

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

ACTUARIAL STATEMENT

DECEMBER 31, 1978

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CHICAGO, ILLINOIS 60601

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Page -2-

October 16, 1979

The Retirement Board of the
Laborers' and Retirement Board
Employees' Annuity and Benefit
Fund of Chicago,
Chicago, Illinois

Gentlemen:

This is to certify that the annual statement as of December 31, 1978 of the Laborer's and Retirement Board Employees' Annuity and Benefit Fund of Chicago is, to the best of our knowledge and belief, a true and correct statement of the affairs and conditions of said Fund for the calendar year 1978. This statement has been prepared from the books of the Fund as substantiated by our letters of recommendation to the Retirement Board.

The accounting procedure is outlined in Article II of the Illinois Pension Code.

The method of valuation, or method of financing the system, and the actuarial assumptions and methods used in the valuation are shown in a separate Exhibit. The attempt is made to give effect to realistic valuation factors affecting costs.

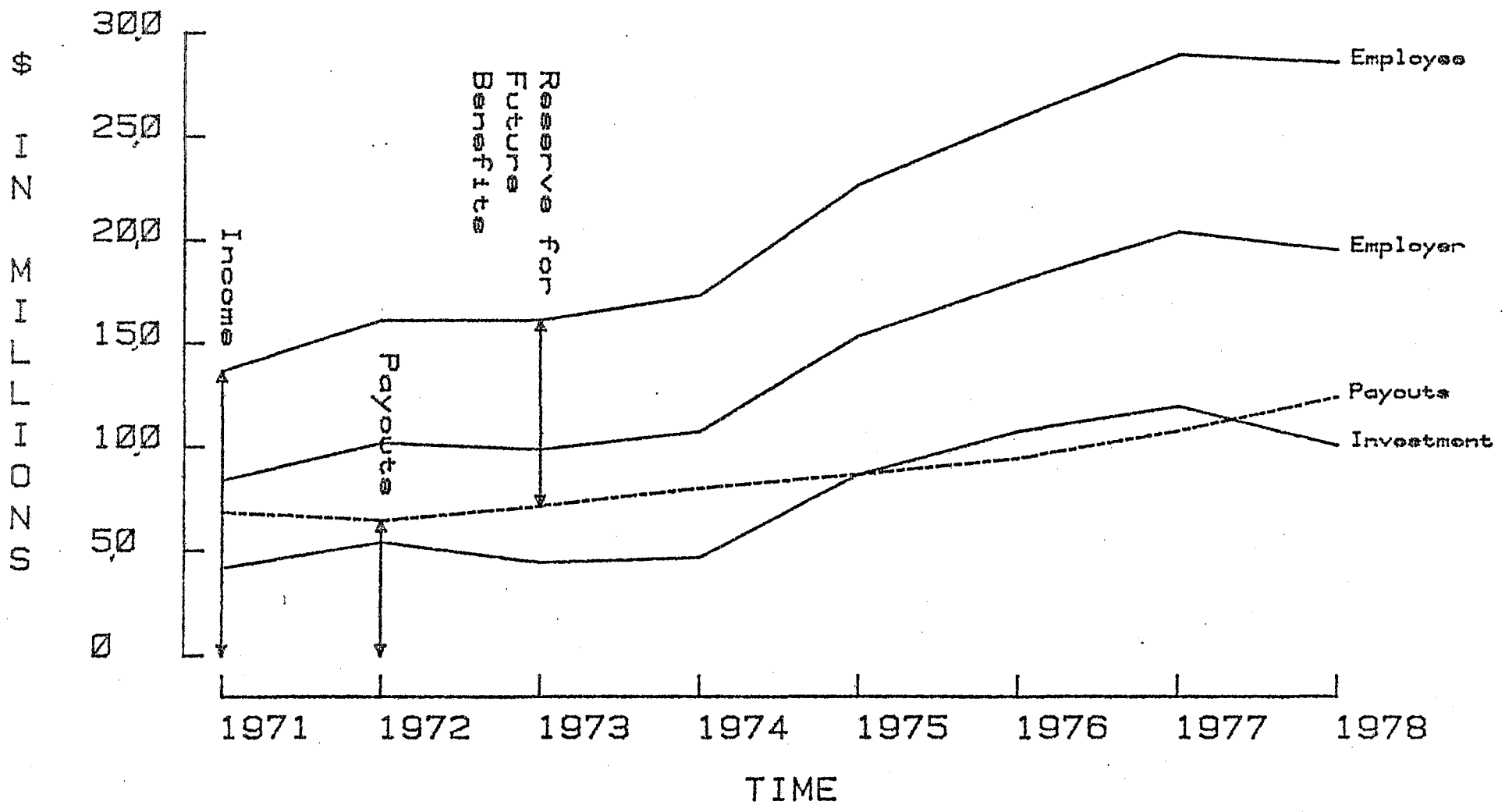
SUMMARY

The following represents a summary of this report:

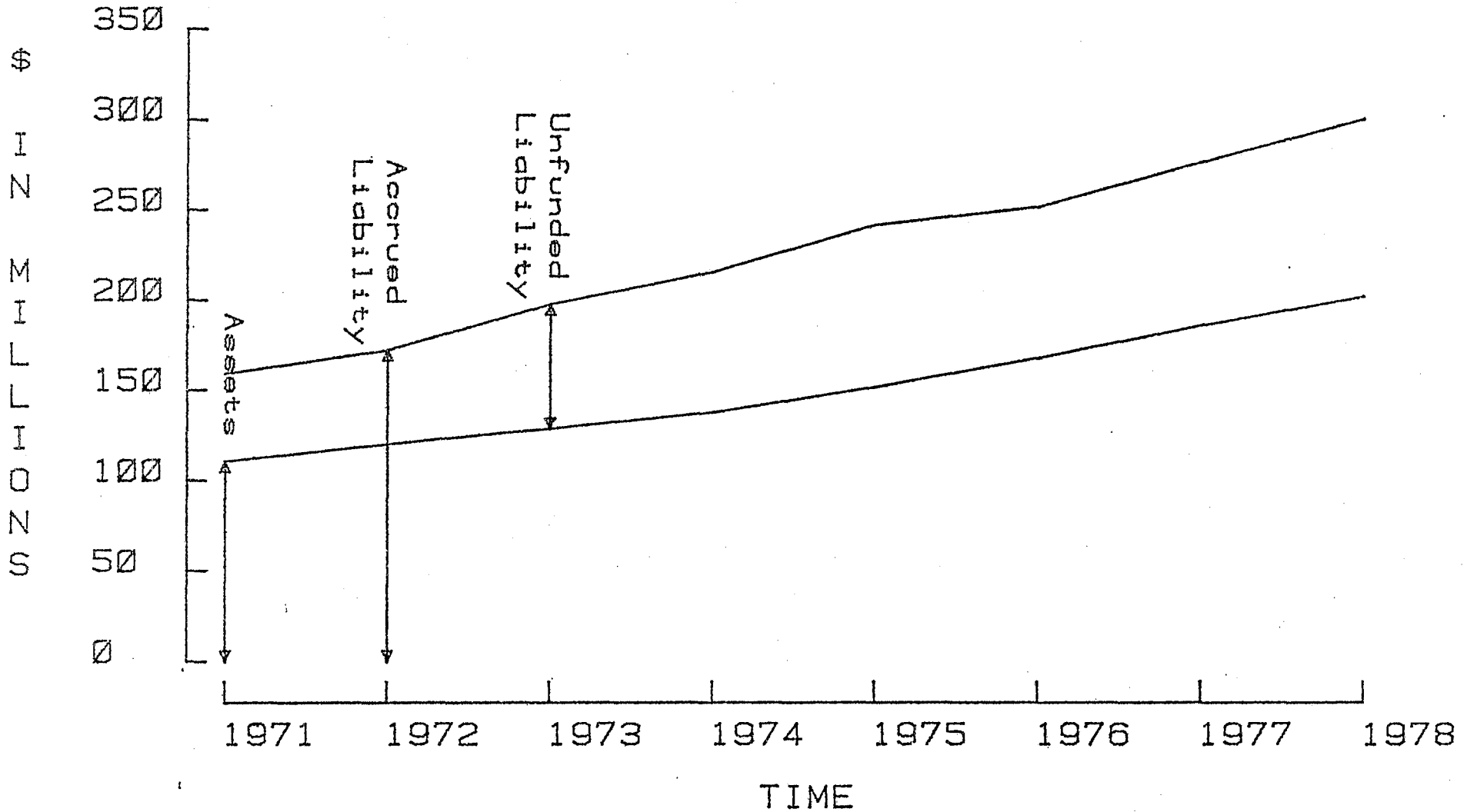
	<u>This Year</u>	<u>Last Year</u>
ASSETS: (TOTAL AT BOOK VALUE)	\$202,643,520	\$186,428,465
INCOME: Investment	\$ 10,112,216	\$ 11,993,200
Employer	\$ 9,477,125	\$ 8,470,000
Employee	\$ 9,077,825	\$ 8,568,248
OUTGO: Refunds, Benefits, Expenses	\$ 12,454,451	\$ 10,819,180
EXCESS OF INCOME OVER OUTGO	\$ 16,212,715	\$ 18,212,268
ACTIVE PARTICIPANTS	6,613	6,752
BENEFICIARIES: Employee	2,150	2,056
Spouse	1,073	1,058
Disabilities	191	168
Children	170	170
Other	43	34
ACTUARIAL:		
Funded Ratio	67.29%	67.28%
Accrued Liability	\$301,135,468	\$277,111,671
Termination Liability	\$150,990,960	\$137,326,069
Excess Upon Termination	\$ 51,652,560	\$ 49,102,397
Unfunded Liability	\$ 98,491,948	\$ 90,683,205
Annual Actuarial Requirement (ER & EE)	\$ 20,575,276	\$ 18,468,102
Expected Net Annual Actuarial Deficiency	\$ 1,723,849	\$ 860,613
Required Employer Multiple	1.69	1.53
INVESTMENT:		
Yield (On Invested Assets including gains/losses)	5.62%	7.35%
MISCELLANEOUS:		
Salary Roll	\$103,399,152	\$ 98,029,296
Average Salary	\$ 15,636	\$ 14,519

