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

Actuarial Valuation Report

For the Year Ending December 31, 2002

April 2003

Gabriel, Roeder, Smith & Company
Actuaries and Consultants

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April 4, 2003

The Retirement Board of the
Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
221 North LaSalle Street, Suite 748
Chicago, Illinois 60601

Subject: Actuarial Certification

Gentlemen:

At your request, we have performed an actuarial valuation for the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2002. An actuarial valuation of the Fund is performed annually. The valuation has been performed to measure the funding status of the Fund. It includes disclosure information required under GASB Statement No. 25 and Statement No. 27. The assumptions and methods used were selected by the actuary and meet the parameters set for the disclosure presented in the financial section by Government Accounting Standards Board (GASB) Statement No. 25.

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

- Active Member Valuation Data
- Retirements and Beneficiaries Added to and Removed from Rolls
- Solvency (Termination) Test
- Analysis of Financial Experience

We have also provided the following schedules for the financial sections of the report. We relied on information from the prior actuary for years before 1999.

- Schedule of Funding Progress
- Schedule of Employer Contributions

This valuation is based upon:

a. **Data Relative to the Members of the Fund** - Data for active members was provided by the Fund's staff. Data utilized for persons receiving benefits from the Fund was also provided by the Fund's staff. We have tested this data for reasonableness.

b. **Asset Values** - The values of assets of the Fund were provided by the Fund's staff. An actuarial value of assets was used to develop actuarial results for GASB Statement No. 25 and Statement No. 27.

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

d. **Actuarial Assumptions** - The same actuarial assumptions as last year were used for this valuation. They are set out in the following pages.

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 times the employee contribution level in the second prior fiscal year. Thus, with an administrative lag, the employer contribution is designed to match the employee contribution in a 1:1 relationship. Employer contributions cease when all liabilities of the Fund are fully funded. The most recent actuarial valuation of the Fund on the State reporting basis indicates that these contributions are adequate to finance the Fund.

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

Gabriel, Roeder, Smith and Company

Michael R. Kivi, FSA
Senior Consultant

Alex Rivera, ASA
Senior Consultant

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SUMMARY OF ACTUARIAL VALUATION

ACTUARIAL VALUES	December 31, 2001	December 31, 2002	% Change
Termination Values			
Liability	$ 852,214,747	$ 914,644,029	**7.33 %**
Assets - Actuarial Value	1,756,080,291	1,715,073,438	**(2.34)%**
Deficiency/(Excess)	(903,865,544)	(800,429,409)	**(11.44)%**
Funded Ratio	**206.06%**	**187.51%**	**(9.00)%**
GASB #25 Values			
Actuarial Liability	$1,402,138,620	$1,540,604,761	**9.88 %**
Assets - Actuarial Value	1,756,080,291	1,715,073,438	**(2.34)%**
Unfunded Liabilty (Surplus)	(353,941,671)	(174,468,677)	**(50.71)%**
Funded Ratio	**125.24%**	**111.32%**	**(11.11)%**
Annual Required Contribution (ARC)	$ 0	$ 0	**0.00 %**
Market Values			
Actuarial Liability	$1,402,138,620	$1,540,604,761	**9.88 %**
Assets - Market Value	1,570,707,258	1,388,088,950	**(11.63)%**
Unfunded Liability	(168,568,638)	152,515,811	**(190.48)%**
Funded Ratio	**112.02%**	**90.10%**	**(19.57)%**
Book Values			
Actuarial Liability	$1,402,138,620	$1,540,604,761	**9.88 %**
Assets - Book Value	1,537,246,317	1,458,305,320	**(5.14)%**
Unfunded Liability (Surplus)	(135,107,697)	82,299,441	**(160.91)%**
Funded Ratio	**109.64%**	**94.66%**	**(13.66)%**

	December 31, 2001	December 31, 2002	% Change
Assets			
Market Value - Beginning of Year	$1,648,818,892	$1,570,707,258	**(4.74)%**
Income			
Investment Income	(19,125,165)	(119,447,570)	**524.56 %**
Employer Contributions & Misc.	659,946	82,865	**(87.44)%**
Employee Contributions	20,017,224	20,189,214	**0.86 %**
Subtotal	1,552,005	(99,175,491)	**(6490.15)%**
Outgo (Refunds, Benefits & Expenses)	79,663,639	83,442,817	**4.74 %**
Net Change	(78,111,634)	(182,618,308)	**133.79 %**
Market Value - End of Year	$1,570,707,258	$1,388,088,950	**(11.63)%**
Book Value - Beginning of Year	$1,521,046,385	$1,537,246,317	**1.07 %**
Income			
Investment Income	75,186,401	(15,770,259)	**(120.97)%**
Employer Contributions & Misc.	659,946	82,865	**(87.44)%**
Employee Contributions	20,017,224	20,189,214	**0.86 %**
Subtotal	95,863,571	4,501,820	**(95.30)%**
Outgo (Refunds, Benefits & Expenses)	79,663,639	83,442,817	**4.74 %**
Net Change	16,199,932	(78,940,997)	**(587.29)%**
Book Value - End of Year	$1,537,246,317	$1,458,305,320	**(5.14)%**
Smoothed Value - Beginning of Year	$1,737,971,109	$1,756,080,291	**1.04 %**
Income			
Investment Income	77,095,651	22,163,885	**(71.25)%**
Employer Contributions & Misc.	659,946	82,865	**(87.44)%**
Employee Contributions	20,017,224	20,189,214	**0.86 %**
Subtotal	97,772,821	42,435,964	**(56.60)%**
Outgo (Refunds, Benefits & Expense)	79,663,639	83,442,817	**4.74 %**
Net Change	18,109,182	(41,006,853)	**(326.44)%**
Actuarial Value - End of Year	$1,756,080,291	$1,715,073,438	**(2.34)%**

	December 31, 2001	December 31, 2002	% Change
Members			
Actives[1]	4,074	3,828	**(6.04)%**
Inactives	2,058	2,054	**(0.19)%**
Retirees	2,481	2,461	**(0.81)%**
Survivors	1,405	1,422	**1.21 %**
Disabilities	154	203	**31.82 %**
Children	59	65	**10.17 %**
Payroll Data			
Valuation Payroll	$ 211,203,088	$ 207,403,973	**(1.80)%**
Average Salary	51,842	54,181	**4.51 %**

[1]Active participants include disabled employees.

This report sets out the results of the actuarial valuation of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("the Fund") as of December 31, 2002. The purposes of this valuation are:

1. To develop the minimum actuarially determined contribution for 2003.
2. To develop the annual required contribution (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 Value of Assets. The Actuarial Value of Assets is determined by annually spreading the difference between expected and actual investment earnings over a five-year period.

Actuarial Obligations of the Fund

The value of all future pension payments, calculated using the actuarial assumptions contained in this report, is the sum of payments to two major groups of beneficiaries-the retired lives and the actives lives.

1. **Retired Lives:**

   For those currently receiving known benefits, i.e., current retirees, widows, widowers, and children, the value is determined based on estimated future longevity with the future benefit payment discounted to present time at the assumed investment earnings rate.

2. **Active Lives:**

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

The difference between the sum of actuarial reserves for active and retired lives ("the Actuarial Accrued Liability") and the present assets is called the "Unfunded Actuarial Accrued Liability." If assets exceed the liability, there is a surplus. The unfunded liability depends upon the benefits, the characteristics of the covered group of employees and retirees, the actuarial assumptions, and the actuarial funding method. The unfunded liability can be thought of as the amount of assets that will be needed in future years to provide for all future benefits payable when added to the future normal costs determined by the actuarial funding method.

3. **Actuarial Balance**:

For the pension fund to be in balance (funded ratio of 100%), the present value of all benefits payable in the future must equal the sum of present assets plus the present value of all future contributions. If a plan is 100% funded, it does not mean that no contributions are ever needed again. It simply means that the plan is where it should be. The assets of the plan are sufficient to provide for future benefits payable based on service to the date of valuation. **Future contributions are still needed** to provide the "normal costs" for service after the date of the valuation in order to have sufficient assets at retirement to provide the future payments of the total projected benefit.

Summary of Results

The annual required contributions (ARC) under GASB #25 for the year ending December 31, 2003 is zero. The ARC last year, for the year ending December 31, 2002, was also zero. The ARC is determined using the Actuarial Value of Assets and a forty-year level dollar amortization of the unfunded actuarial liability.

The surplus of Actuarial Value of Assets over actuarial liabilities decreased from $354 million to $174 million during the year, resulting in a change in funding ratio from 125.2% to 111.3%. The decrease in the actuarial surplus is largely attributable to a loss on the Actuarial Value of Assets and a change in plan provisions. A more thorough examination of these and other factors can be found in the Reconciliation of Unfunded Actuarial Accrued Liability (gain/loss analysis) in Table 2.

Based on the Market Value of Assets, the surplus of assets over the actuarial liabilities decreased from $169 million to $(153) million, and the funded ratio decreased from 112.0% to 90.1%.

Plan Membership

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

	December 31, 2001	December 31, 2002
Active Members[1]		
Number	4,074	3,828
Vested	2,291	2,251
Non-vested	1,783	1,577
Average Age	44.5	45.0
Average Service	13.7	14.6
Average Annual salary	$51,842	$54,181
Inactive Members		
Number	2,058	2,054
Average Age	43.2	44.6
Average Service	3.3	3.4
Retirees		
Number	2,481	2,461
Average Age	73.6	73.3
Average Annual Benefit	$22,750	$24,082
Surviving Spouse		
Number	1,405	1,422
Average Age	75.5	75.7
Average Annual Benefit	$10,047	$10,276
Children	59	65
Total Members	10,077	9,830

[1]*Active members include disabled employees.*

Total participants receiving benefits under the Fund, including disability, widow, and children, increased 1.3% during 2002 from 4,099 to 4,151. Total expenditures for benefits increased from $75.5 million in 2001 to $78.3 million during 2002, or 3.7%.

Changes in Provisions of the Fund

PA 92-0599 and PA 92-0609 were passed in 2002, and made the following changes to the Fund Provisions:

1. The benefit multiplier was changed from 2.2% to 2.4% for new retirees. The benefit maximum was changed to 80% of Final Average Salary from 75%. The spouse annuity uses the same increased benefit multiplier, and the spouse is entitled to 50% of the annuity earned if the participant has more than 10 years of service.

2. Timing of the first COLA increase for retirees was changed. For participants retiring prior to age 60, the first increase occurs no later than the later of either the participant's third anniversary or reaching age 53. Increases apply only to life annuities.

3. The disability benefit will no longer be reduced for employee contributions, but disabled participants will still be credited with the amount that they would have contributed. The amount credited will not be refunded to employees who terminate and elect a refund.

4. The age restriction was removed for inclusion of an adopted child and the service restriction was removed for all children's annuities; previously children adopted after age 55 were not included and there was a minimum of four years of service required for children's benefits.

5. Group health benefits were made available through 2003, changed from 2002.

Discussion 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.

We have maintained many of the 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.

Experience Analysis

The Fund had an investment loss in 2002 of $243 million relative to the 8% expected rate of return on a market value basis. The loss on an actuarial basis was $116 million relative to the 8%

expected rate of return due to the deferred recognition of investment gains and losses. The pay increase assumption consists of two parts, a base salary increase (3%) plus a longevity-based increase (2%). The overall 2002 salary increase was 4.9% for members included in both the December 31, 2001 and December 31, 2002 valuations. Because the pay increases were smaller than anticipated by the actuarial assumptions, there was an experience gain of $8 million.

There was an additional loss of $19 million from all other factors, including actual retirement, termination, disability, mortality experience, and data changes. This is about 1.2% of the December 31, 2002 liabilities, which is a reasonable variation.

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

Changes in Assumptions

There have been no changes in actuarial assumptions reflected in this valuation.

