experience	63 - 65
Exhibit Y	Impact Statement	65
Plan Summary		
Exhibit Z	Plan Summary	66 - 71
Graphs		

PENSION COMMENTS

From Donald F. Campbell, Consulting Actuaries April 10, 1997

HIGHLIGHTS OF 1996 LABORERS' ACTUARIAL REPORT

The membership[1] decreased 1.2% to 3,785 members, while the average salaries of the members increased 7.4% from $39,926 to $42,874. Valuation payroll increased 6.1% from $153.0 million to $162.3 million.

Total benefits of $49.1 million were paid from the fund. Refunds of $2.7 million were paid. Employer contributions were $19.6 million (up) and total employee contributions were $14.9 million (up slightly).

The total assets of the fund, at book value, increased from $979.0 to $1,074.7 million, or 9.8% and reflected the excess of income over payments by the Fund of $95.7 million. A realized investment gain of $67.8 million (up) was taken on an investment income of $117.8 million.

Fund assets earned 11.78% (book value on total assets net of investment expense) which is greater than the actuarial assumption of 8.0%, resulting in a decrease in the unfunded liability of $36.7 million. The market yield on invested assets was 10.52%. The $125.4 million excess of market value over book value at the beginning of the year remained about the same at the end of the year.

The total liabilities of the fund increased 5.2% from $890.4 to $936.6 million. The funded ratio (assets divided by liabilities) increased from 109.96% to 114.74%. The GASB ratio, using a different method of measuring the liabilities, was 128.88%. The surplus increased from $89 million to $138 million.

The employer multiple of 1.37 times the employee contributions, made two years prior, <u>is adequate</u> to finance the plan on the normal cost plus interest method.

The 164 new annuitants added (87 employees) to the rolls was down from 191 last year. The number receiving a period of disability decreased from 612 to 557. The 297 refunds was up from 245 last year. This represents activity on 28% of the active membership. 68% of employee annuitants participate in retiree health, while only 50% of spouse annuitants participate.

The average new male retiree with 25.6 years of service at age 61.2 was granted an average annual pension of $21,943, or 53.88% of his last salary. This pension, which will also provide for increases, spouse pension and health insurance premium supplement, is worth $253,832 in present value. Approximately 10% of employee annuities were reciprocal of which 11% worked last in this fund.

[1]Seasonal fluctuations show about 300-400 more City employees than at year-end valuation figures.

SUMMARY

	1995	1996
Income		
Investment Before Expenses	$ 96,491,994	$ 117,752,240
Employer and Miscellaneous	18,311,622	19,623,717
Employee	14,610,842	14,856,703
Total	129,414,458	152,232,660
Outgo		
Refunds, Benefits, Expense	$ 55,765,939	$ 56,571,783
Excess of Income Over Outgo	$ 73,648,519	$ 95,660,877
Active Participants[1]	3,832	3,785
Inactive Participants	1,760	1,708
Beneficiaries		
Employee	2,600	2,537
Spouse	1,427	1,417
Disabilities	142	147
Children	72	74
Actuarial Funding-Going Concern		
Liability to Date	$ 890,375,387	$ 936,623,719
Assets-Amortized Cost	979,038,393	1,074,699,269
Unfunded Liability	(88,663,006)	(138,075,550)
Funded Ratio	109.96%	114.74%
Actuarial Requirement	21,340,898	21,544,208
Deficiency (Excess)	(10,906,267)	(11,113,035)
Required Employer Multiple	0.75	0.66
Termination		
Liability	$ 576,448,766	$ 592,051,378
Cost (Excess) on Termination	(402,589,627)	(482,647,891)
Quick Ratio	169.84%	181.52%
Vested-Termination		
Liability	$ 771,670,833	$ 804,220,262
Unfunded Liability (Surplus)	(207,367,560)	(270,479,007)
Funded Ratio	126.87%	133.63%
GASB-Going Concern[2]		
Liability-APV Credited Projected	$ 796,785,161	$ 833,873,229
Unfunded Liability (Surplus)	(182,253,232)	(240,826,040)
Funded Ratio	122.87%	128.88%
Investment		
Invested Assets (Book Value)	$ 968,135,986	$ 1,069,357,807
Invested Assets (Market Value)	1,093,498,535	1,194,803,340
Miscellaneous		
Salary Roll	$ 152,996,856	$ 162,276,840
Average Salary	39,926	42,874
Present Value of Benefits	$ 1,115,663,013	$ 1,162,260,315

[1] 1996 active participants does not include 300-400 seasonal employees.
[2] Change due for 1997.

MARKET SUMMARY[1]

		1995		1996
Income				
Investment Before Expenses	$	211,674,476	$	117,835,224
Employer and Miscellaneous		18,311,622		19,623,717
Employee		14,610,842		14,856,703
Total		244,596,940		152,315,644
Outgo				
Refunds, Benefits, Expense	$	55,765,939	$	56,571,783
Excess of Income Over Outgo	$	188,831,001	$	95,743,860
Active Participants[2]		3,832		3,785
Inactive Participants		1,760		1,708
Beneficiaries				
Employee		2,600		2,537
Spouse		1,427		1,417
Disabilities		142		147
Children		72		74
Actuarial Funding-Going Concern				
Liability to Date	$	890,375,387	$	936,623,719
Assets-Market[1]		1,104,400,942		1,200,144,802
Unfunded Liability		(214,025,555)		(263,521,083)
Funded Ratio		124.04%		128.14%
Actuarial Requirement		21,340,898		21,544,208
Deficiency (Excess)		(10,906,267)		(11,113,035)
Required Employer Multiple		0.75		0.66
Termination				
Liability	$	576,448,766	$	592,051,378
Cost (Excess) on Termination		(527,952,176)		(608,093,424)
Quick Ratio		191.59%		202.71%
Vested-Termination				
Liability	$	771,670,833	$	804,220,262
Unfunded Liability (Surplus)		(332,730,109)		(395,924,540)
Funded Ratio		143.12%		149.23%
GASB-Going Concern[3]				
Liability-APV Credited Projected	$	796,785,161	$	833,873,229
Unfunded Liability (Surplus)		(307,615,781)		(366,271,573)
Funded Ratio		138.61%		143.92%
Investment				
Invested Assets (Amortized Cost)	$	968,135,986	$	1,069,357,807
Invested Assets (Market Value)		1,093,498,535		1,194,803,340
Miscellaneous				
Salary Roll	$	152,996,856	$	162,276,840
Average Salary		39,926		42,874
Present Value of Benefits	$	1,115,663,013	$	1,162,260,315

[1] Pure market value of assets (unsmoothed) will fluctuate more than GASB "market related" assets for actuarial purposes.
[2] 1996 active participants does not include 300-400 seasonal employees.
[3] Change due for 1997.

This page intentionally left blank.

DONALD F. CAMPBELL
CONSULTING ACTUARIES
221 NORTH LASALLE STREET SUITE 3117
CHICAGO, ILLINOIS 60601
(312) 782-1335
FAX (312) 782-6527

April 22, 1997

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, 1996, 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 1995. This statement has been prepared from the unaudited 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 costs for each of the alternative methods of funding the unfunded accrued liability as required by the Illinois Pension Code Section 5/22-501.10 are shown in this report. These include:

1. interest only on the unfunded liability;

2. the level annual amount required to amortize the unfunded accrued liability over a period not exceeding 40 years; and

3. the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 40 years as a level percentage of payroll.

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

The graph of Assets and Liabilities illustrates the Fund's position with respect to asset growth and accrued liability growth for the various ways of measuring the liabilities. Please note that the difference between the assets and the liability is what is called unfunded liability.

The graph of Funded Ratios displays the ratio of assets to liabilities for the various different measures of liability.

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

Actuarial Assumptions

Actuarial assumptions required by 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.

Greenwich Reports' 1996 survey, *New Paradigm, New Potency*, shows that the mean actuarial interest rate assumption for public funds (based on 269 public funds) was 8.2% for 1994 and 8.1% for 1995. The corresponding salary increase assumption for public funds was 5.6% for 1994 and 5.4% for 1995. For the 1996 survey, the average monthly benefit paid to all public retirees was $977. Based on the *1997 Yearbook of Stocks, Bonds, Bills and Inflation* published by Ibbotson Associates, Chicago, Illinois, we find the following results based on historical data for the past 71 years for the period 1926 through 1996.

	Total Annual Return	**Inflation**	**Net**
Common Stocks	10.7%	3.1%	7.6%
Small Stocks	12.6	3.1	9.5
Long-Term Corporate Bonds	5.6	3.1	2.5
Long-Term Government Bonds	5.1	3.1	2.0
Intermediate Term Gov't Bonds	5.2	3.1	2.1
U.S. Treasury Bills	3.7	3.1	0.6

Inflation for the past	5 years	1992-1996	2.8%
	10 years	1987-1996	3.7
	20 years	1977-1996	5.1
	30 years	1967-1996	5.3
	40 years	1957-1996	4.4
	71 years	1926-1996	3.1

Based on a portfolio made up of 60% in long-term corporate bonds and 40% in common stocks, the annual return for the 71-year period would be approximately 7.6% with a net return after inflation of 4.5%.

Based on these studies, it is our opinion that for this Fund, an 8% future interest assumption would be a reasonable rate for valuation purposes and a 6% per year salary scale would also be reasonable. These assume an underlying 4% inflation. These assumptions take into consideration generally expected future investment earnings and the generally accepted views on future salary increases for our national economy. They could be characterized as being middle of the road.

The liabilities and costs in this report are based in part on an 8% per year interest assumption (net of investment expense) and a 6% per year salary scale assumption. These and all other assumptions are the same as those used for the last report. We have included market yield figures (net of investment expense) in Exhibit Q.

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

Alternative Valuations

We can make alternative valuations giving effect to different rates of salary increases and investment earnings to serve as a guide to the Retirement Board and ourselves in estimating the effects on costs of possible future variations from the assumptions used. These can 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	2,537	$ 270,039,683
Annuity Increase	2,438	45,840,341
Future Widow Benefit	1,724	28,722,340
Lump Sum Death Benefit	0	0
Health Insurance Supplement	2,439	10,761,424
Widow Annuity	1,417	49,647,160
Total Retired Reserve		$ 405,010,948

2. Active Lives

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

Benefit	**Present Value of Benefits**	
Employee Annuity	$ 487,321,592	
Annuity Increase	100,963,658	
Future Widow/Widower Benefit	47,093,702	
Lump Sum Death Benefit	0	
Health Insurance Supplement	9,208,371	
Widow/Widower of Employees, Dying in Service	22,946,244	
Widow/Widower Compensation, Duty Death	0	
Miscellaneous	89,715,800	
Total Active	$ 757,249,367	
Total Active and Retired Present Value of Benefits	$ 1,162,260,315	
Less Present Value of Future Normal Costs		$ 225,636,596
Net Active Reserve		531,612,771
Net Active Reserve and Retired		936,623,719
Less Present Assets		1,074,699,269
Surplus		$ (138,075,550)

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." If assets exceed liability, there is a surplus. The unfunded liability depends upon the benefits, the characteristics of the covered group of employees and retirees, the actuarial assumptions, and the actuarial funding method. The unfunded liability can be thought of as the amount of assets that will be needed in future years to provide for all future benefits payable when added to the future normal costs determined by the actuarial funding method.

Actuarial Balance

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

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

	Present Value	% of Total
Present Assets	$ 1,074,699,269	92%
Future Employee Contributions	145,768,600	13%
Future Employer Contributions	191,714,942	16%
Deficiency (Excess)	(249,922,496)	(21)%
Total	$ 1,162,260,315	100%

Present Value of	**Actuarial Assets**	**% of Total**	**Actuarial Liabilities**	**% of Total**
Benefits				
Retired Lives			$ 405,010,948	35%
Active Lives			757,249,367	65%
Present Assets	$ 1,074,699,269	92%		
Normal Costs	225,636,596	19%		
Unfunded Liability (Surplus)	(138,075,550)	(12)%		
Total	$ 1,162,260,315	100%	$ 1,162,260,315	100%

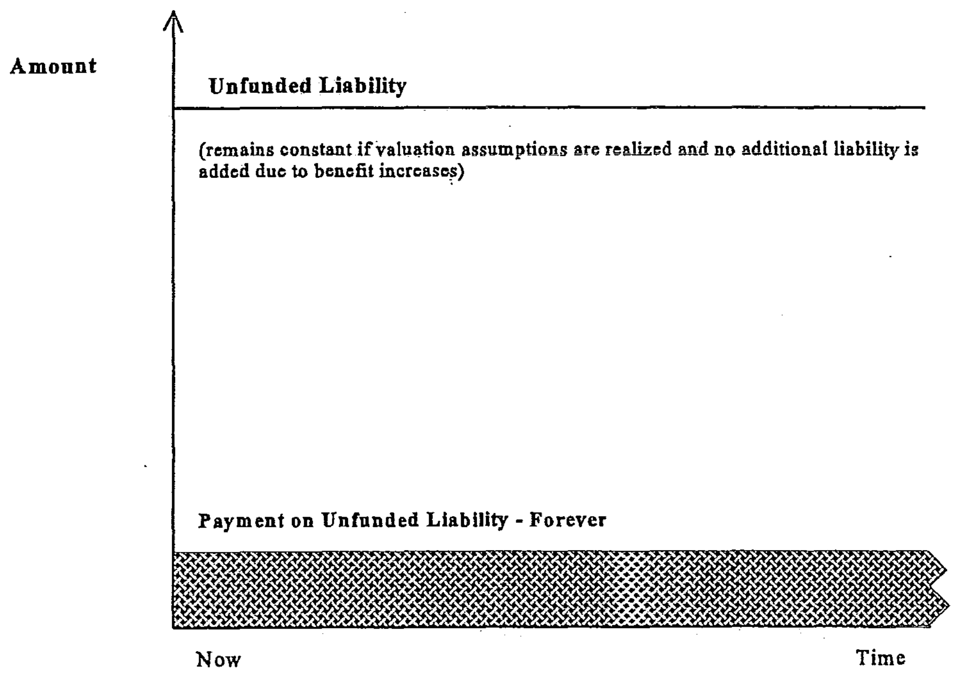
Graph E (the pie charts) illustrates:

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

1. Normal Cost Plus Interest Method

The 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 in the Section "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 former Illinois Public Employees' Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.

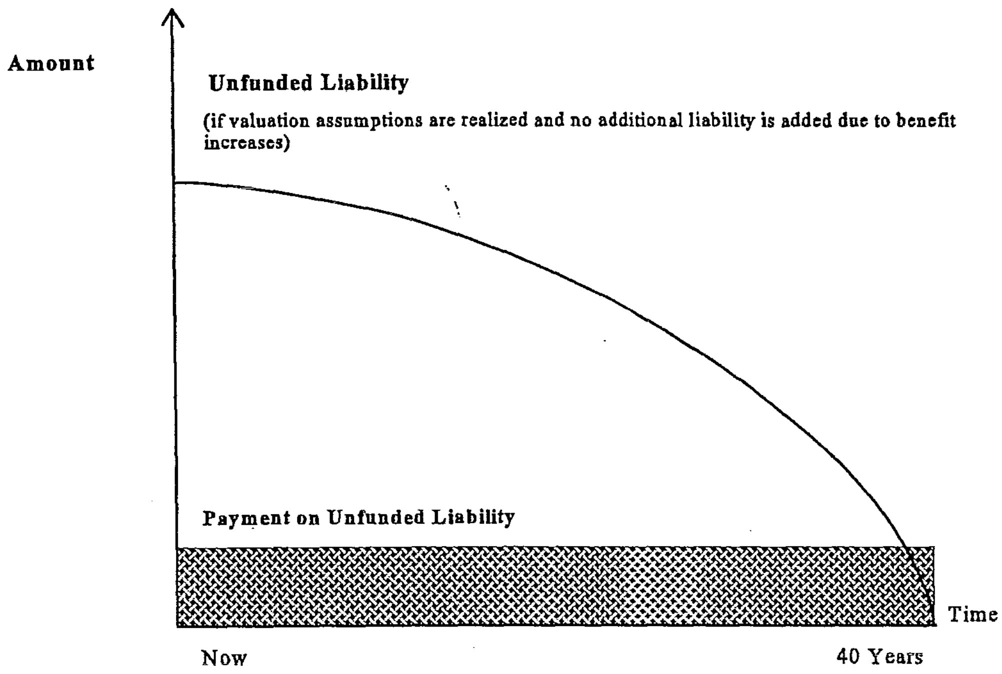


2. Normal Cost Plus 40 Year Amortization Method

ERISA minimum funding standards require 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.

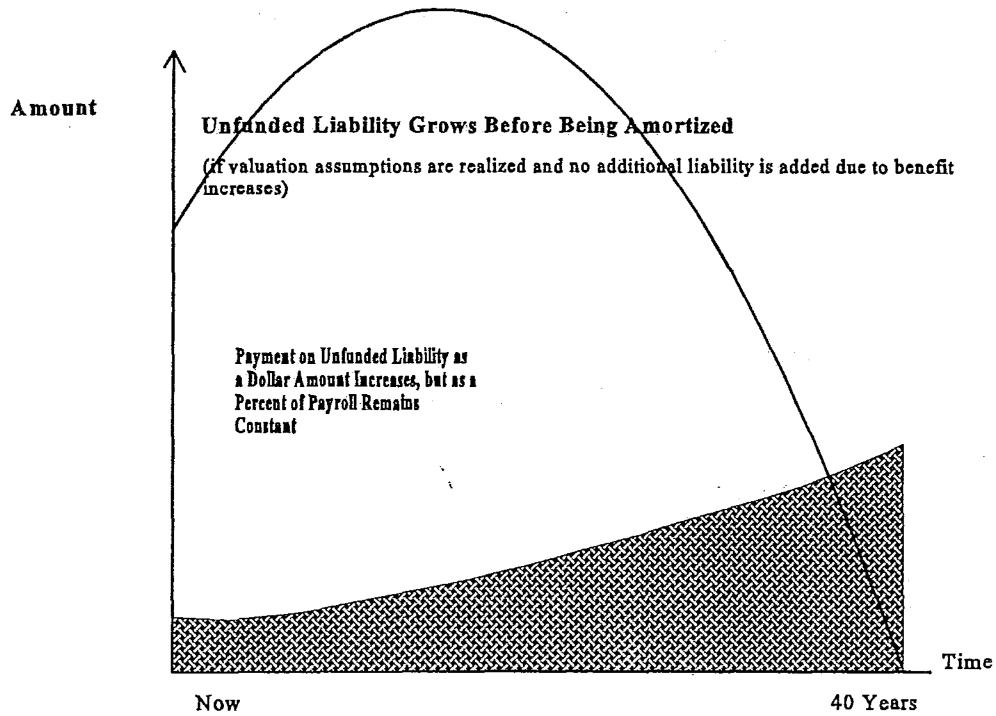
Both of these cost methods, the normal cost plus interest method and the normal cost plus 40 year amortization method, express the past service costs as a level annual dollar amount. Consequently, as the total payroll increases in the future, the level annual amount becomes a decreasing percent of the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

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



3. Level Annual Percent of Payroll Method

An alternative method for funding 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. The costs under these funding methods are contingent upon all actuarial assumptions being met and continued active membership at the same level. These three methods meet the requirements set forth in Illinois Compiled Statutes, Chapter 40, Section 5/22-501.10. The results are given in the following table:

	Required 1997 Tax Levy	Ultimate Required Multiple[1]
1. **Normal Cost Plus Interest Only**	$8,073,622	0.66
2. **ERISA: Normal Cost Plus 40-Year Amortization**	$8,073,622	0.66
3. **Normal Cost Plus 40-Year Level % of Payroll Increasing 4% a Year (Inflation Only)**	$8,073,622	0.66
4. **Present Law (Includes Park)**	$19,649,700	1.37

The Required Tax Levy shown is based on the employer's share of the Normal Cost plus Interest. Paragraph 11-178 requires the City to contribute until the present values of all annuities, present or prospective, are fully funded.

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

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. The Laborers' membership has been declining over the last 25 years. The active membership is slightly over half of what it was at the end of 1971.

Required Actuarial Contribution

Based on the normal cost plus interest method of funding, we find that the tax levy for 1997 should be $8,073,622, which amount includes a 4% overall reserve for loss on collection. This amount is based on an annual payroll (as of December 31, 1996) of $162,276,840 and an active membership of 3,785 persons. The detail is shown in the table that follows.

Detail of Annual City Contribution

		Last Year Amount	This Year Amount	Last Year % of Salary	This Year % of Salary	Last Year Dollars Per Active Member	This Year Dollars Per Active Member
1.	Normal Cost for Current Service	$ 21,340,898	$ 21,544,208	13.95%	13.28%	$ 5,569	$ 5,692
2.	8% Interest on Unfunded Liability	0	0	0.00%	0.00%	0	0
3.	Total Actuarial Requirement (1+2)	$ 21,340,898	$ 21,544,208	13.95%	13.28%	$ 5,569	$ 5,692
4.	Employee Contributions	$ 13,004,733	$ 13,793,531	8.50%	8.50%	$ 3,394	$ 3,644
5.	Employer Requirement (3-4)	8,336,165	7,750,677	5.45%	4.78%	2,175	2,048
6.	Expected Net Employer Contribution from Tax Levy of	20,044,200	19,649,700				
	After a 4% Loss	19,242,432	18,863,712	12.58%	11.62%	5,022	4,984
7.	Expected Net Annual Deficiency (Excess)	$ (10,906,267)	$(11,113,035)	(7.13)%	(6.85)%	$ (2,846)	$ (2,936)
8.	Tax Levy Required (Assume 4% Loss)	8,683,505	8,073,622				
9.	Required Multiple	0.75	0.66				
10.	Present Authorized Multiple	1.37	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 the Fund is more than meeting the annual actuarial cost on the normal cost plus interest basis. The Employer Requirement and the Tax Levy Required shown are based on the employer's share of the current service cost. The statute requires the City to contribute until the present values of all annuities, present or prospective, are fully funded.

The 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).

Detail of Normal Cost	Last Year % of Salary	This Year % of Salary	Last Year $/Active Member	This Year $/Active Member
Retirement Annuity	6.72%	6.72%	$ 2,685	$ 2,881
Post-retirement Annuity Increase	1.41%	1.41%	565	607
Post-retirement Spouse Annuity	0.66%	0.66%	263	281
Spouse Annuity for Death in Service	0.52%	0.51%	207	220
Health Insurance	0.13%	0.13%	51	52
Child's Annuity	0.07%	0.07%	29	32
Ordinary Disability	0.61%	0.53%	243	227
Duty Disability	0.69%	0.62%	275	266
Refunds	2.15%	1.64%	859	703
Widows'/Widowers' Compensation	0.00%	0.00%	0	0
Expense of Administration[1]	0.80%	0.80%	318	343
Reciprocal Benefits	0.19%	0.19%	74	80
Total	13.95%	13.28%	$ 5,569	$ 5,692

[1] Net of investment expense.

Change in the Unfunded Liability

The total funded surplus as of December 31, 1996, is $138,075,550. As of December 31, 1995, the total funded surplus was $88,663,006. The unfunded liability has been eliminated, meaning all past service has been paid for.

Detail of Change in Unfunded Liability

Increase in Salaries over 6.0% Assumed		$ 6,691,153	Increase
Investment Yield over 8.0% Assumed		(36,656,357)	Decrease
Excess in Annual Contribution:			
1996 Total Actuarial Requirement	$ 21,340,898		
Less Employer Net to Fund 1996 Tax Levy	19,623,717		
Less Employee Contributions for 1996	14,856,703	(13,139,522)	Decrease
Miscellaneous Experience:			
Retirement, Death, Withdrawal		(6,307,818)	Decrease
Net Change in Unfunded Liability		$ (49,412,544)	Decrease

See the historical tabulation in the back of this report.

Funded Ratio

The ratio of assets to accrued liabilities is 114.74% as of December 31, 1996, and was 109.96% as of December 31, 1995. This ratio represents the extent to which present and future benefit promises are secured by present assets. The funded ratio increased because assets increased 9.77% while liabilities increased 5.19%.

Ratio of Active Employees to Annuitants and Beneficiaries

The ratio of active employees to annuitants and beneficiaries is 0.91 as of December 31, 1996, and was 0.90 as of December 31, 1995. 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.

	1995	1996
Liability for Retired Annuitants, Widows/Widowers and Spouses of Annuitants	$ 401,047,985	$ 405,010,948
Salary Deductions Contributed by Active Fund Members (with Interest)	175,400,781	187,040,430
Total	$ 576,448,766	$ 592,051,378
Assets at Book Value	979,038,393	1,074,699,269
Excess Upon Termination	$ 402,589,627	$ 482,647,891
Quick Ratio	170%	182%
Available Assets for Actives (Retirees Fully Funded)	$ 577,990,408	$ 669,688,321
Available Assets Per Active Employee	150,833	176,932
Average Salary Deduction per Active	45,773	49,416
Ratio of Available Assets to Salary Deductions	329.53%	358.04%

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 because the value of a retirement annuity for an eligible employee is greater than the amount of his or her accumulated salary deductions.