LABORERS' A & B FUND OF CHICAGO

Income and Payouts



LABORERS' A & B FUND OF CHICAGO
Assets, Unfunded Liability, Accrued Liability



The graph of assets, unfunded liability and accrued liability illustrates the fund's position with respect to asset growth and accrued liability growth. Please note that the difference between the assets and the accrued liability is what is called unfunded liability.

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

ACTUARIAL ASSUMPTIONS:

Actuarial assumptions required by ERISA must take into consideration anticipated future experience as well as past experience. As a guide to our thinking, we have attempted to learn what interest and salary scale assumptions are being used to anticipate the future in other public and private pension fund valuations.

A comprehensive study made in 1976 indicated that 53% of the funds surveyed used an interest assumption of 6% or greater and that 33% used a salary scale of 5% or greater. Based on these studies, it is our opinion that for the Laborers' Fund the past experience of investment earnings and giving effect to locked in interest rates and to generally expected future interest earnings, that a 6% future interest assumption would be a reasonable rate for valuation purposes and that a 5% per year salary scale is reasonable taking into consideration the generally accepted views on future salary increases for our national economy. These two assumptions could be characterized as being middle of the road.

The liabilities and costs in this report were based in part on a 6% per year interest assumption and a 5% per year salary scale assumption. Additional costs and reserves were set up for future reciprocal benefits. Retirement and withdrawal rates were adjusted slightly. All other assumptions are the same as those used for the last report.

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

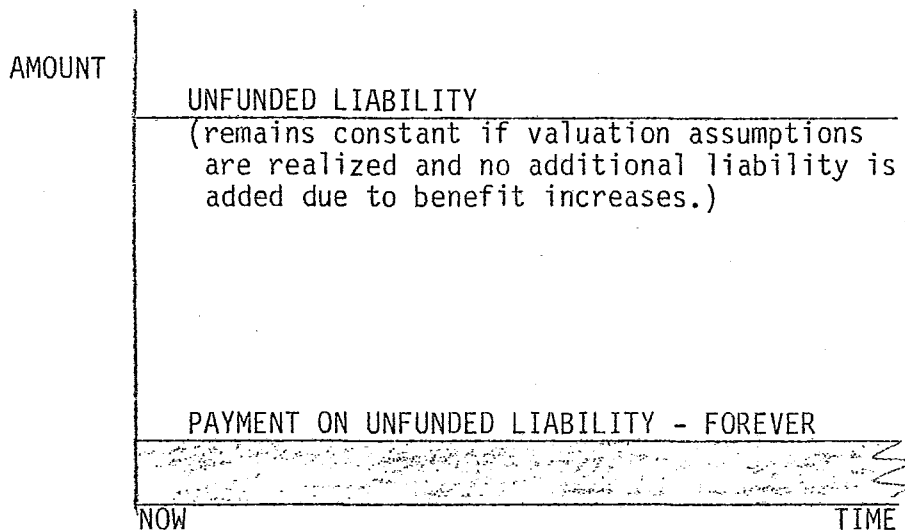
ALTERNATIVE VALUATIONS:

We plan on making alternative valuations in the future giving effect to different rates of salary increases and investment earnings as a guide to the Retirement Board and ourselves in estimating the effects on costs of possible variations in future experience from the assumptions used.

THREE METHODS OF FINANCING THE UNFUNDED LIABILITY:

1.) The method of valuation used for this report, is the same as for the last report. It is known as a Normal Cost-plus-Interest Basis and is intended to continue the current provisions of the Article governing the fund in full force and effect on a permanent basis - explained in detail under Actuarial Assumptions and Methods. The method is also referred to as a middle-of-the-road method of funding since the unfunded liability is recognized but not amortized.

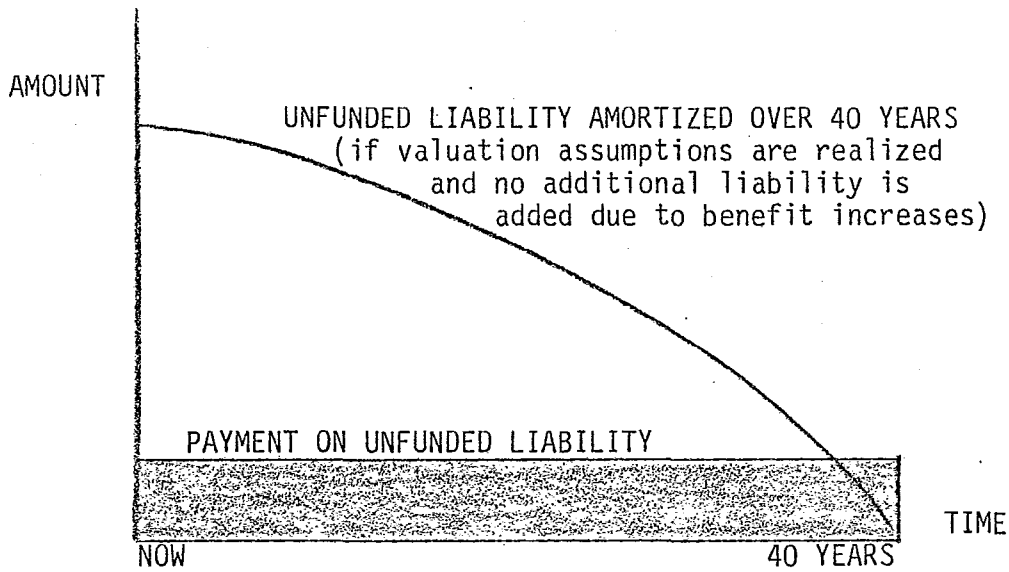
The normal cost plus interest only method of funding is that recommended by the Illinois Public Employees Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.



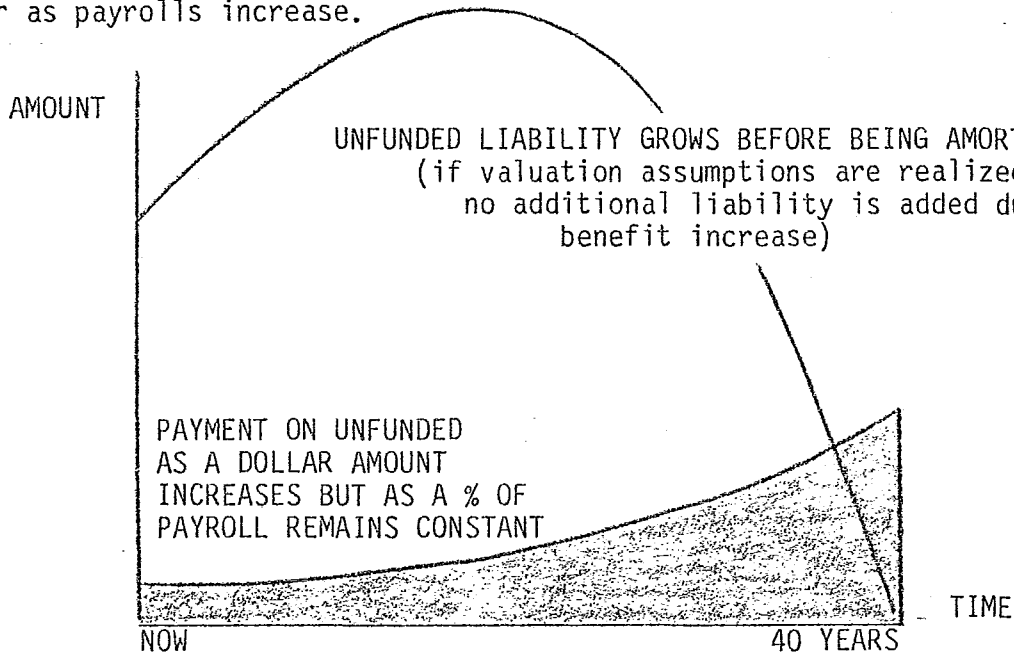
2) ERISA now requires that initial unfunded liability be amortized over a forty year period.