Funding Analysis

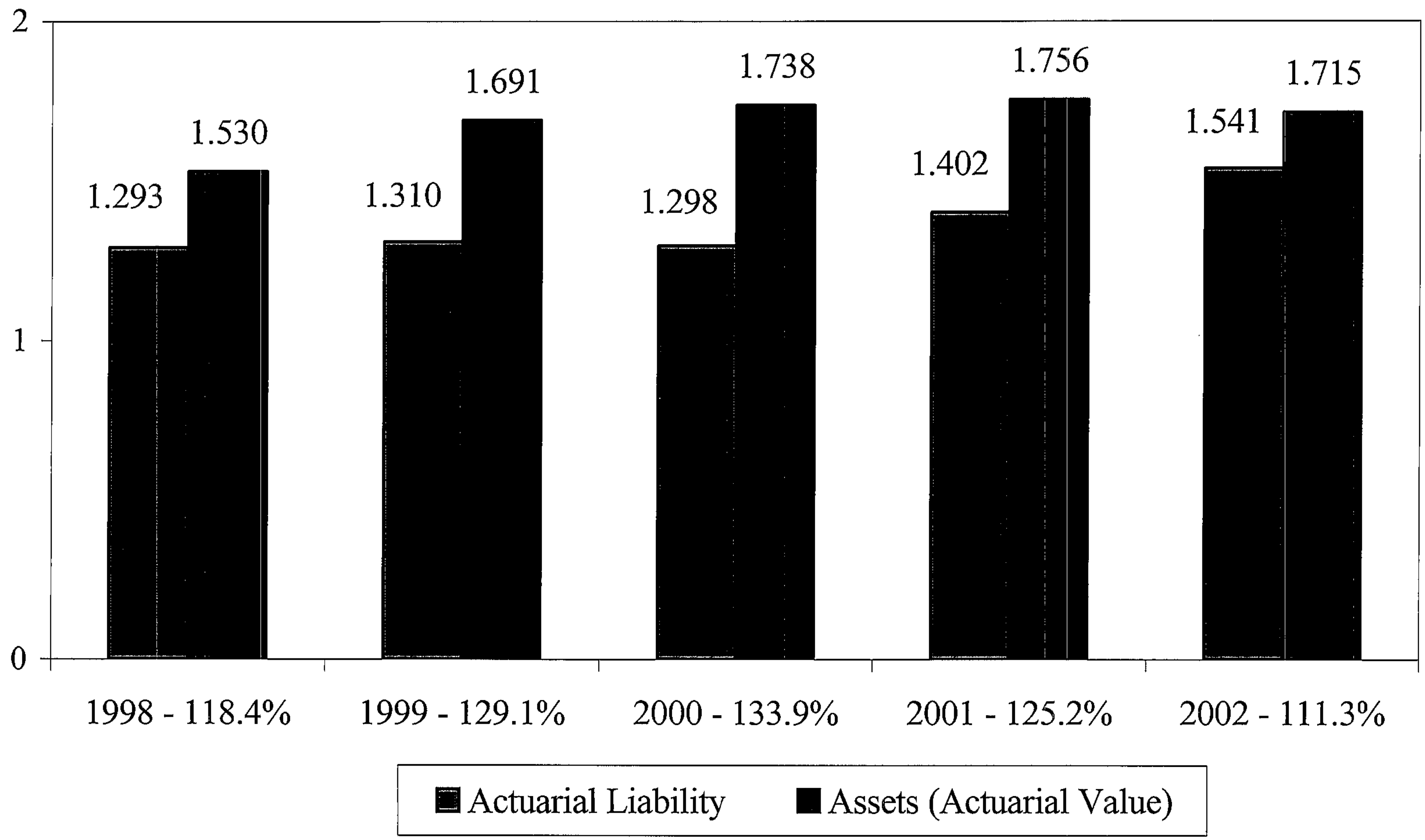
The following charts summarize the various measures of benefit security (funded ratio) examined in this valuation and highlight the trends of the measures.

Conclusion

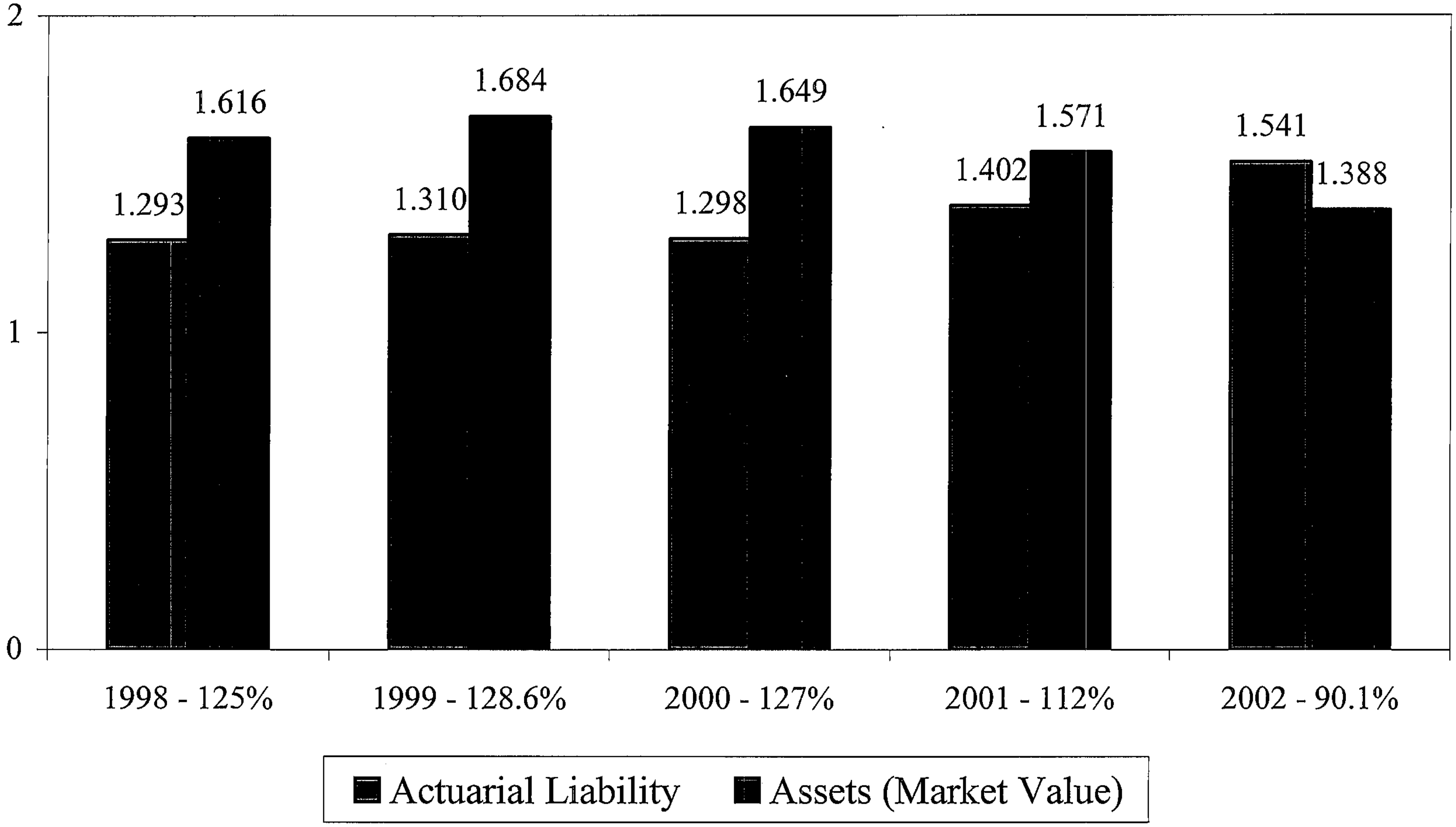
The Fund continues to be reasonably well funded with respect to current benefit liabilities, even after reflecting the market value rate of investment return that was below the actuarial assumption of eight percent for 2002. When measured using the Actuarial Value of Assets, which smoothes gains and losses over a five-year period, the funding ratio decreased from 125% in 2001 to 111% in 2002. As recent market losses are recognized in the Actuarial Value of Assets in future years, the funded ratio is expected to decline and may drop below 100%.

Based on our analysis, we believe that overall, the current assumptions are doing a reasonable job of modeling the Fund's actual experience. In the near future we plan to review certain assumptions and methods, including the mortality table, for continuing appropriateness. Based on that review, we may recommend changes to the methods and assumptions currently being used.

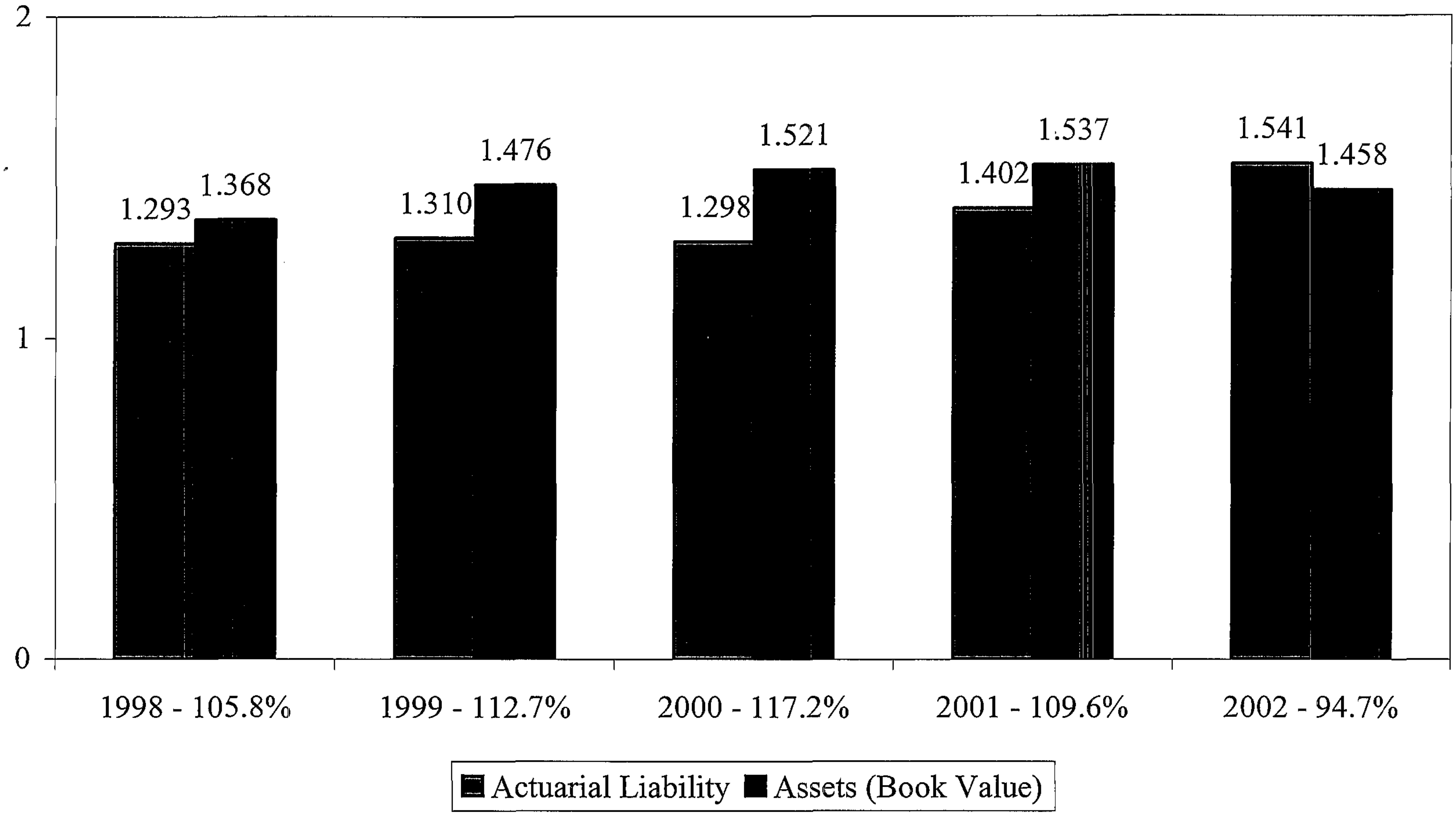
COMPONENTS OF FUNDING RATIO
GASB #25/STATE REPORTING
($ IN BILLIONS)