	1995	1996
Liability for Retired Annuitants, Widows/Widowers and Spouses of Annuitants	$ 401,047,985	$ 405,010,948
Value of Active Employees Eligible to Retire	279,310,412	307,364,723
Accumulated Salary Deductions of Active Employees Eligible for Refund and Not Annuity	91,312,436	91,844,591
Active Vested Liability	370,622,848	399,209,314
Total Vested Liability	$ 771,670,833	$ 804,220,262
Assets at Book Value	979,038,393	1,074,699,269
Unfunded Vested Liability (Surplus)	$ (207,367,560)	$ (270,479,007)
Vested Funded Ratio	126.87%	133.63%

The average amount of assets required per active employee to provide for vested benefits as of the valuation date is $105,471. 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 $140,453.

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*, requires 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 into 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 non-vested current employees is possible, due to the different vesting schedules of the defined benefit and defined contribution portions of the benefits.

See complete GASB disclosure exhibit in the rear of this report.

Pension Benefit Obligation (PBO) **APV of Credited Projected Benefits**		**1995**		**1996**
Accumulated contributions (with interest)	$	175,400,781	$	187,040,430
Payable to retirees and beneficiaries		401,047,985		405,010,948
Payable to vested and non-vested employees		220,336,395		241,821,851
Total APV	$	796,785,161	$	833,873,229
Net Assets Available for Benefits (Book Value)		979,038,393		1,074,699,269
Unfunded (Assets in Excess of) APV of Credited Projected Benefits	$	(182,253,232)	$	(240,826,040)
Percentage Funded		122.87%		128.88%
Unfunded (Surplus) APV as Percent of Payroll		(119.12)%		(148.40)%

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 $3.28. 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 8.0% used for valuation purposes. The extent of the reduction will depend on the relative amounts of these two items.

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 and if the amortization period is reestablished each year. Subject to projections of contributions and disbursements for potential cash flow problems, the level percent of payroll method would appear to provide a long-range level funding method on a minimum funding basis whether for interest only or over a 40-year period.

Respectfully submitted,

Donald P. Campbell

Donald P. Campbell, FSA, MCA, MAAA
Enrolled Actuary No. 96-1498

Katherine M. Schanding

Katherine M. Schanding, FSA, MAAA
Enrolled Actuary No. 96-3838

DPC:iw

This page intentionally left blank.

Laborers' & Retirement Board Employees'
Annuity and Benefit Fund of Chicago

Actuarial Balance Sheet

as of

December 31, 1996

Assets and Liabilities

Exhibit A

ASSETS
Actuarial Balance Sheet as of December 31, 1996

Cash		
In Bank	$ (859,555.54)	
Total Cash		$ (859,555.54)
Investments		
Cash Equivalent	71,088,777.68	
Bonds, Par Value	567,461,717.04	
Bond Premiums and Discounts	(9,258,958.86)	
Common Stocks, Cost	393,485,250.75	
Venture Capital	12,017,171.00	
Real Estate	29,349,354.90	
Reserve for Trust Account Loss	(2,364,370.57)	
Accrued Bond Interest	6,841,467.43	
Accrued Dividends	737,397.58	
Total Investments		1,069,357,806.95
Market Value of Investments	1,194,803,340.00	
Accounts Receivable Taxes(See Exhibit D)		
Replacement Tax from State	2,805,000.00	
Tax Extension	18,904,221.64	
Less Estimate for Loss on Collection	2,012,374.01	
Net Taxes Receivable		19,696,847.63
Other Accounts Receivable		
Salary Deductions Accrued	702,820.36	
Active Employee Accounts	255,360.76	
Inactive Employee Accounts	89,725.26	
Miscellaneous Accounts Receivable	1,530.42	
Total Other Accounts Receivable		1,049,436.80
Other Assets		
Furniture and Equipment	155,844.82	
Less: Accumulated Depreciation	(107,824.73)	
Prepaid Insurance	1,142.50	
Deferred Compensation	114,500.76	
Total Other Assets		163,663.35
Gross Ledger Assets		1,089,408,199.19
Less Accounts Payable		
Investment Manager Fees Payable	525,528.17	
Miscellaneous Employee Accounts	1,255,487.37	
Professional Fees Payable	21,274.27	
Deferred Compensation Trust Fund	114,500.76	
Due to Broker	12,792,139.27	
Total Accounts Payable		14,708,929.84
Net Ledger Assets		$1,074,699,269.35

LIABILITIES AND FUND BALANCES
Actuarial Balance Sheet as of December 31, 1996

Annuity Payment Fund Account (Based on 3% Comb. and 4% Amer. Exp.)		
Employee Annuitants	$ 107,517,068.28	
Spouse Annuitants	37,580,145.84	
Spouses' Annuities Fixed	34,059,211.83	
Total Annuity Payment Fund		$ 179,156,425.95
Salary Deduction Fund Account		
Employees	144,698,296.67	
Spouses of Employees	33,223,896.54	
Total Salary Deduction Fund		177,922,193.21
City Contribution Fund Account		
Employees	133,895,379.33	
Spouses of Employees	44,423,639.68	
Total City Contribution Fund		178,319,019.01
Other Reserves		
Supplementary Payment Reserve	90,074.95	
Annuity Payment Fund Account	0.00	
Total Other Reserves		90,074.95
Prior Service Fund Account (Based on 3% Comb. and 4% Amer. Exp.)		
Employee Annuitants	272,553,292.92	
Spouse Annuitants	18,947,857.20	
Spouses' Annuities Fixed	14,613,345.13	
Salary Deductions 3% Annuity Increase	15,144,884.64	
Estimated Excess Liability[1]	79,876,626.48	
Total Prior Service Fund Account		401,136,006.37
Total Liabilities		936,623,719.49
Obligations of Fund for Prior Service Liabilities[1]		138,075,549.86
Total Net Liabilities and Fund Balances December 31, 1996		$1,074,699,269.35

[1] The attached letter of transmittal describes how this liability was determined.

This page intentionally left blank.

Laborers' & Retirement Board Employees'
Annuity and Benefit Fund of Chicago

Income - Year 1996

Income and Expenditures

INCOME FOR YEAR OF 1996

Salary Deductions		
Total Contributions by Employee		
Employee	$ 10,543,541.74	
Spouse	2,433,124.22	
Automatic Increase	810,990.28	
Ordinary Disability	156,817.82	
Received from Municipal	147,103.60	
Temporary Service Payments	229,529.29	
Miscellaneous Accounts Receivable	103,724.29	
Total		$ 14,424,831.24
Other Service Payments	17,621.77	
Total Contributed by Employee		14,442,453.01
Total Contributed by City for Duty Disability, Deductions in Lieu	414,250.31	
Total Contributed by City		414,250.31
Total Salary Deductions		14,856,703.32
City Contributions[1]:		
Employees	10,464,411.30	
Spouses of Employees	3,485,572.68	
Ordinary Disability Fund	860,543.38	
Duty Disability Fund	1,005,568.51	
Child's Annuity Payment Fund	121,102.00	
Expense Fund	4,801,525.83	
Health Insurance Fund	1,516,536.50	
Interest on Income	345,034.98	
Prior Service Annuity Fund	(3,418,340.18)	
Total City Contributions		19,181,955.00
Interest on Real Estate Taxes		13,386.49
Investment Income		
Interest on Bonds	40,023,417.03	
Dividends	8,245,134.45	
Income on Venture Capital	221,934.00	
Income on Real Estate	1,422,097.75	
Gain (Loss) on Sale of Bonds	1,884,625.81	
Gain (Loss) on Sale of Stocks	62,784,812.15	
Gain (Loss) on Real Estate	(755,306.89)	
Gain (Loss) on Venture Capital	3,925,526.00	
Total Investment Income		117,752,240.30
Miscellaneous Income		64,162.08
Total Income Forwarded		$ 151,868,447.19

[1] 1996 taxes of $17,232,000 (City) plus $6,900 (Park) less 5% for loss of collection of $861,945 plus replacement tax from State of $2,805,000.

EXPENDITURES FOR YEAR 1996

Total Income Forwarded		$ 151,868,447.19
Annuities and Benefits Paid		
Employee Annuities	$ 38,961,283.19	
Spouses Annuities	6,661,485.45	
Child Annuities	121,102.00	
Ordinary Disability	860,543.38	
Duty Disability	1,005,568.51	
Supplemental Annuities	6,835.20	
Annuitant Health Insurance	1,516,536.50	
Reciprocal Act Reimbursements	(4,189.34)	
Net Benefits Paid		49,129,164.89
Expense of Administration		
Salaries		
Regular Employees	523,875.73	
Payroll Taxes	8,220.40	
Group Health Insurance	97,783.24	
Life Insurance Premiums	1,704.55	
Services		
Actuarial Consulting	15,505.33	
Annuity Computation and Certification	126,663.56	
Employee Accounts and Data Processing	65,202.73	
Check Production	69,149.23	
Legal Expense	48,768.00	
Medical Expense	29,376.00	
Auditing	22,500.00	
Consulting	8,488.00	
Public Education	0.00	
Conference, Membership & Education Expense	22,500.38	
Election Expense	542.29	
Printing and Stationery	55,369.96	
Office Supplies and Equipment	10,343.97	
Postage	35,999.28	
Rent and Electricity	114,004.01	
Telephone	4,730.98	
Depreciation Expense	31,043.78	
Miscellaneous	2,354.92	
Total Administrative Expenses		1,294,126.34
Refunds		2,661,026.68
Transfer to Aldermanic Plan		0.00
Litigation Expense		3,045.22
Investment Manager Fees		2,975,409.59
Investment Custodian Fees		528,944.68
Total Expenditures		56,591,717.40
Excess Income Over Expenditures		95,276,729.79
Net Change in Reserve for Loss and Cost of Collection and Taxes Receivable for Prior Years		364,212.93
Net Change in Reserve for Payables and Receivables		19,934.04
Increase in Net Assets for Year		$ 95,660,876.76

This page intentionally left blank.

Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago

Comparative Analysis - Year 1996

Assets and Liabilities

Exhibit C

COMPARATIVE ANALYSIS
ASSETS

	1995	1996	Increase (Decrease)
Total Cash	$ 2,631,476	$ (859,556)	$ (3,491,032)
Investments			
Cash Equivalents	77,795,218	71,088,778	(6,706,440)
Bonds (Par Value)	493,367,671	567,461,717	74,094,046
Bonds Premiums and Discounts	(11,611,237)	(9,258,959)	2,352,278
Common Stocks	360,678,241	393,485,251	32,807,010
Investment in Venture Capital	9,324,934	12,017,171	2,692,237
Real Estate	34,946,749	29,349,355	(5,597,394)
Reserve for Trust Account Loss	(4,422,200)	(2,364,371)	2,057,829
Accrued Bond Interest	7,358,975	6,841,467	(517,508)
Accrued Dividends	620,735	737,398	116,663
Accrued Real Estate Income	76,900	0	(76,900)
Total Investments	968,135,986	1,069,357,807	101,221,821
Accounts Receivable-Taxes			
Replacement Tax from State	2,622,000	2,805,000	183,000
Tax Extension (City and Park)	17,693,831	18,904,222	1,210,391
Less: Est. For L/C	1,910,674	2,012,374	101,700
Net Taxes Receivable	18,405,157	19,696,848	1,291,691
Other Accounts Receivable			
Salary Deductions Accrued	935,800	702,820	(232,980)
Active Employee Accounts	302,426	255,361	(47,065)
Inactive Employee Accounts	62,016	89,725	27,709
Miscellaneous Accounts Receivable	129	1,530	1,401
Total Other Accounts Receivable	1,300,371	1,049,437	(250,934)
Other Assets			
Furniture and Equipment	194,081	155,845	(38,236)
Accumulated Depreciation	(120,886)	(107,825)	13,061
Prepaid Insurance	1,714	1,143	(572)
Deferred Compensation Plan	82,358	114,501	32,143
Total Other Assets	157,267	163,663	6,396
Gross Ledger Assets	990,630,257	1,089,408,199	98,777,942
Less Accounts Payable			
Investment Manager Fees Payable	433,106	525,528	92,422
Miscellaneous Employee Accounts	1,290,558	1,255,487	(35,071)
Professional Fees Payable	23,661	21,274	(2,387)
Deferred Compensation Trust Fund	82,358	114,501	32,143
Due to Broker	9,762,181	12,792,139	3,029,958
Total Accounts Payable	11,591,864	14,708,930	3,117,066
Total Net Ledger Assets	$ 979,038,393	$ 1,074,699,269	$ 95,660,876

COMPARATIVE ANALYSIS

LIABILITIES AND FUND BALANCES

Liability Reserves	1995	1996	Increase (Decrease)
Annuity Payment Fund			
Employee Annuitants	$ 108,270,816	$ 107,517,068	$ (753,748)
Spouse Annuitants	35,577,525	37,580,146	2,002,621
Spouses' Annuities Fixed	33,426,371	34,059,212	632,841
Total Annuity Payment Fund	177,274,712	179,156,426	1,881,714
Salary Deduction Fund Account			
Employees	135,930,241	144,698,297	8,768,056
Spouses of Employees	31,174,384	33,223,897	2,049,513
Total Salary Deduction Fund	167,104,625	177,922,193	10,817,568
City Contribution Fund Account			
Employees	125,826,385	133,895,379	8,068,994
Spouses of Employees	41,701,571	44,423,640	2,722,069
Total City Contribution Fund	167,527,956	178,319,019	10,791,063
Other Reserves			
Supplementary Payment Reserve	89,910	90,075	165
Annuity Payment Fund Account	0	0	0
Total Other Reserves	89,910	90,075	165
Prior Service Fund Account			
Employee Annuitants	268,673,178	272,553,293	3,880,115
Spouse Annuitants	19,330,779	18,947,857	(382,922)
Spouses' Annuities Fixed	14,811,617	14,613,345	(198,272)
Salary Deductions 3% Annuity Increase	14,235,914	15,144,885	908,971
Estimated Excess Liability[1]	61,326,696	79,876,626	18,549,930
Total Prior Service Account	378,378,184	401,136,006	22,757,822
Total Liabilities	890,375,387	936,623,719	46,248,332
(Unfunded) Surplus	88,663,006	138,075,550	49,412,544
Total Net Liabilities	$ 979,038,393	$ 1,074,699,269	$ 95,660,876

TAXES RECEIVABLE

December 31, 1996

Year City	Uncollected Taxes 12/31/96	Estimate for Loss 12/31/95	Additional Est. Setup 12/31/96	Total Est. for Loss 12/31/96	Taxes Collectible 12/31/96
1992	$ 184,783.68	$ (179,759.71)	$ (62,104.72)	$ (241,864.43)	$ (57,080.75)
1993	239,134.31	(231,432.89)	(11,422.54)	(242,855.43)	(3,721.12)
1994	190,418.86	(440,370.00)	258,855.85	(181,514.15)	8,904.71
1995	1,048,605.03	(805,200.00)	322,080.00	(483,120.00)	565,485.03
1996	17,232,000.00		(861,600.00)	(861,600.00)	16,370,400.00
Totals	$ 18,894,941.88	$ (1,656,762.60)	$ (354,191.41)	$ (2,010,954.01)	$ 16,883,987.87
Park					
1992	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
1993	0.00	(235.57)	235.57	0.00	0.00
1994	1,449.34	(600.00)	0.00	(600.00)	849.34
1995	930.42	(475.00)	0.00	(475.00)	455.42
1996	6,900.00	0.00	(345.00)	(345.00)	6,555.00
Totals	$ 9,279.76	$ (1,310.57)	$ (109.43)	$ (1,420.00)	$ 7,859.76
Total City and Park	$ 18,904,221.64	$ (1,658,073.17)	$ (354,300.84)	$ (2,012,374.01)	$ 16,891,847.63
			Replacement Tax Due from State	1995	$ 0.00
				1996	2,805,000.00
					$ 19,696,847.63

Note: The loss on the 1996 tax levy was 5%. Due to the 100% collection of the personal property replacement tax, the overall loss is 4%. The statutory requirement of $20,043,900.00 is the sum of $17,232,000.00 plus $6,900.00 plus $2,805,000.00.

Total City Contributions from Tax Levy = $19,181,955.00 (see Income page).

MEMBERSHIP STATISTICS
Year 1996

Changes in Active Participants	Number at Beginning of Year	New	Increases Inactive to Active	Total	Decreases	Number at End of Year
Males	3,573	27	141	168	217	3,524
Females	259	8	21	29	27	261
Total	3,832	35	162	197	244	3,785
Changes in Inactive Participants						
Males	1,627	121	114	235	285	1,577
Females	133	18	15	33	35	131
Total	1,760	139	129	268	320	1,708

Changes in Annuitants and Beneficiaries	Number at Beginning of Year	Increases	Decreases	Number at End of Year
Employee Annuitants	2,445	81	148	2,378
Spouse Annuitants	1,388	75	89	1,374
Child Annuities	72	14	12	74
Ordinary Disability Benefits	49	73	84	38
Duty Disability Benefits	93	342	326	109
Reciprocal:				
Employee	155	10	6	159
Spouse	39	5	1	43
Widow/Widower Compensation Annuities	0	0	0	0
Total	4,241	600	666	4,175
E. Ratio of Active Participants to Annuitants and Beneficiaries	0.90			0.91

SALARY AND AGE STATISTICS
Ages and Salaries as of December 31, 1996

Age	Number	Annual Salaries	Average Annual Salary
Male			
Without DOB	0	$ 0	$ 0
Under 20	2	82,824	41,412
20-24	51	2,137,272	41,907
25-29	158	6,604,152	41,798
30-34	318	13,519,872	42,515
35-39	574	24,915,984	43,408
40-44	711	31,072,392	43,702
45-49	557	24,541,608	44,060
50-54	425	18,511,656	43,557
55-59	365	16,174,800	44,315
60-64	215	8,915,952	41,470
65-69	103	4,498,488	43,675
70 +	45	1,928,952	42,866
Total Male	3,524	$ 152,903,952	$ 43,389
Female			
Without DOB	0	$ 0	$ 0
Under 20	0	0	0
20-24	8	212,304	26,538
25-29	21	734,400	34,971
30-34	37	1,481,496	40,040
35-39	47	1,831,416	38,966
40-44	49	1,939,872	39,589
45-49	34	1,305,888	38,408
50-54	14	500,760	35,769
55-59	20	670,248	33,512
60-64	19	469,896	24,731
65-69	8	160,008	20,001
70 +	4	66,600	16,650
Total Female	261	$ 9,372,888	$ 35,911
Male and Female	3,785	$ 162,276,840	$ 42,874

SALARY AND AGE STATISTICS
Year 1996

Ages at Entrance

	Male		Female	
Age	Number	Annual Salaries	Number	Annual Salaries
Under 25	1,351	$ 60,773,928	52	$ 1,877,064
25-29	773	33,743,976	49	1,752,720
30-34	563	23,699,376	63	2,303,976
35-39	339	14,309,448	42	1,450,896
40-44	245	10,137,408	27	1,001,232
45-49	135	5,466,096	19	725,880
50-54	75	3,023,184	5	159,888
55-59	33	1,328,712	3	88,032
60+	10	421,824	1	13,200
W/O Record	0	0	0	0
Totals	3,524	$ 152,903,952	261	$ 9,372,888
Average Annual Salary		$ 43,389		$ 35,911
Average Attained Age		45.2		43.0
Average Service		16.1		10.3
Average Age at Entrance		29.1		32.7

AGE AND SERVICE DISTRIBUTION

Year 1996

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

	Years of Service									
Age	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<20	1	1								2
	$44,928	$37,896								$41,412
20-24	1	53	5							59
	$44,928	$39,681	$40,310							$39,823
25-29	2	94	81	2						179
	$31,968	$41,543	$40,518	$43,788						$40,997
30-34	4	94	146	70	41					355
	$43,170	$41,704	$40,208	$45,829	$44,637					$42,257
35-39		80	139	119	247	36				621
		$42,530	$39,976	$42,308	$44,740	$47,307				$43,071
40-44	2	60	115	102	252	219	10			760
	$33,468	$42,163	$39,426	$42,584	$43,985	$45,696	$44,638			$43,437
45-49	3	37	63	75	168	147	86	12		591
	$36,912	$41,236	$38,651	$41,478	$43,534	$45,872	$46,909	$47,836		$43,735
50-54	1	26	35	49	90	84	72	69	13	439
	$42,120	$42,451	$39,039	$41,504	$42,004	$43,343	$45,775	$45,200	$48,511	$43,308
55-59	1	17	23	29	88	69	50	73	35	385
	$20,832	$43,146	$36,580	$39,439	$41,959	$43,222	$44,365	$48,243	$48,314	$43,753
60-64	1	6	14	30	56	46	27	32	22	234
	$44,928	$37,648	$36,819	$39,077	$40,234	$43,657	$40,052	$34,949	$43,918	$40,110
65-69		3	5	10	25	23	10	14	21	111
		$43,032	$35,899	$40,440	$41,915	$40,857	$42,955	$33,351	$50,545	$41,968
70+		2	1	5	15	4	7	3	12	49
		$29,064	$44,928	$37,430	$43,024	$44,544	$47,955	$34,144	$36,974	$40,726
Number	16	473	627	491	982	628	262	203	103	3,785
Salary	$38,252	$41,595	$39,597	$42,212	$43,480	$44,909	$45,196	$43,854	$46,534	$42,874
Age	38.7	36.0	38.8	44.0	45.7	48.5	53.3	56.5	61.9	45.1
Service	1.0	3.1	7.3	11.9	17.0	21.6	26.9	31.5	38.0	15.7

AGE AND SERVICE DISTRIBUTION

Year 1996

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

	Years of Service									
Age	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<20	5	3								8
20-24	20	71	1							92
25-29	27	81	7	1						116
30-34	110	77	16	6	1					210
35-39	255	109	20	15	13	1				413
40-44	141	104	14	10	12	13				294
45-49	84	63	10	6	10	14	5	1		193
50-54	41	38	10	8	11	8	7	7		130
55-59	18	37	6	3	7	6	1	4		82
60-64	25	20	4	2	5		1	2		59
65-69	19	11	2	1		2	3	1		39
70+	16	22	8	10	4	4	3	2		69
w/o DOB	1	2								3
Number	762	638	98	62	63	48	20	17	0	1,708
Age										42.0
Service										3.7

ANNUITANTS CLASSIFIED BY AGE AS OF DECEMBER 31, 1996

Retirement Annuities (Including Reciprocal)

Age	Male Number	Annual Payments	Average Annual Payments	Female Number	Annual Payments	Average Annual Payments
30-34	1	$ 1,753.80	$ 1,753.80	0	$ 0.00	$ 0.00
35-39	0	0.00	0.00	0	0.00	0.00
40-44	1	3,408.36	3,408.36	0	0.00	0.00
45-49	3	10,511.64	3,503.88	0	0.00	0.00
50-54	4	30,260.52	7,565.13	1	4,311.12	4,311.12
55-59	111	2,676,299.40	24,110.81	4	74,390.40	18,597.60
60-64	233	5,354,239.32	22,979.57	13	192,471.60	14,805.51
65-69	414	9,288,013.44	22,434.82	63	672,676.92	10,677.41
70-74	430	7,948,904.88	18,485.83	115	1,062,618.60	9,240.16
75-79	366	5,515,604.52	15,069.96	164	1,220,250.60	7,440.55
80-84	209	2,557,824.36	12,238.39	175	1,045,527.96	5,974.45
85-89	80	792,484.56	9,906.06	83	404,789.76	4,876.99
90-94	16	163,922.28	10,245.14	39	184,457.76	4,729.69
95-99	1	6,457.56	6,457.56	10	45,991.56	4,599.16
100+	0	0.00	0.00	1	4,200.00	4,200.00
Totals	1,869	$ 34,349,684.64	$18,378.64	668	$ 4,911,686.28	$ 7,352.82
Average Age			71			78
Spouse Annuities (Not Including Compensation)						
25-29	0	$ 0.00	$ 0.00	1	$ 3,600.00	$ 3,600.00
30-34	0	0.00	0.00	2	7,366.56	3,683.28
35-39	0	0.00	0.00	6	25,337.64	4,222.94
40-44	0	0.00	0.00	7	30,382.20	4,340.31
45-49	0	0.00	0.00	18	79,886.04	4,438.11
50-54	0	0.00	0.00	36	170,955.72	4,748.77
55-59	0	0.00	0.00	77	444,694.68	5,775.26
60-64	2	7,492.32	3,746.16	105	655,686.60	6,244.63
65-69	2	9,020.16	4,510.08	169	897,471.00	5,310.48
70-74	9	33,970.80	3,774.53	258	1,415,285.88	5,485.60
75-79	7	29,495.52	4,213.65	298	1,333,852.44	4,476.01
80-84	6	21,600.00	3,600.00	240	956,702.76	3,986.26
85-89	1	3,600.00	3,600.00	126	482,422.32	3,828.75
90-94	0	0.00	0.00	39	140,041.68	3,590.81
95-99	0	0.00	0.00	8	28,800.00	3,600.00
100+	0	0.00	0.00	0	0.00	0.00
Totals	27	$ 105,178.80	$ 3,895.51	1,390	$ 6,672,485.52	$ 4,800.35
Average Age			74			73