The normal cost plus interest method and the Normal Cost Plus 40 Year Amortization method both express the past service costs as a level annual dollar amount. Consequently, as the total payroll increases in the future, the level annual amount becomes a decreasing percent of the total payroll.

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



3.) An alternative method for funding that is receiving increased attention for public employee pension plans is a method which 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 funding method under ERISA. It may be more acceptable in view of the presumably permanent nature of public retirement systems, and the desire to place a relatively constant tax burden (as percentage of salary) on future generations of taxpayers.

For the Retirement Boards guidance, we have estimated the financial effects of different funding methods. The results are given in the following table:

	<u>Required 1979 Tax Levy</u>	<u>Ultimate Required Multiple</u>	<u>Unfunded Liability Will</u>	<u>Portion Required For Amortization Of Unfunded Liability*</u>
1) Normal Cost + Interest Only	\$13,470,113	1.69	Remain constant at \$98,491,948	\$5,909,516
2) ERISA: Normal Cost + 40 Year Amortization	\$14,197,438	1.78	Decrease to \$0	\$6,545,926
3) Normal Cost + 40 Yr. Level % of Payroll Increasing 3½% a Year (Inflation Only)	\$11,032,571	1.38	Increase to \$121,490,772 in 18 years and decrease thereafter	\$3,776,668 increasing to \$14,952,809 in 40 Years
4) Present Law	\$11,500,000	1.37		

* Assuming all valuation assumptions are realized and no future benefit liberalization.

The preceding comparative table indicates the need to take into consideration in the funding policy future annual costs expressed both as a level annual dollar amount and as a level annual percent of payroll.

The level annual percent of payroll method results in substantially increasing costs and contributions in future years, especially at the end of a funding period.

In determining funding policy it is essential to provide a margin of safety for unfavorable operating experience such as salaries over anticipated salaries, decreasing age of retirement, increasing longevity, declining fund membership.

REQUIRED ACTUARIAL CONTRIBUTION:

Based on the Normal Cost-Plus-Interest-Method of funding we find that the City tax levy for 1979 should be \$13,470,113 which amount includes a 12½% reserve for loss on collection. This amount is based on an annual payroll as of December 31, 1978 of \$103,399,152 and an active membership of 6,613 persons. The detail is as follows:

Detail of Annual City Contribution:

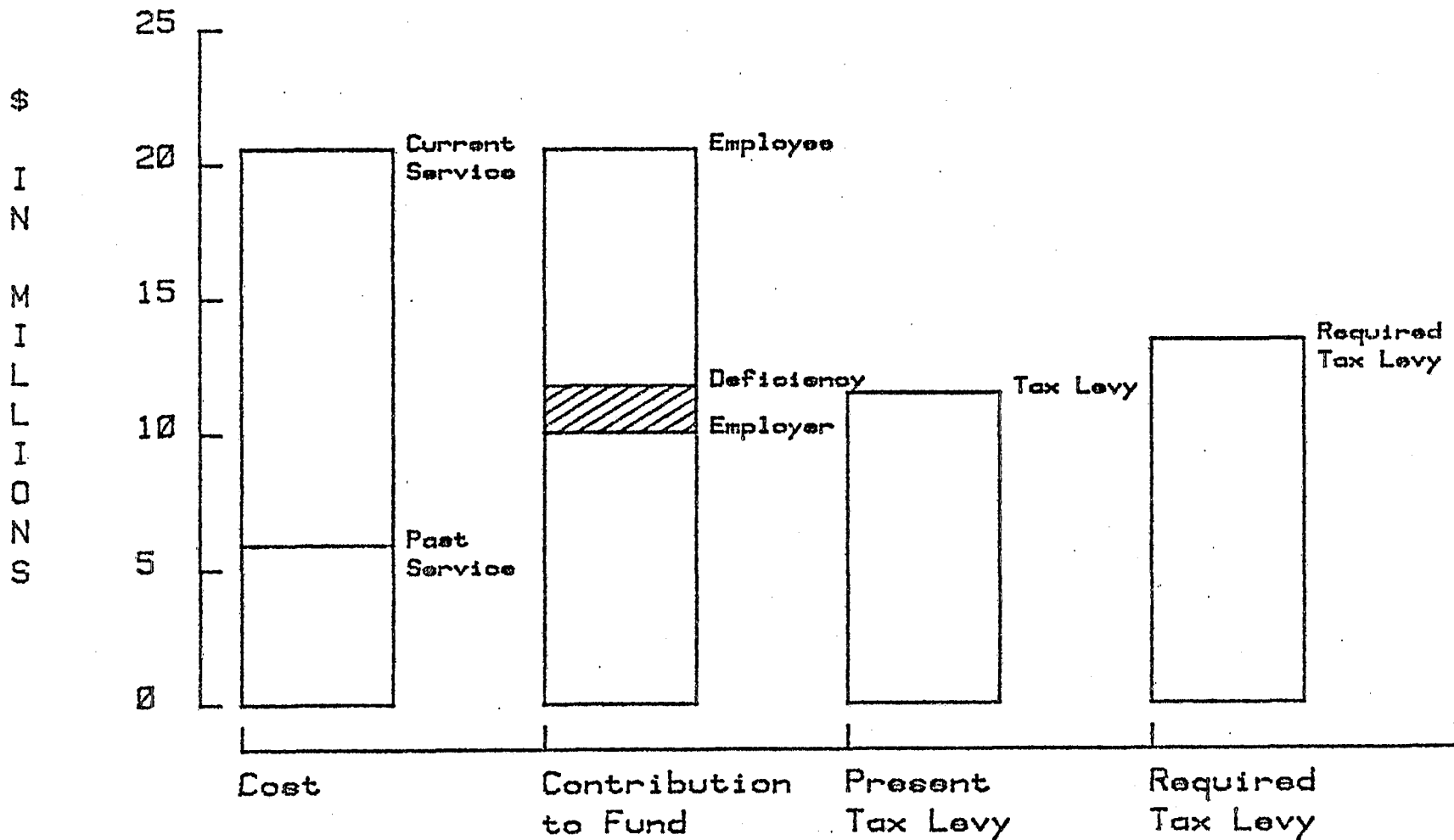
	<u>Amount</u>	<u>Percent of Salary</u>	<u>Dollar Per Active</u>
1. Normal Cost - For Current Service	\$14,665,760	14.18%	\$2,218
<u>2. 6% Interest on Unfunded Liability</u>	<u>\$ 5,909,516</u>	<u>5.72%</u>	<u>\$ 893</u>
<u>3. Total Actuarial Requirement (1)+(2)</u>	<u>\$20,575,276</u>	<u>19.90%</u>	<u>\$3,111</u>
4. Employee Contributions	\$ 8,788,927	8.50%	\$1,329
5. Employer Requirement (3)-(4)	\$11,786,349	11.40%	\$1,782
6. Expected Net Employer Contribution from 1979 Tax Levy of \$11,500,000 after a 12½% loss	<u>\$10,062,500</u>	<u>9.73%</u>	<u>\$1,522</u>
7. Expected Net Annual Deficiency	\$ 1,723,849	1.67%	\$ 260
8. Tax Levy Required (assume 12½% loss)	\$13,470,113		
9. Increase in Tax Levy Required	\$ 1,942,113		
10. Required Ultimate Multiple	1.69		
11. Present Authorized Ultimate Multiple	1.37		
12. Increase in Ultimate Multiple Needed	.32		

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

The above table indicates the need for additional contributions to maintain the fund on an actuarial basis.

The following bar chart illustrates the annual actuarial cost (composed of current service cost and past service cost) to be paid for by the employee and the employer. Since the annual cost is not being met, there is a deficiency shown in the hatched area. The employer portion is provided by tax levy. The last column represents the amount of tax levy required to meet the cost and therefore eliminate the deficiency.

LABORERS' A & B FUND OF CHICAGO
 Annual Actuarial Cost 1979
 (Normal Cost plus Interest Only)



<u>Detail of Normal Cost (given above)</u>	<u>% Salary</u>	<u>\$ Per Active</u>
Retirement Annuity	7.76%	\$1,215
Retirement Annuity Increase	1.13	175
Post-Retirement Spouse Annuity	.47	74
Spouse Annuity for Death in Service	.60	94
Child's Annuity	.14	22
Ordinary Disability	1.08	168
Duty Disability	.37	58
Refunds	2.27	355
Widows Compensation	.01	3
Expense of Administration	.35	54
	<u>14.18%</u>	<u>\$2,218</u>

CHANGE IN THE UNFUNDED LIABILITY:

The total unfunded liability as of December 31, 1978 is \$98,491,948. As of December 31, 1977, it was \$90,683,205.

