

Pension Legislation - Summary of Changes

On June 9, 2014, Governor Pat Quinn signed Senate Bill 1922 into law. Below is a summary of the changes that affect both active and retired members of LABF.

BENEFIT CHANGES

- Amount of the Cost of Living Adjustment (COLA):
The COLA is now the lesser of 3% simple interest or ½ of Consumer Price Index-Urban (CPI-U) for all LABF participants, including current retirees. The COLA will be based on the 2014 annuity or the original annuity if not yet retired on annuity.
- COLA:
For current and future Tier 1 retirees, the COLA will be skipped in years 2017, 2019 and 2025. For Tier 2 retirees, the COLA will be skipped in 2025.

For those not yet receiving an annuity before June 9, 2014, increases will begin one year later than they otherwise would have been received.

If the annual annuity (including increases) is less than \$22,000, the minimum annual increase will be 1% of the applicable annuity in all years the annuitant is eligible, including 2017, 2019 and 2025.
- Retirement Age:
A decrease for Tier 2 participants from ages 67 to 65 and from ages 62 to 60 for early retirement.
No change for Tier 1 participants.

EMPLOYEE CONTRIBUTION INCREASES:

The following table shows the new employee contribution rates for all active participants:

Year	Percentage of Salary
2014	8.5%
2015	9.0%
2016	9.5%
2017	10.0%
2018	10.5%
2019	11.0%

When the pension fund reaches 90% funded, employee contributions would decrease to 9.75% and remain 9.75% as long as the fund is 90% funded.

EMPLOYER CONTRIBUTION INCREASES:

The City of Chicago currently contributes an amount equal to 1 times (multiplier) the total contributions made by participants two years earlier. The table below details the new employer multiplier and the year in which the payment will be received:

Payment Year	Multiplier
2016	1.6
2017	1.9
2018	2.2
2019	2.5
2020	2.8

Beginning in 2021, the City will make contributions based on an actuarial funding schedule.

The Laborers' Annuity and Benefit Fund (the "LABF") is the administrator of the pension plan covering City of Chicago employees classified as "labor service," certain Board of Education employees and individuals employed by a retirement board. As an administrator, the LABF is not involved in lobbying or negotiating changes to the statutes.

You are encouraged to remain updated on City of Chicago pension reform discussions as they appear in the local news. Other sources of information can be found at the LABF website at www.labfchicago.org, the City of Chicago website at www.cityofchicago.org and the Illinois General Assembly website at www.ilga.gov.

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