HEALTH INSURANCE SUPPLEMENT
CLASSIFIED BY AGE AS OF DECEMBER 31, 1996

Age	Single Coverage	Family Coverage	Total Participants	Total Non-Part.	Total Annuitants	% Part/ Annuitants
			Retirement Annuities			
30-39	1	0	1	0	1	100.00%
40-49	1	2	3	1	4	75.00%
50-59	27	56	83	37	120	69.17%
60-69	228	316	544	179	723	75.24%
70-79	371	385	756	319	1,075	70.33%
80-89	217	103	320	227	547	58.50%
Over 90	26	4	30	37	67	44.78%
Total	871	866	1,737	800	2,537	68.47%
			Spouse Annuitants (Not Including Compensation)			
Under 30	0	1	1	0	1	100.00%
30-39	1	4	5	3	8	62.50%
40-49	5	3	8	17	25	32.00%
50-59	50	8	58	55	113	51.33%
60-69	153	1	154	124	278	55.40%
70-79	302	1	303	269	572	52.97%
80-89	164	0	164	209	373	43.97%
Over 90	9	0	9	38	47	19.15%
Total	684	18	702	715	1,417	49.54%

NEW ANNUITIES GRANTED DURING 1996

	Male Annuitants	Female Annuitants	Widows/ Widowers of Deceased Employees	Widows/ Widowers of Deceased Annuitants
Number Retired	76	11	11	66
Average Age Attained	61.2	62.5	51.5	70.3
Number with Spouses	59	3	11	66
Average Spouse Age	58.2	71.7	55.3	74.6
Percentage with Spouse	77.63%	27.27%	100.00%	100.00%
Average Length of Service	25.6	28.2	14.5	26.5
Average Years on Pension				9.9
Average Final Salary	$ 40,723	$ 25,973	$ 24,237	
Total Final Salary	$ 3,094,956	$ 285,708	$ 266,604	
Average Annual Salary (4 out of 10)	$ 37,327	$ 19,743		
Total Annual Annuity	$ 1,667,677	$ 160,970	$ 78,020	$ 471,805
Average Annual Annuity	$ 21,943	$ 14,634	$ 7,093	$ 7,149
Total Liability (8% UP-1984)	$ 19,291,196	$ 1,883,948	$ 843,367	$ 3,946,997
Average Liability	$ 253,832	$ 171,268	$ 76,670	$ 59,803
Total Contributed by EE[1]	$ 3,293,969	$ 193,150	$ 439,216	
Average Contribution	$ 43,342	$ 17,559	$ 39,929	
Expected Future Lifetime (yrs.)	17.42	20.39	26.04	12.23
Payback Period (yrs.)	1.98	1.20	5.63	
Replacement Ratio	53.88%	56.34%	29.26%	
Liability/Salary	6.23	6.59	3.16	
Liability/Contributions	5.86	9.75	1.92	

[1] Includes "Pickup."

NEW RECIPROCAL ANNUITIES GRANTED DURING 1996

Reciprocal and Last Service with Laborers'

	Reciprocal		Reciprocal/ Last with Laborers'	
Number Retired		9		1
Average Age Attained		58.1		61.0
Number with Spouses		9		1
Average Spouse Age		55.6		58.0
Percentage with Spouse		100.00%		100.00%
Average Length of Service		34.0		34.8
Average Service with this Fund		9.2		29.7
Average Final Salary	$	43,265	$	69,468
Total Final Salary	$	389,388	$	69,468
Average Annual Salary (4 out of 10)	$	41,792	$	64,860
Total Annual Annuity	$	87,700	$	42,342
Average Annual Annuity	$	9,744	$	42,342
Total Liability (8% UP-1984)	$	1,033,411	$	505,244
Average Liability	$	114,823	$	505,244
Total Contributed by EE[1]	$	152,778	$	107,733
Average Contribution	$	16,975	$	107,733
Expected Future Lifetime (yrs.)		19.63		17.42
Payback Period (yrs.)		1.74		2.54
Replacement Ratio		22.52%		60.95%
Liability/Salary		2.65		7.27
Liability/Contributions		6.76		4.69

[1] Includes "Pickup."

RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

Year	Employee Ann.	Spouse Ann.	Child Annuities	Ordinary Disability	Duty Disability	Widow Comp.	Recip. Employee	Recip. Widows
1980	2,337	1,155	139	152	25	2	42	6
1981	2,420	1,154	137	136	26	2	49	11
1982	2,419	1,175	109	113	25	2	56	11
1983	2,363	1,198	112	110	57	3	56	13
1984	2,386	1,213	96	111	77	2	83	15
1985	2,343	1,191	104	108	110	2	76	19
1986	2,406	1,205	93	119	155	2	81	21
1987	2,416	1,209	84	82	152	2	82	31
1988	2,405	1,232	79	90	172	1	89	33
1989	2,384	1,261	80	79	138	1	92	34
1990	2,391	1,279	86	70	145	1	90	38
1991	2,397	1,296	88	75	143	1	104	39
1992	2,416	1,322	88	70	156	1	118	37
1993	2,534	1,359	79	42	103	0	142	39
1994	2,534	1,362	75	55	106	0	146	41
1995	2,445	1,388	72	49	93	0	155	39
1996	2,378	1,374	74	38	109	0	159	43

AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Year Ended	Average Annual Benefit	% Increase	Average Annual Benefit at Retirement Current Year	% Increase	Average Current Age of Retirees	Average Age at Retirement Current Year	Average Years of Service at Retirement Current Year
1980	$3,765.74		$5,250.68		71.8	65.4	21.4
1981	4,111.60	9.2%	5,756.53	9.6%	71.0	64.9	22.3
1982	4,433.95	7.8%	7,129.16	23.8%	72.1	64.6	23.8
1983	4,774.89	7.7%	7,520.11	5.5%	72.1	65.3	24.0
1984	5,315.46	11.3%	9,226.74	22.7%	72.7	65.9	25.3
1985	5,867.92	10.4%	10,456.00	13.3%	72.4	64.8	25.5
1986	6,730.00	14.7%	12,485.10	19.4%	72.4	64.9	27.0
1987	7,934.57	17.9%	13,822.53	10.7%	72.3	65.0	28.0
1988	8,516.46	7.3%	13,047.88	(5.6)%	72.6	65.0	27.5
1989	9,035.92	6.1%	12,581.68	(3.6)%	72.6	64.7	26.4
1990	10,045.29	11.2%	15,731.97	25.0%	72.6	64.6	28.1
1991	10,807.31	7.6%	16,443.69	4.5%	73.0	64.2	27.0
1992	11,586.22	7.2%	17,010.22	3.4%	73.2	65.2	27.1
1993	13,514.91	16.6%	21,804.15	28.2%	72.2	63.6	30.4
1994	14,059.49	4.0%	15,866.17	(27.2)%	72.7	63.3	23.2
1995	14,796.91	5.2%	20,633.82	30.0%	72.9	64.0	27.7
1996	15,475.51	4.6%	21,018.93	1.9%	73.3	61.4	25.9

HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service[1]	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase[2]	Actuarial Salary Assumption	CPI Chicago
1966	7,995		$47,598,552		$5,954		1.00%	2.8%
1967	8,102	1.3%	52,268,304	9.8%	6,451	8.4%	1.75%	2.8%
1968	7,891	(2.6)%	56,165,136	7.5%	7,118	10.3%	1.75%	4.2%
1969	7,777	(1.4)%	60,523,296	7.8%	7,782	9.3%	1.75%	5.4%
1970	7,220	(7.2)%	62,916,768	4.0%	8,714	12.0%	1.75%	5.7%
1971	6,864	(4.9)%	66,142,320	5.1%	9,636	10.6%	3.50%	3.9%
1972	6,971	1.6%	69,950,692	5.8%	10,035	4.1%	3.50%	3.0%
1973	6,752	(3.1)%	73,108,848	4.5%	10,828	7.9%	3.50%	6.3%
1974	6,638	(1.7)%	78,526,728	7.4%	11,830	9.3%	5.00%	10.6%
1975	7,032	5.9%	89,276,280	13.7%	12,696	7.3%	5.00%	8.0%
1976	6,811	(3.1)%	90,487,008	1.4%	13,285	4.6%	5.00%	4.7%
1977	6,752	(0.9)%	98,029,296	8.3%	14,519	9.3%	5.00%	6.3%
1978	6,613	(2.1)%	103,399,152	5.5%	15,636	7.7%	5.00%	8.5%
1979	6,175	(6.6)%	105,825,264	2.3%	17,138	9.6%	5.00%	12.5%
1980	5,847	(5.3)%	108,854,496	2.9%	18,617	8.6%	5.00%	14.5%
1981	5,765	(1.4)%	118,054,512	8.5%	20,478	10.0%	5.00%	9.5%
1982	5,970	3.6%	134,293,920	13.8%	22,495	9.9%	6.00%	6.9%
1983	5,424	(9.1)%	131,355,840	(2.2)%	24,218	7.7%	6.00%	4.0%
1984	5,341	(1.5)%	131,327,856	0.0%	24,589	1.5%	6.00%	3.8%
1985[2]	5,138	(3.8)%	125,594,688	(4.4)%	24,444	(0.6)%	6.00%	3.8%
1986	4,844	(5.7)%	128,601,816	2.4%	26,549	8.6%	6.00%	2.1%
1987	4,873	0.6%	135,453,096	5.3%	27,797	4.7%	6.00%	4.1%
1988	4,725	(3.0)%	132,685,608	(2.0)%	28,082	1.0%	6.00%	3.9%
1989	4,592	(2.8)%	142,024,296	7.0%	30,929	10.1%	6.00%	5.0%
1990	4,498	(2.0)%	145,612,704	2.5%	32,373	4.7%	6.00%	5.4%
1991	4,304	(4.3)%	149,054,136	2.4%	34,632	7.0%	6.00%	4.0%
1992	4,022	(6.6)%	141,618,648	(5.0)%	35,211	1.7%	6.00%	3.0%
1993	3,867	(3.9)%	147,076,752	3.9%	38,034	8.0%	6.00%	3.0%
1994	3,891	0.6%	155,213,016	5.5%	39,890	4.9%	6.00%	2.2%
1995	3,832	(1.5)%	152,996,856	(1.4)%	39,926	0.1%	6.00%	3.2%
1996[3]	3,785	(1.2)%	162,276,840	6.1%	42,873	7.4%	6.00%	2.7%
Average Increase (Decrease) for the Last 5 Years		(2.5)%		1.8%		4.4%		2.8%

[1] Includes those members who were on disability.

[2] Total salaries include the 7% Board of Education "pick up" for the first time due to a change in the law.

[3] Average annual increase in salary 1966-1996, about 6.8% compounded. The average increase in the Chicago CPI for the same period is about 5.4%.

HISTORY OF NEW ANNUITIES GRANTED[1]
1975 - 1996

Year	A	B	C	D	E	F	G
1975[2]	136	76	212	91	0	91	303
1976	139	69	208	34	41	75	283
1977	133	87	220	43	36	79	299
1978	182	86	268	39	41	80	348
1979	141	73	214	29	64	93	307
1980	187	81	268	34	60	94	362
1981	156	77	233	32	51	83	316
1982	120	53	173	38	52	90	263
1983	128	46	174	35	68	103	277
1984	169	54	223	24	56	80	303
1985	146	29	175	36	59	95	270
1986	188	53	241	29	51	80	321
1987	155	35	190	26	64	90	280
1988	121	33	154	13	70	83	237
1989	98	34	132	23	65	88	220
1990	123	32	155	21	66	87	242
1991	148	22	170	19	70	89	259
1992	166	22	188	22	65	87	275
1993	399	40	439	15	80	95	534
1994	44	7	51	7	62	69	120
1995	85	19	104	12	75	87	191
1996	76	11	87	11	66	77	164

Legend of Headings

A: Male Annuitants
B: Female Annuitants
C: Total Annuitants
D: Widows/Widowers of Deceased Employees
E: Widows/Widowers of Deceased Annuitants
F: Total Widows/Widowers
G: Total New

[1] Does not include employees and widows who went on annuity and died during the same year.
[2] No differentiation between widows of deceased employees or annuitants in 1975.

HISTORY OF TOTAL ANNUITIES
Employee Annuitants (Male and Female)

Year End	Number of Annuitants	Total Annuities	Average Annuities
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
1987	2,498	19,820,563	7,935
1988	2,494	21,240,063	8,516
1989	2,476	22,372,931	9,036
1990	2,481	24,922,371	10,045
1991	2,501	27,029,083	10,807
1992	2,534	29,359,490	11,586
1993	2,802	37,868,791	13,515
1994	2,680	37,679,445	14,059
1995	2,600	38,471,969	14,797
1996	2,537	39,261,371	15,476
	Widow/Widower Annuitants (Not Including Compensation)		
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
1987	1,240	3,654,798	2,947
1988	1,265	3,820,665	3,020
1989	1,295	4,039,290	3,119
1990	1,317	5,292,391	4,019
1991	1,335	5,502,954	4,122
1992	1,359	5,743,428	4,226
1993	1,398	6,077,755	4,347
1994	1,403	6,264,691	4,465
1995	1,427	6,586,402	4,616
1996	1,417	6,777,664	4,783

HISTORY OF BENEFIT EXPENSES BY TYPE

Year	Employee Annuities	Widow Annuities	Children's Annuities	Ordinary Disabilities	Duty Disabilities	Hospitalization Benefits	Other[1]	Total Benefits
1978	$6,745,093	$1,337,886	$135,739	$1,105,370	$369,582	$0	$70,369	$9,764,039
1979	7,502,177	1,462,651	118,710	1,317,124	329,057	0	65,448	10,795,167
1980	8,591,787	1,614,326	118,864	1,408,837	365,269	0	62,208	12,161,291
1981	9,310,966	1,713,058	122,200	1,385,606	297,087	0	51,974	12,880,891
1982	10,193,364	1,832,665	110,911	1,284,329	382,788	0	47,378	13,851,435
1983	10,909,532	2,035,247	98,840	1,214,325	522,071	0	48,947	14,828,962
1984	12,236,436	2,229,432	91,720	1,257,938	726,190	0	40,592	16,582,308
1985	13,493,966	2,447,498	102,680	1,419,709	977,159	45,502	29,735	18,516,249
1986	15,582,979	2,571,348	95,080	1,285,079	1,032,647	283,945	30,394	20,881,472
1987	17,927,108	2,702,842	92,200	1,208,314	1,211,599	298,674	24,860	23,465,597
1988	20,682,766	3,743,668	127,950	1,191,429	1,370,321	309,744	41,810	27,467,688
1989	21,953,375	3,931,392	117,030	1,140,845	1,354,436	435,236	33,869	28,966,183
1990	23,449,216	4,276,814	136,620	1,186,935	1,173,540	1,784,878	21,180	32,029,183
1991	26,291,859	5,410,449	142,200	1,162,249	1,213,782	1,191,367	23,531	35,435,437
1992	28,557,579	5,668,669	140,310	1,176,769	1,317,890	1,218,448	21,610	38,101,275
1993	33,538,008	5,964,160	125,579	923,850	1,206,785	1,564,869	18,302	43,341,553
1994	37,739,455	6,170,546	119,708	968,551	1,056,507	1,581,929	11,720	47,648,416
1995	38,163,745	6,477,852	112,560	931,696	1,054,608	1,546,446	5,943	48,292,850
1996	38,961,283	6,661,485	121,102	860,543	1,005,569	1,516,537	2,646	49,129,165

[1] Includes compensation annuities, supplemental annuities, supplementary payments, Reciprocal Act reimbursements.

Percent of Total Benefits

Year	Employee Annuities	Widow Annuities	Children's Annuities	Ordinary Disabilities	Duty Disabilities	Hospitalization Benefits	Other	Total Benefits
1978	69.08%	13.70%	1.39%	11.32%	3.79%	0.00%	0.72%	
1979	69.50%	13.55%	1.10%	12.20%	3.05%	0.00%	0.61%	
1980	70.65%	13.27%	0.98%	11.58%	3.00%	0.00%	0.51%	
1981	72.29%	13.30%	0.95%	10.76%	2.31%	0.00%	0.40%	
1982	73.59%	13.23%	0.80%	9.27%	2.76%	0.00%	0.34%	
1983	73.57%	13.72%	0.67%	8.19%	3.52%	0.00%	0.33%	
1984	73.79%	13.44%	0.55%	7.59%	4.38%	0.00%	0.24%	
1985	72.88%	13.22%	0.55%	7.67%	5.28%	0.25%	0.16%	
1986	74.63%	12.31%	0.46%	6.15%	4.95%	1.36%	0.15%	
1987	76.40%	11.52%	0.39%	5.15%	5.16%	1.27%	0.11%	
1988	75.30%	13.63%	0.47%	4.34%	4.99%	1.13%	0.15%	
1989	75.79%	13.57%	0.40%	3.94%	4.68%	1.50%	0.12%	
1990	73.21%	13.35%	0.43%	3.71%	3.66%	5.57%	0.07%	
1991	74.20%	15.27%	0.40%	3.28%	3.43%	3.36%	0.07%	
1992	74.95%	14.88%	0.37%	3.09%	3.46%	3.20%	0.06%	
1993	77.38%	13.76%	0.29%	2.13%	2.78%	3.61%	0.04%	
1994	79.20%	12.95%	0.25%	2.03%	2.22%	3.32%	0.02%	
1995	79.03%	13.41%	0.23%	1.93%	2.18%	3.20%	0.01%	
1996	79.30%	13.56%	0.25%	1.75%	2.05%	3.09%	0.01%	

Percent Increase from Year to Year

Year	Employee Annuities	Widow Annuities	Children's Annuities	Ordinary Disabilities	Duty Disabilities	Hospitalization Benefits	Other	Total Benefits
1979	11.22%	9.33%	(12.55)%	19.16%	(10.97)%	0.00%	(6.99)%	10.56%
1980	14.52%	10.37%	0.13%	6.96%	11.00%	0.00%	(4.95)%	12.66%
1981	8.37%	6.12%	2.81%	(1.65)%	(18.67)%	0.00%	(16.45)%	5.92%
1982	9.48%	6.98%	(9.24)%	(7.31)%	28.85%	0.00%	(8.84)%	7.53%
1983	7.03%	11.05%	(10.88)%	(5.45)%	36.39%	0.00%	3.31%	7.06%
1984	12.16%	9.54%	(7.20)%	3.59%	39.10%	0.00%	(17.07)%	11.82%
1985	10.28%	9.78%	11.95%	12.86%	34.56%	0.00%	(26.75)%	11.66%
1986	15.48%	5.06%	(7.40)%	(9.48)%	5.68%	524.03%	2.22%	12.77%
1987	15.04%	5.11%	(3.03)%	(5.97)%	17.33%	5.19%	(18.21)%	12.38%
1988	15.37%	38.51%	38.77%	(1.40)%	13.10%	3.71%	68.18%	17.06%
1989	6.14%	5.01%	(8.53)%	(4.25)%	(1.16)%	40.51%	(18.99)%	5.46%
1990	6.81%	8.79%	16.74%	4.04%	(13.36)%	310.09%	(37.46)%	10.57%
1991	12.12%	26.51%	4.08%	(2.08)%	3.43%	(33.25)%	11.10%	10.63%
1992	8.62%	4.77%	(1.33)%	1.25%	8.58%	2.27%	(8.16)%	7.52%
1993	17.44%	5.21%	(10.50)%	(21.49)%	(8.43)%	28.43%	(15.31)%	13.75%
1994	12.53%	3.46%	(4.68)%	4.84%	(12.45)%	1.09%	(35.96)%	9.94%
1995	1.12%	4.98%	(5.97)%	(3.81)%	(0.18)%	(2.24)%	(49.29)%	1.35%
1996	2.09%	2.83%	7.59%	(7.64)%	(4.65)%	(1.93)%	(55.48)%	1.73%

Exhibit Q

HISTORY OF INVESTMENT YIELDS

	Book Value							
	Investment Yield on Total Assets				Investment Yield on Invested Assets			
Year	Excluding Gains/Losses		Including Gains/Losses		Excluding Gains/Losses		Including Gains/Losses	
1979	7.38%		6.61%		7.82%		7.00%	
1980	7.69%		5.66%		8.20%		6.03%	
1981	8.46%		3.99%		9.11%		4.29%	
1982	9.88%		7.64%		10.47%		8.09%	
1983	9.37%	9.30%	11.14%	11.07%	9.79%	9.72%	11.64%	11.57%
1984	9.67%	9.58%	8.88%	8.79%	10.12%	10.03%	9.30%	9.21%
1985	8.89%	8.72%	16.34%	16.17%	9.27%	9.10%	17.07%	16.89%
1986	7.44%	7.14%	16.06%	15.74%	7.72%	7.41%	16.69%	16.34%
1987	6.50%	6.20%	11.90%	11.59%	6.71%	6.40%	12.29%	11.96%
1988	6.81%	6.55%	7.78%	7.52%	7.00%	6.73%	7.99%	7.72%
1989	7.06%	6.71%	11.50%	11.14%	7.21%	6.85%	11.75%	11.38%
1990	7.05%	6.69%	7.67%	7.31%	7.22%	6.85%	7.85%	7.48%
1991	6.45%	6.11%	10.53%	10.18%	6.61%	6.27%	10.80%	10.44%
1992	5.93%	5.56%	9.00%	8.63%	6.06%	5.69%	9.21%	8.83%
1993	5.14%	4.75%	11.72%	11.31%	5.23%	4.84%	11.95%	11.53%
1994	5.20%	4.85%	6.52%	6.17%	5.30%	4.94%	6.64%	6.28%
1995	5.30%	4.95%	10.79%	10.43%	5.38%	5.03%	10.96%	10.60%
1996	4.98%	4.62%	12.16%	11.78%	5.02%	4.66%	12.27%	11.88%
5-yr avg	5.31%	4.95%	10.04%	9.66%	5.40%	5.03%	10.21%	9.82%

					Market Value[1]	
Year	Actuarial Assumption	Average Insurance Company	30 Year Treasury	3-Month Treasury Bills	Investment Yield on Total Assets	Invest. Yield on Invested Assets
1979	6.00%	7.73%	9.29%	10.041%		
1980	6.00%	8.02%	11.30%	11.506%		
1981	6.00%	8.57%	13.44%	14.029%		
1982	6.75%	8.91%	12.76%	10.686%		
1983	6.75%	8.96%	11.18%	8.520%		
1984	6.75%	9.45%	12.39%	9.570%	7.35%	7.68%
1985	7.00%	9.63%	10.79%	7.470%	22.41%	23.37%
1986	7.50%	9.35%	7.80%	5.970%	12.33%	12.77%
1987	7.50%	9.10%	8.59%	5.820%	3.67%	3.78%
1988	7.50%	9.03%	8.96%	6.690%	10.84%	11.09%
1989	8.00%	9.10%	8.45%	8.120%	16.95%	17.32%
1990	8.00%	8.89%	8.61%	7.510%	2.46%	2.52%
1991	8.00%	8.63%	8.14%	5.420%	19.28%	19.77%
1992	8.00%	8.08%	7.67%	3.450%	7.94%	8.11%
1993	8.00%	7.52%	6.59%	3.020%	9.81%	9.99%
1994	8.00%	7.14%	7.37%	4.290%	(0.91)%	(0.92)%
1995	8.00%	7.34%	6.05%	5.150%	23.03%	23.39%
1996	8.00%	N/A	6.71%	5.020%	10.44%	10.52%
5-Year Average		7.74%	6.88%	4.186%	10.06%	10.22%

[1] Investment income is net of investment expense.

Notes: Yield = Investment Income/.5(Beginning Assets + End Assets - Investment Income)

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

LEGISLATIVE CHANGES

1984 Session

- Direct deposit.
- Illinois Public Employees' Pension Laws Commission abolished.

