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

Actuarial Valuation Report

For the Year Ending
December 31, 1999

April 28, 2000

April 28, 2000

Board of Trustees
Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
221 North LaSalle Street, Suite 748
Chicago, IL 60601

Subject: Actuarial Valuation Report for the Year Ending December 31, 1999

Dear Members of the Board:

At your request, we have performed an actuarial valuation for Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago as of December 31, 1999. This valuation has been performed to measure the funding status of the Fund and determine the contribution levels for 2000. In addition, it includes disclosure information required under GASB Statement No. 25 and Statement No. 27. These actuarial valuations of the Fund are performed annually.

We have prepared the supporting schedules for the actuarial section of the comprehensive annual financial report, including:

- Summary of Actuarial Methods and Assumptions
- Schedule of Active Member Data
- Retirements and Beneficiaries Added to and Removed from Rolls
- Solvency (Termination) Test
- Development of Annual Required Contributions under GASB #25
- Development of Actuarial Gains and Losses
- Summary of Basic Actuarial Values

We have also provided the following trend data schedules in the financial section of the report.

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Notes to Required Supplementary Information

This valuation is based upon:

a) **Data relative to the members of the Fund —** Data for all members was provided by the Fund's staff. We have tested this data for reasonableness.

b) **Asset Values —** The value of assets of the Fund was provided by the Fund's staff. The results for GASB Statement No. 25 and Statement No. 27 use an actuarial value of assets.

c) **Actuarial Method —** The actuarial method utilized by the Fund is the Entry-Age Actuarial Cost Method. The objective of this method is to amortize the costs of Fund benefits over the entire career of each member as a level percentage of compensation. Any Unfunded Actuarial Accrued Liability (UAAL), under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.

d) **Actuarial Assumptions —** The actuarial assumptions have remained the same since last year. They are detailed beginning on page 40 of the valuation report: Actuarial Assumptions and Methods.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of the Fund when due. The provision of State Law establishing the Fund constrains employer contributions to be 1.00 multiplied by the employee contribution level in the second prior fiscal year. The most recent actuarial valuation of the Fund shows that no additional employer contributions are currently needed to adequately finance the Fund.

The valuation results set out in this report are based on the data and actuarial techniques described above, and upon the provision of the Fund as of the valuation date. Based on these items, we certify these results to be true and correct.

Very truly yours,

Jennifer Ford
Actuarial Analyst

Michael R. Kivi, F.S.A.
Consultant

Robert H. Clasen, F.S.A.
Actuary

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

SUMMARY OF ACTUARIAL VALUATION

	December 31, 1998	December 31, 1999	% Change
ACTUARIAL VALUES			
Termination Values			
Liability	$948,961,222	$895,752,982	-5.6%
Assets – Smoothed (Actuarial) Value	1,530,395,014	1,690,749,716	10.5%
Deficiency/(Excess)	(581,433,791)	(794,996,734)	-36.7%
Funded Ratio	**161.27%**	**188.75%**	
GASB #25 Values			
Actuarial Liability	$1,292,611,711	$1,309,772,341	1.3%
Assets – Smoothed (Actuarial) Value	1,530,395,014	1,690,749,716	10.5%
Unfunded Liability (Surplus)	(237,783,303)	(380,977,375)	-60.2%
Funded Ratio	**118.40%**	**129.09%**	
Annual Required Contribution (ARC)	0	0	-
Market Values			
Actuarial Liability	$1,292,611,711	$1,309,772,341	1.3%
Assets – Market Value	1,615,740,707	1,683,900,050	4.2%
Unfunded Liability (Surplus)	(323,128,996)	(374,127,709)	-15.8%
Funded Ratio	**125.00%**	**128.56%**	
Book Values			
Actuarial Liability	$1,292,611,711	$1,309,772,341	1.3%
Assets – Book Value	1,367,795,500	1,475,747,244	7.9%
Unfunded Liability (Surplus)	(75,183,789)	(165,974,903)	-120.8%
Funded Ratio	**105.82%**	**112.67%**	

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

SUMMARY OF ACTUARIAL VALUATION (Continued)

	December 31, 1998	December 31, 1999	% Change
Assets			
Market Value – Beginning of Year	$1,403,451,043	$1,615,740,707	15.1%
Income			
Investment Income	242,788,645	119,574,308	-50.7%
Employer Contributions & Misc.	19,724,301	14,406,579	-27.0%
Employee Contributions	18,687,316	15,895,882	-14.9%
Subtotal	281,200,262	149,876,769	-46.7%
Outgo (Refunds, Benefits & Expenses)	68,910,598	81,717,426	18.6%
Net Change	212,289,664	68,159,343	-67.9%
Market Value – End of Year	$1,615,740,707	$1,683,900,050	4.2%
Book Value – Beginning of Year	$1,204,439,298	$1,367,795,500	13.6%
Income			
Investment Income	193,855,183	159,366,709	-17.8%
Employer Contributions & Misc.	19,724,301	14,406,579	-27.0%
Employee Contributions	18,687,316	15,895,882	-14.9%
Subtotal	232,266,800	189,669,170	-18.3%
Outgo (Refunds, Benefits & Expenses)	68,910,598	81,717,426	18.6%
Net Change	163,356,202	107,951,744	-33.9%
Book Value – End of Year	$1,367,795,500	$1,475,747,244	7.9%
Smoothed Value – Beginning of Year	$1,328,085,799	$1,530,395,014	15.2%
Income			
Investment Income	232,808,196	211,769,667	-9.0%
Employer Contributions & Misc.	19,724,301	14,406,579	-27.0%
Employee Contributions	18,687,316	15,895,882	-14.9%
Subtotal	271,219,813	242,072,128	-10.7%
Outgo (Refunds, Benefits & Expenses)	68,910,598	81,717,426	18.6%
Net Change	202,309,215	160,354,702	-20.7%
Smoothed Value – End of Year	$1,530,395,014	$1,690,749,716	10.5%

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

SUMMARY OF ACTUARIAL VALUATION (Continued)

	December 31, 1998	December 31, 1999	% Change
Members			
Active*	3,753	3,855	2.7%
Inactive	1,704	1,688	-0.9%
Retirees	2,808	2,687	-4.3%
Survivors	1,414	1,397	-1.2%
Disabilities	112	120	7.1%
Children	83	76	-8.4%
Payroll Data			
Valuation Payroll	$170,627,112	$175,914,112	3.1%
Average Salary	$45,464	$45,633	0.4%

*Active participants include disabled employees but do not include seasonal employees.

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

DISCUSSION OF VALUATION RESULTS

This report sets out the results of the actuarial valuation of the Laborers' and Retirement Board Employees'Annuity and Benefit Fund of Chicago ("Fund") as of December 31, 1999. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2000.
2. To develop the annual required contributions (ARC) under GASB #25.
3. To develop the annual pension cost under GASB #27.
4. To review the funding status of the Fund.

The funded status in basic terms, is a comparison of the fund's liabilities to assets expressed as either unfunded liability or as a ratio of assets to liabilities. This comparison can be measured in various ways. Fund liabilities are dependent on the actuarial assumptions and actuarial cost method. Fund assets can be measured at market value, book value, or some variation to smooth the fluctuations that invariably occur from year to year.

For Fund and City financial reports, the funding status is measured using liabilities under the Entry Age Normal funding method and the Actuarial (Market-Related) Value of Assets. The Actuarial (Market-Related) Value of Assets is determined by annually spreading the difference between expected and actual investment earnings over a five-year period.

Summary of Results

The annual required contributions (ARC) under GASB #25 for the year ending December 31, 2000 is zero. The ARC last year, year ending December 31, 1999 was also zero. The ARC is determined using an actuarial value of assets and a forty-year level dollar amortization of the unfunded actuarial liability.

The funding status improved during the year. The surplus of assets over the actuarial liabilities increased from $238 million to $381 million; the funded ratio increased to 129.1% from 118.4% using the smoothed Actuarial Value of Assets. The funded ratio is 128.6% when the market value of assets is compared to GASB #25 actuarial liabilities. The increase in the surplus is largely attributable to the recognition of favorable asset experience and the reduction of liabilities from those calculated by the prior actuary. A more thorough examination of these and other factors can be found in the Reconciliation of Unfunded Liability and gain/loss calculation in Table 2.

Plan Membership

The major characteristics of the data on the members of the Fund are summarized as follows:

	December 31, 1998	December 31, 1999
Active Participants:		
Number	3,753	3,855
Average Age	43.0	43.8
Average Service	13.8	13.6
Average Annual Salary	$45,464	$ 45,633
Inactive Participants:		
Number	1,704	1,688
Average Age	43.0	44.4
Average Service	5.8	N/A
Retirees:		
Number	2,808	2,687
Average Age	72.8	72.8
Average Annual Benefit	$20,530	$21,157
Survivors:		
Number	1,414	1,397
Average Age	N/A	N/A
Average Annual Benefit	$9,815	$9,891
Children:	83	76
Total Participants:	9,762	9,779

Total participants receiving benefits under the Fund, including disability, widow, and children, decreased 3.1% during 1999 from 4,417 to 4,280. Total expenditures for benefits increased from $63.0 million in 1998 to $78.1 million during 1999, or 24.0%.

Changes in Provisions of the Fund

There have been no changes in plan provisions since the last valuation

Analysis of Actuarial Assumptions

Actuarial assumptions are used to project future demographic and economic expectations for purposes of valuing the liabilities of the plan. The assumptions should reflect current patterns. However, their primary orientation is the long-term outlook for each factor affecting the valuation. Thus, while actual experience will fluctuate over the short run, actuarial assumptions are chosen in an attempt to model the future long run experience.

There are two general types of actuarial assumptions:

1. Demographic Assumptions - reflect the flow of participants into and out of a retirement system, and

2. Economic Assumptions - reflect the effect of the economic climate on a retirement system.

Demographic assumptions can be readily studied over recent plan experience. Economic assumptions can be studied against recent experience; however, future experience is more likely to be a result of outside factors than of plan specifics. The most significant demographic assumptions are: active turnover, retirement, and post-retirement mortality. The most significant economic assumptions are: pay increases, investment return, and inflation. Other actuarial assumptions include: disability incidence, active mortality, and percent married.

1999 Experience Analysis

Differences from prior actuary

We attempted to match the December 31, 1998 liabilities calculated by the prior actuary. Ultimately, we were able to develop a calculation within 7.8 percent of the prior actuary's results. The greatest difference was in the liability for current retirees. The liability we calculated for this portion of the liabilities was 12.5 percent lower than the liability calculated by the prior actuary. We were unable to reconcile this difference because we did not have sufficient information from the prior actuary.

It is our understanding that the prior actuary applied the Entry Age Normal funding method using a "funding to normal retirement age" methodology. Beginning with the December 31, 1999 actuarial valuation, we modified the application of the Entry Age Normal funding method from "funding to normal retirement age" to "funding to decrement." This is a generally preferred application of the Entry Age Normal funding method. The difference is that "funding to decrement" uses the principle that benefits for members should be funded at the point the members are projected to leave the workforce. This generally results in somewhat accelerated funding. The December 31, 1999 actuarial accrued liability is 3.7 percent higher because of this change.