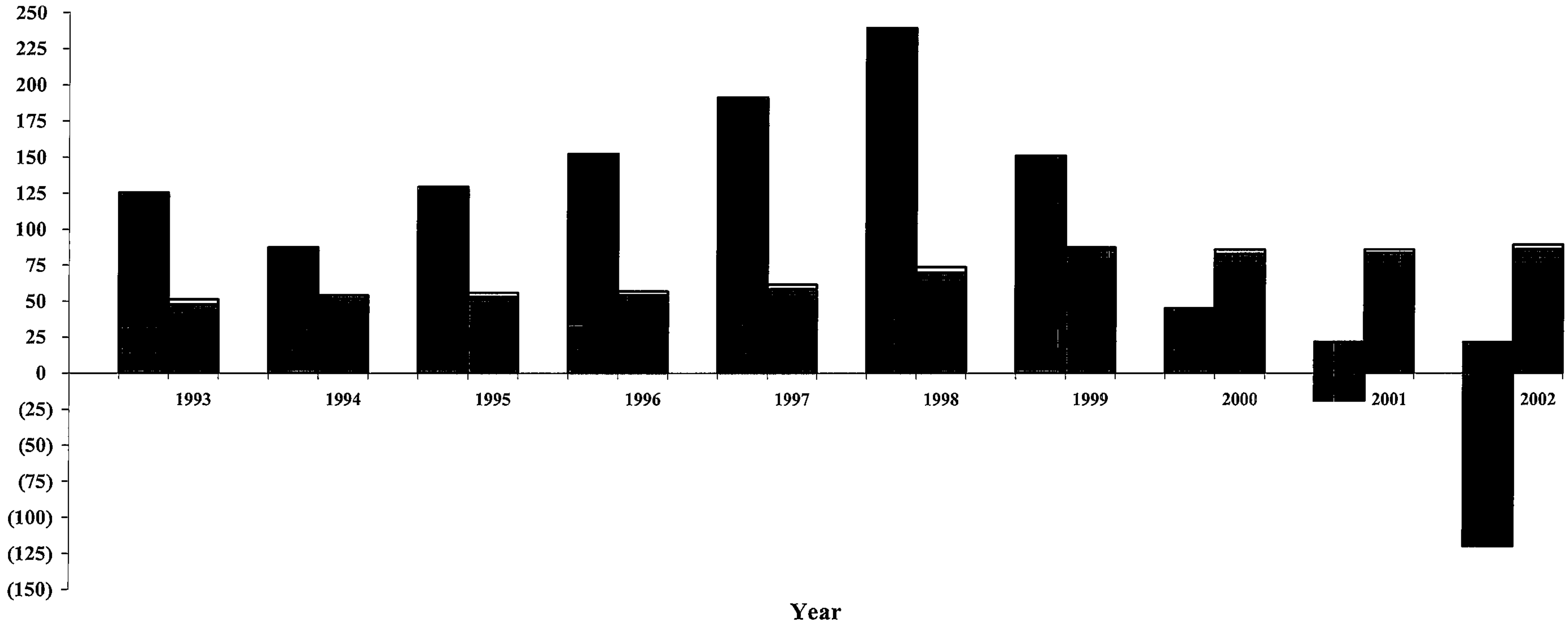
COMPONENTS OF FUNDING RATIO
BASED ON MARKET VALUE
($ IN BILLIONS)



COMPONENTS OF FUNDING RATIO
BASED ON BOOK VALUE
($ IN BILLIONS)



SUMMARY OF INCOME AND DISBURSEMENTS
($ IN MILLIONS)



INCOME	DISBURSEMENTS
Employee Contributions	Benefits
Employer Contributions	Expenses
Investment Income	Refunds

Actuarial Computations

TABLE 1
DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION UNDER GASB #25 FOR 2003

		2002	2003
(1)	Normal Cost	$ 27,048,056	$ 29,478,171
(2)	Actuarial Accrued Liability (AAL)	1,402,138,620	1,540,604,761
(3)	Unfunded AAL (UAAL)		
	(a) Actuarial Value of Assets	1,756,080,291	1,715,073,438
	(b) UAAL [2-3(a)]	(353,941,671)	(174,468,677)
(4)	40-Year Amortization (Level $) Payable at BOY	(27,482,968)	(13,547,196)
(5)	Minimum Actuarially Calculated Contribution		
	(a) Interest Adjustment for Semimonthly Payment	(16,227)	594,385
	(b) Total Minimum Contribution [1+4+5(a); but not less than zero]	0	16,525,360
	(c) Total Minimum Contribution (Percent of Pay)	0.00%	7.97%
(6)	Estimated Member Contributions	18,395,595	18,064,696
(7)	Annual Required Contribution (ARC)		
	(a) Annual Required Contribution [5(b)-6]	$ 0	$ 0
	(b) Annual Required Contribution (Percent of Pay)	0.00%	0.00%
(8)	Estimated City Contribution (after 4% loss)		
	(a) Statutory Required City Contribution (After 4% loss)	16,216,320	18,652,733
	(b) Less City Adjustment Due to Funding Status	(16,216,320)	(18,652,733)
	(c) Tax Levied by City [(a)+(b)]	0	0
(9)	City Contribution Deficiency/(Excess)		
	(a) in Dollars [(7(a)-8(c)]	0	0
	(b) as a Percentage of Pay	0.00%	0.00 %
(10)	Combined City/Member Contributions Deficiency/(Excess)		
	(a) in Dollars [5(b)-6-8(c)]	$ (18,395,595)	$ (1,539,336)
	(b) as a Percentage of Pay	(8.71)%	(0.74)%

TABLE 2
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (GAIN/LOSS ANALYSIS)

	2002	2001	2000	1999	1998
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) Beginning of Year	$(353,941,671)	$(440,057,229)	$(380,977,375)	$(237,783,303)	$(287,435,265)
(Gains) Losses During the Year Attributable to:					
Contributions in excess of Normal Cost plus Interest	(20,170,796)	(31,104,979)	(17,817,120)	(23,588,882)	(38,411,617)
(Gain) Loss on Investment Return	115,844,320	59,627,970	14,154,077	(91,394,664)	(139,071,209)
(Gain) Loss from Salary Changes	(7,862,789)	43,312,402	(14,114,403)	(9,720,332)	(11,641,586)
(Gain) Loss from Retirement, Termination, & Mortality	18,691,501	14,280,165	(11,546,147)	38,077,947	13,416,866
(Gain) Loss from Data Corrections			(29,756,261)		
Differences in liabilities from prior actuary				(101,906,583)	
Change in methodology				45,338,442	
Change in Assumptions					1,694,598
Plan Amendments	72,970,758				223,664,910
Net Increase (Decrease) in UAAL	179,472,994	86,115,558	(59,079,854)	(143,194,072)	49,651,962
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) End of Year	$(174,468,677)	$(353,941,671)	$(440,057,229)	$(380,977,375)	$(237,783,303)

TABLE 3
SUMMARY OF BASIC ACTUARIAL VALUES

		APV of Projected Benefits	2003 Normal Cost
(1)	Values for Active Members		
	(a) Retirement	$ 886,690,594	$ 18,880,846
	(b) Termination	32,462,509	3,368,053
	(c) Death	23,751,105	943,874
	(d) Health Insurance	9,862,477	269,789
	(e) Disability, Children's Benefit & Reciprocal	173,975,196	4,201,326
	(f) Expenses of Administration	0	1,814,283
	Total for Actives	$1,126,741,881	$ 29,478,171
(2)	Values for Members in Payment Status	$ 676,418,854	$ 0
(3)	Grand Totals	$1,803,160,735	$ 29,478,171
	Actuarial Present Value of Future Compensation		$2,003,858,568

TABLE 4
TERMINATION LIABILITIES

	2001	2002
Liability for Retired Annuitants, Widows/Widowers, and Spouses of Annuitants	$ 638,327,325	$ 676,418,854
Salary Deductions Contributed by Active Fund Members (with Interest)	213,887,422	238,225,175
Total	$ 852,214,747	$ 914,644,029
Actuarial Asset Value	1,756,080,291	1,715,073,438
Excess Upon Termination	$ 903,865,544	$800,429,409
Percent Funded	206.06%	187.51%

TABLE 5
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)
1993 [2]	$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 [2]	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 [1,2]	199,007,766	455,856,814	385,785,954	1,328,085,799	100.00%	100.00%	100.00%
1998 [1,2]	177,746,739	771,214,483	343,650,489	1,530,395,014	100.00%	100.00%	100.00%
1999 [1,3]	193,754,190	701,998,792	414,019,359	1,690,749,716	100.00%	100.00%	100.00%
2000	205,361,994	641,573,414	450,978,472	1,737,971,109	100.00%	100.00%	100.00%
2001	213,887,422	638,327,325	549,923,873	1,756,080,291	100.00%	100.00%	100.00%
2002 [2]	238,225,175	676,418,854	625,960,732	1,715,073,438	100.00%	100.00%	100.00%

[1]*Change in actuarial assumptions*
[2]*Change in benefits*
[3]*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) is 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.

TABLE 6
STATUTORY RESERVES AS OF DECEMBER 31, 2002

	New in 2002			Continuing from 2001			Total		
	Annuity Payment Fund	Prior Service Fund	Total	Annuity Payment Fund	Prior Service Fund	Total	Annuity Payment Fund	Prior Service Fund	Total
Statutory Reserve									
Retirees	$ 20,467,381	$ 51,008,992	$ 71,476,373	$ 119,288,434	$ 391,310,341	$ 510,598,775	$ 139,755,815	$ 442,319,333	$ 582,075,148
Future Surviving Spouses	$ 5,211,378	$ 2,779,410	$ 7,990,788	$ 30,904,883	$ 31,811,602	$ 62,716,485	$ 36,116,261	$ 34,591,012	$ 70,707,273
Spouses	$ 5,528,730	$ 5,422,368	$ 10,951,098	$ 33,286,229	$ 53,273,806	$ 86,560,035	$ 38,814,959	$ 58,696,174	$ 97,511,133
Annual Benefits									
Retirees	$ 1,835,080	$ 3,008,377	$ 4,843,457	$ 15,514,470	$ 38,907,980	$ 54,422,450	$ 17,349,550	$ 41,916,357	$ 59,265,907
Future Surviving Spouses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Spouses	$ 614,792	$ 708,598	$ 1,323,390	$ 4,604,855	$ 8,684,807	$ 13,289,662	$ 5,219,647	$ 9,393,405	$ 14,613,052

TABLE 7
DEPARTMENT OF INSURANCE DISCLOSURE

	2001	2002
APV of Credited Projected Benefits		
Payable to Retirees and Beneficiaries	$ 638,327,325	$ 676,418,854
Current Employees:		
Accumulated Employee Contributions	213,887,422	238,225,175
Payable to Vested and Non-Vested Employees	206,422,581	259,487,443
Total APV	$ 1,058,637,328	$ 1,174,131,472
Net Assets Available for Benefits, Actuarial Value	1,756,080,291	1,715,073,438
Unfunded AAL (assets in excess of AAL)	$ (697,442,963)	$ (540,941,966)
Percent Funded	165.88%	146.07%
Unfunded AAL as Percent of Payroll	(330.22)%	(260.82)%
Payroll	$ 211,203,088	$ 207,403,973

TABLE 8
ACTUARIAL RESERVE LIABILITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

Accrued Liabilities for Active Participants	$ 730,688,654
Reserves For:	
Service Retirement Pension	$ 494,224,583
Future Widows of Current Retirees	68,891,885
Ordinary Disability Benefit[1]	63,463,106
Duty Disability Benefit[1]	52,197,058
Surviving Spouse Pension	101,828,665
Health Insurance Supplement	11,473,721
Children Annuitants[1]	5,256,833
Reciprocal Benefits[1]	12,580,256
Total Accrued Liabilities	1,540,604,761
Unfunded Actuarial Liabilities (Surplus)	(174,468,677)
Actuarial Net Assets	$1,715,073,438

[1]*Liabilities for these benefits are included with Active Members' liabilities in the remainder of this report.*

Assets of the Plan

ASSETS OF THE PLAN

The book value of plan assets, net of accounts payable, decreased from $1.54 billion as of December 31, 2001 to $1.46 billion as of December 31, 2002, while the market value of plan assets decreased from $1.57 billion as of December 31, 2001 to $1.39 billion as of December 31, 2002. Table 9 details the development of asset values during 2002 and Table 10 shows the development of the actuarial value of assets as of December 31, 2002.