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 or dying in service 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

HB 2630
- Cap removed on spouse maximum annuity.
- Automatic post-retirement increase to begin on first anniversary of retirement following attainment at age 60.

1987 Session

HB 2715
- 1.80, 2.00, 2.20, 2.40% benefit accrual rate for those born on or after January 1, 1936 and retiring on or after January 1, 1988.
- Reduction in age discount factor (employee and widow) from .5% to .25% for employees born on or after January 1, 1936 and retiring or dying in service on or after January 1, 1988. No discount for employee age less than 60 if employee has at least 35 years of service.
- Minimum employee annuity of $250 and minimum spouse annuity of $200 under certain conditions.
- Change amount of children's benefits to $120 or $150 effective January 1, 1988.
- Provide for certain "Good Government" initiatives.
- Remove chronic alcoholism restriction for ordinary disability.

1988 Session

- No changes.

1989 Session

SB 95
- Signed August 23, 1989. Changed the amount of fund paid health insurance "supplement" from January 1, 1988 until December 31, 1992 to $65 per month for each annuitant not qualified to receive Medicare benefits (and $35 if qualified) and from January 1, 1993 until December 31, 1997 the amounts are $75 and $45, respectively. Widows will now be supplemented and employee annuitants will no longer be required to meet the age 65 and 15 years of service requirements. The City will be required to pay 50% of the aggregated cost of health care claims for the retired group under all health care plans offered by the City. A procedure was established for the City to determine, with the help of an independent actuary, the aggregate cost of claims and premiums for each calendar year from 1989 through 1997 for the retired group.

LEGISLATIVE CHANGES

HB 332

- Signed August 23, 1989. Eliminated age related discriminatory provisions as required by Federal law or regulation. Provided for Age Discrimination changes effective January 1, 1988 to eliminate age 65 requirements for marriage in service and children's benefits, provided contributions after age 65 for spouse benefits, provided employee accumulation annuities be computed after age 70, provided employee and spouse accumulation annuities not be "fixed" at age 65, provided no age 70 restriction on disability benefits, provided for active members over age 65 that their accounts be "unfixed" and accumulate interest until the date of withdrawal, and provided that there be no age 70 membership limitation and removed the permitted "no spouse" refund at age 65.
- Eliminated the $300, $400 or $500 maximum spouse annuity limitation for spouses of employees who retired before January 23, 1987 but die after January 23, 1987.
- Allow for local labor officials on a leave of absence from the Fund to contribute for their current service as a local labor official.

1990 Session

SB 136

- Amends Chapter 120, Paragraph 671 of the Revenue Act to provide for a separate listing on the tax bill of the dollar amount of tax due from the person assessed which is allocable to a tax levied under the Illinois Pension Code, or any other tax levied by a municipality or township for public pension or retirement purposes. Effective January 1, 1990.

SB 1951

- Signed January 14, 1991. Beginning for withdrawals on or after January 1, 1991, annuity payments will be made as of the first day of the calendar month during the annuity payment period.
- 2.2% benefit accrual rate for employees retiring on or after July 1, 1990.
- No discount for employee age less than 60 if employee has at least 30 years of service and retires on or after July 1, 1990.
- Minimum employee annuity of $350 and minimum spouse of $300 under certain conditions.
- Spouses and widows of employees retiring or dying in service on or after July 1, 1990 with 20 or more years of service at age 55 or over will be eligible for half of the employee's annuity discounted .25% for each month the spouse or widow is less than 55.
- Retroactive eligibility for 35 years no discount and spouse and widow annuities computed as half of employee annuity.
- Refund in lieu of $300 annuity.
- Disability benefit retroactive one year from application; duty disability deductions in lieu for heart attack or stroke; 10% increase in duty disability benefit January 1 of the sixth year.
- Collateral for securities lending expanded.
- Fractional payment for refund repayment and temporary service authorized. Credit established by fractional payment shall be earliest service for which credit may be established.

1991 Session

- No changes.

1992 Session

SB 1650

- Signed January 25, 1993.
- Transfer provisions for County elected officers and judges.
- **Early Retirement Incentive** was created for withdrawals from December 31, 1992 to June 30, 1993.
  - Requires a total of 20 years of service (with at least 10 in this fund, and up to 5 purchased under ERI).
  - Requires age 55 or older.
  - Requires an election form to be filed before June 1, 1993.

LEGISLATIVE CHANGES

- Requires a member to be a current contributor on November 1, 1992 and have not previously retired under this Article.
- Provides for elimination of the age discount for employees 55-60.
- Provides for 80% maximum final average salary compared to the present 75%.
- Provides for an optional purchase of up to 5 years of service credit for 4.25% of the November 1, 1992 salary.
- Provides for a 24-month option to pay for ERI service.
- Provides for a tax levy derived from ERI contributions.

1993 Session

- No changes.

1994 Session

- No changes.

1995 Session

SB 114

- Approved July 14, 1995.
- The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became participants before 1996.
- The Fund is authorized to make certain involuntary distributions required by Section 401(a)(9) of the Internal Revenue Code.

SB 424

- Approved July 7, 1995.
- The Pension Laws Commission was created as a legislative support services agency.

1996 Session

SBJPA

- On August 20, 1996 the Small Business Job Protection Act was signed by President Clinton.
- Treatment of governmental plans under Code Section 415:
  - Rule limiting annual benefit to 100% of the average of the highest 3 year compensation no longer applies.
  - Excess benefit plans are permitted to provide participants with benefits in excess of the Code Section 415 limits.
  - Early retirement reduction does not apply to certain survivor and disability benefits.
  - The definition of compensation now includes elective deferrals.
- Taxation of distributions:
  - $5,000 death benefit exclusion was repealed for deaths after August 20, 1996.
  - 5 year averaging for lump sum distributions was repealed effective January 1, 2000.
  - Annuity payments will be taxed according to a simplified general rule which uses investment and age as of annuity starting date for annuities which start on or after November 19, 1996.

This page intentionally left blank.

HISTORY OF RECOMMENDED EMPLOYER MULTIPLES AND TAXES LEVIED

Year of Report	Statutory Multiple	Normal Cost Plus Interest	Normal Cost Plus 40 Year Amortization	Normal Cost Plus 40 Year % of Salary Amortization
1980	1.37	1.96	2.04	1.67
1981	1.37	1.59	1.67	1.30
1982 [a]	1.37	1.34	1.40	1.03
1983 [b]	1.37	1.54	1.60	1.21
1984	1.37	1.58	1.63	1.30
1985 [a, b]	1.37	1.60	1.64	1.33
1986 [a, b]	1.37	0.99	1.00	0.94
1987 [a, b]	1.37	1.13	1.15	1.03
1988 [a]	1.37	1.03	1.04	0.98
1989 [a, b]	1.37	0.56	0.56	0.56
1990 [a, b]	1.37	1.01	1.02	0.93
1991 [b]	1.37	0.93	0.94	0.90
1992	1.37	0.80	0.80	0.80
1993 [b]	1.37	0.83	0.83	0.83
1994	1.37	0.64	0.64	0.64
1995	1.37	0.75	0.75	0.75
1996	1.37	0.66	0.66	0.66

Tax Levy Year	City	Park	Tax Levy Total
1980	$12,211,000	$29,000	$12,240,000
1981	12,924,000	27,000	12,951,000
1982	13,073,000	27,000	13,100,000
1983	14,231,000	29,000	14,260,000
1984	15,606,000	32,000	15,638,000
1985	15,618,000	29,000	15,647,000
1986	15,373,000	25,000	15,398,000
1987	15,260,000	21,000	15,281,000
1988	15,380,000	20,000	15,400,000
1989	15,442,000	14,000	15,456,000
1990	15,261,000	12,000	15,273,000
1991	16,382,000	10,000	16,392,000
1992	16,835,000	11,000	16,846,000
1993	18,036,000	11,000	18,047,000
1994	17,069,000	12,000	17,081,000
1995	18,726,000	9,500	18,735,500
1996	20,037,300	6,900	20,044,200
1997	19,645,400	4,300	19,649,700

[a] Change in actuarial assumptions.
[b] Change in benefits.

HISTORY OF FINANCIAL INFORMATION
History of Change in Unfunded Liability

Year	Salary Scale	Investment	Contribution	Amendments	
1981	$12,205,164	$4,852,598	$2,104,112	$0	
1982	13,090,805	(4,232,954)	(249,949)	0	
1983	4,185,219	(12,540,094)	(805,111)	28,057,130	HB 380, HB 1144
1984	(13,893,652)	(6,915,903)	(708,947)	0	
1985	(20,313,749)	(33,560,632)	(404,023)	17,491,073	HB 398
1986	5,125,287	(38,156,363)	(1,490,690)	15,144,096	HB 2630
1987	(4,287,957)	(21,518,841)	(6,348,853)	29,787,872	HB 2715
1988	(17,739,334)	(1,525,244)	(4,261,332)	0	
1989	15,101,648	(23,284,941)	(6,570,202)	20,350,471	SB 95, HB 332
1990	(5,117,094)	2,118,850	(12,015,013)	42,423,925	SB 1951
1991	4,169,961	(14,867,104)	(6,632,943)	341,496	SB 1951,
1992	(18,990,267)	(7,386,966)	(6,577,262)	0	
1993	7,962,153	(26,152,154)	(12,818,511)	17,246,336	SB 1650
1994	(5,006,319)	15,775,880	(9,930,961)	0	
1995	(27,371,677)	(21,760,538)	(12,471,281)	0	
1996	6,691,153	(36,656,357)	(13,139,522)	0	
Totals	($44,188,659)	($225,810,763)	($92,320,488)	$170,842,399	

Year	Change in Assumptions	Miscellaneous	Total
1981	$0	($12,538,029)	$6,623,845
1982	(10,209,470)	(2,498,897)	(4,100,465)
1983	0	(5,235,581)	13,661,563
1984	0	3,858,364	(17,660,138)
1985	806,348	5,624,931	(30,356,052)
1986	(50,944,726)	13,613,438	(56,708,958)
1987	12,677,781	7,445,130	17,755,132
1988	3,593,768	3,136,595	(16,795,547)
1989	(39,817,812)	2,260,506	(31,960,330)
1990	10,229,489	4,280,144	41,920,301
1991	0	2,282,873	(14,705,717)
1992	0	(2,097,210)	(35,051,705)
1993	0	9,414,432	(4,347,744)
1994	0	(15,131,496)	(14,292,896)
1995	0	11,837,154	(49,766,342)
1996	0	(6,307,818)	(49,412,544)
Totals	($73,664,622)	$19,944,536	($245,197,597)

Over the last 16 years, the unfunded liability has decreased by $245.2 million. The biggest component of increase over the same period has been benefit changes which account for $170.8 million; followed by miscellaneous changes due to actuarial experience (retirement, disability, death and withdrawal) of $19.9 million. The components which reduced the unfunded liability over this period were investment earnings in excess of the assumed amount of $225.8 million; followed by more than adequate contributions (on the normal cost plus interest only basis) of $92.3 million; followed by changes in actuarial assumptions of $73.7 million; followed by salary increases less than expected of $44.2 million.

HISTORY OF FINANCIAL INFORMATION
Accrued and Unfunded Liabilities

Year End	Accrued Liability	Assets at Amortized Cost	Funded Ratio	Unfunded Accrued Liability (Surplus)	Payroll	Unfunded Accrued % Payroll (Surplus)
1979	$323,368,034	$220,810,778	68.3%	$102,557,256	$105,825,264	97%
1980	345,364,820	238,842,772	69.2%	106,522,048	108,854,496	98%
1981	367,980,498	254,234,605	69.1%	113,745,893	118,054,512	96%
1982[a]	391,353,993	281,708,565	72.0%	109,645,428	134,293,920	82%
1983[b]	444,711,069	321,404,078	72.3%	123,306,991	131,355,840	94%
1984	462,455,964	356,809,111	77.2%	105,646,853	131,327,856	80%
1985[a, b]	495,844,974	420,554,173	84.8%	75,290,801	125,594,688	60%
1986[a, b]	507,984,848	489,403,006	96.3%	18,581,842	128,601,816	14%
1987[a, b]	583,284,026	546,947,052	93.8%	36,336,974	135,453,096	27%
1988[a]	604,440,661	584,899,234	96.8%	19,541,427	132,685,608	15%
1989[a, b]	633,894,540	646,313,443	102.0%	(12,418,903)	142,024,296	(9)%
1990[a, b]	716,604,604	687,103,206	95.9%	29,501,398	145,612,704	20%
1991[b]	761,056,602	746,260,921	98.1%	14,795,681	149,054,136	10%
1992	777,385,162	797,641,186	102.6%	(20,256,024)	141,618,648	(14)%
1993[b]	847,293,445	871,897,213	102.9%	(24,603,768)	147,076,752	(17)%
1994	866,493,209	905,389,873	104.5%	(38,896,664)	155,213,016	(25)%
1995	890,375,387	979,038,393	110.0%	(88,663,006)	152,996,856	(58)%
1996	936,623,719	1,074,699,269	114.7%	(138,075,550)	162,276,840	(85)%

Solvency (Termination) Test

Year End	Retired Liability	Active Member Salary Deductions	Total Termination Liability	Assets at Book Value	Termination Cost (Excess)	Quick Ratio Assets to Termination Liability
1980	$97,598,923	$85,989,360	$183,588,283	$238,842,772	($55,254,489)	130.1%
1981	107,291,048	88,378,748	195,669,796	254,234,605	(58,564,809)	129.9%
1982[a]	113,743,284	94,516,563	208,259,847	281,708,565	(73,448,718)	135.3%
1983[b]	128,901,825	106,730,627	235,632,452	321,404,078	(85,771,626)	136.4%
1984	142,713,639	111,888,474	254,602,113	356,809,111	(102,206,998)	140.1%
1985[a, b]	158,514,452	117,882,073	276,396,525	420,554,173	(144,157,648)	152.2%
1986[a, b]	179,881,434	122,432,246	302,313,680	489,403,006	(187,089,326)	161.9%
1987[a, b]	215,483,599	126,554,299	342,037,898	546,947,052	(204,909,154)	159.9%
1988[a]	229,024,543	133,793,756	362,818,299	584,899,234	(222,080,935)	161.2%
1989[a, b]	241,519,125	143,445,325	384,964,450	646,313,443	(261,348,993)	167.9%
1990[a, b]	271,401,625	150,398,932	421,800,557	687,103,206	(265,302,649)	162.9%
1991[b]	291,757,778	156,649,525	448,407,303	746,260,921	(297,853,618)	166.4%
1992	311,642,762	161,298,914	472,941,676	797,641,186	(324,699,510)	168.7%
1993[b]	403,591,438	152,059,845	555,651,283	871,897,213	(316,245,930)	156.9%
1994	395,721,090	166,182,247	561,903,337	905,389,873	(343,486,536)	161.1%
1995	401,047,985	175,400,781	576,448,766	979,038,393	(402,589,627)	169.8%
1996	405,010,948	187,040,430	592,051,378	1,074,699,269	(482,647,891)	181.5%

[a] Change in valuation assumptions
[b] Change in benefits
Quick ratio is defined as assets divided by the termination liability.

Exhibit T

HISTORY OF FINANCIAL INFORMATION

Vested (Termination) Liability Test

Year Fund	Vested Liability	Assets at Amortized Cost	Unfunded Vested Liability (Surplus)	Vested Funded Ratio
1983	$413,979,589	$321,404,078	$92,575,511	77.64%
1984	434,396,250	356,809,111	77,587,139	82.14%
1985	452,742,177	420,554,173	32,188,004	92.89%
1986	485,169,186	489,403,006	(4,233,820)	100.87%
1987	536,192,096	546,947,052	(10,754,956)	102.01%
1988	558,761,115	584,899,234	(26,138,119)	104.68%
1989	594,007,120	646,313,443	(52,306,323)	108.81%
1990	658,926,727	687,103,206	(28,176,479)	104.28%
1991	694,461,459	746,260,921	(51,799,462)	107.46%
1992	712,967,572	797,641,186	(84,673,614)	111.88%
1993	759,803,208	871,897,213	(112,094,005)	114.75%
1994	740,338,167	905,389,873	(165,051,706)	122.29%
1995	771,670,833	979,038,393	(207,367,560)	126.87%
1996	804,220,262	1,074,699,269	(270,479,007)	133.63%

GASB DISCLOSURE

Plan Description

Any employee of the City of Chicago or the Board of Education employed under the provisions of the municipal personnel ordinance as labor service or any person employed by a retirement board of any annuity and benefit fund in the city is covered by the Laborers' Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laboarers' Plan) which is a defined benefit single employer pension plan with a defined contribution minimum. Although this is a single employer plan, the defined benefits, as well as the employer and employee contribution levels, are mandated in Illinois State Statutes (Chapter 40, Pensions, Article 5/11) and may be amended only by the Illinois legislature. The City of Chicago accounts for the plan as a pension trust fund. The City of Chicago payroll for employees covered by the Laborers' Plan for the year ended December 31, 1996 was $162,276,840. At December 31, 1996 the Laborers' Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits (includes disabilities)	4,175
Terminated employees entitled to benefits or a refund of contributions but not yet receiving them	1,708
Current employees	3,785

The Laborers' Fund provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial city contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service are entitled to receive a minimum formula annuity of 2.2% per year service times the final average salary (highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by ¼ of 1% for each month the employee is under age 60 if the employee has less than 30 years of service. The original annuity is limited to 75% of the highest average annual salary. The monthly annuity is increased by 3% of the original annuity at the first payment date following the later of age 60 or the first anniversary of retirement, and by 3% of the original annuity annually thereafter.

Covered employees are required to contribute 8.5% of their salary to the Laborers' Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when employee became a participant). The City of Chicago is required by state statutes to contribute the remaining amounts necessary to finance the requirements of the fund. It is required to levy a tax at a rate not more than an amount equal to the total amount of contributions by the employees to the fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.37 annually.

GASB DISCLOSURE

Plan Assets

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

Funding Status and Progress

The amount shown below as the **pension benefit obligation** is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the Actuarial Present Value (APV) of credited projected benefits and is independent of the funding method used to determine contributions to the system. No split between vested and non-vested current employees is possible, due to the different vesting schedules of the defined benefit and defined contribution portions of the benefits.

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1996. Significant actuarial assumptions used in the valuation for 1996 include: (a) a rate of return on the investment of present and future assets of 8% per year (net of investment expense) compounded annually; (b) projected salary increases of 4% per year compounded annually, attributable to inflation; (c) additional projected salary increase of 2% per year, attributable to seniority/merit; and (d) post-retirement benefit increases of 3% per year (not compounded) for employee annuitants age 60 and over. All the assumptions are the same as those used in the last report.

At December 31, 1996, the excess of assets over the pension benefit obligation was $240,826,040. At December 31, 1995, this excess was $182,253,232.

Pension Benefit Obligation (PBO)	**1995**	**1996**
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	$401,047,985	$405,010,948
Current Employees:		
Accumulated Employee Contributions	$175,400,781	$187,040,430
Payable to Vested and Non-Vested Employees	$220,336,395	$241,821,851
Total APV	$796,785,161	$833,873,229
Net Assets Available for Benefits, Amortized Cost[1]	$979,038,393	$1,074,699,269
Unfunded (Assets in Excess of) APV of Credited Projected Benefits	($182,253,232)	($240,826,040)
Percentage Funded	122.87%	128.88%
Unfunded APV as Percent of Payroll	(119.12)%	(148.40)%

[1] Market Value of Net Assets: 1995, $1,104,400,942; 1996, $1,200,144,802

GASB DISCLOSURE

Contributions Required and Contributions Made

The Plan's funding policy provides for an employer contribution which, when added to the amounts contributed by the employees, will be sufficient for the requirements of the Fund. This amount cannot be more than an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year two years prior to the year of the employer contribution, multiplied by 1.37.

The total required annual actuarial contribution to the Fund (financed by the employee and the City) is equal to the current service cost plus interest only on the unfunded liability, determined using the entry age normal method. The unfunded liability is recognized but not amortized. The employer contribution required for interest only on the unfunded liability results in a decreasing annual employer cost expressed as a percentage of payroll as future payrolls increase. Since the tax levy is expressed as a multiple of the total salary deductions made two years prior, the City is effectively contributing a level annual percentage of payroll.

Employer and employee contribution information at December 31 is as follows:

	1995	1996
Contribution multiplier	1.37	1.37
City of Chicago contribution, net of reserve for loss in tax collection	$18,311,622	$19,623,717
City of Chicago contribution as a percent of covered payroll	11.80%	12.83%
Employee contributions	$14,610,842	$14,856,703
Employee contributions as a percent of covered payroll	9.41%	9.71%
Actuarially determined contribution requirement	$20,451,183	$21,340,898
Contribution requirement as a percent of covered payroll	13.18%	13.95%
Current year normal cost	$20,451,183	$21,340,898
Normal cost as a percent of covered payroll	13.18%	13.95%
Interest only on the unfunded liability	$0	$0
Interest only on the unfunded liability as a percent of covered payroll	0.00%	0.00%

For the year 1996 (based on a 1996 multiple of 1.37) the City contributed (after tax levy losses of 4%) $19,623,717 or 12.83% of payroll. For 1996, the employee contributions were $14,856,703 or 9.71% of payroll. As the current cost requirement for the entry age normal method plus the requirement for interest only on the unfunded liability was 13.95% of payroll, an excess of 8.59% of payroll or $13,139,522 was contributed. Such contribution is used to amortize the unfunded liability.

It is estimated for 1997 that the contributions will again more than meet the standard. Consideration should also be given to the decline in membership and the future cash flow requirements of the Fund.

GASB DISCLOSURE

Annual Actuarial Requirements

	A	B	C	D	A	B	C	D
Year	Normal Cost	NC Plus Interest	NC Plus ERISA 40-Year Amortization	NC Plus Increasing % of Salary	Expressed as a Percentage of Salary Beginning of Year			
1987[a, b]	$18,826,921	$20,171,065	$20,249,927	$19,681,589	14.64%	15.68%	15.75%	15.30%
1988[a, b]	20,008,465	22,636,952	22,791,167	21,679,777	14.77%	16.71%	16.83%	16.01%
1989[a]	19,803,585	21,217,142	21,300,076	20,702,389	14.93%	15.99%	16.05%	15.60%
1990[a, b]	17,819,965	17,819,965	17,819,965	17,819,965	12.55%	12.55%	12.55%	12.55%
1991[a, b]	20,777,427	23,048,446	23,158,027	22,235,069	14.27%	15.83%	15.90%	15.27%
1992[b]	21,637,649	22,776,621	22,831,579	22,368,692	14.52%	15.28%	15.32%	15.01%
1993	20,261,167	20,261,167	20,261,167	20,261,167	14.31%	14.31%	14.31%	14.31%
1994[b]	21,316,661	21,316,661	21,316,661	21,316,661	14.49%	14.49%	14.49%	14.49%
1995	20,451,183	20,451,183	20,451,183	20,451,183	13.18%	13.18%	13.18%	13.18%
1996	21,340,898	21,340,898	21,340,898	21,340,898	13.95%	13.95%	13.95%	13.95%
1997	21,544,208	21,544,208	21,544,208	21,544,208	13.28%	13.28%	13.28%	13.28%

Actual Employer and Employee Contribution

	E	F	E	F
Year	Employer	Employee	Expressed as a Percentage of Salary Beginning of Year	
1987[a, b]	$14,745,709	$11,774,209	11.47%	9.16%
1988[a, b]	15,157,663	11,740,621	11.19%	8.67%
1989[a]	15,257,738	12,529,606	11.50%	9.44%
1990[a, b]	17,029,493	12,805,486	11.99%	9.02%
1991[a, b]	15,989,678	13,691,711	10.98%	9.40%
1992[b]	16,574,721	13,025,003	11.12%	8.74%
1993	17,734,532	15,345,146	12.52%	10.84%
1994[b]	16,954,732	14,293,250	11.53%	9.72%
1995	18,311,622	14,610,842	11.80%	9.41%
1996	19,623,717	14,856,703	12.83%	9.71%
1997est	19,649,700	13,793,531	12.11%	8.50%

Deficiency (Excess) in Annual Contribution

	G	H	I	G	H	I
Year	NC Plus Interest	NC Plus ERISA 40-Year Amortization	NC Plus Increasing % of Salary	Expressed as a Percentage of Salary Beginning of Year		
1987[a, b]	($6,348,853)	($6,269,991)	($6,838,329)	(4.94)%	(4.88)%	(5.32)%
1988[a, b]	(4,261,332)	(4,107,117)	(5,218,507)	(3.15)%	(3.03)%	(3.85)%
1989[a]	(6,570,202)	(6,487,268)	(7,084,955)	(4.95)%	(4.89)%	(5.34)%
1990[a, b]	(12,015,014)	(12,015,014)	(12,015,014)	(8.46)%	(8.46)%	(8.46)%
1991[a, b]	(6,632,943)	(6,523,362)	(7,446,320)	(4.56)%	(4.48)%	(5.11)%
1992[b]	(6,823,103)	(6,768,145)	(7,231,032)	(4.58)%	(4.54)%	(4.85)%
1993	(12,818,511)	(12,818,511)	(12,818,511)	(9.05)%	(9.05)%	(9.05)%
1994[b]	(9,930,961)	(9,930,961)	(9,930,961)	(6.75)%	(6.75)%	(6.75)%
1995	(12,471,281)	(12,471,281)	(12,471,281)	(8.03)%	(8.03)%	(8.03)%
1996	(13,139,522)	(13,139,522)	(13,139,522)	(8.59)%	(8.59)%	(8.59)%
1997 est	(11,113,035)	(11,113,035)	(11,113,035)	(6.85)%	(6.85)%	(6.85)%

[a] Change in actuarial assumptions. [b] Change in benefits.