Detail of Change in Unfunded Liability:

1. Increase in Salaries over 5% Assumed	\$ 999,265	Increase
2. Investment Yield under 6% Assumed	1,250,567	Increase
3. Deficiency in Annual Contribution:		
1978 Total Actuarial Requirement.....	\$18,468,102	
Less Employer Net to Fund 1978		
Tax Levy	9,477,125	
Less Employee Contributions for 1978..	<u>9,077,825</u>	(86,848) Decrease
4. Reciprocal Reserve	2,162,034	Increase
5. Change in Withdrawal and Retirement	2,557,090	Increase
6. Miscellaneous Actuarial Changes - Gain From Retirement, Turnover, and Death	<u>926,635</u>	Increase
Net Change in Unfunded Liability	\$7,808,743	Increase

FUNDED RATIO:

The ratio of assets to liabilities is 67.29% as of December 31, 1978 - and was 67.28% as of December 31, 1977. This ratio represents the extent to which present and future benefit promises are secured by present assets. The funded ratio increased slightly because assets increased 8.7% while the liabilities increased 8.6%.

RATIO OF ACTIVE EMPLOYEES TO ANNUITANTS & BENEFICIARIES:

The ratio of active employees to annuitants and beneficiaries is 1.94 as of December 31, 1978 and was 2.01 as of December 31, 1977. This ratio illustrates the relationship between the contributors and the beneficiaries.

TERMINATION LIABILITY:

A measure of Fund funding is to compare the assets to liabilities for present retirees on pension and amount of contributions of active and inactive employees. This amount would be a minimum measure of what it would cost to terminate the Fund as of December 31, 1978.

Liability for retired annuitants, widows, spouses of annuitants...	\$ 77,603,101
Salary Deductions Contributed by Active Fund Members (incl. ½%)...	<u>73,387,859</u>
Total.....	\$150,990,960
Assets.....	<u>202,643,520</u>
Excess Assets Upon Termination.....	\$ 51,652,560

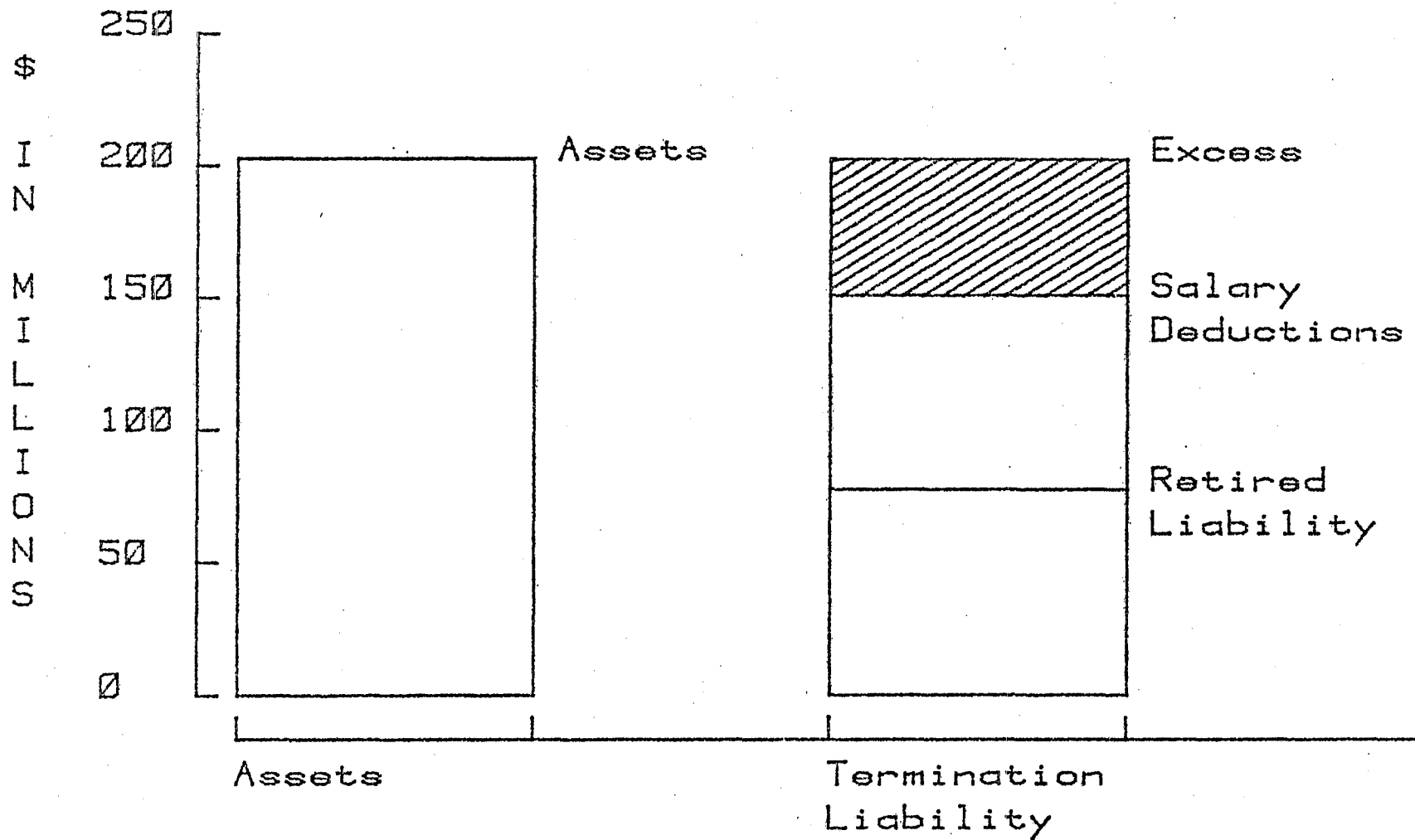
In other words....if the pension fund was terminated as of valuation date, an excess amount of \$51,652,560 would exist after providing lifetime pensions to those now retired and to return all active members' contributions.

Or the assets on hand amounting to \$202,643,520 would be sufficient to provide for the future lifetimes for all retired annuitants, widows and spouses of annuitants, for whom the total liability is \$77,603,101, the difference between the total assets and such reserve liability or \$125,040,419 could be paid to active employees.

As there were 6,613 active employees, the average amount that could be paid to each such member would be \$18,908. The average amount contributed is \$11,097 so that 170% of what was contributed could be returned to each active employee. This measure does not provide for any retirement benefit which may be accrued and may have a greater value.

The following bar chart illustrates the excess upon terminating the plan (the hatched area).

LABORERS' A & B FUND OF CHICAGO
Assets and Termination Liability



THE FUTURE

As in the past - a continuous review of the Fund's operating experience is needed. The rates of salary increases, rates of retirement and investment earnings are of critical importance in cost estimates. Costs will need to be adjusted as these factors vary.

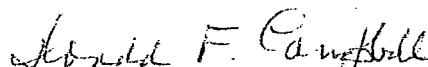
For example, for every \$1.00 in salary increase over the 5% increases assumed in the salary scale the unfunded liability will be increased by about \$2.16. This will be in addition to the additional current annual service cost for every dollar in salary over the 5% salary scale assumed.

These additional costs will be reduced to some extent by the annual amount of investment income earned over the assumed 6% used for valuation purposes. The extent of the reduction will depend on the relative amounts of these two items.

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

The disadvantage of funding methods that use the level percent of payroll funding of past service is that the unfunded liability will continually increase if salaries continue at the predicted rates. Subject, however, to projections of contributions and disbursements for potential cost flow problems the level percent of payroll method would appear to provide a long range level funding method on a minimum funding basis whether for interest only or over 40 year period.

Respectfully submitted,



Donald F. Campbell, F.C.A., M.A.A.A.
Enrolled Actuary # 1248



Donald P. Campbell, F.S.A.
Enrolled Actuary #1498

DFC: saw
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LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

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

ACTUARIAL BALANCE SHEET

AS OF

DECEMBER 31, 1978

ASSETS

AND

LIABILITIES

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

ASSETSACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1978

CASH:

On Deposit	(\$ 18,613.72)
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INVESTMENTS:

Bonds - Par Value	\$150,116,000.00
Bond Premiums & Discounts	(3,619,375.02)
Common Stocks - Cost	40,835,781.70
Accrued Bond Interest	1,364,558.33
Due from Broker	<u>2,885,552.65</u>

Total Investments	\$191,582,517.66
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ACCOUNTS RECEIVABLE - TAXES

(See Exhibit "D")

Tax Extension	\$ 19,581,965.87
Less: Estimates for Loss on Collection	8,449,432.22

Net Taxes Receivable	\$ 11,132,533.65
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OTHER ACCOUNTS RECEIVABLE:

Salary Deductions Accrued	\$ 962,626.07
Miscellaneous Employee Accounts	<u>104,756.79</u>

Total Other Accounts Receivable	<u>\$ 1,067,382.86</u>
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GROSS LEDGER ASSETS

\$203,763,820.45

LESS: ACCOUNTS PAYABLE:

Miscellaneous Employee Accounts	\$ 1,118,742.14
Military Service Deductions	
Excess from Refunds	<u>1,557.71</u>

Total Accounts Payable	<u>\$ 1,120,299.85</u>
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NET LEDGER ASSETS

\$202,643,520.60

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

LIABILITIES AND FUND BALANCESACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1978

ANNUITY PAYMENT FUND ACCOUNT:

(Based on 4% Amer. Exp. & 3% Comb.)