TABLE 9
RECONCILIATION OF ASSET VALUES
AS OF DECEMBER 31, 2002

		Market Value	Book Value
(1)	Value of Assets as of 12/31/2001	$1,570,707,258	$1,537,246,317
(2)	Income for Plan Year:		
	(a) Member Contributions	$ 20,189,214	$ 20,189,214
	(b) City Contributions & Miscellaneous	82,865	82,865
	(c) Investment Income Net of Expenses	(119,447,570)	(15,770,259)
	(d) Total Income	($99,175,491)	$ 4,501,820
(3)	Disbursements for Plan Year:		
	(a) Benefit Payments	$ 78,260,481	$ 78,260,481
	(b) Refunds and Rollovers	3,368,053	3,368,053
	(c) Administration	1,814,283	1,814,283
	(d) Total Disbursements	$ 83,442,817	$ 83,442,817
(4)	Value of Assets as of 12/31/2002	$1,388,088,950	$1,458,305,320
(5)	Estimated Rate of Return in 2002:		
	(a) Gross (Investment Expense of $5,581,745)	(7.40)%	(0.68)%
	(b) Net of Investment Expense	(7.76)%	(1.05)%

TABLE 10
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS AS OF DECEMBER 31, 2002

(1) Expected Return on Market Value of Assets for Prior Year

(a) Market Value of Assets as of 12/31/2001 — $1,570,707,258

(b) Actual Income and Disbursements in Prior Year Weighted for Timing

Item	Amount	Weight for Timing	Weighted Amount
i) Member Contributions	$ 20,189,214	50.0%	$ 10,094,607
ii) City Contributions & Misc.	82,865	50.0%	41,433
iii) Benefit Payments	(78,260,481)	50.0%	(39,130,241)
iv) Refunds	(3,368,053)	50.0%	(1,684,027)
v) Administration	(1,814,283)	50.0%	(907,142)
vi) Total			$(31,585,370)

(c) Market Value of Assets Adj. for Actual Income and Disbursements [(a) + (b)(vi))]	$1,539,121,888
(d) Assumed Rate of Return on Plan Assets for the Year	8.00%
(e) Expected Return [(c) * (d)]	$ 123,129,751
(2) Actual Return on Market Value of Assets for Prior Year	
(a) Market Value of Assets as of 12/31/2001	$1,570,707,258
(b) Income (less investment income) for Prior Plan Year	20,272,079
(c) Disbursements Paid in Prior Year	83,442,817
(d) Market Value of Assets as of 12/31/2002	1,388,088,950
(e) Actual Return [(d) + (c) - (b) - (a)]	$ (119,447,570)
(3) Investment Gain/(Loss) for Prior Year [2(e) - 1(e)]	$ (242,577,321)
(4) Actuarial Value of Assets as of 12/31/2002	
(a) Market Value of Assets as of 12/31/2002	$1,388,088,950
(b) Deferred Investment Gains and (Losses) for Last 5 Years	

	Plan Year	Gain/(Loss)	Weight for Timing	Deferred Amount
i)	1998	$ -	0.00%	$ -
ii)	1999	(8,562,082)	20.00%	(1,712,416)
iii)	2000	(105,018,710)	40.00%	(42,007,484)
iv)	2001	(148,671,218)	60.00%	(89,202,731)
v)	2002	(242,577,321)	80.00%	(194,061,857)
vi)	Total	(504,829,331)		$(326,984,488)

(c) Actuarial Value of Assets — $1,715,073,438

The calculated value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between 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 1
SUMMARY OF CHANGES IN ACTIVE PARTICIPANTS
FOR THE YEAR ENDING DECEMBER 31, 2002

	Male	Female	Total
Number of Active Members at Beginning of Year [1]	3,613	461	4,074
Increases:			
Members Added During the Year	9	3	12
Members Returning From Inactive	134	14	148
	143	17	160
Totals	3,756	478	4,234
Decreases:			
Terminations During Year	345	61	406
Number of Active Members at End of Year	3,411	417	3,828
Terminations			
To Inactive Status	163	44	207
Withdrawal (With Refunds)	41	12	53
Retirements	124	3	127
Transfer Payment to Another Fund	2	2	4
Deaths	15	-	15
Totals	345	61	406

[1] *All employees receiving ordinary and duty disability benefits are included in the active count.*

EXHIBIT A 2
SUMMARY OF CHANGES IN INACTIVE PARTICIPANTS
FOR THE YEAR ENDING DECEMBER 31, 2002

	Male	Female	Total
Number of Inactive Members at Beginning of Year	1,870	188	2,058
Increases:			
Members Added During the Year	29	4	33
Members Transferring from Active	163	44	207
	192	48	240
Totals	2,062	236	2,298
Decreases:			
Terminations During Year	222	22	244
Number of Inactive Members at End of Year	1,840	214	2,054
Terminations			
Withdrawal (With Refunds)	48	6	54
To Active Status	110	10	120
To Duty Disabled	15	3	18
To Ordinary Disabled	9	1	10
Transfer Payment to Another Fund	3	-	3
Retirements	25	-	25
Miscellaneous	-	1	1
Deaths	12	1	13
Totals	222	22	244

EXHIBIT B
SUMMARY OF CHANGES IN ANNUITANTS AND BENEFICIARIES FOR THE YEAR ENDING DECEMBER 31, 2002

	Number at Beginning of Year	Additions During Year	Terminations During Year	Number at End of Year
Employee Annuitants	2,481	152	172	2,461
Surviving Spouse Annuitants	1,405	101	84	1,422
Child Annuitants	59	17	11	65
Ordinary Disability Benefit	46	36	23	59
Duty Disability Benefit	108	85	49	144
Totals	**4,099**	**391**	**339**	**4,151**

EXHIBIT C

PART I – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE MALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2002

	Completed Years of Service									
Attained Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20-24	-	53	8	-	-	-	-	-	-	61
	$ -	$2,527,090	$464,672	$ -	$ -	$ -	$ -	$ -	$ -	$2,991,762
25-29	2	105	86	5	-	-	-	-	-	198
	$71,252	$4,753,638	$4,778,027	$308,402	$ -	$ -	$ -	$ -	$ -	$9,911,319
30-34	-	115	138	51	1	-	-	-	-	305
	$ -	$5,421,005	$7,580,096	$2,831,317	$54,392	$ -	$ -	$ -	$ -	$15,886,810
35-39	-	96	130	121	41	11	-	-	-	399
	$ -	$4,460,399	$7,158,949	$6,749,812	$2,427,214	$647,150	$ -	$ -	$ -	$21,443,524
40-44	1	80	133	87	88	192	38	-	-	619
	$53,872	$3,864,082	$7,209,906	$4,791,392	$5,056,631	$11,539,126	$2,422,914	$ -	$ -	$34,937,923
45-49	1	73	100	82	87	163	232	12	-	750
	$52,728	$3,212,315	$5,320,751	$4,399,490	$4,957,727	$9,672,748	$13,902,032	$747,220	$ -	$42,265,011
50-54	-	33	58	44	51	124	158	63	11	542
	$ -	$1,474,238	$3,158,421	$2,372,036	$2,653,307	$7,053,110	$9,739,451	$3,777,517	$713,182	$30,941,262
55-59	-	21	32	26	37	67	70	39	11	303
	$ -	$886,720	$1,710,873	$1,294,759	$2,003,083	$3,628,387	$4,139,606	$2,333,961	$654,586	$16,651,975
60-64	-	3	26	17	14	29	39	11	19	158
	$ -	$117,370	$1,314,293	$934,358	$769,134	$1,679,154	$2,128,047	$667,246	$1,269,404	$8,879,006
65-70	-	2	5	5	7	16	7	5	8	55
	$ -	$60,528	$238,690	$243,755	$353,180	$905,216	$432,390	$293,751	$503,694	$3,031,204
70 & Over	-	-	4	1	5	4	2	1	4	21
	$ -	$ -	$189,840	$10,994	$245,315	$178,684	$109,450	$58,864	$256,339	$1,049,486
Total	**4**	**581**	**720**	**439**	**331**	**606**	**546**	**131**	**53**	**3,411**
	$177,852	**$ 26,777,385**	**$ 39,124,518**	**$ 23,936,315**	**$ 18,519,983**	**$ 35,303,575**	**$ 32,873,890**	**$ 7,878,559**	**$ 3,397,205**	**$187,989,282**

EXHIBIT C
PART II – TOTAL LIVES AND ANNUAL SALARIES OF ACTIVE FEMALE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2002

Attained Age	Completed Years of Service: Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Under 20	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20-24	-	9	-	-	-	-	-	-	-	**9**
	$ -	$378,897	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$378,897**
25-29	1	24	19	-	-	-	-	-	-	**44**
	$46,530	$994,590	$919,691	$ -	$ -	$ -	$ -	$ -	$ -	**$1,960,811**
30-34	-	29	26	7	1	-	-	-	-	**63**
	$ -	$1,211,911	$1,326,858	$366,977	$56,112	$ -	$ -	$ -	$ -	**$2,961,858**
35-39	-	26	20	17	5	-	-	-	-	**68**
	$ -	$1,037,895	$1,045,436	$842,917	$264,742	$ -	$ -	$ -	$ -	**$3,190,990**
40-44	-	30	21	17	13	1	-	-	-	**82**
	$ -	$1,218,755	$1,108,397	$919,996	$713,476	$32,715	$ -	$ -	$ -	**$3,993,339**
45-49	-	12	21	22	11	-	-	-	-	**66**
	$ -	$439,689	$1,042,746	$1,108,818	$559,735	$ -	$ -	$ -	$ -	**$3,150,988**
50-54	-	5	10	17	8	1	1	-	-	**42**
	$ -	$209,254	$491,442	$789,104	$430,465	$58,240	$63,930	$ -	$ -	**$2,042,435**
55-59	-	5	7	5	4	1	-	-	1	**23**
	$ -	$207,829	$342,992	$180,734	$128,796	$58,240	$ -	$ -	$10,977	**$929,568**
60-64	-	2	2	6	3	1	-	-	1	**15**
	$ -	$59,946	$84,882	$278,710	$169,184	$58,240	$ -	$ -	$10,870	**$661,832**
65-70	1	-	2	-	-	-	-	-	-	**3**
	$1,617	$ -	$102,419	$ -	$ -	$ -	$ -	$ -	$ -	**$104,036**
70 & Over	-	-	-	-	-	-	-	-	2	**2**
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$39,937	**$39,937**
Total	**2**	**142**	**128**	**91**	**45**	**4**	**1**	**-**	**4**	**417**
	$48,147	**$5,758,766**	**$6,464,863**	**$4,487,256**	**$2,322,510**	**$207,435**	**$63,930**	**$ -**	**$61,784**	**$19,414,691**

EXHIBIT C
PART III – TOTAL LIVES AND ANNUAL SALARIES OF ALL ACTIVE PARTICIPANTS CLASSIFIED BY AGE AND YEARS OF SERVICE AS OF DECEMBER 31, 2002