GASB DISCLOSURE
Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. For all the years 1984 and 1985, the assets were insufficient to cover the pension benefit obligation. For 1986 through 1996, the assets exceeded the amount needed for the pension benefit obligation.

Year	Assets Available for Benefits as a % of Pension Benefit Obligation	Unfunded Pension Benefit Obligation (Surplus) as a % of Covered Payroll End of Year	Employer Contributions as a % of Covered Payroll Beginning of Year
1985	93.91%	21.71%	11.45%
1986	107.42%	(26.28)%	11.76%
1987	104.78%	(18.43)%	11.47%
1988	107.99%	(32.61)%	11.19%
1989	113.64%	(54.61)%	11.50%
1990	107.86%	(34.39)%	11.99%
1991	110.44%	(47.32)%	10.98%
1992	115.12%	(73.96)%	11.12%
1993	115.18%	(78.12)%	12.52%
1994	117.06%	(85.00)%	11.53%
1995	122.87%	(119.12)%	11.80%
1996	128.88%	(148.40)%	12.83%

Employer Contributions

Year	Required Normal Cost Plus Interest Only Basis	Required Statutory Basis[1]	Actual[2]
1985	$15,037,923	$14,979,650	$15,035,039
1986	14,290,107	14,765,250	14,765,250
1987	9,239,911	14,659,550	14,745,709
1988	11,123,439	14,784,800	15,157,663
1989	9,938,865	14,843,700	15,257,738
1990	5,747,900	14,668,000	17,029,493
1991	10,671,366	15,736,320	15,989,678
1992	10,107,019	16,172,160	16,574,721
1993	8,223,582	17,278,850	17,734,532
1994	8,815,137	16,346,450	16,954,372
1995	7,258,077	17,976,768	18,311,622
1996	8,336,165	19,242,432	19,623,717

[1] Tax levy after 4% overall loss.
[2] Net tax levy. Includes prior year adjustments for taxes beginning in 1991.

GASB DISCLOSURE
History of Financial Information

Year End	Employee Contributions[1]	Employer Contributions[2]	Investment Income[3]	Total Income
1978	$9,077,825	$9,477,125	$10,112,216	$28,667,166
1979	9,571,764	11,108,298	13,547,589	34,227,651
1980	9,729,912	11,791,330	12,626,861	34,148,103
1981	10,522,389	12,392,694	9,631,793	32,546,876
1982	11,546,286	12,589,417	19,729,269	43,864,972
1983	11,608,537	13,681,225	31,809,924	57,099,686
1984	11,531,243	14,996,619	28,832,621	55,360,483
1985	11,569,775	15,035,039	58,720,209	85,325,023
1986	11,691,095	14,765,250	67,653,382	94,109,727
1987	11,774,209	14,745,709	58,220,924	84,740,842
1988	11,740,621	15,157,663	42,386,313	69,284,597
1989	12,529,606	15,257,738	66,965,633	94,752,977
1990	12,805,485	17,029,493	49,265,200	79,100,178
1991	13,691,711	15,989,678	71,677,465	101,358,854
1992	13,025,003	16,574,721	66,508,987	96,108,711
1993	15,345,146	17,734,532	92,440,444	125,520,122
1994	14,293,250	16,954,372	56,083,250	87,330,872
1995	14,610,842	18,311,622	96,491,994	129,414,458
1996	14,856,703	19,623,717	117,752,240	152,232,660

Year	Benefits	Administrative & Investment Expense	Refunds[4]	Total	Income Less Pay Outs[5, 6]
1978	$9,764,039	$350,648	$2,339,764	$12,454,451	$16,212,715
1979	10,795,166	438,914	2,821,593	14,055,673	20,171,978
1980	12,161,292	440,591	4,195,056	16,796,939	17,351,164
1981	12,880,890	640,795	3,074,561	16,596,246	15,950,630
1982	13,851,434	626,772	1,860,636	16,338,842	27,526,130
1983	14,828,962	641,349	1,936,538	17,406,849	39,692,837
1984	16,582,310	766,485	3,124,454	20,473,249	34,887,234
1985	18,516,249	1,266,552	2,273,021	22,055,822	63,269,201
1986	20,881,472	2,006,912	2,886,317	25,774,701	68,335,026
1987	23,465,597	2,223,312	2,012,475	27,701,384	57,039,458
1988	27,467,689	2,264,746	1,756,290	31,488,725	37,795,872
1989	28,966,184	2,973,149	1,832,628	33,771,961	60,981,016
1990	32,029,184	3,340,152	3,064,232	38,433,568	40,666,610
1991	35,435,437	3,414,439	3,351,263	42,201,139	59,157,715
1992	38,101,275	3,911,716	2,715,455	44,728,446	51,380,265
1993	43,341,553	4,307,840	3,614,702	51,264,095	74,256,027
1994	47,648,416	4,166,122	2,023,674	53,838,212	33,492,660
1995	48,292,850	4,272,012	3,201,077	55,765,939	73,648,519
1996	49,129,165	4,801,526	2,641,093	56,571,783	95,660,877

Statistical material required by Government Accounting Standards Board.

[1] Includes deductions in lieu for disability.
[2] Net tax levy and miscellaneous income. Includes prior year adjustments for taxes beginning in 1991.
[3] Includes realized net loss on sale and exchange of bonds.
[4] Includes adjustments for payables and receivables after 1990.
[5] Does not include prior year adjustments for taxes for years before 1991.
[6] Does not include adjustments for payables and receivables in 1990.

GASB DISCLOSURE
Analysis of Funding Progress[1]

Year	Net Assets Available for Benefit (Amortized Cost)	Pension Benefit Obligation	Percentage Funded	Unfunded (Surplus) Pension Benefit Obligation	Annual Covered Payroll	Unfunded (Surplus) as a % of Covered Payroll
1985[a, b]	$420,554,173	$447,815,793	93.91%	$27,261,620	$125,594,688	21.71%
1986[a, b]	489,403,006	455,604,084	107.42%	(33,798,922)	128,601,816	(26.28)%
1987[a, b]	546,947,052	521,981,791	104.78%	(24,965,261)	135,453,096	(18.43)%
1988[a]	584,899,234	541,629,895	107.99%	(43,269,339)	132,685,608	(32.61)%
1989[a, b]	646,313,443	568,750,487	113.64%	(77,562,956)	142,024,296	(54.61)%
1990[a, b]	687,103,206	637,028,116	107.86%	(50,075,090)	145,612,704	(34.39)%
1991[b]	746,260,921	675,731,003	110.44%	(70,529,918)	149,054,136	(47.32)%
1992	797,641,186	692,900,657	115.12%	(104,740,529)	141,618,648	(73.96)%
1993[b]	871,897,213	757,005,456	115.18%	(114,891,757)	147,076,752	(78.12)%
1994	905,389,873	773,455,745	117.06%	(131,934,128)	155,213,016	(85.00)%
1995	979,038,393	796,785,161	122.87%	(182,253,232)	152,996,856	(119.12)%
1996	1,074,699,269	833,873,229	128.88%	(240,826,040)	162,276,840	(148.40)%

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 retirement system.

[1] 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.

[a] Change in actuarial assumptions.
[b] Change in benefits.

GASB DISCLOSURE

Prioritized Solvency Test

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

The schedule below illustrates the history of the obligations of the system.

Valuation Date 12/31	Actuarial Present Value of Credited Projected Benefits: (1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (ER Financed Portion)	Valuation Assets	Portion (%) of Present Value Covered by Assets: (1)	(2)	(3)
1986[a, b]	$122,432,246	$179,881,434	$153,290,004	$489,403,006	100%	100%	100.0%
1987[a, b]	126,554,299	215,483,599	179,943,893	546,947,052	100%	100%	100.0%
1988[a]	133,793,756	229,024,543	178,811,596	584,899,234	100%	100%	100.0%
1989[a, b]	143,445,325	241,519,125	183,786,037	646,313,443	100%	100%	100.0%
1990[a, b]	150,398,932	271,401,625	215,227,559	687,103,206	100%	100%	100.0%
1991[b]	156,649,525	291,757,778	227,323,700	746,260,921	100%	100%	100.0%
1992	161,298,914	311,642,762	219,958,981	797,641,186	100%	100%	100.0%
1993[b]	152,059,845	403,591,438	201,354,173	871,897,213	100%	100%	100.0%
1994	166,182,247	395,721,090	211,552,408	905,389,873	100%	100%	100.0%
1995	175,400,781	401,047,985	220,336,395	979,038,393	100%	100%	100.0%
1996	187,040,430	405,010,948	241,821,851	1,074,699,269	100%	100%	100.0%

[a] Change in actuarial assumptions.
[b] Change in benefits.

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

Employee Annuitants (Male and Female)

	Added to Payroll		Removed from Payroll		Payroll, End of Year		Average Annual Benefits	Increase to Avg. Benefits
Yr.	No.	Ann. Ben.	No.	Ann. Benefits	No.	Ann. Benefits		
1980	268	$1,407,183	123	$425,259	2,379	$8,958,700	$3,766	
1981	240	1,341,271	150	376,891	2,469	9,923,080	4,019	6.7%
1982	182	1,233,344	176	457,708	2,475	10,698,716	4,323	7.6%
1983	174	1,308,499	230	483,759	2,419	11,523,456	4,764	10.2%
1984	223	2,057,564	173	484,160	2,469	13,096,860	5,305	11.4%
1985	170	1,829,800	220	759,172	2,419	14,167,488	5,857	10.4%
1986	248	3,008,908	180	465,898	2,487	16,710,498	6,719	14.7%
1987	190	3,546,317	179	463,252	2,498	19,793,563	7,924	17.9%
1988	154	2,009,373	158	589,873	2,494	21,213,063	8,506	7.3%
1989	133	1,660,782	151	527,914	2,476	22,345,931	9,025	6.1%
1990	157	3,080,832	152	531,392	2,481	24,895,371	10,034	11.2%
1991	170	2,795,428	150	688,716	2,501	27,002,083	10,797	7.6%
1992	188	3,197,921	155	867,514	2,534	29,332,490	11,576	7.2%
1993	439	9,572,020	171	1,062,719	2,802	37,841,791	13,505	16.7%
1994	52	1,676,720	174	1,866,066	2,680	37,652,445	14,049	4.0%
1995	106	3,056,851	186	2,264,327	2,600	38,471,969	14,797	5.3%
1996	91	2,762,022	154	1,972,620	2,537	39,261,371	15,476	4.6%

Widow/Widower Annuitants (Not Including Compensation)

	Added to Payroll		Removed from Payroll		Payroll, End of Year		Average Annual Benefits	Incr. to Average Benefits
Yr.	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
1980	95	$216,304	46	$50,598	1,160	$1,689,076	$1,456	
1981	88	178,375	84	98,583	1,164	1,768,868	1,520	4.4%
1982	94	236,034	72	77,159	1,186	1,927,743	1,625	7.0%
1983	104	288,113	79	87,119	1,211	2,128,737	1,758	8.1%
1984	81	250,957	64	74,700	1,228	2,304,994	1,877	6.8%
1985	95	307,723	113	150,198	1,210	2,462,519	2,035	8.4%
1986	83	240,415	67	92,512	1,226	2,610,422	2,129	4.6%
1987	90	1,140,315	76	104,939	1,240	3,645,798	2,940	38.1%
1988	84	323,567	59	148,700	1,265	3,820,665	3,020	2.7%
1989	88	367,359	58	148,734	1,295	4,039,290	3,119	3.3%
1990	87	1,419,786	65	166,685	1,317	5,292,391	4,019	28.8%
1991	89	472,698	71	262,135	1,335	5,502,954	4,122	2.6%
1992	87	490,172	63	249,698	1,359	5,743,428	4,226	2.5%
1993	95	548,635	56	214,308	1,398	6,077,755	4,347	2.9%
1994	71	446,490	66	259,554	1,403	6,264,691	4,465	2.7%
1995	88	586,632	64	264,921	1,427	6,586,402	4,616	3.4%
1996	77	549,825	87	358,563	1,417	6,777,664	4,783	3.6%

This page intentionally left blank.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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

This cost method assigns to each year of employment a constant percentage of an employee's salary, called the **current service cost** (sometimes referred to as **normal cost**), sufficient to accumulate the necessary funds to provide for the full prospective costs of the employee's projected retirement pension. The amount of pension must be estimated using various assumptions as to future compensation levels, employee turnover, 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 to the fund is equal to the **current service costs** plus **interest only** on the **unfunded liability**. If there is a surplus rather than an unfunded liability, the required total actuarial contribution to the Fund is equal to the current service cost only. 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, 62 and 67 and over, are used.

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

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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

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

Actuarial Assumptions

Actuarial assumptions are selected by the actuary, but the statute calls for certain reserves to be computed with specified assumptions.

Mortality: Active members, present and future retired members and spouses: UP-1984 Mortality Table, male and female.

Interest: 8% a year (net of investment expense), 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 4% 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, for example, that the youngest employee in the Fund will work before retiring on pension for the rest of his or her life. There is no guarantee that the current low 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 adjusted.

Rates of Retirement: The rates of retirement used in this valuation are shown in an exhibit grouped by age of entrance into the service and are based on 1985, 1986, and 1987 experience of this Fund for males and on experience of the Municipal Fund for females. These rates have been adjusted to reflect anticipated earlier retirements for employees under age 60 with at least 30 years of service.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Rates 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 at amortized value, stocks are at cost, real estate separate accounts are at adjusted cost.

Reciprocal Benefits: Active life normal costs and reserves are loaded 2%.

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

Group Health Insurance Premiums: It is assumed for valuation purposes that the current health insurance supplement will continue for life for all employee annuitants (and their future widows). The amount of the Fund paid health insurance from January 1, 1993 until December 31, 1997 is $75.00 per month for each annuitant (employees and widows) not qualified to receive Medicare benefits (and $45.00 if qualified). It is assumed that all annuitants age 65 or over will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future widows of retirees are assumed to be eligible for Medicare. All active employees upon their retirement and their widows upon employee's death are assumed to receive the health care supplement.

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

SERVICE TABLE FUNCTIONS

Rates of Retirement

Male

Attained Age	Age at Entrance 22	27	32	37	42	47	52	57	62	67
55	0.30	0.03	0.01							
56	0.30	0.04	0.01							
57	0.30	0.30	0.02	0.07	0.01					
58	0.30	0.20	0.02	0.02	0.01					
59	0.35	0.20	0.03	0.04	0.01					
60	0.50	0.20	0.09	0.10	0.04	0.02	0.02	0.02		
61	0.50	0.22	0.09	0.12	0.04	0.02	0.02	0.05		
62	0.50	0.25	0.15	0.33	0.07	0.03	0.03	0.10		
63	0.75	0.30	0.24	0.40	0.09	0.05	0.03	0.10	0.02	
64	0.75	0.35	0.28	0.45	0.11	0.06	0.05	0.15	0.05	
65	1.00	0.50	0.40	0.65	0.08	0.08	0.30	0.20	0.10	
66		0.75	0.45	0.65	0.42	0.13	0.15	0.20	0.15	
67		1.00	0.50	0.70	0.46	0.22	0.20	0.50	0.20	
68			0.75	0.75	0.50	0.50	0.50	0.50	0.50	
69			0.75	0.75	0.75	0.75	0.75	0.75	0.75	
70			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Female

Attained Age	22	27	32	37	42	47	52	57	62	67
55	0.25	0.05	0.04							
56	0.25	0.07	0.04							
57	0.35	0.30	0.05	0.01	0.01	0.01				
58	0.10	0.20	0.06	0.02	0.01	0.01				
59	0.25	0.20	0.08	0.03	0.01	0.01				
60	0.40	0.28	0.12	0.10	0.02	0.02	0.02	0.02		
61	0.50	0.30	0.15	0.13	0.04	0.02	0.03	0.03		
62	0.50	0.33	0.30	0.14	0.08	0.03	0.03	0.03		
63	0.75	0.50	0.33	0.15	0.09	0.03	0.04	0.03	0.02	
64	0.75	0.50	0.22	0.15	0.10	0.03	0.05	0.04	0.04	
65	1.00	0.75	0.24	0.42	0.25	0.13	0.05	0.06	0.15	
66		0.75	0.27	0.20	0.27	0.15	0.06	0.08	0.18	
67		1.00	0.30	0.30	0.33	0.25	0.07	0.12	0.22	
68			0.50	0.50	0.50	0.50	0.50	0.50	0.50	
69			0.75	0.75	0.75	0.75	0.75	0.75	0.75	
70			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Expected Average Age of Retirement

Present Membership	60.57
New Hires	62.15

SERVICE TABLE FUNCTIONS

Rates of Termination

Male

Attained Age	Age at Entrance 22	27	32	37	42	47	52	57	62
22	0.223								
27	0.116	0.262							
32	0.050	0.100	0.219						
37	0.021	0.046	0.098	0.221					
42	0.012	0.025	0.022	0.088	0.176				
47	0.005	0.012	0.010	0.034	0.080	0.142			
52		0.005	0.005	0.017	0.028	0.076	0.120		
57							0.046	0.112	
62									0.148
67									

Female

Attained Age	22	27	32	37	42	47	52	57	62
22	0.140								
27	0.108	0.174							
32	0.052	0.085	0.108						
37	0.022	0.038	0.062	0.074					
42	0.008	0.022	0.033	0.051	0.054				
47		0.013	0.017	0.028	0.033	0.063			
52		0.005	0.009	0.015	0.020	0.033	0.054		
57							0.036		
62								0.027	
67									

Attained Age	Male Death Rate UP-1984 Per Thousand	Female Death Rate UP-1984 Per Thousand	Proportion Married Percent
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

ACTUARIAL EXPERIENCE

The actuarial assumptions for retirement, withdrawal and pre-retirement mortality determine when and if a benefit is expected to be paid. The post-retirement mortality determines how long the benefit is expected to be paid. Once the actives enter service, there is a probability that they will not be in the work force at the end of each year because of withdrawal, retirement or death, at which time they may be eligible for a benefit to be paid. The withdrawal and retirement rates for the Laborers' Fund have been based on past experience of this Fund and the Municipal Fund with adjustments for expected changes in the future. The pre-retirement and post-retirement mortality are based on a published table, the UP-84 and not on the experience of this Fund. The actual experience of the Fund is compared to the expected experience of the Fund each year and changes in the rates or tables are made when the future expectations differ from the expectations using the current rates.

Actuarial Experience: Actual to Expected

	Mortality				
Year	Active	Retired	Widow	Retirement	Withdrawal
1979	1.35	1.54	1.54	1.25	1.37
1980	1.57	1.06	1.21	1.46	2.63
1981	1.47	1.25	2.06	1.38	2.11
1982	1.00	1.41	1.72	.95[1]	1.08
1983	.98[2]	1.49[2]	1.66[2]	.99	1.02
1984	.69	1.45	1.63	1.27	1.23
1985	1.52	1.65	2.70	.98	1.32
1986	.88	1.52	1.70	1.44	1.43
1987	1.90	1.45	1.87	1.11	.63
1988	1.34	1.26	1.37	.75[1]	.68
1989	1.31	1.21	1.29	.64	.67
1990	1.47	1.23	1.48	.73	.49
1991	.92	1.31	1.52	.87[1]	.64
1992	1.27	1.19	1.23	1.17	.79
1993	1.22	1.27	1.06	2.61[3]	.70
1994	1.36	1.23	1.13	.51	.44
1995	1.31	1.33	1.06	1.08	.68
1996	1.06	1.10	1.41	.87	.77

[1] New retirement rates.
[2] New mortality rates.
[3] Early Retirement Incentive.

ACTUARIAL EXPERIENCE
Attained Age at Retirement, 1996

			Age at Entrance - Male								
Age	**22**	**27**	**32**	**37**	**42**	**47**	**52**	**57**	**62**	**67**	**Total**
55	12	2	1		1						16
56	3	4	2								9
57	1	2									3
58	3	1	1	2							7
59	1										1
60		1									1
61		3	2	1		1					7
62	2	1	2	2				1			8
63		1			1	1	1				4
64			1	1	4	1					7
65	1		1			2					4
66					1		2				3
67					1	1	1				3
68				1	1						2
69						1		1			2
70											0
Total	23	15	10	7	9	7	4	2	0	0	77

3 male employees retired before age 55 or after age 70 in 1996.

			Age at Entrance - Female								
Age	**22**	**27**	**32**	**37**	**42**	**47**	**52**	**57**	**62**	**67**	**Total**
55	1										1
56											0
57		1									1
58		1									1
59	1										1
60											0
61											0
62											0
63											0
64											0
65			1								1
66				2				1			3
67				1							1
68											0
69											0
70											0
Total	2	2	1	3	0	0	0	1	0	0	9

2 female employees retired before age 55 or after age 70.

IMPACT STATEMENT

Fund	**Laborers'**		
Annual Payroll	$162,276,840		
Active Members	3,785		
Valuation Date	12-31-96		
	Present Plan		
(1) Accrued Pension Liability	$936,623,719		
(2) Present Assets	1,074,699,269		
(3) Unfunded Liability = (1)-(2)	(138,075,550)		
(4) Funded Ratio = (2)/(1)	114.74%		
Direction of Financial Condition		**Per Active**	**Percent of Salary**
(5) Minimum Recommended Annual Contribution	$21,544,208	$5,692	13.28%
(6) Estimated Annual Employer Contribution	18,863,712	4,984	11.62%
(7) Estimated Annual Employee Contribution	13,793,531	3,644	8.50%
(8) Deficiency (Excess) in Annual Contributions =(5)-(6)-(7)	(11,113,035)	(2,936)	(6.85)%

PLAN SUMMARY

Participant

Person employed by the City in a position classified 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 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 complete 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 Ordinary Disability credit, the exact number of days, months and years is used.

Retirement Annuity

Money Purchase Formula: Maximum is 60% of highest 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 the 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 or over; (c) resigning at the time of disability credit expiration.

Minimum Annuity Formula: Maximum is 75% of final average salary.

a. An employee age 55 or older withdrawing on or after July 1, 1990, with at least 20 years of service, is qualified for an annuity equal to 2.2% for each year of service 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 unless he has at least 30 years of service. Employee could also choose the old factors (1.8%, 2.0%, 2.2%, 2.4%) for each 10 years of service credit if it is to his benefit.

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.

PLAN SUMMARY

c. The employee will receive a minimum annuity of $350 per month if the employee retires at age 60 or more with at least 10 years of service on or after January 1, 1991.

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 this 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 granted 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 between the ages of the employee and the reversionary annuitant at the starting date of the employee's annuity.

Reciprocal Annuity: Under reciprocal retirement an employee can receive an annuity based on combined service credits in two or more governmental units in Illinois to whose pension funds he or she has contributed.

Automatic Increase in Annuity: An employee who is age 60 or more is entitled to receive 3% of the original annuity, such increase to begin in January of the year immediately following the year of the first anniversary of retirement. 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 retires, 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.)

If the employee dies in service, the spouse's annuity is based on all sums accumulated to their credit.

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.

PLAN SUMMARY

Spouses' Minimum Annuity Formula: If the employee retires or dies in service before July 1, 1990 and is at least age 60 with 20 or more years of service, the spouse's annuity is equal to half 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 $500 if employee's death occurred before January 23, 1987. The spouse's annuity must then be discounted .25% for each month that the spouse is under age 60 at the time the annuity is fixed. For deaths on or after January 23, 1987 there is no maximum dollar amount of spouse annuity.

If the employee retires or dies in service after July 1, 1990 and is at least age 55 with 20 or more years of service, the spouse's annuity is equal to half the amount of annuity the employee was entitled to at time of retirement or death in service. This annuity must then be discounted .25% for each month the spouse is under age 55 at the time the employee retires or dies in service.