We have also modified the method used to develop the Fund's Actuarial Value of Assets. In years beginning with 1999 when Fund assets earn above eight percent (an experience gain) or below eight percent (an experience loss), the gain or loss will be recognized over a five-year period. This approach both smoothes the Fund's level of contribution (which the prior asset method also did) and ensures the Fund's assets will closely track the market value of assets (which the prior asset method did not do). Table 7 shows the details of the calculation of the Actuarial Value of Assets.

We have maintained the remaining assumptions and methods used by the prior actuary, including the application of loads to account for liabilities for future refunds, disabilities, child annuities, and reciprocal annuities. We will review these assumptions as more data becomes available to us. However, we do not expect these changes will substantially impact the Fund's liabilities.

Other experience

The Fund had an experience gain in 1999 of $91 million from favorable investment experience. The amount of the gain was determined using the revised methodology for the Actuarial Value of Assets

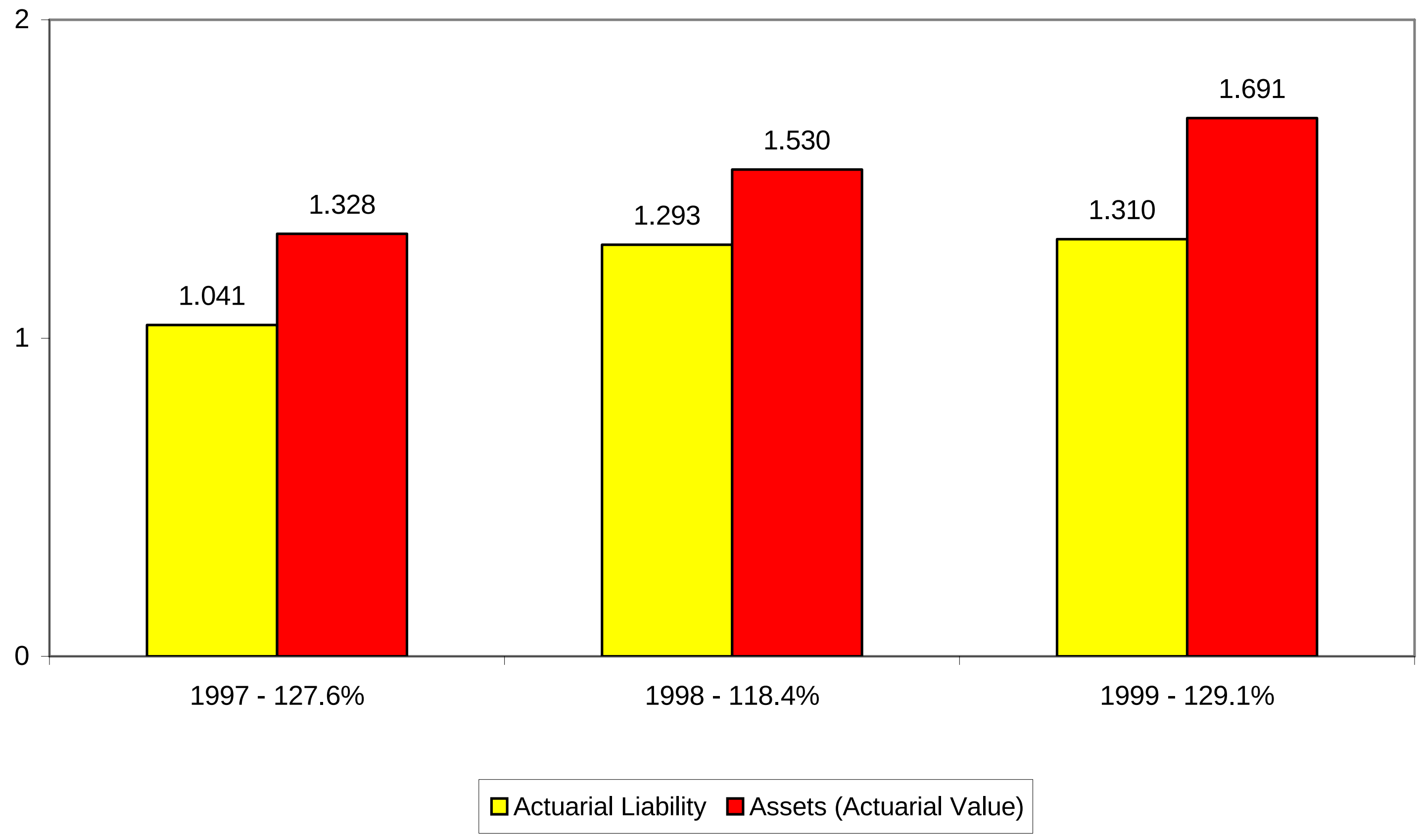
The pay increase assumption consists of two parts, a base salary increase (three percent) plus a longevity-based increase (two percent). The overall 1999 salary increase was 0.8 percent for members included in both the December 31, 1998 and December 31, 1999 valuations. Because the pay increases were less than anticipated by the actuarial assumptions, there was an experience gain of $10 million.

There was an additional loss of $38 million from all other factors, including actual retirement, termination, disability, and mortality experience, and data changes. This is about 2.9 percent of the December 31, 1999 liabilities, which is a reasonable variation.

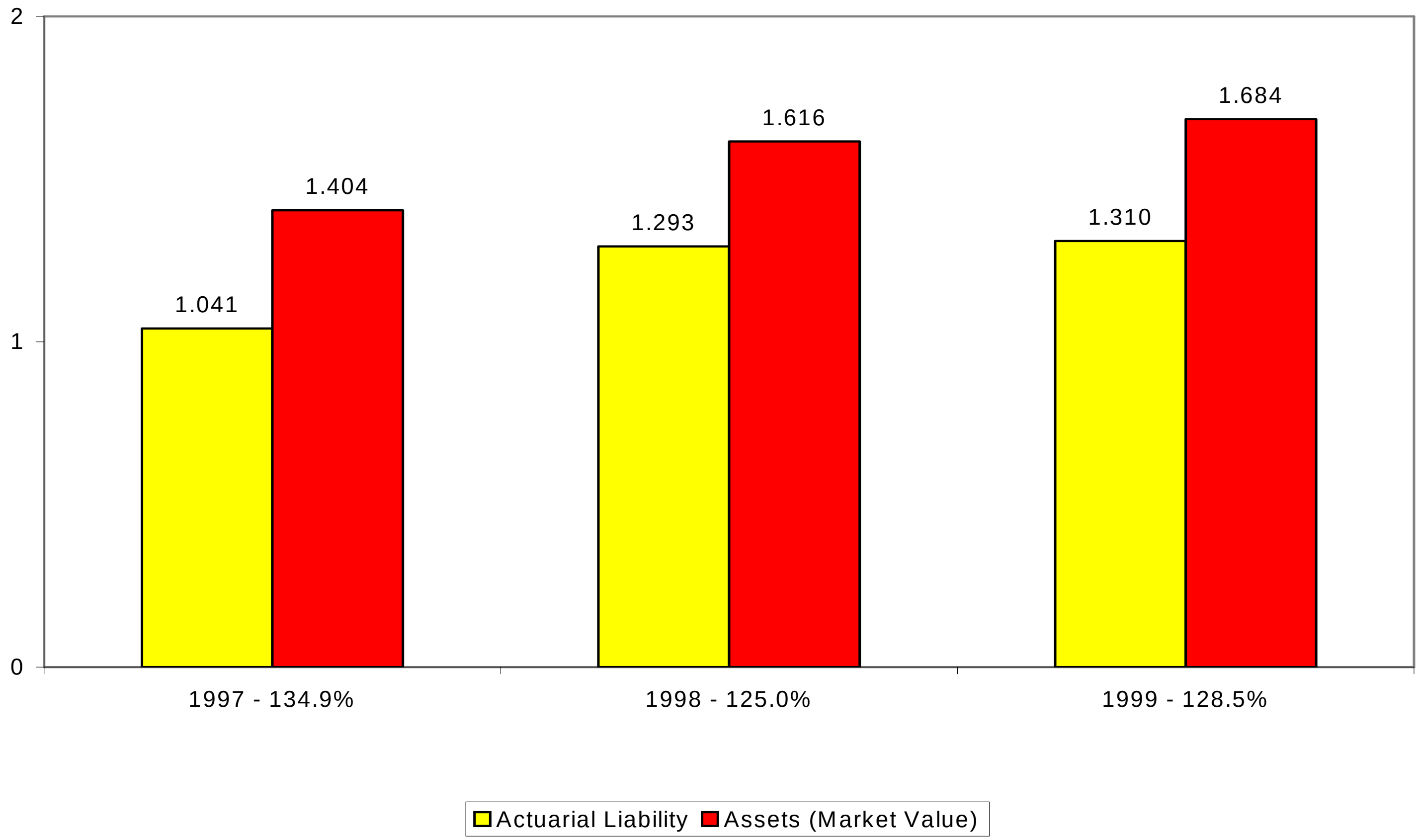
Table 2 summarizes the experience gains and losses for the year.

The following charts summarize the various measures of benefit security (funded ratio) examined in this valuation and highlights the trend of the measures of the last ten years.