Attained Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
	Completed Years of Service									
Under 20	-	-	-	-	-	-	-	-	-	**-**
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
20-24	-	62	8	-	-	-	-	-	-	**70**
	$ -	$2,905,987	$464,672	$ -	$ -	$ -	$ -	$ -	$ -	**$3,370,659**
25-29	3	129	105	5	-	-	-	-	-	**242**
	$117,782	$5,748,228	$5,697,718	$308,402	$ -	$ -	$ -	$ -	$ -	**$11,872,130**
30-34	-	144	164	58	2	-	-	-	-	**368**
	$ -	$6,632,916	$8,906,954	$3,198,294	$110,504	$ -	$ -	$ -	$ -	**$18,848,668**
35-39	-	122	150	138	46	11	-	-	-	**467**
	$ -	$5,498,294	$8,204,385	$7,592,729	$2,691,956	$647,150	$ -	$ -	$ -	**$24,634,514**
40-44	1	110	154	104	101	193	38	-	-	**701**
	$53,872	$5,082,837	$8,318,303	$5,711,388	$5,770,107	$11,571,841	$2,422,914	$ -	$ -	**$38,931,262**
45-49	1	85	121	104	98	163	232	12	-	**816**
	$52,728	$3,652,004	$6,363,497	$5,508,308	$5,517,462	$9,672,748	$13,902,032	$747,220	$ -	**$45,415,999**
50-54	-	38	68	61	59	125	159	63	11	**584**
	$ -	$1,683,492	$3,649,863	$3,161,140	$3,083,772	$7,111,350	$9,803,381	$3,777,517	$713,182	**$32,983,697**
55-59	-	26	39	31	41	68	70	39	12	**326**
	$ -	$1,094,549	$2,053,865	$1,475,493	$2,131,879	$3,686,627	$4,139,606	$2,333,961	$665,563	**$17,581,543**
60-64	-	5	28	23	17	30	39	11	20	**173**
	$ -	$177,316	$1,399,175	$1,213,068	$938,318	$1,737,394	$2,128,047	$667,246	$1,280,274	**$9,540,838**
65-70	1	2	7	5	7	16	7	5	8	**58**
	$1,617	$60,528	$341,109	$243,755	$353,180	$905,216	$432,390	$293,751	$503,694	**$3,135,240**
70 & Over	-	-	4	1	5	4	2	1	6	**23**
	$ -	$ -	$189,840	$10,994	$245,315	$178,684	$109,450	$58,864	$296,276	**$1,089,423**
Total	**6**	**723**	**848**	**530**	**376**	**610**	**547**	**131**	**57**	**3,828**
	$225,999	**$ 32,536,151**	**$ 45,589,381**	**$ 28,423,571**	**$ 20,842,493**	**$ 35,511,010**	**$ 32,937,820**	**$ 7,878,559**	**$ 3,458,989**	**$207,403,973**

EXHIBIT D
AGE AND SERVICE DISTRIBUTION FOR INACTIVES
AS OF DECEMBER 31, 2002

(Males and Females Combined)

Attained Age	Years of Service									Total
	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
Under 20	3	6	-	-	-	-	-	-	-	**9**
20-24	17	123	1	-	-	-	-	-	-	**141**
25-29	42	100	13	-	-	-	-	-	-	**155**
30-34	49	100	23	4	1	-	-	-	-	**177**
35-39	102	77	23	12	3	-	-	-	-	**217**
40-44	259	103	13	10	13	7	1	-	-	**406**
45-49	169	114	22	5	19	19	9	-	-	**357**
50-54	100	57	15	7	14	21	13	1	1	**229**
55-59	43	45	9	7	9	4	1	1	2	**121**
60-64	22	29	8	2	3	2	1	-	1	**68**
65-69	24	15	3	2	2	1	1	-	-	**48**
70 & Over	38	37	12	10	4	4	5	-	1	**111**
w/o DOB	13	2	-	-	-	-	-	-	-	**15**
Total	**881**	**808**	**142**	**59**	**68**	**58**	**31**	**2**	**5**	**2,054**
Average Age										**44.58**
Average Service										**3.35**

EXHIBIT E
STATISTICS ON EMPLOYEE ANNUITIES
CLASSIFIED BY AGE AS OF DECEMBER 31, 2002

	Male			Female		
Age	**No.**		**Annual Payments**	**No.**		**Annual Payments**
Under 50	7	$	56,133	1	$	1,200
50	6	$	165,437	-	$	-
51	5	$	193,109	1	$	4,463
52	15	$	528,512	-	$	-
53	8	$	246,134	-	$	-
54	18	$	461,053	-	$	-
55	33	$	1,051,605	-	$	-
56	26	$	954,264	-	$	-
57	30	$	953,334	2	$	21,012
58	28	$	974,424	-	$	-
59	41	$	1,310,899	-	$	-
60	56	$	1,712,425	1	$	3,326
61	58	$	1,839,093	1	$	36,015
62	59	$	1,894,630	2	$	31,466
63	71	$	2,369,642	4	$	75,899
64	81	$	2,443,112	5	$	76,403
65	65	$	1,985,514	3	$	68,150
66	77	$	2,168,764	6	$	111,935
67	76	$	2,139,726	4	$	68,011
68	71	$	1,906,197	5	$	123,697
69	72	$	1,898,915	7	$	110,410
70	53	$	1,399,456	6	$	112,976
71	88	$	2,596,519	9	$	168,874
72	66	$	1,747,957	9	$	113,868
73	76	$	2,238,775	12	$	220,390
74	80	$	1,984,178	12	$	175,003
75	83	$	2,282,676	15	$	204,105
76	78	$	1,997,908	11	$	149,939
77	61	$	1,474,722	16	$	262,120
78	64	$	1,388,674	18	$	235,046
79	57	$	1,306,505	21	$	242,602
80	58	$	1,235,137	26	$	362,829
81	63	$	1,314,203	19	$	238,399
82	54	$	1,150,557	30	$	389,007
83	49	$	954,497	28	$	367,243
84	25	$	480,790	23	$	258,060
85 & over	136	$	2,231,139	170	$	1,996,844
Totals	**1,994**	**$**	**53,036,615**	**467**	**$**	**6,229,292**

EXHIBIT F
STATISTICS ON SURVIVING SPOUSE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 2002

	Male		Female	
Age	No.	Annual Payments	No.	Annual Payments
Under 30	-	$ -	2	$ 10,800
30	-	$ -	-	$ -
31	-	$ -	-	$ -
32	-	$ -	-	$ -
33	-	$ -	-	$ -
34	-	$ -	1	$ 9,600
35	-	$ -	-	$ -
36	-	$ -	1	$ 9,600
37	-	$ -	-	$ -
38	-	$ -	1	$ 9,600
39	-	$ -	-	$ -
40	-	$ -	1	$ 9,600
41	-	$ -	4	$ 38,400
42	-	$ -	2	$ 19,200
43	1	$ 9,600	3	$ 28,800
44	-	$ -	5	$ 48,000
45	-	$ -	4	$ 39,203
46	-	$ -	4	$ 38,400
47	-	$ -	2	$ 19,200
48	-	$ -	3	$ 22,594
49	-	$ -	8	$ 76,800
50	-	$ -	4	$ 42,036
51	-	$ -	6	$ 72,294
52	-	$ -	5	$ 39,386
53	-	$ -	5	$ 66,831
54	-	$ -	10	$ 105,864
55	-	$ -	10	$ 101,502
56	-	$ -	10	$ 100,847
57	-	$ -	15	$ 147,091
58	-	$ -	13	$ 127,493
59	-	$ -	11	$ 126,693
60	-	$ -	15	$ 166,913
61	-	$ -	18	$ 222,219
62	-	$ -	9	$ 88,981
63	1	$ 9,600	29	$ 372,853
64	1	$ 9,600	41	$ 479,006
65	1	$ 9,600	24	$ 263,331
66	-	$ -	25	$ 301,656
67	-	$ -	28	$ 298,274
68	-	$ -	20	$ 206,308
69	-	$ -	30	$ 320,122

EXHIBIT F
STATISTICS ON SURVIVING SPOUSE ANNUITIES CLASSIFIED BY AGE AS OF DECEMBER 31, 2002 (CONTINUED)

	Male			Female		
Age	No.		Annual Payments	No.		Annual Payments
70	1	$	9,600	35	$	390,453
71	2	$	19,200	33	$	357,068
72	-	$	-	42	$	462,455
73	-	$	-	44	$	482,592
74	2	$	10,313	62	$	639,589
75	1	$	9,600	43	$	444,319
76	3	$	28,800	51	$	505,007
77	5	$	48,000	54	$	574,511
78	2	$	19,200	59	$	610,420
79	1	$	9,600	60	$	598,822
80	1	$	9,600	44	$	447,056
81	-	$	-	49	$	500,039
82	2	$	19,200	64	$	629,216
83	2	$	19,200	55	$	532,357
84	1	$	9,600	47	$	446,085
85 & over	12	$	115,200	272	$	2,598,053
Totals	**39**	**$**	**365,513**	**1,383**	**$**	**14,247,539**

Exhibit G

Part I – Number of Refund Payments Made During 2002 To Male Employees

Age at Date of Refund	Length of Service at Date of Refund: Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and Over	Total
Under 20	-	-	-	-	-	-	-
20 to 24	-	5	5	2	-	-	12
25 to 29	-	2	4	-	1	-	7
30 to 34	-	-	3	3	-	6	12
35 to 39	1	2	-	1	2	5	11
40 to 44	1	2	4	2	3	8	20
45 to 49	1	1	2	-	1	8	13
50 to 54	1	-	-	2	2	5	10
55 to 59	-	-	-	-	-	3	3
60 & Over	-	-	-	-	1	-	1
Totals	**4**	**12**	**18**	**10**	**10**	**35**	**89**

Part II – Number of Refund Payments Made During 2002 To Female Employees

Age at Date of Refund	Length of Service at Date of Refund: Under 1 Year	Between 1 and 2	Between 2 and 3	Between 3 and 4	Between 4 and 5	5 and Over	Total
Under 20	-	-	-	-	-	-	-
20 to 24	-	-	-	-	-	1	1
25 to 29	-	2	-	2	1	-	5
30 to 34	-	-	-	-	-	-	-
35 to 39	1	2	1	2	-	2	8
40 to 44	-	-	1	-	-	-	1
45 to 49	-	1	1	-	-	-	2
50 to 54	-	1	-	-	-	-	1
55 to 59	-	-	-	-	-	-	-
60 & Over	-	-	-	-	-	-	-
Totals	**1**	**6**	**3**	**4**	**1**	**3**	**18**

Includes those who took a refund from both active and inactive status.