In the case of the spouse of a female employee, the 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 full service before October 1974.

The spouse will receive a minimum annuity of $300 per month if employee retires with at least 10 years of service or dies in service with at least 5 years on or after January 1, 1991.

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 or *in esse* before his separation from service or legally adopted at least one year before child's annuity becomes payable. Annuity is $120 per month while spouse of deceased employee is alive and $150 per month if no spouse is alive. Except for duty death the 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.

PLAN SUMMARY

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. However, the employee will receive service credit and the City will contribute salary deductions for annuity purposes if the employee is receiving Workers' Compensation.

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 age 70 limitation was removed beginning January 1, 1987. As of January 1, 1991, a duty disability benefit which continues for more than 5 years and which starts before the employee's age 60, will be increased by 10% on January 1st of the sixth year.

The City contributes salary deductions for annuity purposes for the duty disability benefit. 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: This benefit is granted for disability other than in performance of an act of duty and is 50% of salary as of last day worked less the sum ordinarily deducted from salary for annuity purposes. The first payment shall be made one month after the disablement occurs. Disability is payable until age 65 and limited to a maximum of 25% 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 25% of employee's total service, but no more than 5 years or age 70, whichever occurs first. The age 70 limitation was removed beginning January 1, 1987.

Group Health Hospital and Surgical Insurance Premiums

The pension fund may provide up to a maximum of $75 per month for non-Medicare eligible annuitants (employees or widows, without regard to age or years of service) and up to $45 per month for Medicare eligible annuitants until December 31, 1997.

PLAN SUMMARY

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 January 14, 1991, employee may choose a refund in lieu of annuity if the calculated annuity would be less than $300 per month.

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

To Spouse: In lieu of annuity if annuity would be temporary rather than life and spouse so chooses. Effective January 14, 1991, spouse may choose a refund in lieu of annuity if the calculated annuity would be less than $300 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[1]
Employee	6.5%	6.0%
Spouse	1.5	2.0
Annuity Increase	0.5	0.0
Total	8.5%	8.0%

[1] **Financing**

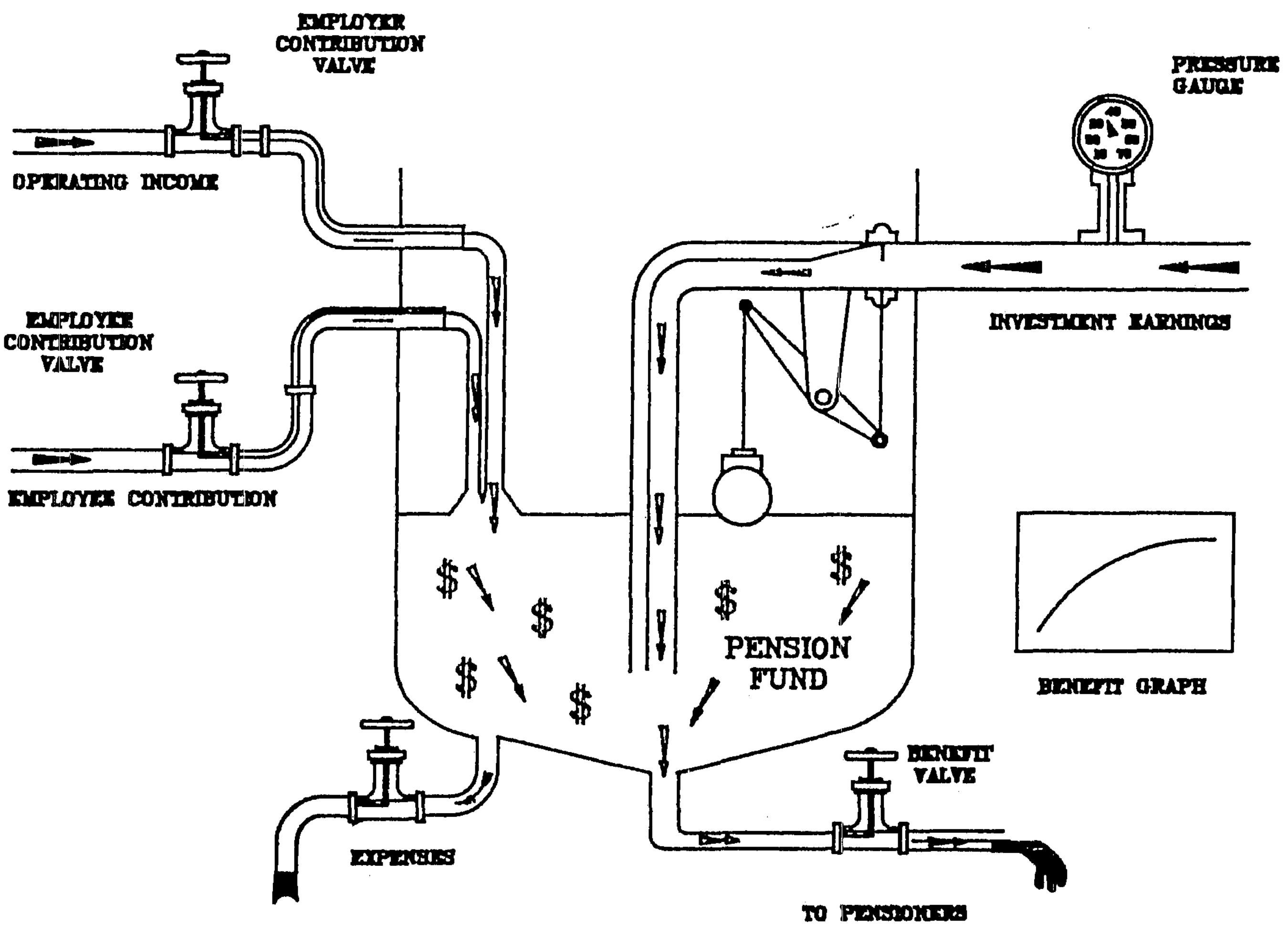
The City shall levy a tax annually equal to the total amount of contributions in the 2 years prior, multiplied by 1.370 for 1978 and each year thereafter.

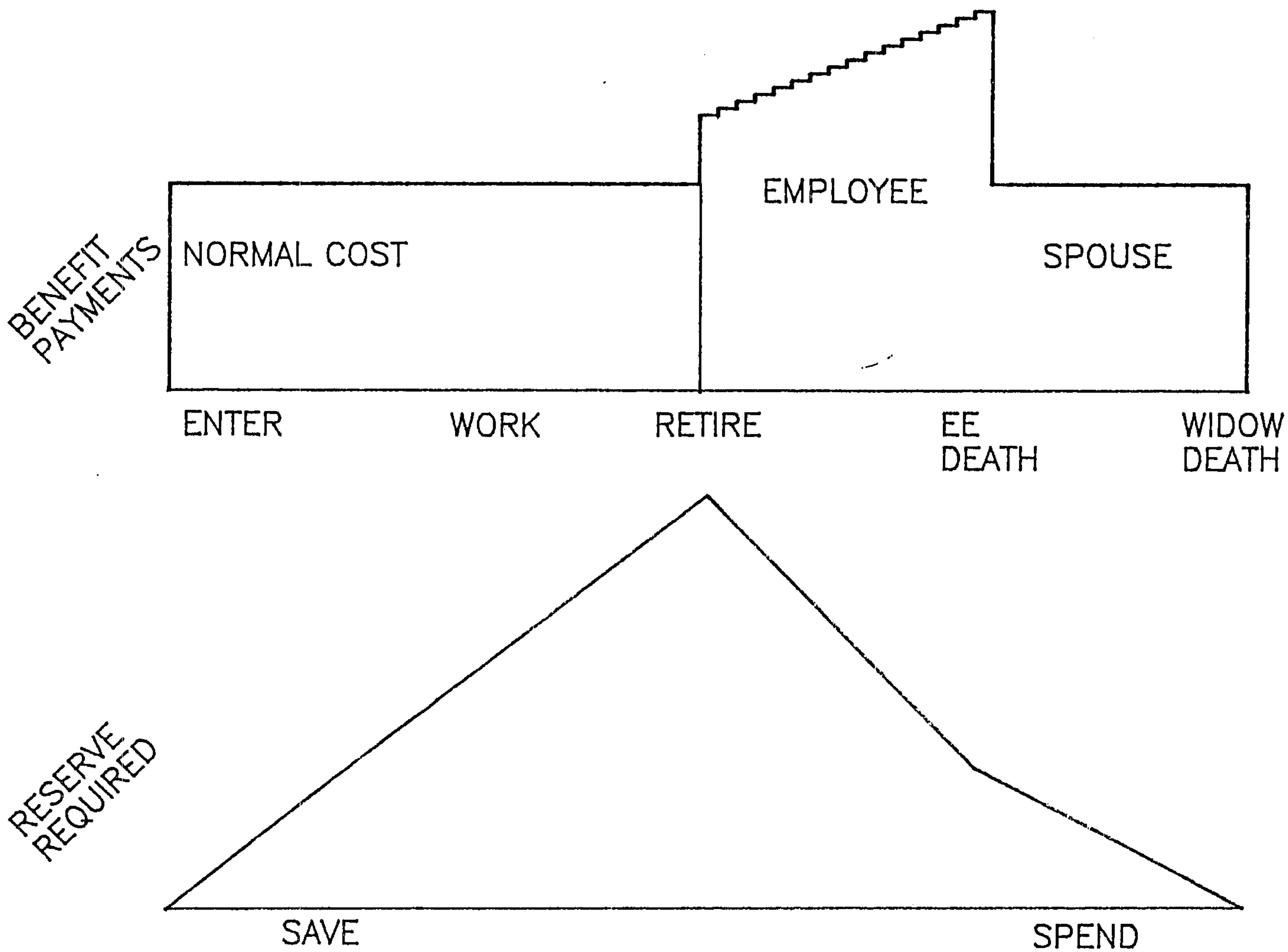
PLAN SUMMARY

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 W-2 salary is therefore reduced by the amount of contribution. For pension purposes the salary remains unchanged. Income tax will be paid when a refund or annuity is 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.