Employee Annuitants	\$25,157,704.44	
Employee Annuities Fixed	7,542,350.16	
Spouse Annuitants	10,731,774.84	
Spouses' Annuities Fixed	<u>6,105,096.58</u>	
Total Annuity Payment Fund		\$ 49,536,926.02

SALARY DEDUCTION FUND ACCOUNT:

Employees	\$56,708,991.16	
Spouses of Employees	<u>12,003,739.16</u>	
Total Salary Deduction Fund		\$ 68,712,730.32

CITY CONTRIBUTION FUND ACCOUNT:

Employees	\$54,547,236.59	
Spouses of Employees	17,288,310.55	
Supplemental Annuities	<u>13,185.60</u>	
Total City Contribution Fund		\$ 71,848,732.74

OTHER RESERVES:

Supplementary Payment Reserve	\$ 85,694.43	
Annuity Payment Fund Account	<u>7,430,538.90</u>	
Total Other Reserves		\$ 7,516,233.33

PRIOR SERVICE FUND ACCOUNT:

(Based on 4% Amer. Exp. & 3% Comb.)

Employee Annuitants	\$32,668,716.24	
Employee Annuities Fixed	13,015.68	
Spouse Annuitants	1,503,911.76	
Spouses' Annuities Fixed	2,044,243.24	
Salary Deductions 2% Annuity	4,210,891.42	
Estimated Excess Liability (Note 1)	<u>63,080,067.90</u>	
Total Prior Service Account		<u>\$103,520,846.24</u>

TOTAL LIABILITIES \$301,135,468.65

Obligations of Fund for Prior Service Liabilities (Note 1) (98,491,948.05)TOTAL NET LIABILITIES AND FUND BALANCES \$202,643,520.60

Note 1 - The letter of transmittal attached hereto sets forth the manner in which this liability was determined.

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

INCOME

YEAR 1978

INCOME

AND

EXPENDITURES

Exhibit "B"

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

INCOME FOR YEAR OF 1978

SALARY DEDUCTIONS:

Total Contributions by Employee		
Employee	\$ 6,678,159.56	
Spouse	1,459,839.24	
Automatic Increase	506,314.69	
Ordinary Disability - Ded. in Lieu	188,077.20	
Received From Municipal Fund	67,119.24	
Temporary Service Payments	35,350.10	
Total Contributed by Employee		\$ 8,934,860.03
Total Contributed by City		
Duty Disability - Ded. in Lieu	142,965.51	
Total Contributed By City		\$ 142,965.51
Total Salary Deductions		\$ 9,077,825.54

CITY CONTRIBUTIONS:

(1978 Taxes of \$10,800,000 (City) plus \$31,000 (Park) Less 12½% for Loss of Collection \$1,353,875)

Employees	\$ 6,157,343.17	
Spouses of Employees	2,051,314.90	
Ordinary Disability Fund	1,117,995.67	
Duty Disability Fund	371,034.63	
Child's Annuity Payment Fund	135,739.09	
Expense Fund	350,648.40	
Interest on Income	139,196.46	
Prior Service Annuity Fund	(846,147.32)	
Total City Contributions		\$ 9,477,125.00

INVESTMENT INCOME:

Interest on Bonds	\$11,059,629.08	
Dividends	1,394,134.50	
Gain (Loss) on Sale of Bonds*	(2,234,876.27)	
Gain (Loss) on Sale of Stocks	(106,670.94)	
Total Investment Income		\$10,112,216.37

TOTAL INCOME FORWARDED \$28,667,166.91

*Losses were advisedly taken in order to replace low interest yielding bonds with higher interest yielding bonds with the eventual result of a financial gain sufficient to more than offset a present temporary loss.

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

EXPENDITURES FOR YEAR 1978

TOTAL INCOME FORWARDED	\$28,667,166.91
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ANNUITIES AND BENEFITS PAID:

Employees' Annuities	\$6,745,093.31
Spouses Annuities	1,337,885.62
Compensation Annuities	3,469.32
Children's Annuities	135,739.09
Ordinary Disability	1,105,369.99
Duty Disability	369,582.25
Supplementary Payments	<u>74,509.92</u>

Total Benefits Paid	\$9,771,649.50
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Reciprocal Act Re- imbursements	<u>(7,610.04)</u>
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Net Benefits Paid	\$9,764,039.46
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EXPENSE OF ADMINISTRATION:

Salaries:	
Regular Employees	\$ 99,062.24
Blue Cross & Blue Shield	4,015.50
Services:	
Actuarial	159,556.76
Auditing	12,800.00
Investment	23,500.00
Office Supplies and Equipment	5,745.63
Printing and Stationery	10,557.74
Postage	8,000.00
Rent & Electricity	22,645.96
Telephone & Telegraph	1,021.04
Miscellaneous	<u>3,743.53</u>

Total Expenses	\$ 350,648.40
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REFUNDS	<u>2,339,763.88</u>
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TOTAL EXPENDITURES	<u>\$12,454,451.74</u>
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EXCESS INCOME OVER EXPENDITURES	\$16,212,715.17
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Net Change in Reserve for Loss on Collection and Taxes Receivable for Prior Years	<u>2,339.60</u>
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INCREASE IN NET ASSETS FOR YEAR	<u>\$16,215,054.77</u>
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LABORERS' AND RETIREMENT BOARD
EMPLOYEES' ANNUITY AND BENEFIT
FUND OF CHICAGO

COMPARATIVE ANALYSIS

YEAR 1978

ASSETS

AND

LIABILITIES

Exhibit "C"

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

COMPARATIVE ANALYSIS

	<u>ASSETS</u>		
	<u>1/1/1978</u>	<u>12/31/1978</u>	<u>Increase (Decrease)</u>
CASH:			
On Deposit	(\$ 1,297,874)	(\$ 18,614)	\$ 1,279,260
INVESTMENTS:			
Bonds (Par Value)	\$138,420,000	\$150,116,000	\$11,696,000
Bond Premiums & Discounts	(1,156,773)	(3,619,375)	(2,462,602)
Common Stocks - Cost	36,284,888	40,835,782	4,550,894
Due From Broker	2,146,021	1,364,558	(781,463)
Accrued Bond Interest	2,608,398	2,885,553	277,155
Accrued Dividends	0	0	0
Total Investments	\$178,302,534	\$191,582,518	\$13,279,984
ACCOUNTS RECEIVABLE - TAXES			
Tax Extension	\$ 17,070,194	\$ 19,581,966	\$ 2,511,772
Less: Estimates for L/C	7,537,833	8,449,432	911,599
Net Taxes Receivable	\$ 9,532,361	\$ 11,132,534	\$ 1,600,173
TAXES IN TRANSIT	\$ 0	0	0
OTHER ACCOUNTS RECEIVABLE:			
Salary Deductions Accrued	\$ 911,648	\$ 962,626	\$ 50,978
Misc. Employee Accounts	88,303	104,757	16,454
Total Other Accts. Rec.	\$ 999,951	\$ 1,067,383	\$ 67,432
GROSS LEDGER ASSETS	\$187,536,972	\$203,763,821	\$16,226,849
LESS: ACCOUNTS PAYABLE:			
Misc. Employee Accts.	\$ 1,106,949	\$ 1,118,742	\$ 11,793
Military Service Deds.	1,558	1,558	0
Total Accts. Payable	\$ 1,108,507	\$ 1,120,300	\$ 11,793
NET LEDGER ASSETS	<u>\$186,428,465</u>	<u>\$202,643,521</u>	<u>\$16,215,056</u>