EXHIBIT H
HEALTH INSURANCE SUPPLEMENT
CLASSIFIED BY AGE AS OF DECEMBER 31, 2002

Age	Single Coverage	Family Coverage	Total Coverage	Total Not Covered	Total Annuitants	% Covered Annuitants
Employee Annuitants						
30-39	1	-	1	-	1	100.00%
40-49	4	1	5	2	7	71.43%
50-59	71	105	176	37	213	82.63%
60-69	225	346	571	153	724	78.87%
70-79	301	318	619	216	835	74.13%
80-89	265	125	390	197	587	66.44%
Over 90	37	3	40	54	94	42.55%
Total	**904**	**898**	**1,802**	**659**	**2,461**	**73.22%**
Spouse Annuitants						
Under 30	-	1	1	1	2	50.00%
30-39	1	2	3	-	3	100.00%
40-49	7	16	23	14	37	62.16%
50-59	33	6	39	50	89	43.82%
60-69	133	4	137	105	242	56.61%
70-79	283	1	284	216	500	56.80%
80-89	235	1	236	213	449	52.56%
Over 90	37	-	37	63	100	37.00%
Total	**729**	**31**	**760**	**662**	**1,422**	**53.45%**

EXHIBIT I

PART I – MALE PARTICIPANTS RECEIVING DUTY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2002

Service:	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	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -
30 to 34	-	-	-	-	1	22,911	-	-	-	-	-	-	1	22,911
35 to 39	-	-	-	-	-	-	-	-	-	-	-	-	-	0
40 to 44	-	-	1	23,513	2	53,319	-	-	1	24,200	-	-	4	101,032
45 to 49	-	-	1	25,689	-	-	2	49,275	1	24,200	11	270,502	15	369,666
50 to 54	-	-	1	24,200	1	29,120	-	-	3	63,631	9	254,029	14	370,980
55 to 59	-	-	-	-	-	-	-	-	1	19,447	3	76,413	4	95,860
60 & Over	-	-	-	-	3	79,600	2	46,771	-	0	5	131,346	10	257,717
Totals	**-**	**$ -**	**3**	**$ 73,402**	**7**	**$ 184,950**	**4**	**$ 96,046**	**6**	**$ 131,478**	**28**	**$ 732,290**	**48**	**$ 1,218,166**

PART II – FEMALE PARTICIPANTS RECEIVING DUTY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2002

Service:	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	-	$ -	-	$ -	1	$ 25,605	-	$ -	-	$ -	-	$ -	1	$ 25,605
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	-	-	1	24,200	-	-	-	-	1	24,200
40 to 44	-	-	-	-	-	-	-	-	1	29,952	-	-	1	29,952
45 to 49	-	-	1	25,605	1	24,200	2	51,867	-	-	-	-	4	101,672
50 to 54	-	-	-	-	-	-	1	29,120	-	-	-	-	1	29,120
55 to 59	-	-	-	-	-	-	1	13,844	1	20,717	-	-	2	34,561
60 & Over	1	15,954	-	-	-	-	-	-	-	-	-	-	1	15,954
Totals	**1**	**$ 15,954**	**1**	**$ 25,605**	**2**	**$ 49,805**	**5**	**$ 119,031**	**2**	**$ 50,669**	**-**	**$ -**	**11**	**$ 261,064**

Benefit payments are annual amount before Workers' Compensation offset.

EXHIBIT I (CONT'D)

PART III – MALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2002

Service:	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	-	$ -	3	$ 107,145	1	$ 41,574	-	$ -	-	$ -	-	$ -	4	$ 148,719
30 to 34	-	-	7	279,964	3	134,817	-	-	-	-	-	-	10	414,781
35 to 39	-	-	3	120,498	5	189,779	3	112,416	1	44,227	1	45,085	13	512,005
40 to 44	-	-	6	205,543	10	383,161	2	72,354	2	62,309	8	316,216	28	1,039,583
45 to 49	-	-	5	188,699	3	121,557	4	146,037	4	122,491	9	319,353	25	898,137
50 to 54	-	-	1	32,715	5	193,911	2	71,201	2	29,284	7	277,540	17	604,651
55 to 59	-	-	2	69,233	4	160,276	3	87,315	2	70,701	7	277,354	18	664,879
60 & Over	-	-	-	-	2	65,240	2	64,726			5	198,419	9	328,385
Totals	**-**	**$ -**	**27**	**$ 1,003,797**	**33**	**$ 1,290,315**	**16**	**$ 554,049**	**11**	**$ 329,012**	**37**	**$ 1,433,967**	**124**	**$ 4,611,140**

PART IV – FEMALE PARTICIPANTS RECEIVING ORDINARY DISABILITY CLASSIFIED BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2002

Service:	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	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -
30 to 34	-	-	1	36,303	2	74,712	-	-	-	-	-	-	3	111,015
35 to 39	-	-	1	36,303	2	70,671	2	79,560	-	-	-	-	5	186,534
40 to 44	-	-	2	69,018	2	74,836	1	29,594	-	-	1	32,715	6	206,163
45 to 49	-	-	1	34,368	1	41,574	2	71,559	-	-	-	-	4	147,501
50 to 54	-	-	-	-	-	-	1	30,342	-	-	-	-	1	30,342
55 to 59	-	-	-	-	-	-	1	32,715	-	-	-	-	1	32,715
60 & Over	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	**-**	**$ -**	**5**	**$ 175,992**	**7**	**$ 261,793**	**7**	**$ 243,770**	**-**	**$ -**	**1**	**$ 32,715**	**20**	**$ 714,270**

EXHIBIT J
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
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 %
2000	4,070	5.58 %	$185,051,048	5.19 %	$45,467	(0.36)%	5.00%	4.03 %
2001	4,074	0.10 %	$211,203,088	14.13 %	$51,842	14.02 %	5.00%	0.82 %
2002	3,828	(6.04)%	$207,403,973	(1.80)%	$54,181	4.51 %	5.00%	2.50 %
Average Increase (Decrease) for the Last 5 years		(0.16)%		4.06%		4.30%		2.39%

EXHIBIT K
NEW ANNUITIES GRANTED DURING 2002

	Male Annuitants	Female Annuitant	Spouse of Deceased Employees	Spouse of Deceased Annuitants
Number retired/deceased	149	3	13	88
Average age attained	60.5	65.0	47.3	73.9
Average length of service	27.7	20.7	N/A	N/A
Average annual final salary	$ 58,159	$ 33,205	N/A	N/A
Total annual annuity	$ 4,802,907	$ 40,550	$ 133,806	$ 1,189,584
Average annual annuity	$ 32,234	$ 13,517	$ 10,293	$ 13,518
Total actuarial liability	$ 60,832,155	$ 499,684	$ 1,551,736	$ 9,087,179
Average actuarial liability	$ 408,269	$ 166,561	$ 119,364	$ 103,263
Total contributed by EE	$ 14,380,969	$ 120,177	N/A	N/A
Average investment	$ 96,517	$ 40,059	N/A	N/A
Liability/contributions	4.23	4.16	N/A	N/A
Liability/final pay	7.02	5.02	N/A	N/A

EXHIBIT L
NEW RECIPROCAL ANNUITIES GRANTED DURING 2002

	Reciprocal	
	Male Annuitants	Female Annuitants
Number Retired	10	-
Average Age Attained	58.9	N/A
Number with Spouses	9	N/A
Average Spouse Age	55.8	N/A
Percentage with Spouse	90.00%	N/A
Total Annual Annuity	$ 257,310	-
Average Annual Annuity	$ 25,731	-
Total Liability (8% 1983 GAM)	$ 3,148,106	-
Average Liability	$ 314,811	-

EXHIBIT M
RETIREES AND BENEFICIARIES BY TYPE OF BENEFIT

	Annuitants			Disability		Compensation	Reciprocal	
Years	Employee	Spouse	Child	Ordinary	Duty	Annuitants	Employee	Spouse
1993	2,534	1,322	79	42	103	-	142	39
1994	2,534	1,359	75	55	106	-	146	41
1995	2,445	1,362	72	49	93	-	155	39
1996	2,378	1,388	74	38	109	-	159	43
1997	2,296	1,374	73	54	91	-	161	48
1998	2,628	1,365	83	35	77	-	180	49
1999	2,507	1,345	76	38	82	-	180	52
2000	2,384	1,350	67	57	100	-	185	56
2001	2,299	1,345	59	46	108	-	182	60
2002	2,273	1,359	65	59	144	-	188	63

EXHIBIT N
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
1993 [1]	$ 13,515	72.2	$ 21,804	63.6	30.40
1994	14,059	72.7	15,866	63.3	23.20
1995	14,797	72.9	20,634	64.0	27.70
1996	15,476	73.3	21,109	61.4	25.90
1997	16,634	72.8	18,339	62.6	24.10
1998 [1]	20,530	71.2	30,889	60.6	32.00
1999	21,157	72.8	18,366	61.9	18.30
2000	21,872	73.3	20,938	61.1	19.96
2001	22,750	73.6	24,126	61.2	20.80
2002	24,082	73.3	31,865	60.6	27.56

[1] *Early retirement incentive offered to employees.*

EXHIBIT O
SURVIVING SPOUSES RECEIVING BENEFITS AS OF DECEMBER 31, 2002
BY AGE AND YEARS IN PAY STATUS

Attained Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Over	Total
Under 30	-	1	1	-	-	-	2
30 to 34	-	-	1	-	-	-	1
35 to 39	1	-	1	-	-	-	2
40 to 44	4	3	5	2	1	1	16
45 to 49	4	8	3	3	2	1	21
50 to 54	4	15	6	4	-	1	30
55 to 59	4	17	15	8	7	8	59
60 & Over	69	225	275	234	177	311	1,291
Totals	**86**	**269**	**307**	**251**	**187**	**322**	**1,422**

EXHIBIT P
HISTORY OF ANNUITIES 1993-2002

Employee Annuitants (Male and Female)			
Year End	Number of Annuitants	Total Annuities	Average Annuities
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
2000	2,569	$ 56,189,051	$ 21,872
2001	2,481	$ 56,443,854	$ 22,750
2002	2,461	$ 59,265,907	$ 24,082

Surviving Spouse Annuities			
Year End	Number of Annuitants	Total Annuities	Average Annuities
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
2000	1,406	$ 13,996,111	$ 9,955
2001	1,405	$ 14,116,356	$ 10,047
2002	1,422	$ 14,613,052	$ 10,276

EXHIBIT Q
SCHEDULE OF RETIRED MEMBERS
BY TYPE OF BENEFIT AS OF DECEMBER 31, 2002

Amount of Monthly Benefit	Number of Employee Annuitants	Number of Spouse Annuitants	Number of Child Annuitants	Total Number of Annuitants
$ 1 - 250	42	18	65	125
251 - 500	21	5	-	26
501 - 750	7	7	-	14
751 - 1000	596	1,243	-	1,839
1,001 - 1250	139	72	-	211
1,251 - 1500	140	41	-	181
1,501 - 1750	188	15	-	203
1,751 - 2000	177	8	-	185
2,001 - 2250	169	7	-	176
2,251 - 2500	183	3	-	186
2,501 - 2750	198	2	-	200
2,751 - 3000	170	-	-	170
3,001 - 3250	150	-	-	150
3,251 - 3500	97	-	-	97
3,501 - 3750	45	1	-	46
3,751 - 4000	44	-	-	44
4,001 - 4250	41	-	-	41
4,251 - 4500	17	-	-	17
4,501 - 4750	13	-	-	13
4,751 - 5000	10	-	-	10
Over $5,000	14	-	-	14
Totals	**2,461**	**1,422**	**65**	**3,948**

Actuarial Methods and Assumptions
as of December 31, 2002

ACTUARIAL METHODS AND ASSUMPTIONS AS OF DECEMBER 31, 2002

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 principal Actuarial Cost Method used in this valuation 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		0.01	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:	The assumed rate of individual salary increases is 5.0% per year. The salary assumption includes a 3% general wage inflation and 2% merit and longevity assumption.
Asset Value:	The Actuarial Value of Assets is smoothed by using a five-year phase-in of each year's unexpected investment gains and losses.

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 surviving spouses). The amount of the Fund paid health insurance from January 1, 1993 until June 30, 2003 is $75.00 per month for each annuitant (employees and surviving spouses) not qualified to receive Medicare benefits, and $45.00 if qualified. It is assumed that all annuitants age 65 and older will be eligible for Medicare and all annuitants less than age 65 will not be eligible for Medicare. Future surviving spouses of retirees are assumed to be eligible for Medicare, as well as surviving spouse 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.

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 #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.

THREE METHODS OF FINANCING UNFUNDED LIABILITY (CONT'D)

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 #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, 2002

SUMMARY OF PRINCIPAL ELIGIBILITY AND BENEFIT PROVISIONS AS OF DECEMBER 31, 2002

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 money purchase minimum. Although this is a single employer plan, the defined benefits, as well as the employer and employee contribution levels, are mandated in Illinois Compiled 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, 2002 was $207,403,973. At December 31, 2002, the Laborers' Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits (includes 203 disabilities)	4,151
Terminated inactive employees entitled to benefits or a refund of contributions but not yet receiving them	2,054
Current employees (includes 203 disabilities)	3,828

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 2.4% 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 reduced if the employee is age 50 with at least 30 years of service. The original annuity is limited to 80% of the highest average annual salary. Beginning January 1, 1999, there is a 10 year deferred vested benefit payable at age 60. 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; except that the first increase will not occur later than (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002.