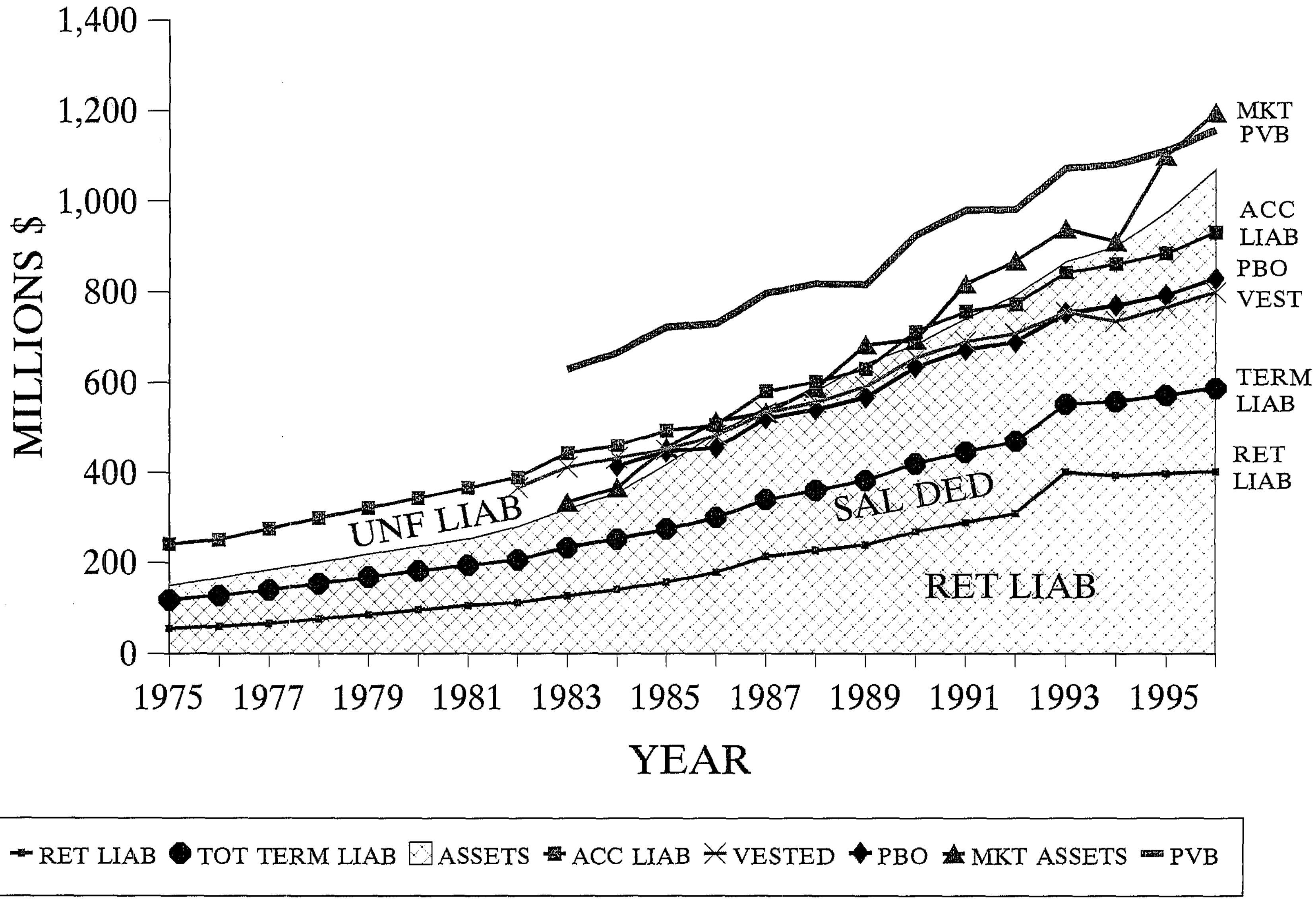
PENSION FUNDING




BENEFIT PAYMENTS
NORMAL COST
EMPLOYEE
SPOUSE
ENTER
WORK
RETIRE
EE DEATH
WIDOW DEATH
RESERVE REQUIRED
SAVE
SPEND

BENRSRV

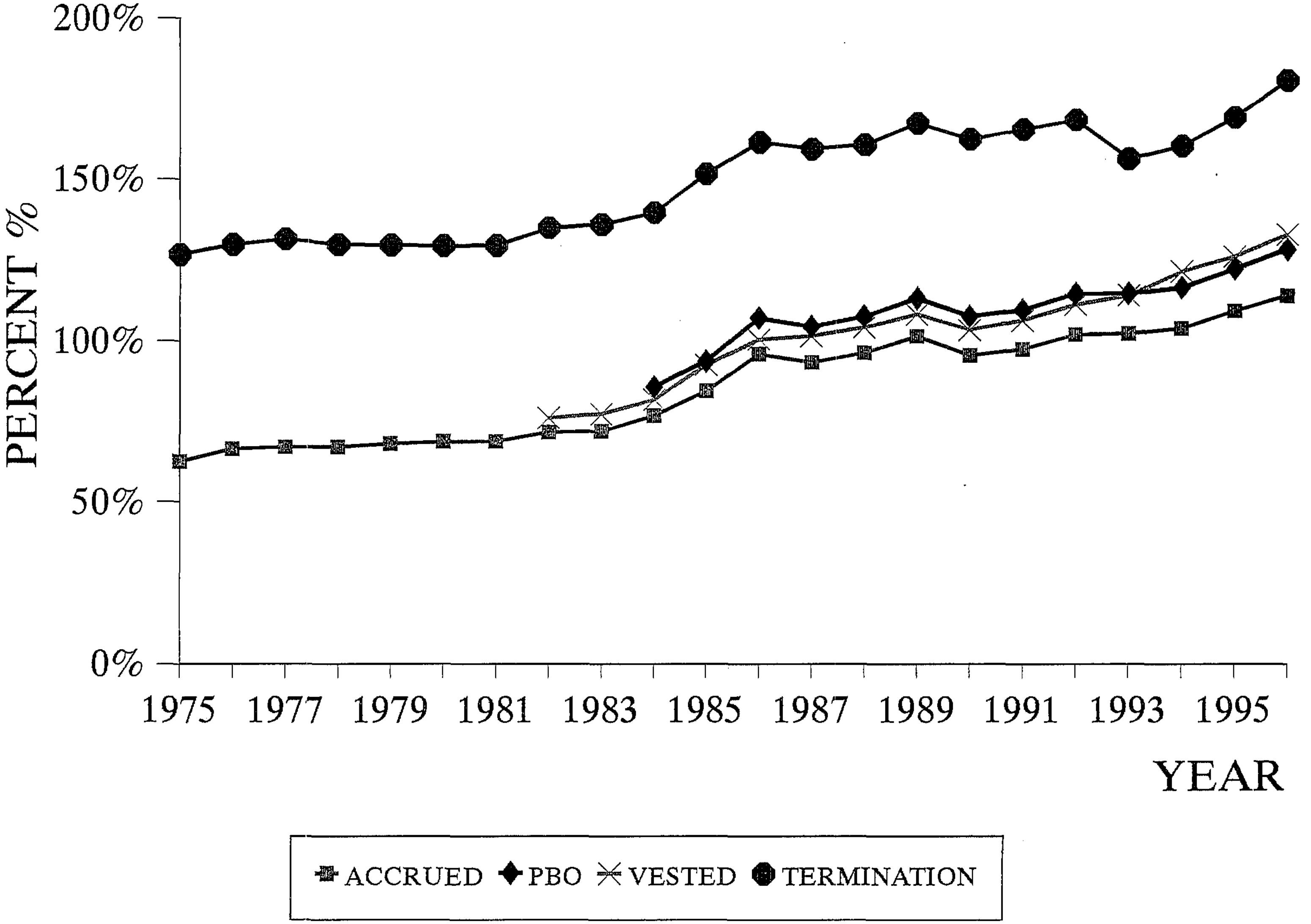
ASSETS AND LIABILITIES



DPCLABT

GRAPH A

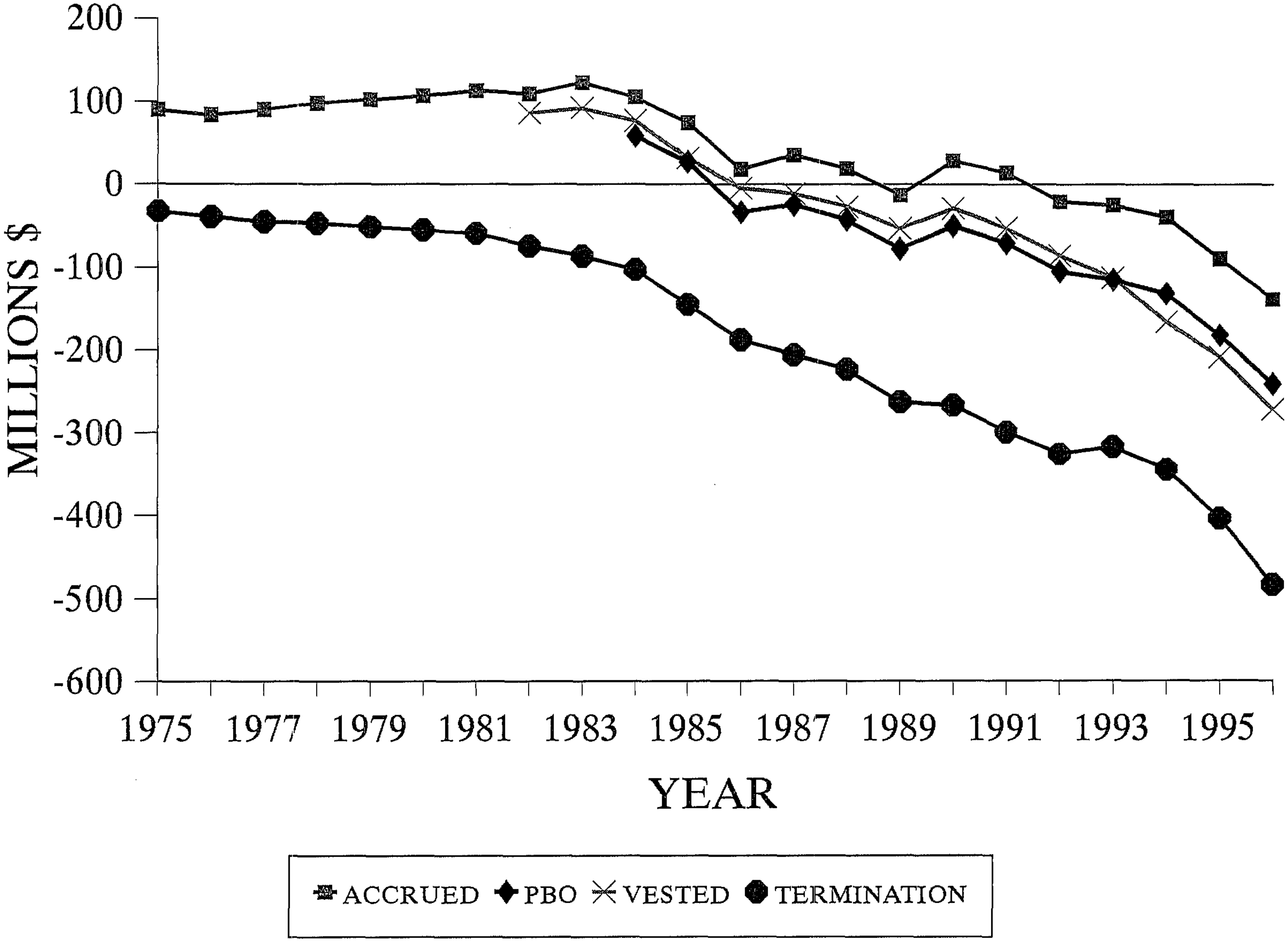
FUNDED RATIOS



LFRATBK
LAB

GRAPH B

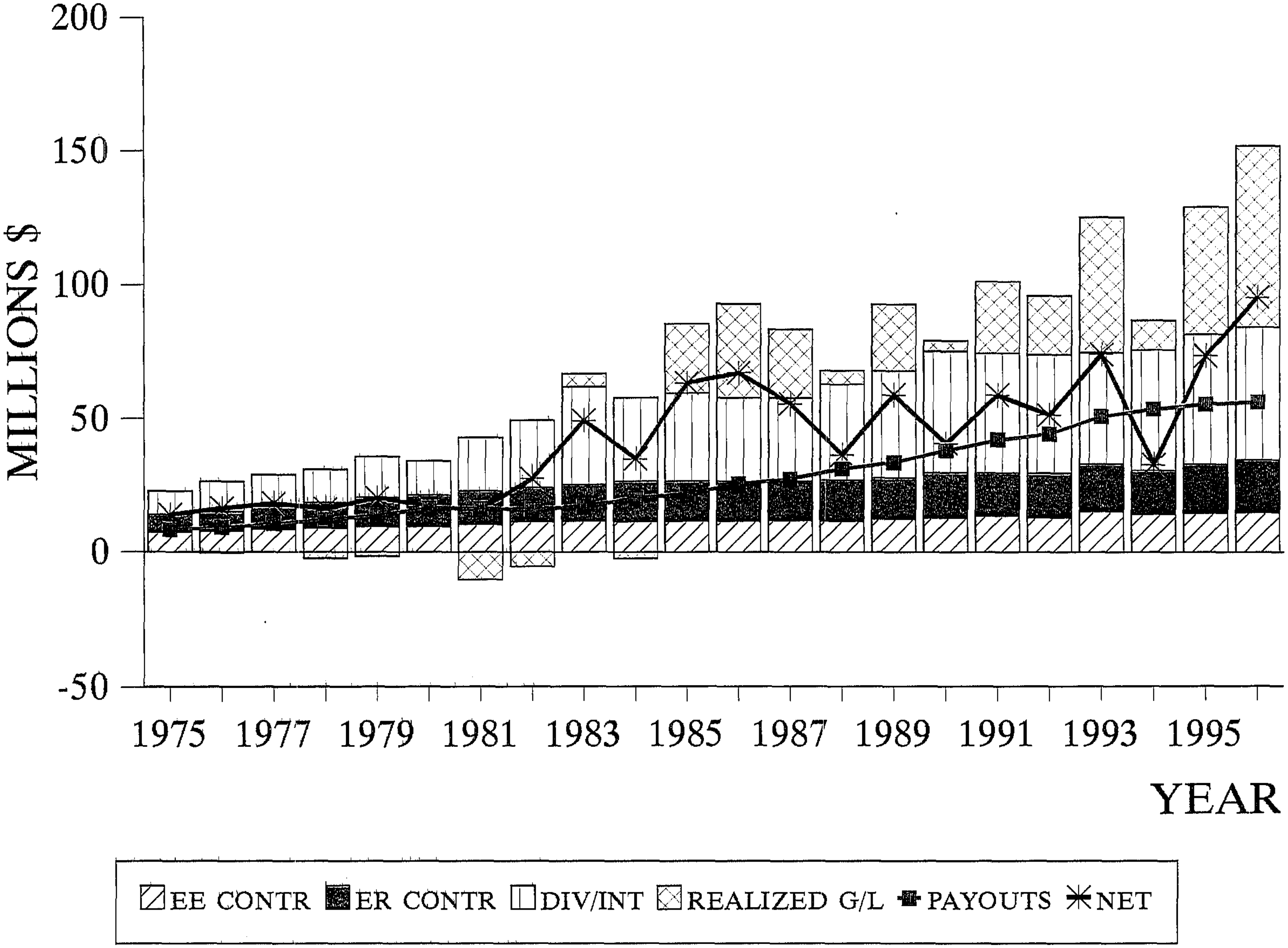
UNFUNDED LIABILITY



LABUNFBK

GRAPH C

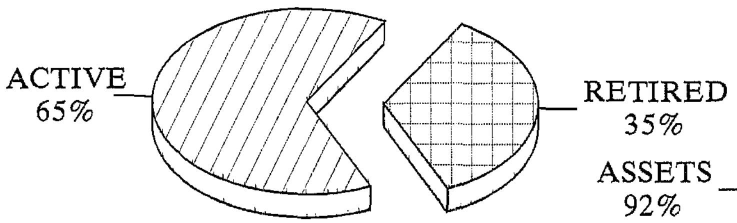
INCOME AND PAYOUTS



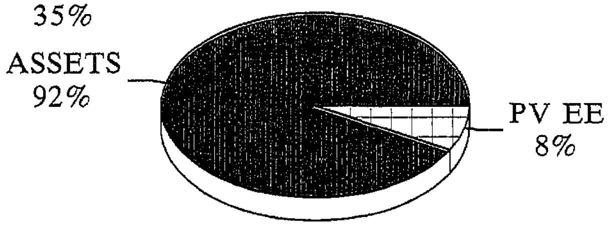
DPCLAB6

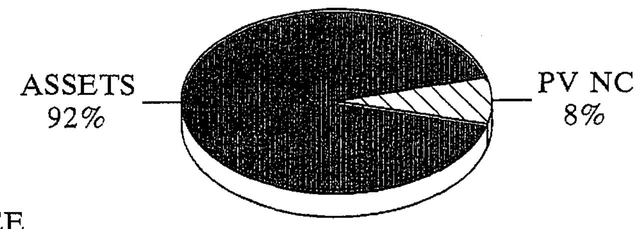
GRAPH D

ACTUARIAL ASSETS
1996



ACTUARIAL PRESENT VALUE OF
BENEFITS 1996



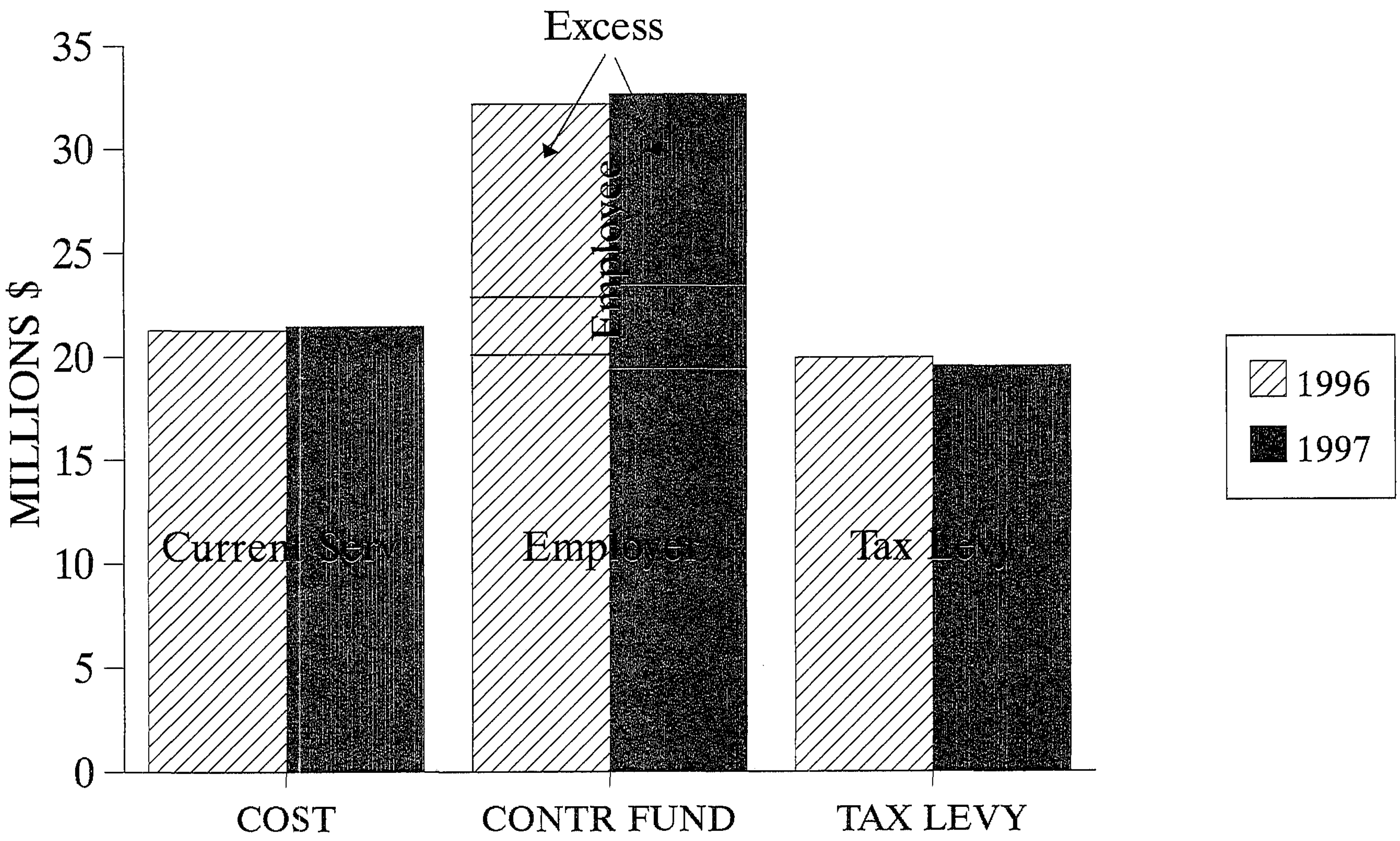


ACTUARIAL COST
METHOD 1996

LPIES96

GRAPH E

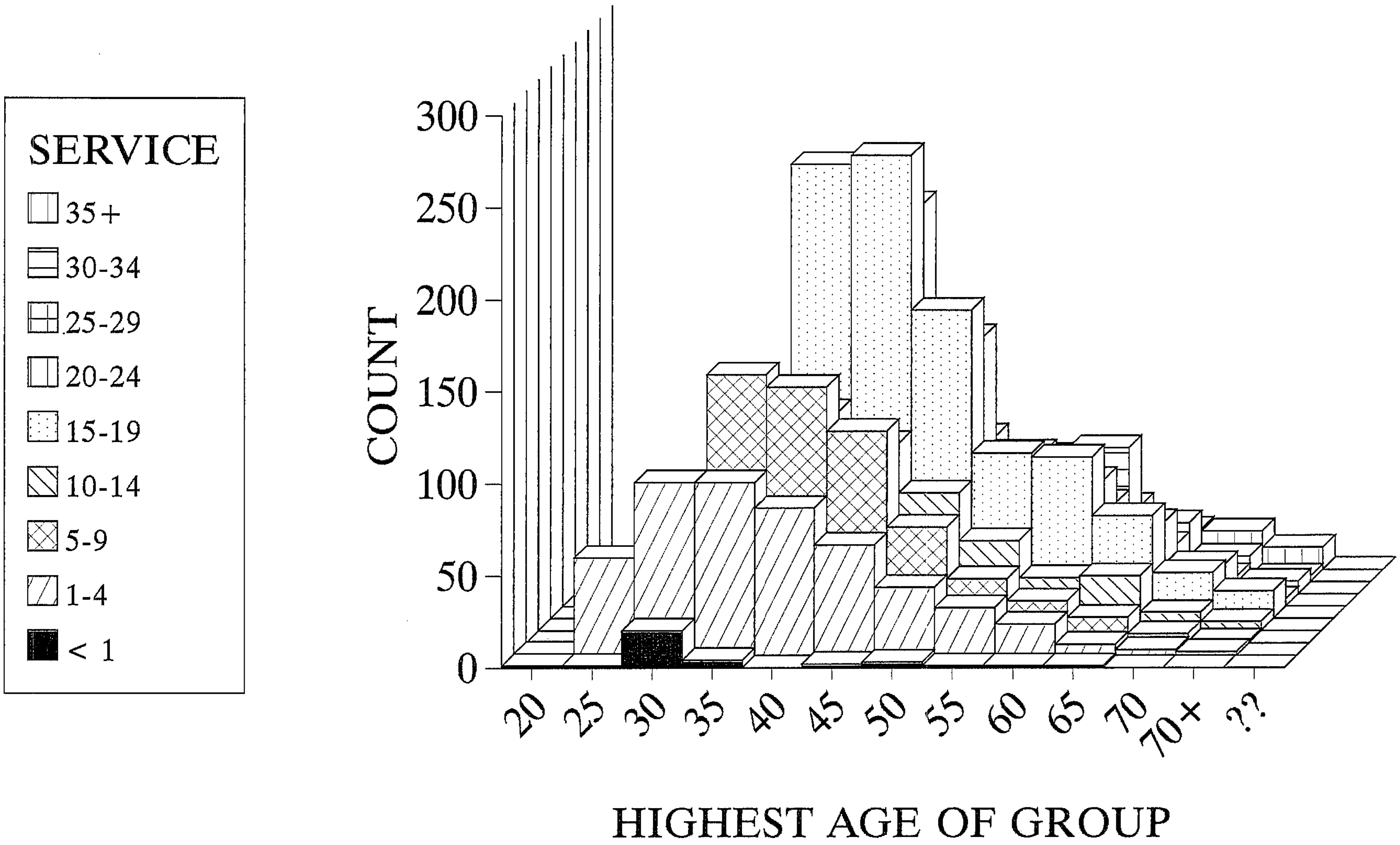
ANNUAL ACTUARIAL COST
(Normal Cost plus Interest Only)