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

COMPARATIVE ANALYSISLIABILITIES AND FUND BALANCES

	<u>1/1/1978</u>	<u>12/31/1978</u>	Increase (Decrease)
LIABILITY RESERVES:			
ANNUITY PAYMENT FUND:			
Employee Annuitants	\$ 23,748,239	\$ 25,157,704	\$ 1,409,465
Emp. Annuities Fixed	6,859,175	7,542,350	683,175
Spouse Annuitants	9,831,570	10,731,775	900,205
Spouses' Annuities Fixed	5,186,319	6,105,097	918,778
Total	\$ 45,625,303	\$ 49,536,926	\$ 3,911,623
SALARY DEDUCTION FUND ACCOUNT:			
Employees	\$ 53,751,406	\$ 56,708,991	\$ 2,957,585
Spouses of Employees	11,190,887	12,003,739	812,852
Total	\$ 64,942,293	\$ 68,712,730	\$ 3,770,437
CITY CONT. FUND ACCOUNT:			
Employees	\$ 52,017,479	\$ 54,547,237	\$ 2,529,758
Spouses of Employees	16,310,023	17,288,310	978,287
Supplemental Annuities	12,961	13,186	225
Total	\$ 68,340,463	\$ 71,848,733	\$ 3,508,270
OTHER RESERVES:			
Supplemental Pymt. Res.	\$ 110,204	\$ 85,694	(\$ 24,510)
Annuity Fund Account	6,843,796	7,430,539	586,743
Total	\$ 6,954,000	\$ 7,516,233	\$ 562,233
PRIOR SERVICE FUND ACCOUNT:			
Employee Annuitants	\$ 27,542,841	\$ 32,668,716	\$ 5,125,875
Emp. Annuities Fixed	14,361	13,016	(1,345)
Spouse Annuitants	1,275,482	1,503,912	228,430
Spouses' Annuities Fixed	1,631,119	2,044,243	413,124
Sal. Ded. 2% Annuity	3,843,261	4,210,891	367,630
Estimated Excess Liability	56,942,547	63,080,068	6,137,521
Total	\$ 91,249,611	\$103,520,846	\$12,271,235
TOTAL LIABILITIES	<u>\$277,111,670</u>	<u>\$301,135,468</u>	<u>\$24,023,798</u>
UNFUNDED OBLIGATIONS	(\$ 90,683,205)	(98,491,948)	(7,808,743)
TOTAL NET LIABILITIES	<u>\$186,428,465</u>	<u>\$202,643,520</u>	<u>\$16,215,055</u>

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

TAXES RECEIVABLEDECEMBER 31, 1978

Year	Uncollected Taxes 12-31-78	Estimate for Loss 12-31-77	Additional Est. Setup 12-31-78	Total Est. for loss 12-31-78	Taxes Collectible 12-31-78
CITY:					
1969	505,014.07	501,343.00		501,343.00	3,671.07
1970	512,943.00	506,795.00		506,795.00	6,148.00
1971	595,296.49	587,494.00		587,494.00	7,802.49
1972	690,710.67	656,574.00		656,574.00	34,136.67
1973	878,576.85	753,068.00		753,068.00	125,508.85
1974	992,661.29	868,686.00		868,686.00	123,975.29
1975	1,057,969.59	953,625.00		953,625.00	104,344.59
1976	1,483,745.43	1,037,505.00		1,037,505.00	446,240.43
1977	1,994,417.35	1,206,250.00		1,206,250.00	793,167.35
1978	10,800,000.00		1,350,000.00	1,350,000.00	9,450,000.00
	<u>\$19,516,334.74</u>	<u>\$7,071,340.00</u>	<u>\$1,350,000.00</u>	<u>\$8,421,340.00</u>	<u>\$11,094,994.74</u>
PARK DISTRICT:					
1969	2,896.38	2,200.00		2,200.00	696.38
1970	2,243.87	2,000.00		2,000.00	243.87
1971	2,636.88	2,025.00	42.22	2,067.22	569.66
1972	3,979.80	2,125.00		2,125.00	1,672.80
1973	3,044.87	2,200.00		2,200.00	844.87
1974	5,404.69	3,125.00		3,125.00	2,279.69
1975	3,441.88	3,250.00		3,250.00	191.88
1976	4,958.19	3,500.00		3,500.00	1,458.19
1977	6,206.57	3,750.00		3,750.00	2,456.57
1978	31,000.00		3,875.00	3,875.00	27,125.00
	<u>\$ 65,631.13</u>	<u>\$ 24,175.00</u>	<u>\$ 3,917.22</u>	<u>\$ 28,092.22</u>	<u>\$ 37,538.91</u>
TOTAL:					
	<u>\$19,581,965.87</u>	<u>\$7,095,515.00</u>	<u>\$1,353,917.22</u>	<u>\$8,449,432.22</u>	<u>\$11,132,533.65</u>

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

MEMBERSHIP STATISTICSYEAR 1978

	<u>Number at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Number At End of Year</u>
A. Changes in Active Participants				
Male	5,835	965	938	5,862
Female	<u>976</u>	<u>9</u>	<u>95</u>	<u>890</u>
Total	<u>6,811</u>	<u>974</u>	<u>1,033</u>	<u>6,752</u>
B. Changes In Annuitants & Beneficiaries				
Employee Annuitants	2,056	260	166	2,150
Spouse Annuitants	1,058	78	63	1,073
Children's Annuities	170	30	30	170
Ordinary Disability Benefits	127	161	137	151
Duty Disability Benefits	41	744	745	40
Reversionary (Beneficiaries)	1			1
Reciprocal: Employee	31	8	1	38
Spouse		2		2
Widow Compensation Annuities	<u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Total	<u>3,391</u>	<u>1,182</u>	<u>1,087</u>	<u>3,486</u>
C. Ratio of Active Participants to Annuitants & Beneficiaries				
	<u>2.01</u>			<u>1.94</u>

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

SALARY AND AGE STATISTICSYEAR 1978Ages and Salaries as of December 31, 1978Male

<u>Ages</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Average Annual Salaries</u>
Under 20	54	\$ 884,328	\$16,376
20 - 24	579	9,198,456	15,887
25 - 29	675	10,991,232	15,283
30 - 34	480	7,882,992	16,423
35 - 39	509	8,781,360	17,252
40 - 44	498	8,562,048	17,193
45 - 49	586	10,083,528	17,207
50 - 54	764	13,263,240	17,360
55 - 59	768	13,096,344	17,053
60 - 64	516	8,587,080	16,642
65 - 69	212	3,581,808	16,895
70 & Over	71	1,186,560	16,712
Without Record	105	1,611,600	15,349
Total	<u>5817</u>	<u>\$ 97,710,576</u>	<u>\$16,797</u>

Female

Under 20		\$	\$
20 - 24	5	44,496	8,899
25 - 29			
30 - 34	1	3,024	3,024
35 - 39	5	40,608	8,122
40 - 44	29	228,984	7,896
45 - 49	59	438,312	7,429
50 - 54	130	955,416	7,349
55 - 59	229	1,625,520	7,098
60 - 64	244	1,637,304	6,710
65 - 69	84	621,336	7,397
70 & Over	10	93,576	9,358
Total	<u>796</u>	<u>\$ 5,688,576</u>	<u>\$ 7,146</u>

TOTAL MALE AND FEMALE

6613\$103,399,152\$15,636

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

SALARY AND AGE STATISTICSYEAR 1978Ages at Entrance

	<u>MALE</u>		<u>FEMALE</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
Under 25	1,747	\$29,662,824	13	\$ 161,880
25 - 29	1,041	17,642,784	39	352,488
30 - 34	795	13,394,856	77	645,336
35 - 39	659	11,191,224	163	1,311,208
40 - 44	616	10,237,128	224	1,589,808
45 - 49	415	6,890,328	197	1,241,904
50 - 54	259	4,194,792	61	342,912
55 - 59	144	2,325,048	20	128,712
60 & Over	36	559,992	2	14,328
W/O record	105	1,611,600		
Totals	<u>5,817</u>	<u>\$97,710,576</u>	<u>796</u>	<u>\$5,688,576</u>

Average Annual Salary	\$16,797	\$7,146
Average Attained Age	43.7	57.4
Average Service	11.4	16.0
Average Age at Entrance	32.3	41.4

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

ANNUITANTS CLASSIFIED BY AGE AS OF 12/31/1978Retirement Annuities

<u>Ages</u>	<u>Male Number</u>	<u>Annual Payments</u>	<u>Average Annual Payments</u>	<u>Female Number</u>	<u>Annual Payments</u>	<u>Average Annual Payments</u>
25 - 29	1	\$ 600	\$ 600		\$	\$
30 - 34						
35 - 39						
40 - 44	1	541	541			
45 - 49						
50 - 54	8	9,921	1,240			
55 - 59	43	188,013	4,372	11	22,934	2,085
60 - 64	163	920,595	5,648	72	140,900	1,957
65 - 69	370	1,911,739	5,167	229	411,347	1,796
70 - 74	291	1,244,765	4,278	256	407,346	1,591
75 - 79	229	758,874	3,314	153	249,485	1,631
80 - 84	126	434,995	3,452	102	153,174	1,502
85 - 89	64	188,273	2,942	40	57,314	1,433
90 - 94	20	49,226	2,461	6	9,199	1,533
95 - 99				3	3,625	1,208
Totals	<u>1316</u>	<u>\$5,707,542</u>	<u>\$4,337</u>	<u>872</u>	<u>\$1,455,324</u>	<u>\$1,669</u>

Average Age

7273Spouses Annuities (Not Including Compensation)