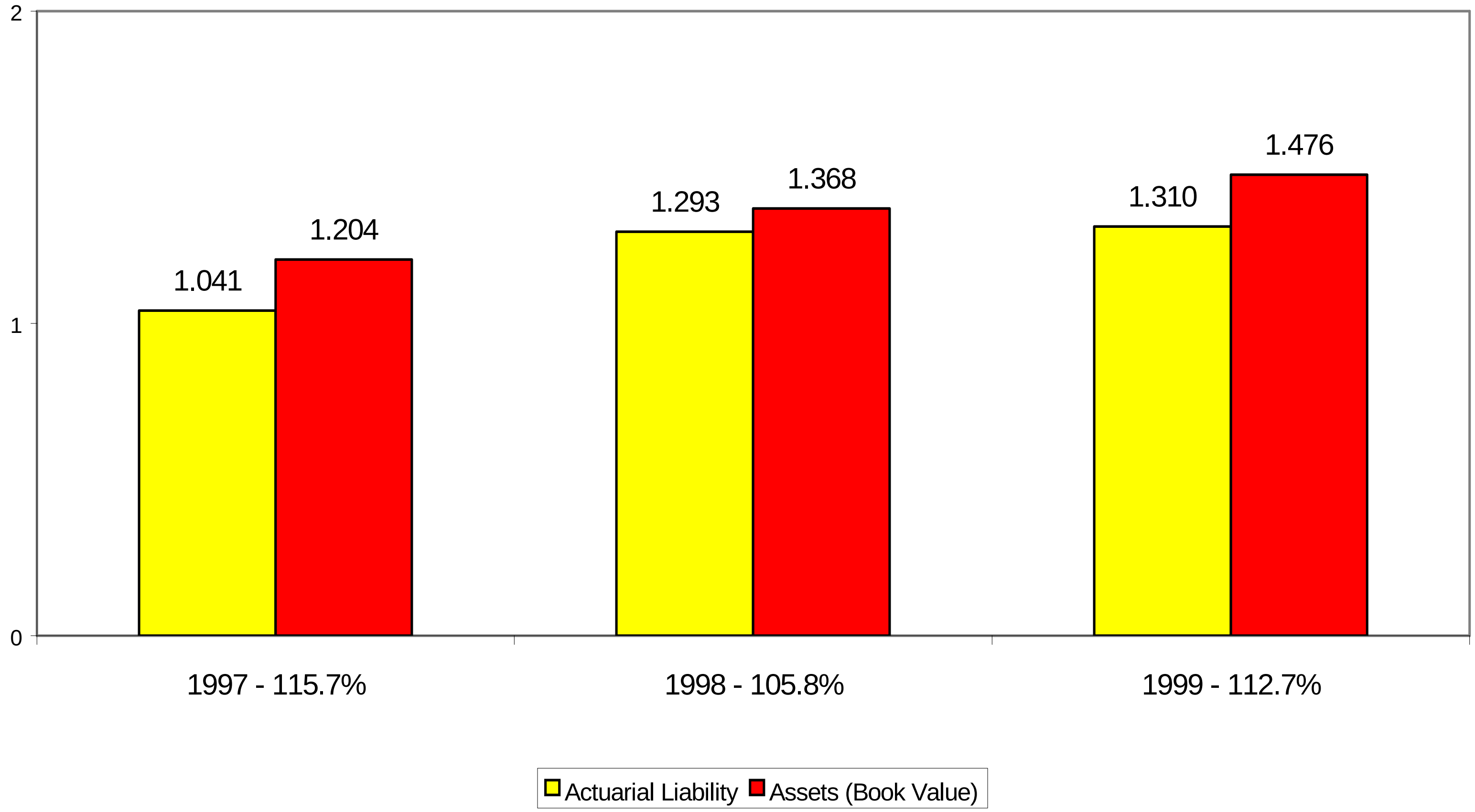
Components of Funding Ratio
GASB #25 / State Reporting
($ in Billions)



Components of Funding Ratio
Based on Market Value
($ in Billions)



Components of Funding Ratio
Based on Book Value
($ in Billions)



Safety

Conclusion

Based on our analysis of the experience we believe that the current assumptions are doing a reasonable job of modeling actual experience. Table 2 shows a more detailed development of the actuarial gains and losses for the year. As we accumulate more experience, we expect to have further discussions on the appropriateness of the assumptions.

Actuarial Computations

TABLE 1

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

DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION UNDER GASB #25 FOR 2000

(1)	Normal Cost (see Table 3)		$21,039,274
(2)	Actuarial Accrued Liability (AAL)		$1,309,772,341
(3)	Unfunded AAL (UAAL)		
	(a)	Actuarial Value of Assets	$1,690,749,716
	(b)	UAAL (2-3(a))	$(380,977,375)
(4)	40-Year Amortization (Level $) Payable at Beginning of Year		$(29,582,245)
(5)	Minimum Actuarially Calculated Contribution		
	(a)	Interest Adjustment for Semimonthly Payment	N/A
	(b)	Total Minimum Contribution (1+4+5(a))	$0
	(c)	Total Minimum Contribution (Percent of Pay)	0.00%
(6)	Estimated Member Contributions		$15,321,958
(7)	Annual Required Contribution (ARC)		
	(a)	Annual Required Contribution (5(b)-6)	0
	(b)	Annual Required Contribution (Percent of Pay)	0.0%
(8)	Estimated City Contribution (after 4% loss)		$16,057,632
(9)	City Contribution Deficiency/(Excess)		
	(a)	in Dollars (7(b)-8)	$(16,057,632)
	(b)	as a Percentage of Pay	(9.13)%
(10)	Combined City/Member Contributions Deficiency/(Excess)		
	(a)	In Dollars ((5)(b) – (6) – (8))	$(31,379,590)
	(b)	As a Percentage of Pay	(17.84)%

TABLE 2

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

RECONCILIATION OF UNFUNDED LIABILITY FOR 1999

Unfunded (Overfunded) Actuarial Accrued Liability – Beginning of Year	$(237,783,303)
(Gains) Losses During the Year Attributable to:	
Employer Cost in Excess of Contributions	(23,588,882)
(Gain) Loss on Investment Return	(91,394,664)
(Gain) Loss from Salary Changes	(9,720,332)
(Gain) Loss from Retirement, Termination & Mortality	38,077,947
Difference in liabilities from prior actuary	(101,906,583)
Change in methodology	45,338,442
Net Actuarial (Gain) Loss	$(143,194,072)
Unfunded (Overfunded) Accrued Liability – End of Year	$(380,977,375)

TABLE 3

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

SUMMARY OF BASIC ACTUARIAL VALUES

	APV of Projected Benefits	2000 Normal Cost
(1) Values for Active Members		
(a) Retirement – Employees	$578,125,006	$12,890,205
(b) Retirement – Spouses	58,302,840	1,289,466
(c) Termination	19,848,680	2,034,249
(d) Death	18,252,065	581,908
(e) Health Insurance	8,927,017	196,274
(f) Disability, Children's Benefit & Reciprocal	100,467,974	2,488,094
(g) Expense of Administration	0	1,559,078
Total for Actives	$783,923,582	$21,039,274
(2) Values for Members in Payment Status	$701,998,792	$0
(3) Grand Totals	$1,485,922,374	$21,039,274
Actuarial Present Value of Future Compensation		$1,711,093,100

TABLE 4

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

TERMINATION LIABILITIES

	1998	1999
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	$ 771,214,483	$ 701,998,792
Salary Deductions Contributed by Active Fund Members (with Interest)	177,746,739	193,754,190
Total	$ 948,961,222	$ 895,752,982
Actuarial Asset Value	$1,530,395,014	$1,690,749,716
Excess Upon Termination	$ 581,433,792	$ 794,996,734
Percent Funded	161.27%	188.75%

TABLE 5

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

ACTUARIAL ACCRUED LIABILITY PRIORITIZED SOLVENCY TEST

Valuation Date 12/31	(1) Active Member Contribution	(2) Retirees and Beneficiaries	(3) Active Members (ER Financed Portion)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets (1)	(2)	(3)
1989[a,b]	$143,445,325	$241,519,125	$248,930,090	$671,449,305	100.00%	100.00%	100.00%
1990[a,b]	150,398,932	271,401,625	294,804,047	705,841,707	100.00%	100.00%	96.35%
1991[b]	156,649,525	291,757,778	312,649,299	772,520,978	100.00%	100.00%	100.00%
1992	161,298,914	311,642,762	304,443,486	844,916,889	100.00%	100.00%	100.00%
1993[b]	152,059,845	403,591,438	291,642,162	937,094,502	100.00%	100.00%	100.00%
1994	166,182,247	395,721,090	304,589,872	960,327,842	100.00%	100.00%	100.00%
1995[b]	175,400,781	401,047,985	313,926,621	1,063,261,239	100.00%	100.00%	100.00%
1996	187,040,430	405,010,948	344,572,341	1,172,316,925	100.00%	100.00%	100.00%
1997[a,b]	199,007,766	455,856,814	385,785,954	1,328,085,799	100.00%	100.00%	100.00%
1998[b,]	177,746,739	771,214,483	343,650,489	1,530,395,014	100.00%	100.00%	100.00%
1999[a,c]	$193,754,190	$701,998,792	$414,019,359	$1,690,749,716	100.00%	100.00%	100.00%

[a] Change in actuarial assumptions
[b] Change in benefits
[c] Change in actuary

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

Assets of the Plan

ASSETS OF THE PLAN

The book value of the plan assets, net of accounts payable, increased from $1.4 billion as of December 31, 1998 to $1.5 billion as of December 31, 1999 while the market value of the plan assets increased from $1.6 billion as of December 31, 1998 to $1.7 billion as of December 31, 1999. Table 6 details the development of asset values during 1999 and Table 7 shows the development of the actuarial value of assets as of December 31, 1999.

TABLE 6

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

RECONCILIATION OF ASSET VALUES
As of December 31, 1999

	Market Value	Book Value
1. Value of assets as of 12/31/1998	$1,615,740,707	$1,367,795,500
2. Income for plan year:		
a) Member contributions	$15,895,882	$15,895,882
b) City contributions	14,406,579	14,406,579
c) Investment income net of expenses	118,676,489	158,468,890
d) Income from securities lending	897,819	897,819
e) Total income	$149,876,769	$189,669,170
3. Disbursements for plan year:		
a) Benefit payments	$78,124,099	$78,124,099
b) Refunds and rollovers	2,034,249	2,034,249
c) Administration	1,559,078	1,559,078
d) Total disbursements	$81,717,426	$81,717,426
4. Value of assets as of 12/31/1999	$1,683,900,050	$1,475,747,244
5. Estimated[1] rate of return in 1999:		
a) Gross (Investment expense of $4,786,671)	7.76%	12.16%
b) Net of investment expense	7.46%	11.80%

[1] Based on the assumption that income and disbursements occur on average at mid year.

TABLE 7

DEVELOPMENT OF ACTUARIAL (MARKET RELATED) VALUE OF ASSETS

As of December 31, 1999

1. Expected Return on Market Value of Assets for Prior Year

a) Market value of assets as of 12/31/1998	$1,615,740,707
b) Actual income and disbursements in prior year weighted for timing	

Item	Amount	Weight for Timing	Weighted Amount
i) Member contributions	$15,895,882	50.0%	$7,947,941
ii) City contributions	14,406,579	50.0%	7,203,290
iii) Income from securities lending	897,819	50.0%	448,910
iv) Benefit payments	(78,124,099)	50.0%	(39,062,050)
v) Refunds	(2,034,249)	50.0%	(1,017,125)
vi) Administration	(1,559,078)	50.0%	(779,539)
vii) Total			($25,258,573)

c) Market value of assets adjusted for actual income and disbursements [(a) + (b)(vii))]	$1,590,482,134
d) Assumed rate of return on plan assets for the year	8.00%
e) Expected return [(c) * (d)]	$127,238,571

2. Actual Return on Market Value of Assets for Prior Year

a) Market value of assets as of 12/31/1998	$1,615,740,707
b) Income (less investment income) for prior plan year	31,200,280
c) Disbursements paid in prior year	81,717,426
d) Market value of assets as of 12/31/1999	1,683,900,050
e) Actual return [(d) + (c) - (b) - (a)]	$118,676,489

3. Investment Gain/(Loss) for Prior Year [2(e) - 1(e)] ($8,562,082)

TABLE 7 (cont.)

DEVELOPMENT OF ACTUARIAL (MARKET RELATED) VALUE OF ASSETS

As of December 31, 1999

4. Actuarial Value of Assets as of 12/31/1999

a) Market value of assets as of 12/31/1999 $1,683,900,050

b) Deferred investment gains and (losses) for last 5 years

	Plan Year	Gain/(Loss)	Percent Deferred	Deferred Amount
i)	1995	-	0.00%	-
ii)	1996	-	20.00%	-
iii)	1997	-	40.00%	-
iv)	1998	-	60.00%	-
v)	1999	$(8,562,082)	80.00%	$(6,849,666)
vi)	Total	$(8,562,082)		$(6,849,666)

c) Actuarial Value of Assets $1,690,749,716

<u>Note:</u> The actuarial value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference beween the actual investment return and the expected investment return) during each of the last 5 years at the rate of 20% per year.