LABNC97

GRAPH F

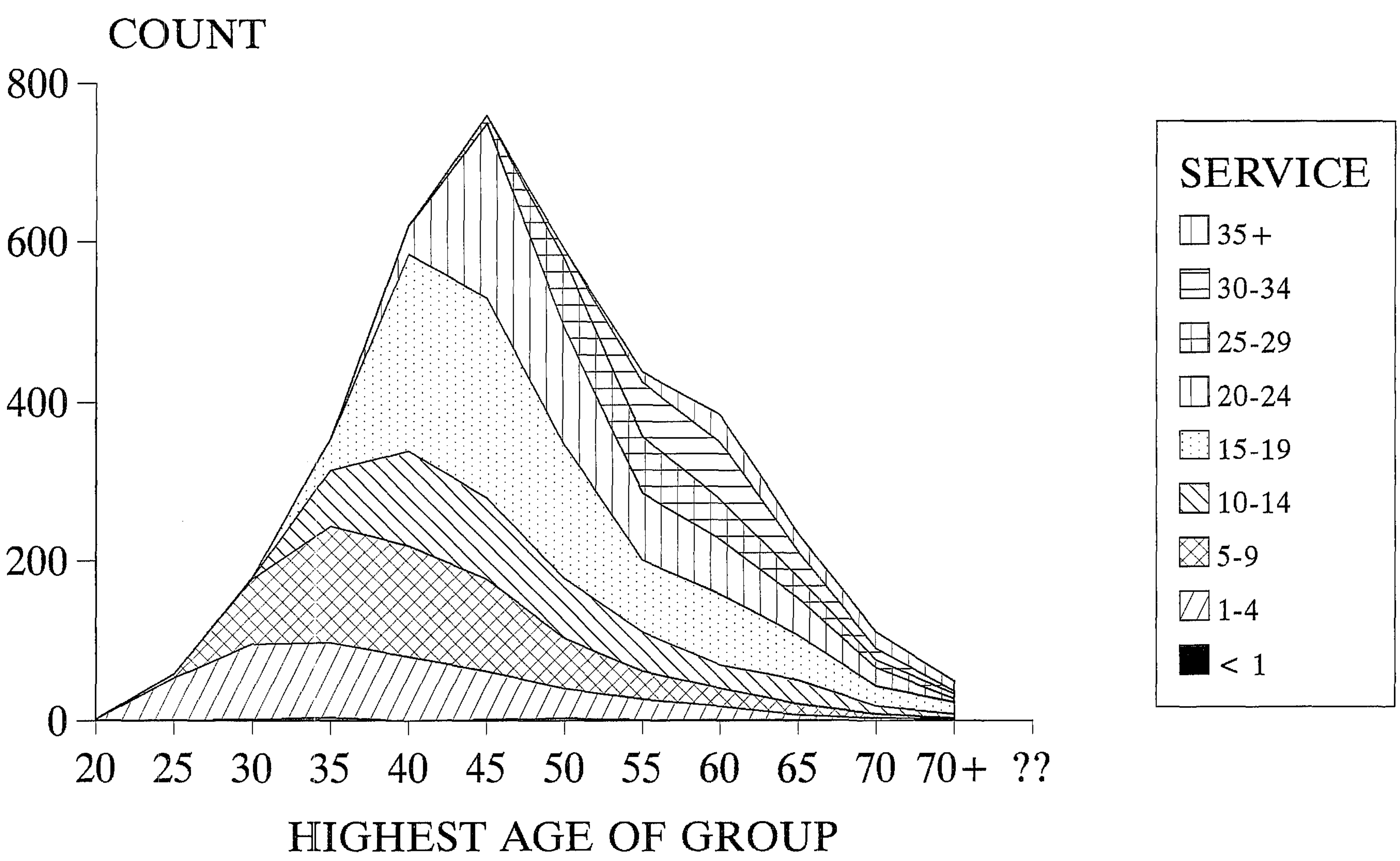
EMPLOYEES BY AGE AND SERVICE 1996



LEAGSV96
LAB

GRAPH G

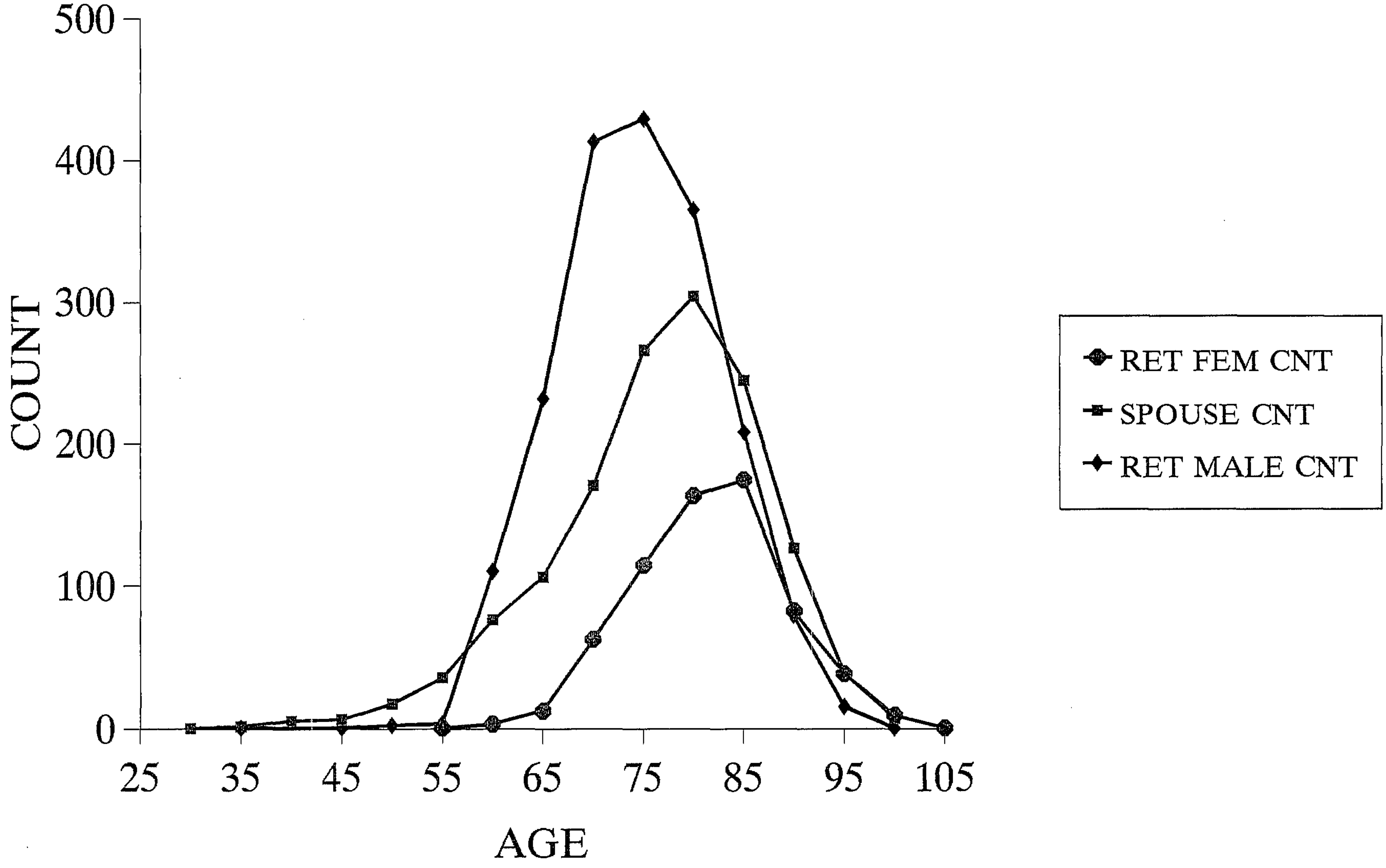
EMPLOYEES BY AGE AND SERVICE 1996



LASSRF96
LAB

GRAPH H

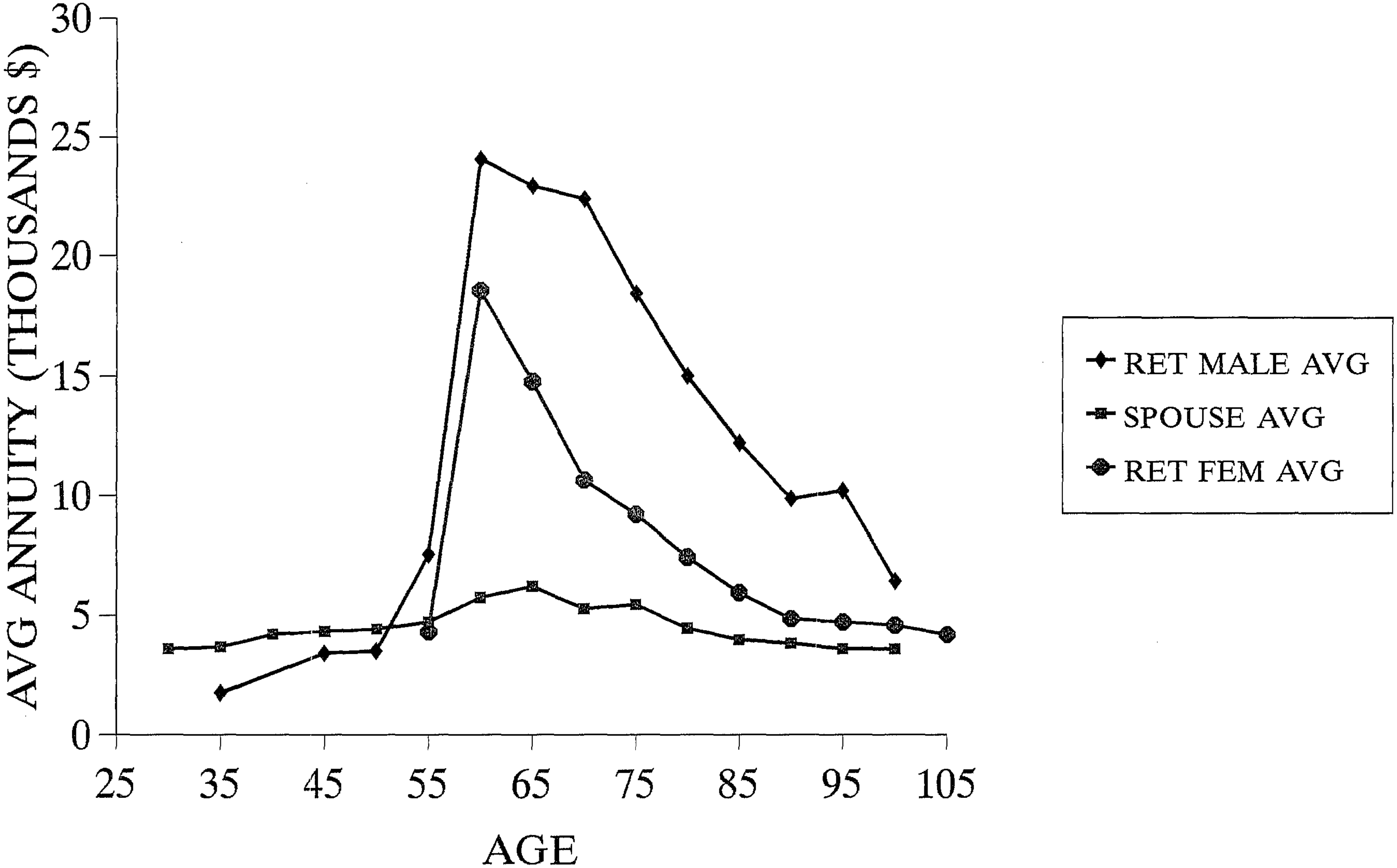
ANNUITANTS BY AGE 1996



LABCNT96

GRAPH I

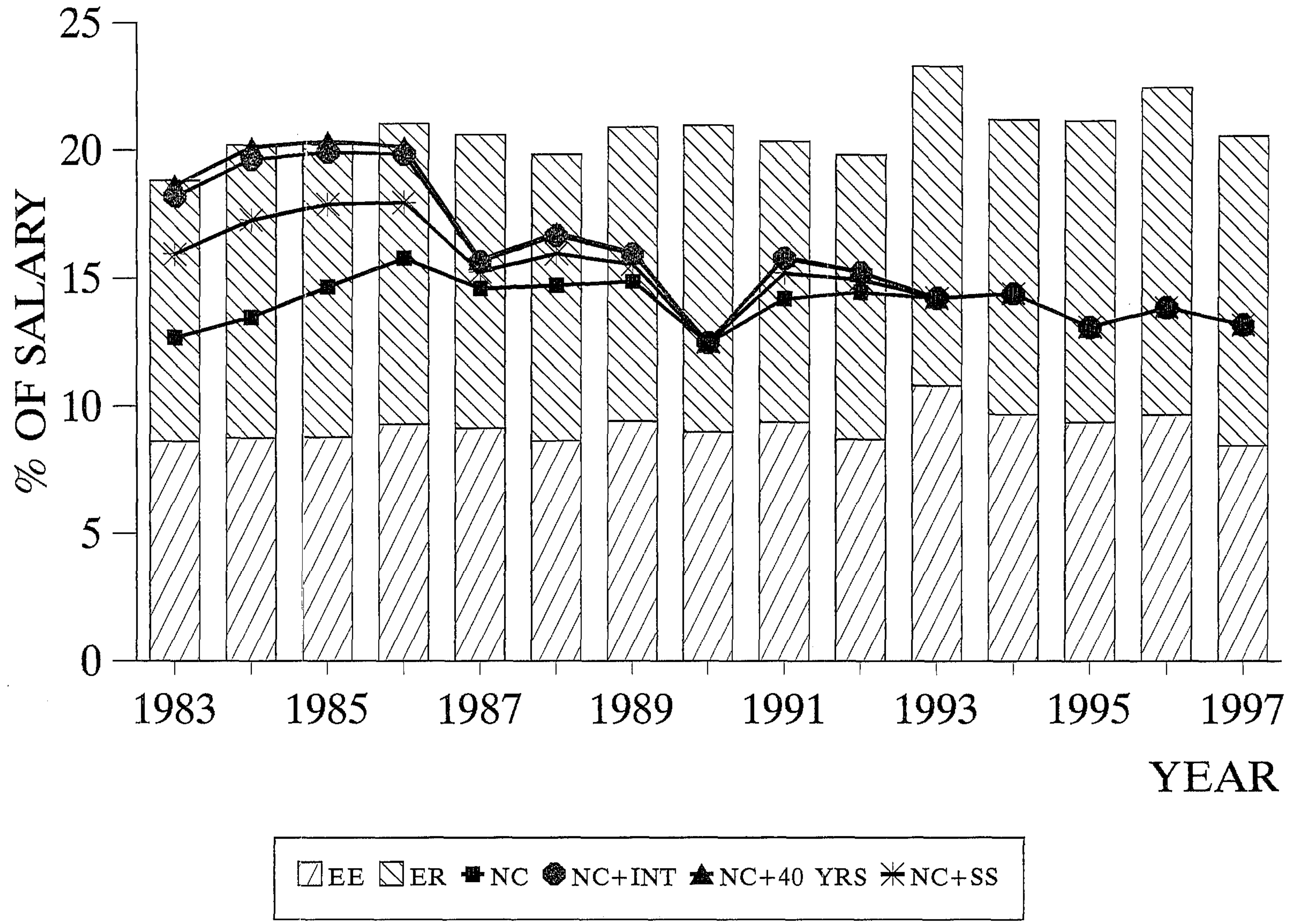
ANNUITANTS BY AGE 1996



LABAVG96

GRAPH J

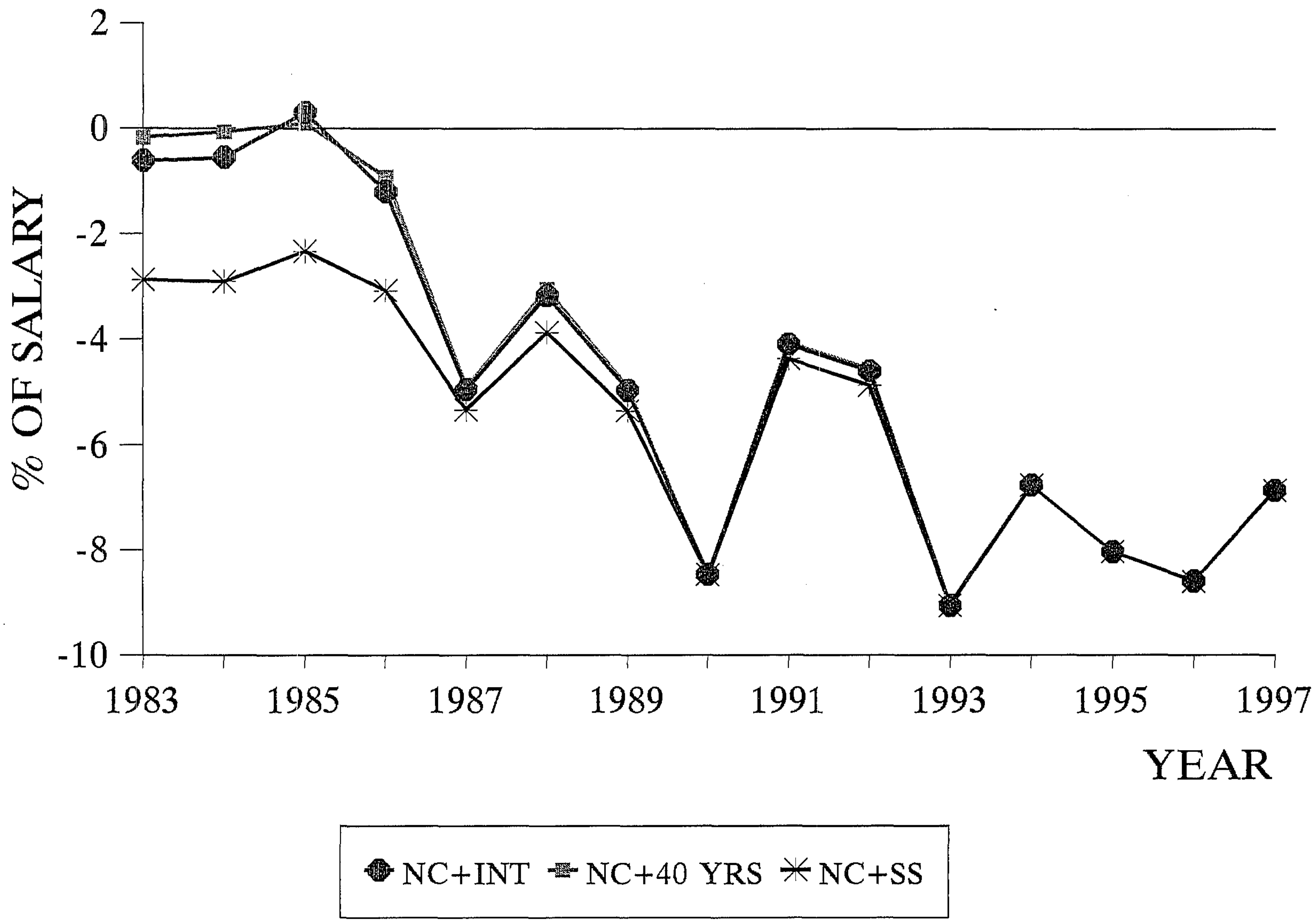
ACTUARIAL COST



DPCPPPTL
LAB

GRAPH K

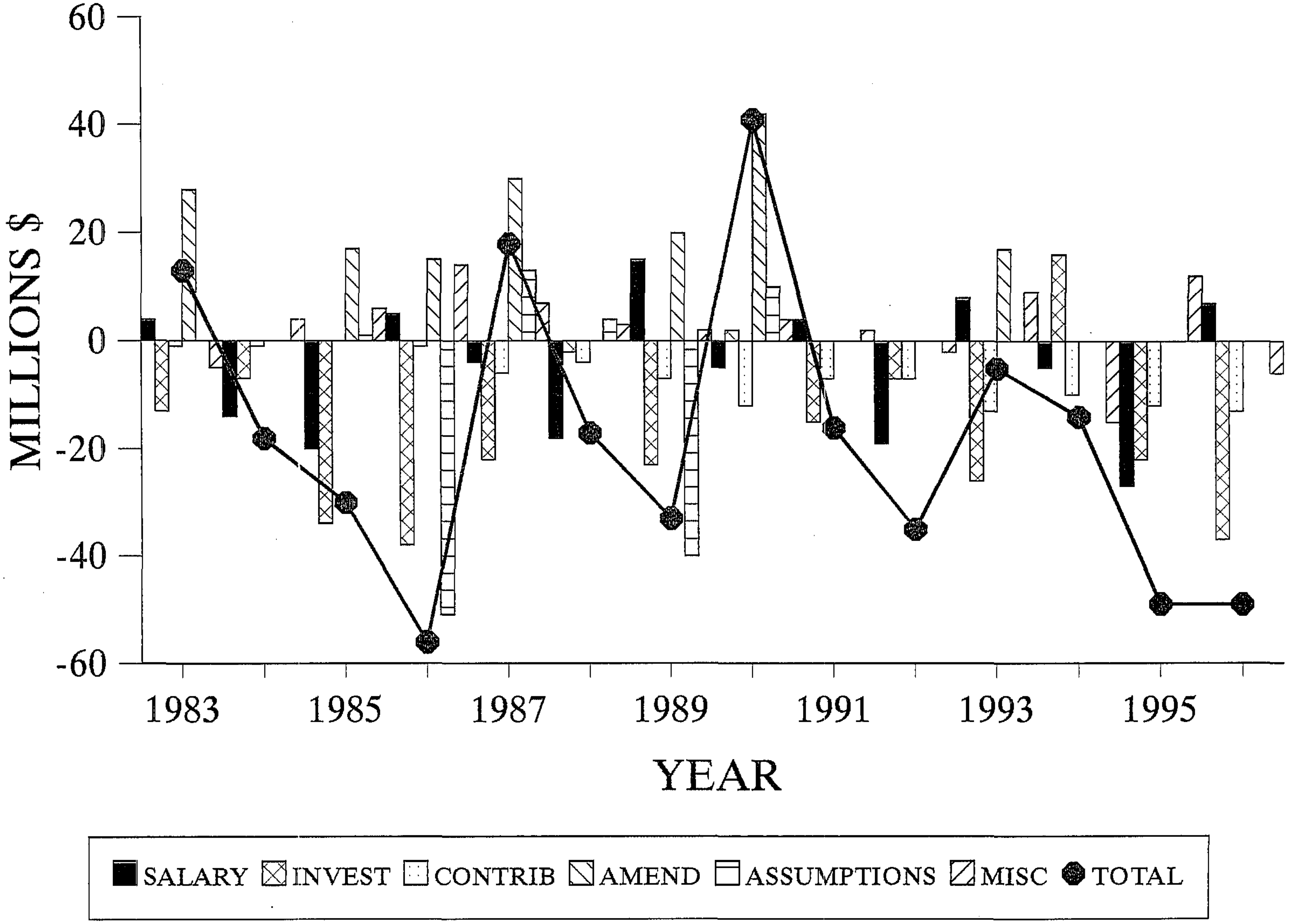
ACTUARIAL DEFICIENCY (EXCESS)



LACDFEX
LAB

GRAPH L

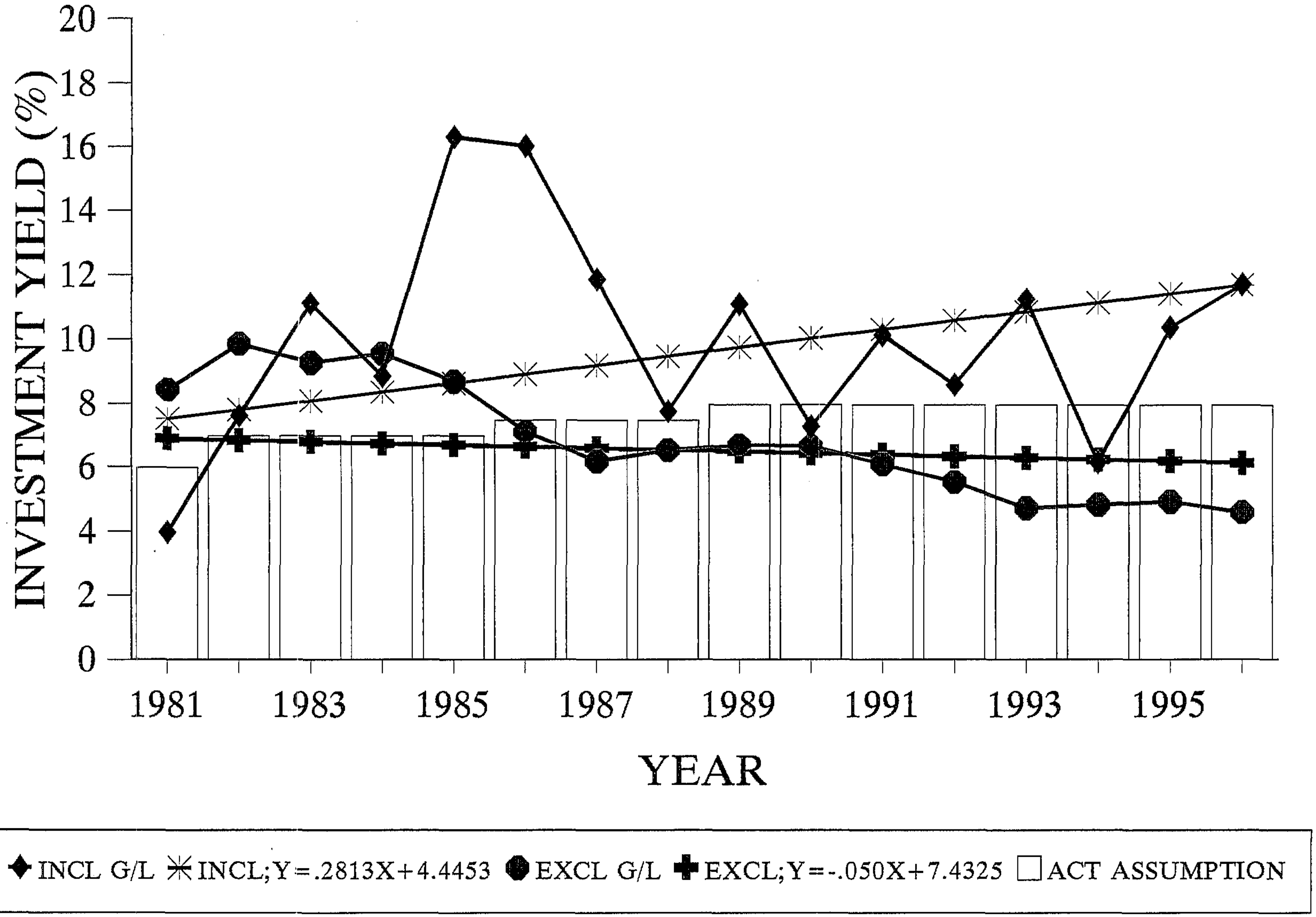
CHANGE IN THE UNFUNDED LIABILITY



LCHUFLIA
LAB

GRAPH M

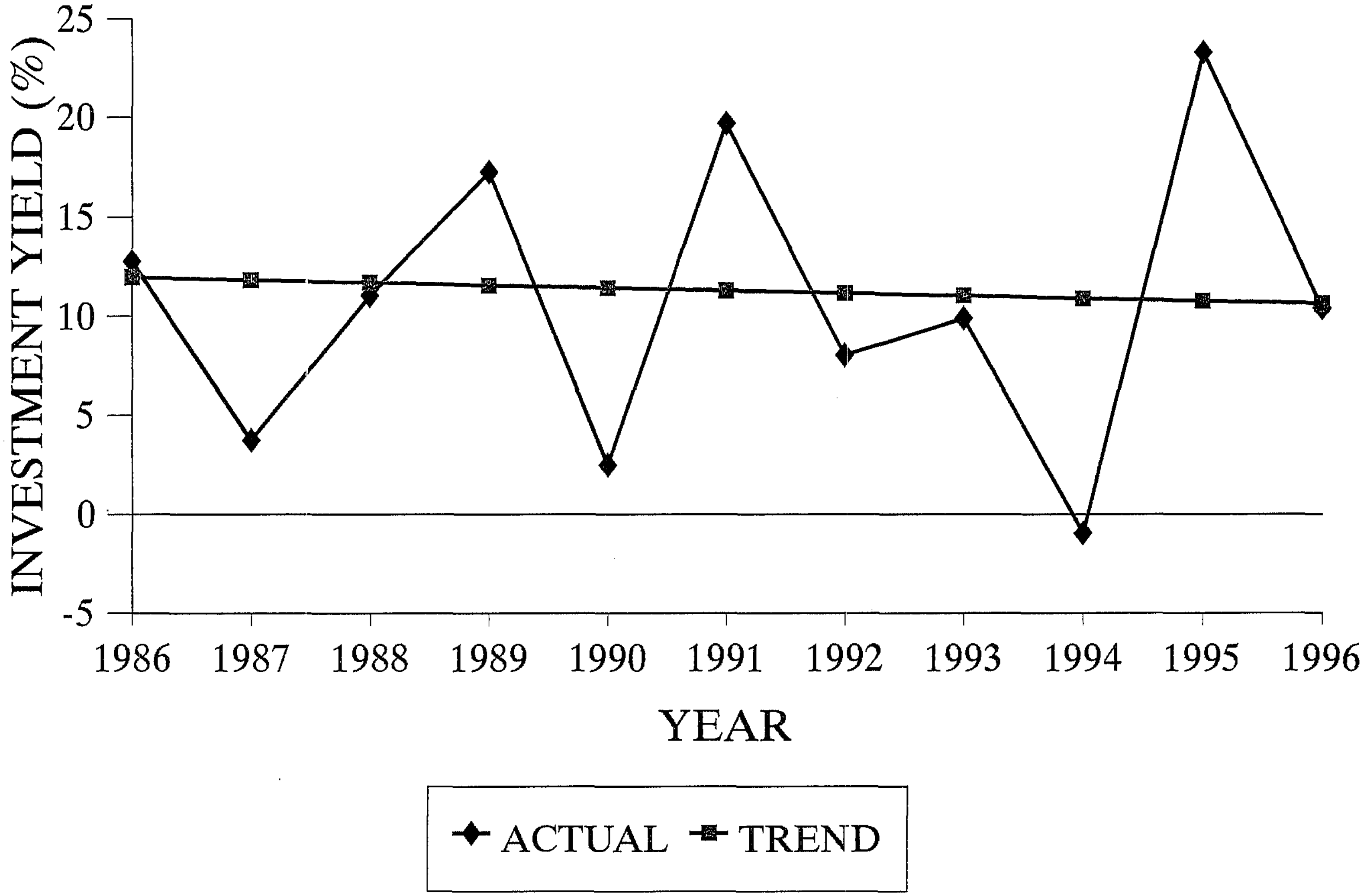
YIELD ON TOTAL ASSETS (BOOK)



LYNOTFIX
LAB

GRAPH N

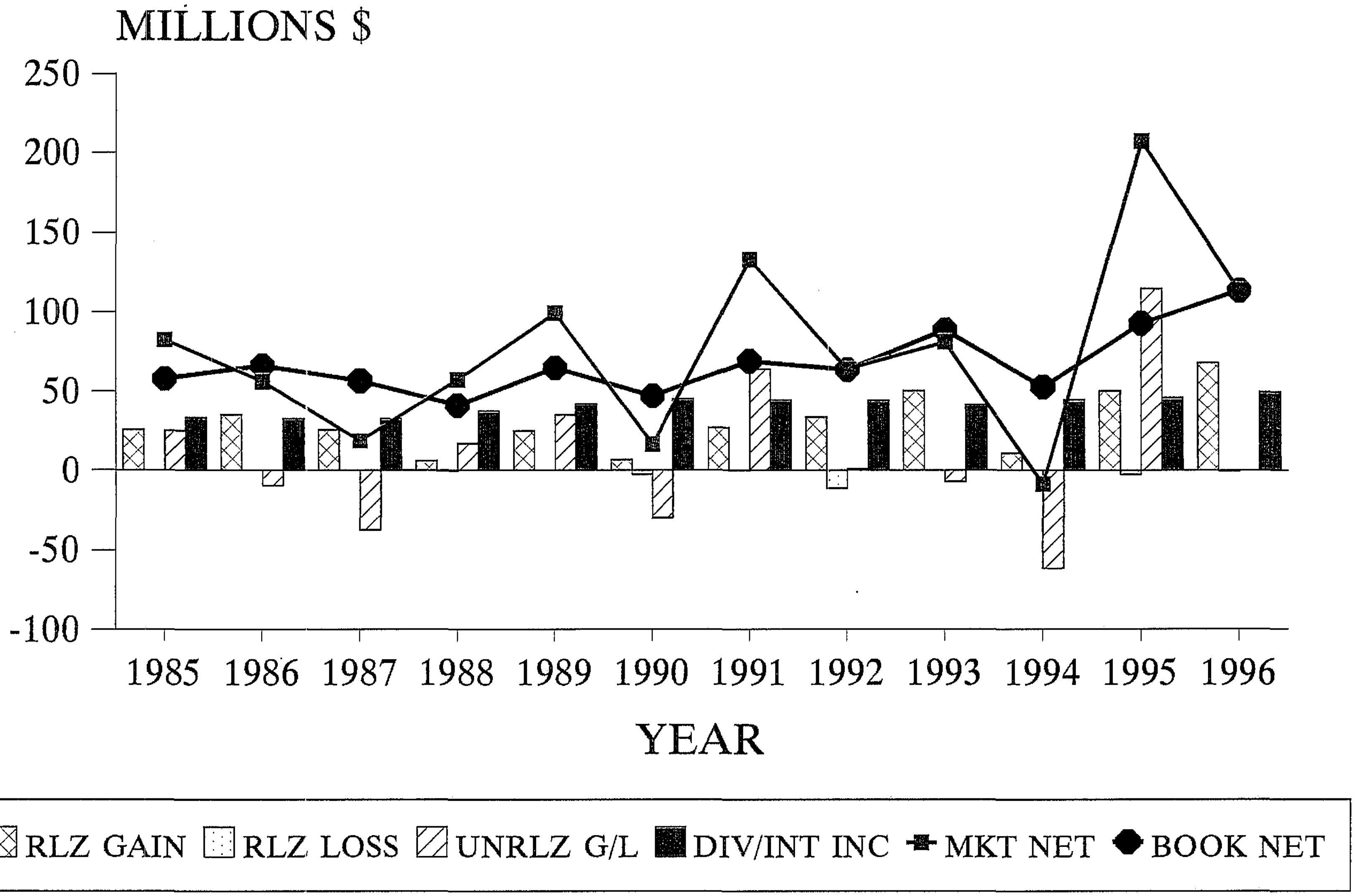
MARKET YIELD
INVESTED ASSETS NET OF INVESTMENT EXPENSE



LMYIN
LAB

GRAPH O

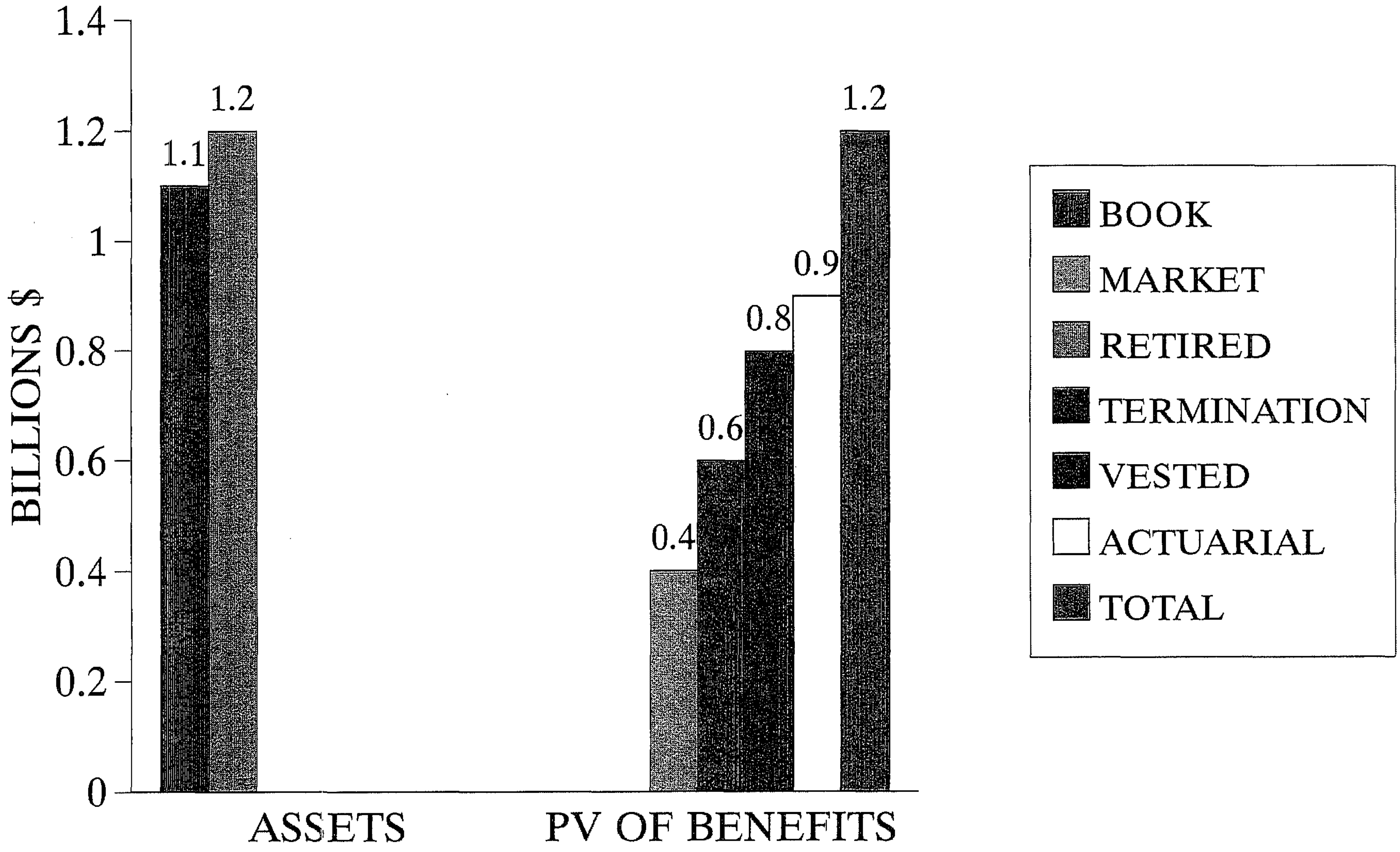
BOOK VS. MARKET
INVESTMENT INCOME NET OF EXPENSE



LBVSM

GRAPH P

LABORERS'



LABORERS

GRAPH Q