<u>Ages</u>	<u>Male Number</u>	<u>Annual Payments</u>	<u>Average Annual Payments</u>	<u>Female Number</u>	<u>Annual Payments</u>	<u>Average Annual Payments</u>
20 - 24		\$	\$	1	\$ 1,200	\$1,200
25 - 29	1	1,200	1,200	1	1,200	1,200
30 - 34				2	1,500	750
35 - 39				12	12,019	1,002
40 - 44				16	16,781	1,049
45 - 49				37	42,994	1,162
50 - 54				68	100,923	1,484
55 - 59	1	1,200	1,200	111	168,087	1,514
60 - 64	1	1,200	1,200	166	255,519	1,539
65 - 69	1	1,200	1,200	196	294,720	1,504
70 - 74				168	201,358	1,199
75 - 79	1	1,200	1,200	140	156,898	1,121
80 - 84				86	77,604	902
85 - 89				46	32,583	708
90 - 94				18	10,503	583
95 - 99				2	1,374	687
Totals	<u>5</u>	<u>\$ 6,000</u>	<u>\$1,200</u>	<u>1,070</u>	<u>\$1,375,263</u>	<u>\$1,285</u>

Average Age

5867

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

NEW ANNUITIES GRANTEDAS OF DECEMBER 31, 1978

	<u>Male Annuitants</u>	<u>Female Annuitants</u>	<u>Widows of Deceased Employees</u>	<u>Widows of Deceased Annuitants</u>
Number Retired	182	86	39	41
Average Attained Age	65.3	66.4	53.9	70.0
Average Length of Service	22.0	18.8	19.9	N/A
Average Annual Salary (4 out of 10)	\$ 16,200	\$ 6,480	N/A	N/A
Average Annual Final Salary	\$ 12,420	\$ 3,852	N/A	N/A
Total Annual Annuity	\$ 1,048,343	\$ 192,367	\$ 90,285	\$ 82,660
Average Annual Annuity	\$ 5,760	\$ 2,236	\$ 2,315	\$ 2,016
Total Liability (6% 1951 G.A.)	\$11,523,456	\$1,768,986	\$1,027,361	\$646,720
Average Liability	\$ 63,315	\$ 20,569	\$ 26,342	\$ 15,773
Total Cost For Income Tax Purposes	\$ 2,246,708	\$ 401,941	518,024	N/A
Average Cost	\$ 13,334	\$ 4,674	13,283	N/A
Expected Future Lifetime	14.40	16.89	27.29	14.21

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

HISTORY 1964 to 1978AVERAGE ANNUAL SALARIES ENTIRE FUND

	Total Members In Ser- vice(1)	Percentage Increase Of Preceding Year	Total Salaries	Percentage Increase Of Preceding Year	Average Annual Salaries	Percentage Increase Of Preceding Year
1964	7,868		\$ 44,441,712		\$ 5,648	
1965	7,936	0.9%	45,872,832	3.2%	5,780	2.3%
1966	7,995	0.7	47,598,552	3.8	5,954	3.0
1967	8,102	1.3	52,268,304	9.8	6,451	8.3
1968	7,891	(2.6)	56,165,136	7.5	7,118	10.3
1969	7,777	(1.4)	60,523,296	7.8	7,782	9.3
1970	7,220	(7.2)	62,916,768	4.0	8,714	12.0
1971	6,864	(4.9)	66,142,320	5.1	9,636	10.6
1972	6,971	1.6	69,950,692	5.8	10,035	4.1
1973	6,752	(3.1)	73,108,848	4.5	10,828	7.9
1974	6,638	(1.7)	78,526,728	7.4	11,830	9.3
1975	7,032	5.9	89,276,280	13.7	12,696	7.3
1976	6,811	(3.1)	90,487,008	1.4	13,285	4.6
1977	6,752	(0.9)	98,029,296	8.3	14,519	9.3
1978	6,613	(2.1)	103,399,152	5.5	15,636	7.7
Average Increase for the last 5 years		<u>(0.4)%</u>		<u>7.3%</u>		<u>7.6%</u>

(1) Includes those members who were on disability

(2) Average annual increase in salary 1964 - 1978 about 7.54% compounded.

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

HISTORY OF TOTAL ANNUITIES 1968 - 1978Employee Annuitants (Male & Female)

	<u>Number Of Annuitants</u>	<u>Total Annuities</u>	<u>Average Annuities</u>
1968	1,572	\$2,389,710	\$1,520
1969	1,593	2,495,396	1,566
1970	1,651	2,779,061	1,683
1971	1,675	2,927,594	1,748
1972	1,724	3,373,308	1,957
1973	1,777	3,781,854	2,128
1974	1,831	4,331,609	2,366
1975	1,907	4,887,747	2,563
1976	2,009	5,633,971	2,804
1977	2,087	6,287,310	3,013
1978	2,188	7,162,866	3,274

Spouse Annuitants
(Not Including Compensation)

1968	875	\$ 580,690	\$ 664
1969	909	640,079	704
1970	928	673,352	726
1971	921	711,618	773
1972	932	775,469	832
1973	967	860,410	890
1974	997	959,632	963
1975	1,022	1,053,816	1,031
1976	1,041	1,142,064	1,097
1977	1,059	1,267,194	1,197
1978	1,075	1,381,263	1,285

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

HISTORY OF INVESTMENT YIELDSNonrecurring Gains and Losses are Excluded from Income

<u>Year</u>	<u>Investment Yield on Total Assets</u>	<u>Investment Yield on Invested Assets</u>
December 31, 1971	4.75%	4.99%
December 31, 1972	5.47	5.70
December 31, 1973	5.76	6.03
December 31, 1974	6.58	6.98
December 31, 1975	7.25	7.73
December 31, 1976	7.23	7.65
December 31, 1977	7.01	7.35
December 31, 1978	6.61	6.97
Average of Last 5 Years	6.94%	7.34%

Nonrecurring Gains and Losses are Included in Income

<u>Year</u>	<u>Investment Yield on Total Assets</u>	<u>Investment Yield on Invested Assets</u>
December 31, 1971	3.95%	4.14%
December 31, 1972	4.79	5.00
December 31, 1973	3.60	3.77
December 31, 1974	3.55	3.76
December 31, 1975	6.17	6.58
December 31, 1976	6.98	7.39
December 31, 1977	7.00	7.35
December 31, 1978	5.34	5.62
Average of Last 5 Years	5.81%	6.14%

Notes:

$$\text{Yield} = \frac{\text{Investment Income}}{\text{Mean Assets} - \frac{1}{2} \text{Investment Income}}$$

Bonds valued at amortized value, stocks at cost.
Market values are not considered.

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

HISTORY OF FINANCIAL INFORMATION*

<u>Year End</u>	<u>Employee Contributions(1)</u>	<u>Employer Contributions(2)</u>	<u>Investment Income (3)</u>	<u>Total Income</u>
12-31-71	\$5,254,928	\$4,241,819	\$ 4,145,156	\$13,641,903
12-31-72	5,928,386	4,793,135	5,391,547	16,113,068
12-31-73	6,269,104	5,463,149	4,394,426	16,126,679
12-31-74	6,597,012	6,103,125	4,646,080	17,346,217
12-31-75	7,375,222	6,699,000	8,665,212	22,739,434
12-31-76	7,887,179	7,287,000	10,785,585	25,959,764
12-31-77	8,568,248	8,470,000	11,993,200	29,031,448
12-31-78	9,077,825	9,477,125	10,112,216	28,667,166

<u>Year End</u>	<u>Pay Outs(4)</u>	<u>Income Less Pay Outs(5)</u>	<u>Total Assets Stocks At Cost Bonds Amortized</u>	<u>Unfunded Liability</u>
12-31-71	\$ 6,829,674	\$ 6,812,229	\$110,423,040	\$48,392,529
12-31-72	6,425,129	9,687,939	120,072,655	52,088,002
12-31-73	7,125,454	9,001,225	128,624,035	69,158,015
12-31-74	7,999,287	9,346,930	137,709,821	77,926,272
12-31-75	8,690,763	14,048,671	151,749,085	90,467,774
12-31-76	9,482,736	16,477,028	168,219,982	84,190,707
12-31-77	10,819,180	18,212,268	186,428,465	90,683,205
12-31-78	12,454,451	16,212,715	202,643,521	98,491,948

<u>Year End</u>	<u>Funded Ratio</u>	<u>Pay Outs To Assets</u>	<u>Income To Assets</u>	<u>Pay Outs To Income</u>
12-31-71	69.5%	6.2%	12.4%	50.1%
12-31-72	69.7	5.4	13.4	39.9
12-31-73	65.0	5.5	12.5	44.2
12-31-74	63.9	5.8	12.6	46.1
12-31-75	62.7	5.7	15.0	38.2
12-31-76	66.6	5.6	15.4	36.5
12-31-77	67.3	5.8	15.6	37.3
12-31-78	67.3	6.1	14.1	43.4

*Statistical material suggested by the Municipal Finance Officers Association in the disclosure guidelines for security offerings by the State and Local Government.