Plan Members Data

EXHIBIT A

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

SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS FOR FISCAL YEAR ENDING DECEMBER 31, 1999

	Male	Female	Total
Number of Active Participants at Beginning of Fiscal Year	3,361	392	3,753
Increases:			
Participants Added During Year	215	21	236
Participants Returning From Inactive or Disability Status	130	6	136
Totals	3,706	419	4,125
Decreases:			
Terminations During Year	233	37	270
Number of Active Participants at End of Fiscal Year	3,474	381	3,855
Total Inactive Participants			1,688
Terminations:			
Withdrawal (With Refunds)	179	33	212
Retirements	29	1	30
Deaths	25	3	28
Totals	233	37	270

EXHIBIT B

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

SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES FOR FISCAL YEAR ENDING DECEMBER 31, 1999

	Number at Beginning of Year	Additions During Year	Terminations During Year	Number at End of Year
Service Retirement Annuitants	2,808	44	165	2,687
Spouse Annuitants	1,414	85	102	1,397
Children's Annuities	83	6	13	76
Ordinary Disability Benefit	35	27	24	38
Duty Disability Benefit	77	49	44	82
Totals	4,417	211	348	4,280

EXHIBIT C – PART I

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

TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 1999

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and up	Total	Annual Salary
Under 20	5	2	0	0	0	0	0	0	0	0	0	0	0	7	$217,964
20-24	14	43	12	26	3	19	0	0	0	0	0	0	0	117	4,391,845
25-29	10	41	20	26	12	86	4	0	0	0	0	0	0	199	8,608,153
30-34	15	39	30	18	11	155	52	5	0	0	0	0	0	325	14,435,138
35-39	8	36	31	26	16	137	104	119	24	0	0	0	0	501	23,182,382
40-44	7	29	27	21	5	126	93	165	221	27	0	0	0	721	34,346,490
45-49	1	10	15	8	7	74	61	131	209	122	12	0	0	650	31,227,295
50-54	5	14	3	6	5	45	43	79	112	101	50	1	0	464	21,980,416
55-59	1	3	4	3	3	38	29	47	67	35	18	20	1	269	12,651,749
60-64	1	0	3	3	0	20	13	19	39	20	14	8	1	141	6,519,228
65-69	0	0	2	1	1	6	7	16	10	5	2	0	4	54	2,391,174
70 and up	0	0	0	0	0	2	3	7	5	0	4	1	4	26	1,241,133
Total	67	217	147	138	63	708	409	588	687	310	100	30	10	3474	$161,192,967

EXHIBIT C – PART II

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

TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 1999

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and up	Total	Annual Salary
up to 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	$0
20-24	3	18	2	13	0	0	0	0	0	0	0	0	0	36	829,407
25-29	2	6	6	9	4	9	2	0	0	0	0	0	0	38	1,421,191
30-34	3	7	5	12	3	17	9	0	0	0	0	0	0	56	2,278,878
35-39	3	7	7	6	0	23	14	6	0	0	0	0	0	66	2,857,804
40-44	2	4	6	10	2	16	21	4	1	0	0	0	0	66	2,744,582
45-49	2	4	6	2	0	18	18	3	0	0	0	0	0	53	2,189,918
50-54	0	2	0	1	2	9	11	2	1	0	1	0	0	29	1,183,501
55-59	1	0	2	1	0	3	9	2	0	0	1	0	0	19	667,135
60-64	0	0	0	2	0	1	5	0	1	0	1	1	0	11	381,595
65-69	0	0	0	0	0	0	1	0	0	0	0	1	0	2	56,840
70 and up	0	0	0	0	0	1	0	0	0	0	2	2	0	5	110,294
Total	16	48	34	56	11	97	90	17	3	0	5	4	0	381	$14,721,145

EXHIBIT C – PART III

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

TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 1999

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and up	Total	Annual Salary
up to 20	5	2	0	0	0	0	0	0	0	0	0	0	0	7	$217,964
20-24	17	61	14	39	3	19	0	0	0	0	0	0	0	153	5,221,252
25-29	12	47	26	35	16	95	6	0	0	0	0	0	0	237	10,029,344
30-34	18	46	35	30	14	172	61	5	0	0	0	0	0	381	16,714,016
35-39	11	43	38	32	16	160	118	125	24	0	0	0	0	567	26,040,186
40-44	9	33	33	31	7	142	114	169	222	27	0	0	0	787	37,091,072
45-49	3	14	21	10	7	92	79	134	209	122	12	0	0	703	33,417,213
50-54	5	16	3	7	7	54	54	81	113	101	51	1	0	493	23,163,917
55-59	2	3	6	4	3	41	38	49	67	35	19	20	1	288	13,318,884
60-64	1	0	3	5	0	21	18	19	40	20	15	9	1	152	6,900,823
65-69	0	0	2	1	1	6	8	16	10	5	2	1	4	56	2,448,014
70 and up	0	0	0	0	0	3	3	7	5	0	6	3	4	31	1,351,427
Total	83	265	181	194	74	805	499	605	690	310	105	34	10	3855	$175,914,112

EXHIBIT D

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

AGE AND YEARS OF SERVICE DISTRIBUTION – INACTIVES
AGES AND SERVICE AS OF DECEMBER 31, 1999

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

Attained Age	Years of Service: 0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Under 20	4	2								4
20-24	5	90								95
25-29	27	66	9							102
30-34	43	56	16	4						119
35-39	199	76	18	11	14	2				320
40-44	205	77	16	12	19	15				344
45-49	118	68	22	9	16	18	7			258
50-54	56	47	16	12	10	17	10	3		171
55-59	24	28	7	3	6	5	2	1		76
60-64	22	25	5	3	4	2	1			62
65-69	25	8	2	2	2	3				42
70 +	27	32	11	9	3	3	5	1		91
w/o DOB	1	3								4
Total	756	576	122	65	74	65	25	5		1,688
Age										44.4
Service										3.8

EXHIBIT E

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

SHOWING STATISTICS ON SERVICE RETIREMENT ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 1999

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
30-34	0	$ -	0	$ -
35-39	3	25,181	0	-
40-44	4	59,627	0	-
45-49	2	20,400	0	-
50-54	47	1,534,567	2	20,400
55-59	195	5,935,646	2	37,177
60-64	332	9,445,954	14	253,737
65-69	371	9,466,358	38	591,612
70-74	456	11,001,018	72	986,118
75-79	353	6,920,054	127	1,518,131
80-84	227	3,720,491	148	1,658,188
85-89	91	1,412,001	115	1,232,025
90-94	34	433,504	41	433,661
95-99	3	38,006	7	73,542
100 +	0	-	3	31,518
Totals	2,118	$50,012,807	569	$6,836,109

EXHIBIT F

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

SHOWING STATISTICS ON SPOUSE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 1999

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
20-24	0	$ -	1	$9,600
25-29	0	-	1	9,600
30-34	0	-	1	9,600
35-39	0	0	5	48,000
40-44	1	9,600	11	105,600
45-49	0	-	13	128,436
50-54	0	-	32	303,643
55-59	0	-	52	525,670
60-64	1	9,600	105	1,102,721
65-69	3	28,800	160	1,691,289
70-74	5	48,000	255	2,536,590
75-79	4	38,400	283	2,769,834
80-84	11	105,600	247	2,359,252
85-89	2	19,200	132	1,271,175
90-94	0	-	57	543,116
95+	0	-	15	144,000
Totals	27	$259,200	1,370	$13,558,126

EXHIBIT G

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

SHOWING ANNUAL PAYMENTS ON MISCELLANEOUS ANNUITIES AS OF DECEMBER 31, 1999

	No.	Annual Payments
Children’s Annuities	76	$207,840
Ordinary Disability Benefits	38	711,264
Duty Disability Benefits	82	2,692,536
Totals	196	$3,611,640

EXHIBIT H

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

HEALTH INSURANCE SUPPLEMENT CLASSIFIED BY AGE AS OF DECEMBER 31, 1999

Age	Single Coverage	Family Coverage	Total Participants	Total Non-Participants	Total Annuitants	% Participant Annuitants
Employee Annuitants						
30-39	2	0	2	1	3	66.67%
40-49	2	1	3	3	6	50.00%
50-59	72	119	191	55	246	77.60%
60-69	213	360	573	182	755	75.89%
70-79	352	384	736	272	1,008	73.02%
80-89	226	124	350	231	581	60.24%
Over 90	37	6	43	45	88	48.86%
Total	904	994	1,898	789	2,687	70.64%
Spouse Annuitants						
Under 30	0	1	1	1	2	50.00%
30-39	1	4	5	1	6	83.33%
40-49	4	11	15	10	25	60.00%
50-59	29	9	38	46	84	45.24%
60-69	131	3	134	135	269	49.81%
70-79	289	2	291	256	547	53.20%
80-89	169	0	169	223	392	43.11%
Over 90	25	0	25	47	72	34.72%
Total	648	30	678	719	1,397	48.53%

EXHIBIT I – PART I
SHOWING MALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 1999

			1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
ATTAINED AGE	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30	0	$ -	1	$ 31,620	1	$ 37,200	0	$ -	0	$ -	0	$ -	2	$ 68,820
30 to 34	0	-	3	100,440	2	74,772	2	70,308	0	-	0	-	7	245,520
35 to 39	0	-	1	37,200	2	60,636	1	31,620	3	86,304	1	31,620	8	247,380
40 to 44	0	-	1	21,204	4	142,104	0	-	4	136,896	3	99,696	12	399,900
45 to 49	0	-	1	36,456	2	74,772	3	95,232	5	140,616	8	304,668	19	651,744
50 to 54	0	-	1	37,200	1	37,200	3	84,816	2	68,820	5	138,384	12	366,420
55 to 59	0	-	1	37,200	3	100,440	0	-	1	37,200	6	188,976	11	363,816
60 & over	0	-	0	-	1	37,200	0	-	1	22,320	1	24,552	3	84,072
Totals	0	$ -	8	$321,780	16	$564,324	9	$281,976	16	$492,156	24	$787,896	74	$2,427,672

EXHIBIT I – PART II
SHOWING FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY
CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 1999

	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
ATTAINED AGE	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30	0	$ -	0	$ -	1	$ 37,200	0	$ -	0	$ -	0	$ -	1	$ 37,200
30 to 34	0	-	1	31,620	0	-	0	-	0	-	0	-	1	31,620
35 to 39	0	-	1	37,200	1	31,620	0	-	0	-	0	-	2	68,820
40 to 44	0	-	0	-	1	37,200	1	31,620	1	28,272	0	-	3	97,092
45 to 49	0	-	0	-	0	-	1	30,132	0	-	0	-	1	30,132
50 to 54	0	-	0	-	0	-	0	-	0	-	0	-	0	-
55 to 59	0	-	0	-	0	-	0	-	0	-	0	-	0	-
60 & over	0	-	0	-	0	-	0	-	0	-	0	-	0	-
Totals	0	$ -	2	$68,820	3	$106,020	2	$61,752	1	$28,272	0	$ -	8	$264,864