PLAN DESCRIPTION (CONT'D)

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.

DEFINITIONS

These terms are defined in Article 1A of the Illinois Pension Code *Regulation of Public Pensions.*

"Accrued liability" means the actuarial present value of future benefit payments and appropriate administrative expenses under a plan, reduced by the actuarial present value of all future normal costs (including any participant contributions) with respect to the participant included in the actuarial valuation of the plan.

"Actuarial present value" means the single amount, as of a given valuation date, that results from applying actuarial assumptions to an amount or series of amounts payable or receivable at various times.

"Actuarial value of assets" means the value assigned by the actuary to the assets of a plan for the purposes of an actuarial valuation.

"Beneficiary" means a person eligible for or receiving benefits from the pension fund.

"Credited projected benefit" means that portion of a participant's projected benefit based on an allocation taking into account service to date determined in accordance with the terms of the plan based on anticipated future compensation.

"Current value" means the fair market value when available; otherwise, the fair value as determined in good faith by a trustee, assuming an orderly liquidation at the time of the determination.

"Normal cost" means that part of the actuarial present value of all future benefit payments and appropriate administrative expenses assigned to the current year under the actuarial valuation method used by the plan (excluding any amortization of the unfunded accrued liability).

"Participant" means a participating member or deferred pensioner or annuitant of the pension fund, or a beneficiary thereof.

"Pension Fund" or "Fund" means the Laborer's Annuity Benefit Fund of Chicago established under Article 11 of the Illinois Pension Code.

"Plan year" means the calendar year for which the records of a given plan are kept.

"Projected Benefits" means benefit amounts which are expected to be paid at various future times under a particular set of actuarial assumptions, taking into account, as applicable, the effect of advancement in age and past and anticipated future compensation and service credits.

DEFINITIONS (CONT'D)

"Supplemental annual cost" means that portion of the unfunded accrued liability assigned to the current year under one of the following bases:

1. interest only on the unfunded accrued liability;
2. the level annual amount required to amortize the unfunded accrued liability over a period not exceeding 40 years;
3. the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 40 years as a level percentage of payroll.

"Total annual cost" means the sum of the normal cost plus the supplemental annual cost.

"Unfunded accrued liability" means the excess of the accrued liability over the actuarial value of the assets of a plan.

"Vested pension benefit" means an interest obtained by a participant or beneficiary in that part of an immediate or deferred benefit under a plan which arises from the participant's service and is not conditional upon the participant's continued service for an employer any of whose employees are covered under the plan, and which has been forfeited under the terms of the plan.

PARTICIPANTS

Any person employed by the City in a position classified as labor service of the employer, any person employed by the Board, and 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 older 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 1/10th 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 1/10th 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 older; or (c) resigning at the time of disability credit expiration.

Minimum Annuity Formula

Maximum is 80% of final average salary.

(a) An employee age 60 or older with at least 10 years of service, or an employee age 55 or older, with at least 20 years of service, or an employee age 50 or older with at least 30 years of service, is qualified for an annuity equal to 2.4%, 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 age 60 unless he has at least 25 years of service, or 30 years of service if the employee withdrew before June 27, 1997.

(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 older 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 one year prior to death. The one-year requirement is waived if the beneficiary is the employee's spouse. 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 the 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

A retired employee receives an annual increase of 3% of the monthly annuity payable at the time of the increase. The first increase occurs at the first payment date following the first anniversary of retirement, or age 60, if later; except that the first increase will not occur later than the last to occur of (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002. Increases apply only to life annuities.

SPOUSE ANNUITY

The surviving spouse annuity is the greater of the annuity under the money purchase formula or the minimum annuity formula. Surviving spouses who remarry on or after September 4, 2000 will not have their annuities terminated.

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, surviving spouse's single life annuities and reversionary annuities shall be computed using the best factor (the factor producing the highest annuity), without regard to gender.

Spouses' Minimum Annuity Formula

If the employee retires or dies in service and is at least age 55 with 20 or more years of service, or 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 receive at the time of retirement or death in service. This annuity must then be discounted .25% for each month the spouse is under age 55 (or age 50 if the employee had at least 25 years of service) at the time the employee retires or dies in service.

If the employee dies while receiving a retirement annuity, the spouse is eligible for an annuity of one-half of the employee's annuity at death. This annuity is discounted for his/her age under 55 at the time of the employee's death, unless the employee had at least 25 years of service 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.

If the employee dies in service on or after August 27, 2002, with at least 10 years of service, the spouse is entitled to an annuity of half of the minimum formula annuity earned and accrued to the credit of the employee at the date of death. For the purposes of this benefit, the minimum formula annuity earned and accrued to the credit of the employee is equal to 2.40% for each year of service of the highest average annual salary for any four consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80% of the highest average annual salary. This annuity is not reduced due to the age of the employee or spouse. The spouse is eligible for this annuity only if the marriage was in effect for 10 full years or more.

The spouse will receive a minimum annuity of $800 per month if the employee retires with at least 10 years of service or dies in service with at least five years of service.

Child's Annuity

A child's annuity is provided for unmarried children of a deceased employee who are under the age of 18, if the child was conceived or born before the withdrawal from service, or legally adopted at least one year before the child's annuity becomes payable. The annuity is $220 per month while the spouse of the deceased employee is alive and $250 per month if the spouse is deceased.

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 an injury incurred in the performance of any act of duty shall have a right to receive a 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 the date of injury. Duty disability benefits begin one day after the later of the last day worked or 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.

A duty disability benefit is payable to age 65 if the disability benefits begin before age 60. For an employee who begins disability on or after age 60, disability will continue for five years. A duty disability benefit which continues for more than five 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 incurred other than in performance of an act of duty and is 50% of salary as of the last day worked. 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 the employee's total service or five years, whichever occurs first.

For ordinary disability benefits paid on or after January 1, 2001, the Fund credits amounts equal to the amounts ordinarily contributed by an employee for annuity purposes for any period during which the employee receives ordinary disability. These amounts are used for annuity purposes but are not credited for refund purposes.

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 surviving spouses, without regard to age or years of service) and up to $45 per month for Medicare eligible annuitants until June 30, 2003.

REFUNDS

To Employees

An employee who resigns before age 55, or before age 60 with less than 10 years of service is entitled to all salary deductions for retirement annuity and spouse annuity accumulated with interest to date of resignation, plus the 0.5% deducted for annuity increase purposes without interest.

If the annuity of an employee is less than $800 a month, the employee may elect to receive a refund, as above, in lieu of an annuity.

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

To Spouses

The spouse may choose a refund in lieu of annuity if the annuity would be less than $800 per month.

Remaining Amounts

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

DEDUCTIONS AND CONTRIBUTIONS

Members are required to contribute 8.5% of their salary to the Laborers' Plan.

The City shall annually levy a tax which, when added to the amounts deducted from the salaries of the employees, or otherwise contributed by them, will be sufficient for the requirements of the Fund. The tax will produce an amount that does not exceed the 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 for the year 1999 and each year thereafter.

When the balance of the prior service reserve equals its liabilities (including in addition to all other liabilities, the present value of all annuities, present or prospective, according to the applicable mortality tables and rates of interest), the City shall cease to contribute the amounts to provide prior service annuities and other annuities and benefits.

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, the Board of Education paid contributions in the amount of 7% of the employee's salary. 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. Beginning May 28, 2000, the remainder of contributions due for Board of Education employee salary deductions was designated for income tax purposes to be made by the employer and treated in the same manner as city employee salary deductions.

Historic Information

EXHIBIT R
LEGISLATIVE CHANGES 1984 THROUGH 2002

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 attack or stroke; 10% increase in duty disability benefit January 1 of the sixth year.
- Collateral for securities lending expanded.
- Fractional payment for refund repayment and temporary service authorized. Credit established by fractional payment shall be earliest service for which credit may be established.

1991 Session

- No changes.

1992 Session

SB 1650

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

- 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 five to eight. The makeup of the board is two ex-officio members, three appointed persons, two employees and one annuitant.

HB 1612

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

1999 Session

- No Change

2000 Session

HB 1583

- Approved July 6, 2000.
- An employee or widow whose annuity would amount to less than $800 per month may elect to receive a refund in lieu of annuity. Formerly, only employees and widows whose annuity would be less than $300 per month could choose a refund.
- The reversionary annuity tables have been extended down to age 50 from age 55 to comply with the change in the law allowing retirement at age 50 with 30 years of service.
- The Board is allowed to pay an annuity (if the person qualifies) directly to a Medicare approved, State certified nursing home or to a publicly owned and operated nursing home, hospital, or mental institution. Each person must qualify under the provisions of this amendment.
- Annuities of widows who remarry on or after the date 60 days after the effective date of this amendment would not be terminated upon remarriage.
- For annuities effective before January 1, 1998, all annuity payments will be made on the first day of the calendar month, for the entire month without proration.

2001 Session

EGTRRA

- On June 7, 2001, the Economic Growth and Tax Relief Reconciliation Act of 2001 were signed by President Bush.
- Beginning January 1, 2002, payments for eligible optional service credits may be made with funds rolled over from a 457 deferred compensation plan or a 403(b) tax deferred annuity plan (if allowed by the 457 or 403(b) plan).

2002 Session

SB 314

- Effective July 1, 2002.
- The accrual rate for the minimum formula annuity is changed from 2.2% to 2.4% of final average salary and the maximum annuity is changed from 75% to 80% of final average salary for employees withdrawing from service on or after January 1, 2002.

- The 3% post-retirement automatic increase will now begin no later than three years after retirement for an eligible retiree (An eligible retiree is an employee annuitant, not a widow or widower annuitant, originally granted a lifetime annuity). For eligible retirees less than age 60 on the first anniversary of retirement, the 3% increase will begin at the earlier of age 60, and the latest of the following dates:
  - The third anniversary of retirement
  - The attainment of age 53; or
  - January 1, 2002

  For eligible retirees age 60 or older on the first anniversary of retirement, the 3% increase will begin on the first anniversary of retirement.

HB 5168

- Effective June 28, 2002.

- For the eligible spouse of an employee who dies in service on or after August 28, 2002, with at least 10 years of service, the annuity is no less than 50% of the minimum formula annuity the employee would have been entitled to based on service and salary to the date of death without regard to age eligibility requirements. This is equal to 2.4% of final average salary for each year of service. The employee and the spouse must have been married for ten years.

- For children of employees who die in service on or after June 28, 2002, there is no service requirement for eligibility for children's annuity.

- The definition of "child" now includes any child adopted before employee withdraws from service and at least one year prior to the date any benefit for the child accrues. Previously the adoption also had to take place before the employee attained age 55.

- For ordinary disability benefits paid on or after January 1, 2001, the ordinary disability benefit is 50% of the employee's salary at the date of disability with the amounts ordinarily contributed by the employee for annuity purposes contributed by the Fund. These contributions are not refundable.

- The pension fund subsidy for retiree health insurance was extended through June 30, 2003. For annuitants (other than child annuitants) taking the employer-provided plan, the subsidy is $75 per month if the annuitant is not eligible for Medicare and $45 per month if the annuitant is eligible for Medicare.