EXHIBIT I – PART III

SHOWING MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 1999

			1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
ATTAINED AGE	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30	0	$ -	0	$ -	0	$ -	0	$ -	0	$ -	0	$ -	0	$ -
30 to 34	0	-	0	-	0	-	0	-	0	-	0	-	0	-
35 to 39	0	-	0	-	1	20,460	2	35,340	1	17,484	0	-	4	73,284
40 to 44	0	-	1	20,460	2	29,388	0	-	1	26,040	2	37,944	6	113,832
45 to 49	0	-	0	-	0	-	1	17,484	5	90,396	3	55,056	9	162,936
50 to 54	0	-	0	-	0	-	0	-	2	40,176	2	38,688	4	78,864
55 to 59	0	-	0	-	0	-	2	34,224	0	-	5	87,420	7	121,644
60 & over	0	-	0	-	2	36,828	1	19,344	1	30,132	2	36,456	6	122,760
Totals	0	$ -	1	$20,460	5	$86,676	6	$106,392	10	$204,228	14	$255,564	36	$673,320

EXHIBIT I – PART IV

SHOWING FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 1999

	Under 1 Year		1 to 4		5 to 9		10 to 14		15 to 19		20 & Over		Total	
ATTAINED AGE	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments	No.	Annual Payments
UNDER 30	0	$ -	0	$ -	0	$ -	0	$ -	0	$ -	0	$ -	0	$ -
30 to 34	0	-	0	-	1	17,484	0	-	0	-	0	-	1	17,484
35 to 39	0	-	0	-	0	-	0	-	0	-	0	-	0	-
40 to 44	0	-	0	-	0	-	0	-	0	-	0	-	0	-
45 to 49	0	-	0	-	0	-	0	-	0	-	0	-	0	-
50 to 54	0	-	0	-	0	-	1	20,460	0	-	0	-	1	20,460
55 to 59	0	-	0	-	0	-	0	-	0	-	0	-	0	-
60 & over	0	-	0	-	0	-	0	-	0	-	0	-	0	-
Totals	0	$ -	0	$ -	0	$17,484	1	$20,460	0	$ -	0	$ -	2	$37,944

EXHIBIT J

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

HISTORY OF AVERAGE ANNUAL SALARIES

Year End	Members in Service	Percent Increase	Annual Salaries	Percent Increase	Average Salary	Percent Increase	Actuarial Salary Assumption	CPI Chicago
1989	4,592	(2.81)%	$142,024,296	7.04%	$30,929	10.14%	6.00%	5.00%
1990	4,498	(2.05)%	145,612,704	2.53%	32,373	4.67%	6.00%	5.40%
1991	4,304	(4.31)%	149,054,136	2.36%	34,632	6.98%	6.00%	4.00%
1992	4,022	(6.55)%	141,618,648	(4.99)%	35,211	1.67%	6.00%	3.00%
1993	3,867	(3.85)%	147,076,752	3.85%	38,034	8.02%	6.00%	3.00%
1994	3,891	0.62%	155,213,016	5.53%	39,890	4.88%	6.00%	2.20%
1995	3,832	(1.52)%	152,996,856	(1.43)%	39,926	0.09%	6.00%	3.20%
1996	3,785	(1.23)%	162,276,840	6.07%	42,874	7.38%	6.00%	2.70%
1997	3,876	2.40%	171,175,944	5.48%	44,163	3.01%	5.00%	2.70%
1998	3,753	(3.17)%	170,627,112	(0.32)%	45,464	2.95%	5.00%	2.01%
1999	3,855	2.72%	$175,914,112	3.10%	$45,633	0.37%	5.00%	2.57%
Average Increase (Decrease) for the Last 5 Years		**(0.16)%**		**2.56%**		**2.76%**		**2.64%**

EXHIBIT K

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

NEW ANNUITIES GRANTED DURING 1999

	Male Annuitants	Female Annuitants	Spouse of Deceased Employees	Spouse of Deceased Annuitants
Number retired/deceased	42	2	16	69
Average age attained	61.9	62.3	54.4	72.8
Average length of service	19.0	10	N/A	N/A
Average spouse age	56.6	65	N/A	74.8
Average annual salary [4 out of 10]	$40,469	$22,272	N/A	N/A
Average annual final salary	$43,477	$23,928	N/A	N/A
Total annual annuity	$785,274	$22,848	$162,432	$769,834
Average annual annuity	$18,697	$11,424	$10,152	$11,157

EXHIBIT L

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

AVERAGE EMPLOYEE RETIREMENT BENEFITS PAYABLE

Years Ended	Average Annual Benefit	Average Current Age of Retirees	Average Annual Benefit at Retirement Current Year	Average Age at Retirement Current Year	Average Years of Service at Retirement Current Year
1989	$9,036	72.6	$12,582	64.7	26.4
1990	10,045	72.6	15,732	64.6	28.1
1991	10,807	73.0	16,444	64.2	27.0
1992	11,586	73.2	17,010	65.2	27.1
1993[1]	13,515	72.2	21,804	63.6	30.4
1994	14,059	72.7	15,866	63.3	23.2
1995	14,797	72.9	20,634	64.0	27.7
1996	15,476	73.3	21,109	61.4	25.9
1997	16,634	72.8	18,339	62.6	24.1
1998[1]	20,530	71.2	30,889	60.6	32.0
1999	$21,157	72.8	$18,366	61.9	18.3

[1] Early Retirement Incentive was offered during year

EXHIBIT M

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

HISTORY OF ANNUITIES 1989-1999

A. Employee Annuitants (Male and Female)

Year End	Number of Annuitants	Total Annuities	Average Annuities
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
1997	2,457	40,869,959	16,634
1998	2,808	57,648,658	20,530
1999	2,687	$56,848,916	$21,157

B. Spouse Annuitants

Year End	Number of Annuitants	Total Annuities	Average Annuities
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
1997	1,413	9,439,234	6,680
1998	1,414	13,878,195	9,815
1999	1,397	$13,817,326	$9,891

Actuarial Methods and Assumptions

as of December 31, 1999

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

ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 1999

ACTUARIAL COST METHOD

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The Actuarial Cost Method used in this valuation for all purposes is the Entry Age Actuarial Cost Method. Under this Method, a Normal Cost is developed by amortizing the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination.

To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued liability ("UAAL") develops. The UAAL is generally amortized over a defined period of time (e.g., 40 years) The total contribution developed under this method is the sum of the Normal Cost and the payment toward the UAAL.

CURRENT ACTUARIAL ASSUMPTIONS

Demographic Assumptions

Mortality: 1983 Group Annuity Mortality Table set forward two years.

Rate of Retirement:

Entry Ages *Male*										
Age	22	27	32	37	42	47	52	57	62	67
30										
31										
32	0.002									
33	0.002									
34	0.002									
35	0.002									
36	0.002									
37	0.002	0.002								
38	0.002	0.002								
39	0.002	0.002								
40	0.001	0.002								
41	0.001	0.002								
42	0.001	0.002	0.002							
43	0.001	0.002	0.002							
44	0.001	0.002	0.002							
45	0.001	0.001	0.002							
46	0.001	0.001	0.001							
47	0.001	0.001	0.001	0.002						
48	0.001	0.001	0.001	0.002						
49	0.001	0.001	0.001	0.002						
50	0.001	0.001	0.001	0.002						
51	0.001	0.001	0.001	0.002						
52	0.200	0.001	0.001	0.001	0.002					
53	0.100	0.001	0.001	0.001	0.002					
54	0.100	0.001	0.001	0.001	0.002					
55	0.300	0.300	0.010	0.001	0.001					
56	0.300	0.200	0.010	0.001	0.001					
57	0.300	0.200	0.200	0.070	0.010	0.001				
58	0.300	0.200	0.090	0.020	0.010	0.001				
59	0.350	0.200	0.090	0.040	0.010	0.001				
60	0.500	0.200	0.090	0.100	0.040	0.020	0.020	0.020		
61	0.500	0.220	0.090	0.120	0.040	0.020	0.020	0.050		
62	0.500	0.250	0.150	0.330	0.070	0.030	0.030	0.100		
63	0.750	0.300	0.240	0.400	0.090	0.050	0.030	0.100	0.020	
64	0.750	0.350	0.280	0.450	0.110	0.060	0.050	0.150	0.050	
65	1.000	0.500	0.400	0.650	0.080	0.080	0.300	0.200	0.100	
66		0.750	0.450	0.650	0.420	0.130	0.150	0.200	0.150	
67		1.000	0.500	0.700	0.460	0.220	0.200	0.500	0.200	
68			0.750	0.750	0.500	0.500	0.500	0.500	0.500	
69			0.750	0.750	0.750	0.750	0.750	0.750	0.750	
70			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Rate of Retirement:

Entry Ages *Female*										
Age	22	27	32	37	42	47	52	57	62	67
30										
31										
32	0.002									
33	0.002									
34	0.002									
35	0.002									
36	0.002									
37	0.002	0.002								
38	0.002	0.002								
39	0.001	0.002								
40	0.001	0.002								
41	0.001	0.002								
42	0.001	0.002	0.002							
43	0.001	0.002	0.002							
44	0.001	0.001	0.002							
45	0.001	0.001	0.002							
46	0.001	0.001	0.001							
47	0.001	0.001	0.001	0.002						
48	0.001	0.001	0.001	0.002						
49	0.001	0.001	0.001	0.002						
50	0.001	0.001	0.001	0.002						
51	0.001	0.001	0.001	0.002						
52	0.200	0.001	0.001	0.002	0.002					
53	0.100	0.001	0.001	0.002	0.002					
54	0.100	0.001	0.001	0.001	0.002					
55	0.250	0.300	0.040	0.001	0.001					
56	0.250	0.200	0.040	0.001	0.001					
57	0.350	0.200	0.200	0.010	0.010	0.010				
58	0.100	0.200	0.120	0.020	0.010	0.010				
59	0.250	0.200	0.120	0.030	0.010	0.010				
60	0.400	0.280	0.120	0.100	0.020	0.020	0.020	0.020		
61	0.500	0.300	0.150	0.130	0.040	0.020	0.030	0.030		
62	0.500	0.330	0.300	0.140	0.080	0.030	0.030	0.030		
63	0.750	0.500	0.330	0.150	0.090	0.030	0.040	0.030	0.020	
64	0.750	0.500	0.220	0.150	0.100	0.030	0.050	0.040	0.040	
65	1.000	0.750	0.240	0.420	0.250	0.130	0.050	0.060	0.150	
66		0.750	0.270	0.200	0.270	0.150	0.060	0.080	0.180	
67		1.000	0.300	0.300	0.330	0.250	0.070	0.120	0.220	
68			0.500	0.500	0.500	0.500	0.500	0.500	0.500	
69			0.750	0.750	0.750	0.750	0.750	0.750	0.750	
70			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Rate of Termination:

				Entry Ages *Male*						
Age	22	27	32	37	42	47	52	57	62	67
22	0.22									
23	0.19									
24	0.17									
25	0.15									
26	0.13									
27	0.12	0.26								
28	0.10	0.19								
29	0.09	0.16								
30	0.07	0.14								
31	0.06	0.12								
32	0.05	0.10	0.22							
33	0.04	0.09	0.19							
34	0.03	0.07	0.16							
35	0.03	0.06	0.14							
36	0.02	0.05	0.11							
37	0.02	0.04	0.10	0.22						
38	0.02	0.04	0.08	0.18						
39	0.02	0.03	0.06	0.16						
40	0.01	0.03	0.05	0.14						
41	0.01	0.03	0.04	0.11						
42	0.01	0.02	0.02	0.09	0.18					
43	0.01	0.02	0.02	0.07	0.16					
44	0.01	0.02	0.01	0.06	0.14					
45	0.01	0.02	0.01	0.05	0.12					
46	0.01	0.01	0.01	0.04	0.10					
47	0.01	0.01	0.01	0.03	0.08	0.14				
48	0.00	0.01	0.01	0.03	0.07	0.13				
49	0.00	0.01	0.01	0.02	0.05	0.11				
50	0.00	0.01	0.01	0.02	0.04	0.10				
51	0.00	0.01	0.01	0.02	0.04	0.09				
52		0.01	0.00	0.02	0.03	0.08	0.12			
53		0.00	0.00	0.01	0.02	0.06	0.10			
54		0.00	0.00	0.01	0.02	0.05	0.09			
55						0.04	0.07			
56						0.03	0.06			
57							0.05	0.11		
58							0.04	0.09		
59							0.03	0.08		
60										

Rate of Termination:

					Entry Ages *Female*					
Age	22	27	32	37	42	47	52	57	62	67
22	0.14									
23	0.13									
24	0.13									
25	0.12									
26	0.11									
27	0.11	0.17								
28	0.10	0.15								
29	0.09	0.13								
30	0.07	0.12								
31	0.06	0.10								
32	0.05	0.09	0.11							
33	0.04	0.07	0.10							
34	0.04	0.06	0.09							
35	0.03	0.05	0.08							
36	0.03	0.05	0.07							
37	0.02	0.04	0.06	0.07						
38	0.02	0.03	0.05	0.07						
39	0.01	0.03	0.05	0.06						
40	0.01	0.03	0.04	0.06						
41	0.01	0.02	0.04	0.06						
42	0.01	0.02	0.03	0.05	0.05					
43	0.01	0.02	0.03	0.05	0.05					
44	0.00	0.02	0.02	0.04	0.05					
45	0.00	0.02	0.02	0.04	0.04					
46	0.00	0.01	0.02	0.03	0.04					
47		0.01	0.02	0.03	0.03	0.06				
48		0.10	0.02	0.02	0.03	0.06				
49		0.01	0.01	0.02	0.03	0.05				
50		0.01	0.01	0.02	0.03	0.04				
51		0.01	0.01	0.02	0.02	0.04				
52		0.00	0.01	0.01	0.02	0.03	0.05			
53		0.00	0.01	0.01	0.02	0.03	0.05			
54		0.00	0.01	0.01	0.01	0.03	0.05			
55						0.03	0.04			
56						0.02	0.04			
57							0.04	0.06		
58							0.03	0.05		
59							0.03	0.05		
60										

Economic Assumptions

Investment Return Rate:	8.00% per annum (net of investment expense). This assumption contains a 3% inflation assumption and a 5% real rate of return assumption.
Future Salary Increases:	Assumed rates of individual salary increase at 5.0% per year. The salary assumption includes a 3% inflation and 2% merit and longevity assumption.
Asset Value:	The actuarial value of assets is smoothed by using a five-year average market value.

Other Assumptions

Marital Status:	It is assumed that 85% of members have an eligible spouse. The male spouse is assumed four years older than the female spouse. No assumption is made about other dependents.
Group Health Insurance:	It is assumed for valuation purposes that the current health insurance supplement will continue for life for all employee annuitants (and their future widows/widowers). The amount of the Fund paid health insurance from January 1, 1993 until June 30, 2002 is $75.00 per month for each annuitant (employees and widows/widowers) not qualified to receive Medicare benefits and $45.00 if qualified. It is assumed that all annuitants age 65 and 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, as well as widow annuitants that are currently receiving a health insurance supplement.
Required Ultimate Multiple:	Is based on the actuarial requirements (adjusted for tax levy loss) less expected employee contributions divided by the actual employee contributions made in the second prior year.
Loss in Tax Levy:	4% overall loss on tax levy is assumed.

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

THREE METHODS OF FINANCING UNFUNDED LIABILITY

Normal Cost Plus Interest Method:

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

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

Normal Cost Plus 40 Year Amortization Method:

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

Both of these cost methods, the normal cost plus interest method and the normal cost plus 40 year amortization method, express the past service costs as a level annual dollar amount. It assumes that there will be a stable membership with a growing payroll. 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.

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, but is permitted under GASB No. 25. It may be more acceptable in the future in view of the presumably permanent nature of public retirement systems with a constant flow of new entrants and the desire to place a relatively constant tax burden (as percentage of salary) on future generations of taxpayers. Please note that if this amount is recomputed each year with the same “open” amortization period, the unfunded liability will never be amortized.

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.

Summary of Provisions

of the Fund

as of December 31, 1999

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

SUMMARY OF PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS AS OF DECEMBER 31, 1999

PARTICIPANTS

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 a minimum of 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; or (c) resigning at the time of disability credit expiration.

Minimum Annuity Formula

Maximum is 75% of final average salary.

(a)An employee age 60 or older with at least 10 years of service withdrawing on or after January 1, 1999, or an employee age 55 or older withdrawing on or after July 1, 1990, with at least 20 years of service, or an employee age 50 or older withdrawing on or after June 27, 1997 with at least 30 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 25 years of service, 30 years of service if employee withdrew before June 27, 1997. Employee could also choose the old factors (1.8%, 2.0%, 2.2%, and 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.

(c)The employee will receive a minimum annuity of $850 per month if the employee retires at age 60 or more with at least 10 years of service on or after January 1, 1999.

Reversionary Annuity

An employee may elect to reduce his or her annuity by an amount less than or equal to $400 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 100% 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 2% 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. Beginning January 1, 1999, increases are calculated as 3% of the monthly annuity payable at the time of increase. Increases apply only to life annuities.

SPOUSE 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.

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. 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.

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, or if the employee retires or dies in service on or after June 27, 1997 and is at least age 50 with 30 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.

If the employee dies on or after June 27, 1997 while receiving a retirement annuity, the spouse may choose an annuity of one half of the employees annuity at death, discounted for his/her age under 55 at the time of the employee's death, unless the employee was at least age 50 with 30 or more years of service or at least age 55 with 25 or more years of service and died on or after January 1, 1998 and withdrew from service on or after June 27, 1997, in which case the spouse annuity would be discounted for spouse age under 50 at the time of the employee's death.

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 $800 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, 1999.

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 $220 per month while spouse of deceased employee is alive and $250 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.

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 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 benefits begin 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 the last day worked less the sum ordinary 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 benefits 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 not 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 June 30, 2002.

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 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 not yet 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	**City Contributions**[1]
Employee	6.5%	6.0%
Spouse	1.5%	2.0%
Annuity Increase	0.5%	0.0%
	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 1.00 for 1999 and each year thereafter.

TAX SHELTER OF EMPLOYEE SALARY DEDUCTIONS

Beginning January 1, 1982, the City employee salary deductions were designated for income tax purposes to be made by the employer. The W-2 salary is therefore reduced by the amount of contributions. 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.

Historic Information

EXHIBIT N

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

LEGISLATIVE CHANGES 1984 THROUGH 1999

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.

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 employees 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 attach 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.
–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.

1997 Session

HB 15

- Approved June 27, 1997.
- For withdrawals from service occurring on or after July 1, 1990, an alternate method of calculating salary using the annual equivalent of average salary instead of the salary rate applicable for the greatest part of the year is allowed.
- Annuities effective on or after January 1, 1998 will be payable on the first day of the calendar month.
- The prudent person rule for investing is allowed.
- An eligible employee is allowed to contribute for all periods of temporary service while still in City service, for up to 90 days after withdrawal from City service, or while in reciprocal service.
- The Board is allowed to adopt rules prescribing the manner of repaying refunds and purchasing any optional credit including accepting rollovers for payments.
- The City is allowed to use deposits from any legal source (including borrowing) in lieu of all or part of the tax levy on or after June 27, 1997.
- The requirement that any person employed by a retirement board of any other annuity and benefit fund in the City apply for participation in the Fund is eliminated.
- Payment is allowed for service as a police officer, firefighter, or public school teacher in the City.

HB 313

- Approved June 27, 1997.
- For withdrawals from service occurring on or after June 27, 1997, an employee (and spouse) age 50 or over with at least 30 years of service is eligible to receive an annuity based on the minimum annuity formula.

- ▪For withdrawals from service occurring on or after June 27, 1997, an employee under age 60 with at least 25 years of service is not subject to an age discount.
- ▪The spouse of an employee dying on or after June 27, 1997, while receiving an annuity is eligible for one half of the employee's annuity at death, discounted for the spouse's age under 55 at the time of employee's death. Excess spouse refund, if any, must be repaid.
- ▪Beginning June 27, 1997, employees already receiving annuity will receive a minimum annuity of $550 for life (reciprocal annuitants must have at least 5 years of Laborers' service). Any future employee annuitant withdrawing from service after attainment of age 60 with 10 or more years of service would qualify for this minimum.
- ▪Beginning June 27, 1997, widow(er)s already receiving annuity will receive a minimum annuity of $500 for life (reciprocal annuitants must have at least 5 years of Laborers' service). For future spouses of retirees, 10 years of service is required. For spouses of employees dying in service in the future, 5 years of service is required.
- ▪Beginning June 27, 1997, the child's annuity will be increased to $220 per month if the spouse of the deceased employee parent survives or $250 per month if no such spouse survives.
- ▪Coverage in the City group health insurance is extended through June 30, 2002, with some modification in the plans offered. Pension fund supplement remains $45 and $75 for Medicare eligible and non-Medicare eligible annuitants respectively.
- ▪Beginning June 27, 1997, spouses of employees dying in service after age 50, with at least 30 years of service or after age 55 with 25 years of service, will be eligible to receive 50% of the annuity that the employee would have received. This annuity will be reduced by .25% per month for each month that the spouse is below the age of 55.

HB 1641

- ▪Approved August 22, 1997.
- ▪Beginning August 22, 1997, for spouses of employees who retired or died in service before January 23, 1987, the previous $300, $400, or $500 maximum spouse annuity limitation is removed. If an excess spouse refund was paid, it must be repaid with interest.
- ▪Service paid under Section 11-221 can be counted for ordinary disability purposes for periods of disability on or after August 22, 1997.
- ▪Early Retirement Incentive was created for withdrawals from December 31, 1997 to June 30,1998.
  - –Requires a total of 20 years of service (with at least 10 in this fund, up to 5 in a Reciprocal fund, and up to 5 purchased under ERI) and age 55 or older.
  - –Requires a total of 30 years of service (with at least 10 years of that service in this fund and without including any service purchased under the ERI provisions) and age 50 or older.

–Requires an election form to be filed before June 1, 1998.
–Requires a member to be a current contributor on November 1, 1997 and have not previously retired under this Article.
–Provides for elimination of the age discount for employees age 55 to 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, 1997 salary.
–Provides for a 24 month option to pay for ERI service.
–Provides for a tax levy derived from ERI contributions.

1998 Session

HB 3515

- Approved August 14, 1998.
  - Beginning January 1, 1999, the automatic increase for employee annuitants changed to 3% compounded for all past, current, and future annuitants regardless of the effective date of the annuity. Term annuities are not eligible for the increase.
  - Employees withdrawing after January 1, 1999 will be eligible for the minimum formula upon attainment of age 60 if they have at least 10 years of service.
  - Beginning January 1, 1999, employees already receiving an annuity as of August 14, 1998 will receive a minimum annuity of $850 for life (reciprocal annuitants must have at least 5 years of Laborers' service). Any future employee annuitant withdrawing from service after August 14, 1998 after attainment of age 60 with 10 or more years of service would qualify for this minimum.
  - Beginning January 1, 1999, widow(er)s already receiving annuity as of August 14, 1998 will receive a minimum of $800 for life (reciprocal annuitants must have at least 5 years of Laborers' service). For future spouses of retirees dying after August 14, 1998, 10 years of service is required. For spouses of employees dying in service after August 14, 1998, 5 years of service is required.
  - The conditions of the reversionary option were changed as follows:
    –The nullification of reversionary payment due to employee dying was reduced to 365 days after written designation was filed with the board and now applies only to parents, children and siblings (not spouses).
    –Employees may reduce their monthly annuity by as much as $400.
    –The increased annuity for spouse may now be as much as 100% of the reduced employee annuity.
  - Spouses and widows that are eligible for the "50% employee amount" will no longer have this amount reduced for under age 55 if the employee dies on or after January 1, 1998 and withdrew from service on or after June 27, 1997, and the employee retired after age 55 with at least 25 years of service or after age 50 with at least 30 years of service. The age discount will only apply if the spouse is under age 50.
  - The child of an annuitant who withdraws after January 1, 1998 having attained age 50 with at least 30 years of service is eligible for a child annuity.

- The required employer multiple has been set at 1.00 for 1999 and beyond.
- Money deposited under 5/11-169(f) may be used by the Fund for any of the purposes for which the proceeds of the tax levied by the City under this section may be used.
- The number of board members is changed from 5 to 8. The makeup of the board is 2 ex-officio members, 3 appointed persons, 2 employees and 1 annuitant.

HB 1612

- Qualified Illinois Domestic Relations Orders recognized effective July 1, 1999.

1999 Session

- No Change

EXHIBIT O

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

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	Tax Levy Year	City	Park	Total Tax Levy
1982[a,b]	1.37	1.34	1.40	1.03	1982	$13,073,000	$27,000	$13,100,000
1983[a,b]	1.37	1.54	1.60	1.21	1983	14,231,000	29,000	14,260,000
1984	1.37	1.58	1.63	1.30	1984	15,606,000	32,000	15,638,000
1985[b]	1.37	1.60	1.64	1.33	1985	15,618,000	29,000	15,647,000
1986[a]	1.37	0.99	1.00	0.94	1986	15,373,000	25,000	15,398,000
1987[a]	1.37	1.13	1.15	1.03	1987	15,260,000	21,000	15,281,000
1988	1.37	1.03	1.04	0.98	1988	15,380,000	20,000	15,400,000
1989[a,b]	1.37	0.56	0.56	0.56	1989	15,442,000	14,000	15,456,000
1990[a,b]	1.37	1.01	1.02	0.93	1990	15,261,000	12,000	15,273,000
1991	1.37	0.93	0.94	0.90	1991	16,382,000	10,000	16,392,000
1992[b]	1.37	0.80	0.80	0.80	1992	16,835,000	11,000	16,846,000
1993[b]	1.37	0.83	0.83	0.83	1993	18,036,000	11,000	18,047,000
1994[a,b]	1.37	0.64	0.64	0.64	1994	17,069,000	12,000	17,081,000
1995[b]	1.37	0.75	0.75	0.75	1995	18,726,000	9,500	18,735,500
1996	1.37	0.66	0.66	0.66	1996	20,037,300	6,900	20,044,200
1997[a,b,c,d]	1.37	N/A	N/A	N/A	1997	19,645,400	4,300	19,649,700
1998[a,b,d]	1.37	N/A	N/A	N/A	1998	19,757,000	4,600	19,761,600
1999[a,e]	1.00	N/A	N/A	N/A	1999	$14,676,000	$1,898	$14,677,898

[a] Change in actuarial assumptions
[b] Change in benefits
[c] Change in asset valuation method to GASB
[d] No employer contribution is required under these valuation methods
[e] Change in actuary

GASB Exhibits

Exhibit A-1

GASB #25 and #27 Disclosures

The Governmental Accounting Standards Board (GASB) has adopted Statement #25, changing the way in which governmental retirement systems must report financial information. GASB #25 is effective for Fund and City reporting in 1997.

GASB #25 and #27 make a number of significant changes to retirement plan reporting. They eliminate the dual reporting of actuarial liabilities that was required under GASB #5. Under GASB #5, many plans including the Fund, reported liabilities determined under one actuarial cost method for internal purposes, but were required to also provide liabilities determined under the Projected Unit Credit method for financial reports. Under GASB #25 and #27, systems select one actuarial method from several acceptable alternatives, and report all information on this one basis.

This report includes the following Exhibits with information required to be reported under GASB #25 and #27.

<u>Exhibit A-2: Schedule of Funding Progress for GASB #25</u>
This exhibit shows the first three years of a history of funding progress that will ultimately include six years. The funding progress is a comparison of Actuarial Value of Assets with the Actuarial Accrued Liability (AAL), and a comparison of the unfunded AAL (UAAL) with compensation.

<u>Exhibit A-3: Schedule of Employer Contributions for GASB #25</u>
This exhibit shows the Annual Required Contribution (ARC) as computed under GASB #25 and the percent of this amount actually received. This exhibit will ultimately include a six-year history.

<u>Exhibit A-4: Supplementary Information for GASB #25 and #27</u>
This exhibit has certain information required in the notes to the Fund and City financial reports.

<u>Exhibit A-5: Annual Pension Cost and Contributions Made for GASB #27</u>
This exhibit shows the components of annual pension cost (ARC, interest on the Net Pension Obligation (NPO), and the adjustment to the ARC), increase or decrease in the NPO and the NPO at the end of the year. The exhibit also includes the dollar amount of contributions made.

<u>Exhibit A-6: Pension Cost Summary for GASB #27</u>
This exhibit will ultimately have a three-year summary of annual pension cost, percentage of annual pension cost contributed that year and NPO at the end of the year.

Exhibit A-7: Development of Net Pension Obligation (NPO) at January 1, 1997

This exhibit documents the calculation of the pension liability at transition in accordance with GASB #27.

EXHIBIT A-2

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

SCHEDULE OF FUNDING PROGRESS FOR GASB #25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b – a) / c)
12/31/1990	$705,841,707	$716,604,604	$10,762,897	98.50%	$145,612,704	7.39%
12/31/1991	772,520,978	761,056,602	(11,464,376)	101.51%	149,054,136	(7.69%)
12/31/1992	844,916,889	777,385,162	(67,531,727)	108.69%	141,618,648	(47.69%)
12/31/1993	937,094,502	847,293,445	(89,801,057)	110.60%	147,076,752	(61.06%)
12/31/1994	960,327,842	866,493,209	(93,834,633)	110.83%	155,213,016	(60.46%)
12/31/1995	1,063,261,239	890,375,387	(172,885,852)	119.42%	152,996,856	(113.00%)
12/31/1996	1,172,316,925	936,623,719	(235,693,206)	125.16%	162,276,840	(145.24)%
12/31/1997	1,328,085,799	1,040,650,534	(287,435,264)	127.62%	171,175,944	(167.92)%
12/31/1998	1,530,395,014	1,292,611,712	(237,783,303)	118.40%	170,627,112	(139.36)%
12/31/1999	$1,690,749,716	$1,309,772,341	$(380,977,375)	129.09%	$175,914,112	(216.57)%

EXHIBIT A-3
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #25

	1998	1999
1. Contribution multiplier	1.37	1.00
2. Payroll (beginning of year)	$171,175,944	$170,627,112
3. City of Chicago contribution, net of reserve for loss in tax collection[1]	$19,724,301	$14,406,579
4. City of Chicago contribution as a percent of covered payroll	11.52%	8.44%
5. Employee contributions	$18,687,316	$15,895,882
6. Employee contributions as a percent of covered payroll	10.92%	9.32%
7. Actuarially determined contribution (ADC = NC+40-Year level dollar)	$0	$0
8. ADC as a percent of covered payroll	0.00%	0.00%
9. Current year normal cost	$21,761,436	$24,059,897
10. Normal cost as a percent of covered payroll	12.71%	14.10%
11. 40 year level dollar amortization of the unfunded liability	$0	$0
12. 40 year level dollar amortization as a percent of covered payroll	0.00%	0.00%

[1] Includes miscellaneous income.

For the year 1999 (based on a 1999 multiple of 1.00) the City contributed (after tax levy losses of 4%) $14,406,579 or 8.44% of payroll. For 1999, the employee contributions were $15,895,882 or 9.32% of payroll. As the Annual Required Contribution (ARC) was not applicable, there was an excess of contributions over payroll of 17.76% or $30,302,461.

It is estimated for 2000 that the statutory contributions will be enough to meet (and exceed) the Annual Required Contribution.