EXHIBIT S
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[1,2]	1.37	1.34	1.92	1.03	1982	$13,073,000	$27,000	$13,100,000
1983[1,2]	1.37	1.54	2.16	1.21	1983	14,231,000	29,000	14,260,000
1984	1.37	1.58	2.04	1.30	1984	15,606,000	32,000	15,638,000
1985[2]	1.37	1.60	2.08	1.33	1985	15,618,000	29,000	15,647,000
1986[1]	1.37	0.99	1.84	0.94	1986	15,373,000	25,000	15,398,000
1987[1]	1.37	1.13	1.90	1.03	1987	15,260,000	21,000	15,281,000
1988	1.37	1.03	1.87	0.98	1988	15,380,000	20,000	15,400,000
1989[1,2]	1.37	0.56	1.49	0.56	1989	15,442,000	14,000	15,456,000
1990[1,2]	1.37	1.01	1.80	0.93	1990	15,261,000	12,000	15,273,000
1991	1.37	0.93	1.70	0.90	1991	16,382,000	10,000	16,392,000
1992[2]	1.37	0.80	1.75	0.80	1992	16,835,000	11,000	16,846,000
19932	1.37	0.83	1.96	0.83	1993	18,036,000	11,000	18,047,000
1994[1,2]	1.37	0.64	1.84	0.64	1994	17,069,000	12,000	17,081,000
19952	1.37	0.75	1.87	0.75	1995	18,726,000	9,500	18,735,500
1996	1.37	0.66	1.75	0.66	1996	20,037,300	6,900	20,044,200
1997[1,2,3,4]	1.37	N/A	N/A	N/A	1997	19,645,400	4,300	19,649,700
1998[1,2,4]	1.37	N/A	N/A	N/A	1998	19,757,000	4,600	19,761,600
1999[1,4,5]	1.00	N/A	N/A	N/A	1999	14,676,000	1,898	14,677,898
2000[4]	1.00	N/A	N/A	N/A	2000[6]	0	0	0
2001[4]	1.00	N/A	N/A	N/A	2001[7]	0	0	0
2002[2,4]	1.00	N/A	N/A	N/A	2002[8]	0	0	0

[1] Change in actuarial assumptions

[2] Change in benefits

[3] Change in asset valuation method to GASB

[4] No contribution is required under these valuation methods

[5] Change in actuary

[6] Tax levy based on the statutory multiple would be $16,726,700, of which $100 is for Park

[7] Tax levy based on the statutory multiple would be $16,504,660

[8] Tax levy based on the statutory multiple would be $16,892,000

EXHIBIT T
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
1993	$2,774,135	$17,278,850	$17,734,532	639.28%
1994	1,568,675	16,346,450	16,954,372	1080.81%
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
2000[4]	0	16,057,536	683,352	N/A
2001[4]	0	15,844,464	659,946	N/A
2002[4]	0	16,216,320	82,865	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.
[4]The City of Chicago did not levy a tax for the Fund this year.

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
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%
2000	133.90%	(237.80)%	0.39%
2001	125.24%	(167.58)%	0.36%
2002	111.32%	(84.12)%	0.04%

EXHIBIT W
HISTORY OF RETIREES AND BENEFICIARIES ADDED TO PAYROLLS

Year	Added to Payroll No.	Added to Payroll Ann. Benefits	Removed from Payroll No.	Removed from Payroll Ann. Benefits	Payroll End of Year No.	Payroll End of Year Ann. Benefits	Average Annual Benefit	Increase in Average Benefit
Employee Annuitants (Male or Female)								
1993	439	$ 9,572,020	171	$ 1,062,719	2,802	$ 37,841,791	$ 13,505	16.66%
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%
2000	56	1,172,549	174	2,592,545	2,569	56,189,051	21,872	3.38%
2001	53	1,278,686	141	1,023,883	2,481	56,443,854	22,750	4.01%
2002	152	4,843,457	172	3,568,213	2,461	59,265,907	24,082	5.85%
Surviving Spouse Annuitants (Not Including Compensation)								
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	2.71%
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	0.77%
2000	83	908,129	74	729,344	1,406	13,996,111	9,955	0.64%
2001	74	841,721	75	721,476	1,405	14,116,356	10,047	0.92%
2002	101	1,323,390	84	832,813	1,422	14,613,052	10,276	2.28%

GASB Exhibits

EXHIBIT A-1
GASB #25 AND #27 DISCLOSURES

In an effort to enhance the understanding and usefulness of the pension information that is included in the Data reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pensions by State and Local Governmental Employers.

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.

Exhibit A-2: Schedule of Funding Progress for GASB #25

This exhibit shows a history of funding progress under GASB (we included additional years prior to GASB #25). 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 payroll.

Exhibit A-3: Schedule of Employer Contributions for GASB #25

This exhibit shows the Annual Required Contribution (ARC) as computed under GASB #25, and the percent of this amount actually received.

Exhibit A-4: Supplementary Information for GASB #25 and #27

This exhibit has certain information required in the notes to the Fund and City financial reports.

Exhibit A-5: History of Annual Pension Cost and Contributions Made for GASB #27 from 1997

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 for years 1997-2002. The exhibit also includes the dollar amount of city contributions made.

Exhibit A-6: Pension Cost Summary for GASB #27

This exhibit shows a six-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 Percentage of Covered Payroll [(b - a) / c]
1993	$ 937,094,502	$ 847,293,445	$ (89,801,057)	110.60%	$147,076,752	(61.06)%
1994	960,327,842	866,493,209	(93,834,633)	110.83%	155,213,016	(60.46)%
1995	1,063,261,239	890,375,387	(172,885,852)	119.42%	152,996,856	(113.00)%
1996	1,172,316,925	936,623,719	(235,693,206)	125.16%	162,276,840	(145.24)%
1997	1,328,085,799	1,040,650,534	(287,435,265)	127.62%	171,175,944	(167.92)%
1998	1,530,395,014	1,292,611,712	(237,783,302)	118.40%	170,627,112	(139.36)%
1999	1,690,749,716	1,309,772,341	(380,977,375)	129.09%	175,914,112	(216.57)%
2000	1,737,971,109	1,297,913,880	(440,057,229)	133.90%	185,051,048	(237.80)%
2001	1,756,080,291	1,402,138,620	(353,941,671)	125.24%	211,203,088	(167.58)%
2002	1,715,073,438	1,540,604,761	(174,468,677)	111.32%	207,403,973	(84.12)%

EXHIBIT A-3

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #25

	2002	2001	2000	1999	1998
1. Contribution Multiplier	1.00	1.00	1.00	1.00	1.37
2. Payroll (beginning of year)	$211,203,088	$185,051,048	$175,914,112	$170,627,112	$171,175,944
3. City of Chicago Contribution, Net of Reserve for Loss in Tax Collection	82,865	659,946	683,352	14,406,579	19,724,301
4. City of Chicago Contribution as a Percent of Covered Payroll	0.04%	0.36%	0.39%	8.44%	11.52%
5. Employee Contributions	20,189,214	20,017,224	17,011,363	15,895,882	18,687,316
6. Employee Contributions as a Percent of Covered Payroll	9.56%	10.82%	9.67%	9.32%	10.92%
7. Current Year Normal Cost	27,048,056	23,692,541	21,039,274	24,059,897	21,761,436
8. Normal Cost as a Percent of Covered Payroll	12.81%	12.80%	11.96%	14.10%	12.71%
9. 40-Year Level Dollar Amortization of the Unfunded Liability	(27,482,968)	(34,169,695)	(29,582,245)	(19,187,799)	(23,194,439)
10. 40-Year Level Dollar Amortization as a Percent of Covered Payroll	(13.01)%	(18.47)%	(16.82)%	(11.25)%	(13.55)%
11. Interest Adjustment for Semi-Monthly Payment	(16,227)	(390,903)	(318,738)	N/A	N/A
12. Actuarially Determined Contribution (ADC)[1] (NC + 40-year level dollar + interest adjustment)	0	0	0	4,872,098	0
13. ADC as a Percent of Covered Payroll	0.00%	0.00%	0.00%	2.86%	0.00%
14. Annual Required Contribution (ARC)[1] (ADC - estimated employee contributions)	0	0	0	0	0
15. ARC as a Percent of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

[1]ADC and ARC amounts cannot be less than zero.

In the year 2002, city contributions and miscellaneous income totaled $82,865 or 0.04% of payroll. In addition, employee contributions were $20,189,214 or 9.56% of payroll. As the Annual Required Contribution (ARC) was not applicable, there was an excess of contributions and miscellaneous income of $20,272,079 or 9.60% of payroll.

EXHIBIT A-4
SUPPLEMENTARY INFORMATION FOR
GASB #25 AND GASB #27

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

Valuation date	December 31, 2002
Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level dollar; Open
Remaining Amortization Period	40 years
Actuarial Assumptions:	
Investment Rate of Return [1]	8.0%
Projected Salary Increases [1]	5.0% per year
[1] Includes Inflation at:	3.0% per year
Post Retirement Benefit Increases	3.0% per year beginning at the earlier of 1) the later of the first anniversary of retirement and age 60 2) the later of the third anniversary of retirement and age 53

Actuarial Accrued Liability (AAL)

	December 31, 2001	December 31, 2002
Payable to Retirees and Beneficiaries	$ 638,327,325	$ 676,418,854
Current Employees:		
Accumulated Employee Contributions Including Statutory Interest	213,887,422	238,225,175
Payable to Vested and Non-Vested Employees (not split)	549,923,873	625,960,732
Total Actuarial Accrued Liability	$1,402,138,620	$1,540,604,761
Net Plan Actuarial Assets	1,756,080,291	1,715,073,438
Unfunded AAL (assets in excess of AAL)	$ (353,941,671)	$ (174,468,677)
Percent Funded	125.24 %	111.32 %
Unfunded AAL as Percent of Payroll	(167.58)%	(84.12)%
Payroll	$ 211,203,088	$ 207,403,973

EXHIBIT A-5
HISTORY OF ANNUAL PENSION COST AND CONTRIBUTIONS MADE FOR GASB #27 FROM 1997

Year Ending December 31:	1997	1998	1999	2000	2001	2002
Contribution Rates						
Plan Members:	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
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:	1.37	1.37	1.00	1.00	1.00	1.00
Annual Pension Cost						
Annual Required Contribution (ARC)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Interest on NPO	(10,936,776)	(13,500,288)	(15,344,702)	(17,724,805)	(19,010,060)	(20,424,891)
Adjustment to ARC	10,936,776	13,500,288	0	2,342,460	1,984,628	4,947,535
Annual Pension Cost	$ 0	$ 0	$ (15,344,702)	$ (15,382,345)	$ (17,025,432)	$ (15,477,356)
Employer Contributions[1]	$ 32,043,902	$ 23,055,176	$ 14,406,579	$ 683,352 [2]	$ 659,946 [2]	$ 82,865 [2]
Net Pension Obligations (NPO)						
NPO at Beginning of Year	$ (136,709,698)	$ (168,753,600)	$ (191,808,776)	$ (221,560,057)	$ (237,625,754)	$ (255,311,132)
Increase/(Decrease) in NPO	(32,043,902)	(23,055,176)	(29,751,281)	(16,065,697)	(17,685,378)	(15,560,221)
NPO at End of Year	$ (168,753,600)	$ (191,808,776)	$ (221,560,057)	$ (237,625,754)	$ (255,311,132)	$ (270,871,353)

[1] *Provided by prior actuary for years before 1999.*

[2] *The City of Chicago did not levy a tax for Laborers' this year. These amounts include changes in reserves for tax loss and collections for tax years prior to 2000.*

EXHIBIT A-6
PENSION COST SUMMARY FOR GASB #27

Year Ended December 31	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
1997	$ 0	N/A	$ (168,753,600)
1998	0	N/A	(191,808,776)
1999	(15,344,702)	N/A	(221,560,057)
2000	(15,382,345)	N/A	(237,625,754)
2001	(17,025,432)	N/A	(255,311,132)
2002	(15,477,356)	N/A	(270,871,353)

EXHIBIT A-7
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	7.5%	7.5%	7.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Amortization Period (years)	40	40	40	40	40	40	40	40	40	40
Cost Method	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN	EAN
Annual Pension Cost										
Actuarially 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)