EXHIBIT A-4
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SUPPLEMENTARY INFORMATION FOR GASB #25 AND GASB #27

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 1999
Actuarial Cost Method	Entry Age
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar
Remaining Amortization Period	40 years (open period)
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases	5.0% per year
Post Retirement Benefit Increases	3.0% per year beginning after annuitant reaches age 60

Actuarial Accrued Liability (AAL)

	1998	1999
Payable to Retirees and Beneficiaries	$771,214,483	$701,998,792
Current employees:		
Accumulated Employee Contributions including statutory interest	177,746,739	193,754,190
Payable to Vested and Non-Vested Employees (not split)	343,650,490	414,019,359
Total Actuarial Accrued Liability	$1,292,611,712	$1,309,772,341
Net Plan Actuarial Assets	1,530,395,014	1,690,749,716
Unfunded AAL (Assets in Excess of AAL)	$(237,783,303)	$(380,977,375)
Percent Funded	118.40%	129.09%
Unfunded AAL as Percent of Payroll	(139.36)%	(216.57)%
Payroll	$170,627,112	$175,914,112

EXHIBIT A-5
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27

Contribution Rates	
City	Proceeds from a tax levy 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 1.00.
Plan Members	8.50%
Annual Pension Cost:	
Annual Required Contribution (ARC)	$ 0
Interest on Net Pension Obligation	(15,344,702)
Adjustment to ARC	0
Total	$ (15,344,702)
Contributions Made	$ 14,406,579
Net Pension Obligation (NPO):	
NPO, Beginning of Year	$ (191,808,776)
Increase/(Decrease) in NPO	$ (29,751,281)
NPO, End of Year	$ (221,560,057)
Pension Liability at Transition (January 1, 1997)	N/A

EXHIBIT A-6
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

PENSION COST SUMMARY FOR GASB #27

Year Ended December 31	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
1995	$0	N/A	$(109,693,214)
1996	0	N/A	(136,709,699)
1997	0	N/A	(168,753,600)
1998	0	N/A	(191,808,776)
1999	$(15,344,702)	N/A	$(221,560,057)

EXHIBIT A-7

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO) AT JANUARY 1, 1997

Year Ending December 31	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Assumptions and Method										
Interest Rate	7.50%	7.50%	7.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Period	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Cost Method	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN
Annual Pension Cost										
Annual Determined Contribution (ADC)										
Normal Cost	18,826,921	20,008,465	19,803,585	17,819,965	20,777,427	21,637,649	20,261,167	21,316,661	20,451,183	21,340,898
40 Year Amortization	(693,500)	935,719	(151,802)	(3,030,467)	868,508	(925,113)	(5,449,447)	(7,246,462)	(7,571,950)	(13,950,958)
Total ADC	18,133,421	20,944,184	19,651,783	14,789,498	21,645,935	20,712,536	14,811,720	14,070,199	12,879,233	7,389,940
Interest on NPO	0	(628,987)	(1,146,199)	(1,796,270)	(2,998,697)	(3,639,511)	(4,348,031)	(5,806,534)	(7,176,840)	(8,775,457)
Adjustment to ADC	0	642,102	1,155,863	1,811,417	3,023,982	3,670,199	4,384,694	5,855,495	7,237,356	8,849,453
Annual Pension Cost	18,133,421	20,957,299	19,661,447	14,804,645	21,671,220	20,743,224	14,848,383	14,119,160	12,939,749	7,463,936
Contributions for Year										
Employer Contributions	14,745,709	15,157,663	15,257,738	17,029,493	15,989,678	16,574,721	17,734,532	16,954,732	18,311,622	19,623,717
Employee Contributions	11,774,209	11,740,621	12,529,606	12,805,486	13,691,711	13,025,003	15,345,146	14,293,250	14,610,842	14,856,703
Total Contributions	26,519,918	26,898,284	27,787,344	29,834,979	29,681,389	29,599,724	33,079,678	31,247,982	32,922,464	34,480,420
Net Pension Obligations (NPO)										
NPO at Beginning of Year	0	(8,386,497)	(14,327,482)	(22,453,379)	(37,483,713)	(45,493,882)	(54,350,382)	(72,581,677)	(89,710,499)	(109,693,214)
Annual Pension Cost	18,133,421	20,957,299	19,661,447	14,804,645	21,671,220	20,743,224	14,848,383	14,119,160	12,939,749	7,463,936
Total Contributions	26,519,918	26,898,284	27,787,344	29,834,979	29,681,389	29,599,724	33,079,678	31,247,982	32,922,464	34,480,420
NPO at End of Year	(8,386,497)	(14,327,482)	(22,453,379)	(37,483,713)	(45,493,882)	(54,350,382)	(72,581,677)	(89,710,499)	(109,693,214)	(136,709,698)

EXHIBIT A-8
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

DEPARTMENT OF INSURANCE DISCLOSURE

	1998	1999
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	$ 771,214,483	$701,998,792
Current Employees:		
Accumulated Employee Contributions	177,746,739	193,754,190
Payable to "Vested" and "Non-vested" Employees	235,397,717	168,995,588
Total APV	$1,184,358,939	$1,064,748,570
Net Assets Available for Benefits, Actuarial Assets	$1,530,395,014	$1,690,749,716
Unfunded (Assets in Excess of) APV of Credited Projected Benefits	$(346,036,075)	$(626,001,146)
Percentage Funded	129.22%	158.79%
Unfunded APV as Percent of Payroll	(202.80)%	(355.86)%
Payroll	$170,627,112	$175,914,112

EXHIBIT A-9
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

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' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers' 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, 1999 was $175,914,112. At December 31, 1999, the Laborers' Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits (includes disabilities)	4,280
Terminated inactive employees entitled to benefits or a refund of contributions but not yet receiving them	1,688
Current employees	3,855

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 or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.2% per year of 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 25 years of service. The annuity is not discounted if the employee is age 50 with at least 30 years of service. Beginning January 1,1999, there is a 10 year deferred vested benefit payable at age 60. The original annuity is limited to 75% of the highest average annual salary. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of $850 per month. The monthly annuity is increased by 3% at the first payment date following the later of age 60 or the first anniversary of retirement, and by 3% 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 an 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 1.00 annually.

EXHIBIT A-10
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

ANNUAL REQUIRED CONTRIBUTIONS OF EMPLOYER AND TREND INFORMATION

Year	Annual Required Contribution (ARC) of the Employer[1]	Required Statutory Basis[2]	Actual[3]	Percent of ARC Contributed
1986	$14,190,554	$14,765,250	$14,765,250	104.05%
1987	7,123,405	14,659,550	14,745,709	207.00%
1988	9,276,456	14,784,800	15,157,663	163.40%
1989	8,290,572	14,483,700	15,257,738	184.04%
1990	2,717,433	14,668,000	17,029,493	626.68%
1991	9,159,274	15,736,320	15,989,678	174.57%
1992	7,987,976	16,172,160	16,574,721	207.50%
1993	2,774,135	17,278,850	17,734,532	639.28%
1994	1,568,675	16,346,450	16,954,372	1,080.81%
1995	0	17,976,768	18,311,622	N/A
1996	0	19,242,432	19,623,717	N/A
1997	0	18,863,712	19,328,981	N/A
1998	0	18,971,520	19,724,301	N/A
1999	$0	$14,089,822	$14,406,579	N/A

[1] Under Normal Cost plus 40 Year Level-dollar Amortization. Negative ARC values are set to zero, as no contribution is then required.
[2] Tax levy after 4% overall loss.
[3] Net tax levy plus miscellaneous. Includes prior year adjustments for taxes beginning in 1991.

Year	Assets Available for Benefits as a % of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus) as a % of Covered Payroll End of Year	Employer Contribution as a % of Covered Payroll Beginning of Year
1986	101.78%	(7.21)%	0.00%
1987	97.91%	9.50%	11.74%
1988	100.31%	(1.39)%	11.79%
1989	105.92%	(28.30)%	11.26%
1990	98.50%	7.58%	12.83%
1991	101.51%	(7.87)%	11.26%
1992	108.69%	(45.31)%	11.38%
1993	110.60%	(63.41)%	11.90%
1994	110.83%	(60.46)%	11.97%
1995	119.42%	(113.00)%	11.80%
1996	125.16%	(145.24)%	12.83%
1997	127.62%	(167.92)%	11.91%
1998	118.40%	(139.36)%	11.52%
1999	129.09%	(216.57)%	8.44%

EXHIBIT A-11
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF RETIREES AND BENEFICIARIES ADDED TO PAYROLLS

	Added to Payroll		Removed from Payroll		Payroll End of Year		Average	Increase to
Year	No.	Ann Benefits	No.	Ann. Benefits	No.	Ann. Benefits	Annual Benefit	Average Benefit
Employee Annuitants (Male or Female)								
1982	182	$1,233,344	176	$457,708	2,475	$10,698,716	$4,323	7.56%
1983	174	1,308,499	230	483,759	2,419	11,523,456	4,764	10.20%
1984	223	2,057,564	173	484,160	2,469	13,096,860	5,305	11.35%
1985	170	1,829,800	220	759,172	2,419	14,167,488	5,857	10.41%
1986	248	3,008,908	180	465,898	2,487	16,710,498	6,719	14.72%
1987	190	3,546,317	179	463,252	2,498	19,793,563	7,924	17.93%
1988	154	2,009,373	158	589,873	2,494	21,213,063	8,506	7.34%
1989	133	1,660,782	151	527,914	2,476	22,345,931	9,025	6.11%
1990	157	3,080,832	152	531,392	2,481	24,895,371	10,034	11.18%
1991	170	2,795,428	150	688,716	2,501	27,002,083	10,797	7.59%
1992	188	3,197,921	155	867,514	2,534	29,332,490	11,576	7.22%
1993	439	9,572,020	171	1,062,719	2,802	37,841,791	13,505	16.67%
1994	52	1,676,720	174	1,866,066	2,680	37,652,445	14,049	4.03%
1995	106	3,056,851	186	2,264,327	2,600	38,444,969	14,787	5.25%
1996	91	2,762,022	154	1,972,620	2,537	39,234,371	15,465	4.59%
1997	84	3,589,997	164	1,981,409	2,457	40,842,959	16,623	7.49%
1998	485	14,764,834	134	2,040,866	2,808	57,648,658	20,530	23.50%
1999	44	$808,122	165	$2,650,429	2,687	$56,848,916	$21,157	3.05%
Widow/Widower Annuitants (Not Including Compensation)								
1982	94	$236,034	72	$77,159	1,186	$1,927,743	$1,625	6.96%
1983	104	288,113	79	87,119	1,211	2,128,737	1,758	8.15%
1984	81	250,957	64	74,700	1,228	2,304,994	1,877	6.78%
1985	95	307,723	113	150,198	1,210	2,462,519	2,035	8.42%
1986	83	240,415	67	92,512	1,226	2,610,422	2,129	4.62%
1987	90	1,140,315	76	104,939	1,240	3,645,798	2,940	38.09%
1988	84	323,567	59	148,700	1,265	3,820,665	3,020	2.73%
1989	88	367,359	58	148,734	1,295	4,039,290	3,119	3.27%
1990	87	1,419,786	65	166,685	1,317	5,292,391	4,019	28.83%
1991	89	472,698	71	262,135	1,335	5,502,954	4,122	2.58%
1992	87	490,172	63	249,698	1,359	5,743,428	4,226	2.53%
1993	95	548,635	56	214,308	1,398	6,077,755	4,347	2.87%
1994	71	446,490	66	259,554	1,403	6,264,691	4,465	3.71%
1995	88	586,632	64	264,921	1,427	6,586,402	4,616	3.37%
1996	77	549,825	87	358,563	1,417	6,777,664	4,783	3.63%
1997	83	3,034,013	87	372,443	1,413	9,439,234	6,680	39.66%
1998	83	3,694,619	82	744,341	1,414	13,878,195	9,815	46.93%
1999	85	$932,266	102	$936,528	1,397	$13,817,326	$9,891	.77%