- (1) Includes Deductions In Lieu for Disability.
- (2) Net Tax Levy and Miscellaneous Income.
- (3) Includes Realized Net Loss on Sale and Exchange of Bonds.
- (4) Includes Pensions, Benefits, Refunds and Administrative Expenses.
- (5) Does Not Include Prior Year Adjustments.

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Method: The actuarial funding method used is the ENTRY AGE NORMAL METHOD.

This cost method assigns to each year of employment a constant percentage of an employees salary, called the CURRENT SERVICE COST (sometimes referred to as NORMAL COST), sufficient to accumulate the necessary funds to provide for the full prospective costs of the employee's projected retirement pension. The amount of pension must be estimated using various assumptions as to future compensation levels, employee turnover, mortality and pension fund earnings, since the actual pension can only be known at the time of retirement. These are called actuarial assumptions.

It should be emphasized that the actuarial assumptions do not directly affect the cost of the pension plan. Benefits are fixed by statute and will become payable as various members and their dependents satisfy the contingencies covered. The actual cost of the plan can only be determined after all benefits have been paid, and is equal to the total benefits paid, plus total administrative expenses minus total investment income.

The ACCRUED LIABILITY of the fund at any point in time is the accumulated value of all CURRENT SERVICE COSTS which should have been paid to that time for active employees plus the full prospective cost of pensions for all retired employees. The extent that the actual plan ASSETS are less than the ACCRUED LIABILITY is called the UNFUNDED LIABILITY.

An amount of money is required each year to keep the UNFUNDED LIABILITY from increasing if all assumptions are realized. This amount is called INTEREST ONLY on the UNFUNDED LIABILITY.

The total actuarial contribution required to the fund is equal to the CURRENT SERVICE COSTS plus INTEREST ONLY on the UNFUNDED LIABILITY. This is the funding policy. This minimum method of funding, often referred to as middle-of-the-road method, is the method the fund has tried to follow in the past. It has evolved over the years and seeks to give effect to all interested groups including opinions often expressed by the Civic Federation. No funds are provided for amortization of the UNFUNDED LIABILITY.

Reserves for employee retirement annuities, spouses retirement annuities and death benefit annuities are valued on the entry age normal method. Grouped ages of entry, 22, 27, 32, 37, 42, 47, 52, 57, 62 and over, are used.

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

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

- 1) Duty Disability Benefits
- 2) Ordinary Disability Benefits
- 3) Children's Annuities
- 4) Refunds - including refunds for no wife
- 5) Expense of administration

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

Actuarial Assumptions:

Mortality:

Active Members, Present and Future Retired Members and Spouses: 1951 GROUP ANNUITY MORTALITY TABLE, male and female. Past experience indicates this table's adequacy.

Interest: 6% a year, compounded annually. An exhibit details the investment yields the Fund actually realized over the past few years.

Interest earnings over the assumed rate can be used to reduce losses which may result from variations in other cost factors - such as increased costs resulting from salary increases greater than the assumed rate.

It must be realized that the interest assumption is a long range assumption - it must cover a period as long as perhaps 50 years - which would be the period of time, say, that the youngest employee in the fund will work, then retire on pension for the rest of his life. There is no guarantee that the current high interest rates will continue over this period.

Salary Increase: 5% a year, compounded annually. An exhibit details the annual increase in the average salary over the past years which averages greater than 5%.

It should be remembered that pensions are based directly upon salary. If it is believed that the recent pattern will continue in the long range future, the salary scale assumption will need to be increased.

Increased costs would necessarily result with the extent of the increase in cost depending on the extent of the increase in salary over the assumed long range.

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Rate of Retirement: The rates of retirement used in this valuation are shown in Exhibit "0" for each age of entrance group into the service and are based on 1973, 1974 and 1975 experience of the Fund adjusted to 1978.

These rates reflect the changing pattern of retirement.

Rate of Termination: These rates are shown in Exhibit "0" and are based on the experience of the Fund for the years 1973, 1974 and 1975 adjusted to 1978.

Proportion Married: The scale is shown in Exhibit "0".

Active Membership: It is assumed that the future active membership of the Fund will approximate its present membership, which as of December 31, 1978 was made up of 5,817 males and 796 females.

Age of Spouse: Of a male employee - the spouse is assumed four years younger; of a female employee - the spouse is assumed four years older.

Asset Value: Bonds are amortized value; stocks are at cost.

Reciprocal Benefits: Active life normal costs and reserves are loaded 1%.

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

SERVICE TABLE FUNCTIONSRates of TerminationMale

Attained Age	Age at Entrance								
	22	27	32	37	42	47	52	57	62
22	.223								
27	.116	.262							
32	.050	.100	.219						
37	.021	.046	.098	.221					
42	.012	.025	.022	.088	.176				
47	.005	.012	.010	.034	.080	.142			
52		.005	.005	.017	.028	.076	.120		
57							.046	.112	
62									.148
67									
72									

Female

22	.140								
27	.108	.174							
32	.052	.085	.108						
37	.022	.038	.062	.074					
42	.008	.022	.033	.051	.054				
47		.013	.017	.028	.033	.063			
52		.005	.009	.015	.020	.033	.054		
57							.036	.056	
62									.027
67									
72									

Attained Age	Male Death Rate 1951 GA Per 1,000	Female Death Rate 1951 GA Per 1,000	Proportion Married %
22	.6	.4	81
27	.8	.5	81
32	1.1	.7	81
37	1.5	1.0	80
42	2.4	1.5	83
47	4.5	2.3	83
52	7.9	3.5	84
57	12.2	5.6	82
62	18.3	9.8	80
67	30.1	16.5	78
70	39.3	23.1	74
75	62.4	44.3	74

ILLINOIS PUBLIC EMPLOYEES PENSION LAWS COMMISSION IMPACT STATEMENT

Name of Retirement System: LABORERS'

Total Annual Payroll: \$103,399,152

Bill No. _____

Total Number of Active Employees: 6,613

PRESENT FINANCIAL CONDITION AS OF VALUATION DATE

Valuation Date <u>12-31-78</u>	PRESENT PLAN
(1) Accrued Pension Liability	\$301,135,468
(2) Present Assets	\$202,643,520
(3) Unfunded Liability = (1)-(2)	\$ 98,491,948
(4) Funded Ratio = (2) ÷ (1)	67.29%

II PROPOSED LEGISLATION

III PLAN IF PROPOSED LEGISLATION ENACTED

DIRECTION OF FINANCIAL CONDITION: FOR YEAR BEGINNING ON VALUATION DATE

	PRESENT PLAN	PER ACTIVE	% OF SALARY
(5) Minimum Recommended Annual Contribution	\$ 20,575,276	3,111	19.90
79 Tax Levy \$11,500,000 Less 12 1/2%			
(6) Estimated Annual Employer Contribution	\$ 10,062,500	1,522	9.73
(7) Estimated Annual Employee Contribution	\$ 8,788,927	1,329	8.50
(8) Deficiency in Annual Contributions = (5)-(6)-(7)	\$ 1,723,849	260	1.67

PROPOSED LEGISLATION	PER ACTIVE	% OF SALARY

PLAN IF PROPOSED LEGISLATION ENACTED	PER ACTIVE	% OF SALARY

(9) Source of Funding Revenues:

◆ IS THE ANNUAL COST FOR PROPOSED LEGISLATION

(10) Remarks

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

PLAN SUMMARY

PARTICIPANT:

Person employed by the City in a position classified by the Civil Service Commission of the employer as labor service of the employer; any person employed by the Board; any person employed by the Retirement Board of any other Annuity and Benefit Fund which is in operation for the employer.

SERVICE:

For all purposes except formula minimum annuity and ordinary disability credit, service in four months in any calendar year constitutes one year of service credit. No more than one year of service is allowed during any calendar year.

RETIREMENT ANNUITY:

Accumulation Annuity: Age 55, 10 years service (entire sum accumulated from deductions plus 1/10 City contributions for each year after 10). Full City contributions are added for age 60 and over regardless of service. This annuity is known as the money purchase plan and does not increase after age 70 nor does it apply after age 65 if participant has 20 years service.

Formula Minimum Annuity: Age 55, 20 years service; 1.67% for the first 10 years, 1.90% for the second 10 years, 2.1% for the third 10 years. 2.3% for all service over 30 years times the final average salary (highest 4 consecutive years within the last 10 years). Under age 60 the annuity is reduced by a percentage equal to 1/2 of 1% for each month and fraction thereof that the employee is under age 60. Maximum annuity is 75% of highest average monthly salary.

Age 65, 15 years service; 1% of final average salary for each year of service plus the sum of \$25.00 per year for each year of service.

Service during 6 or more months in any year constitutes a year of service credit and service of less than 6 months and at least 1 month in any year constitutes a half a year of service credit for formula minimum annuity.

Automatic Increase In Annuity: Retirement at age 60--2% of annuity starting January of the year following the year in which the first anniversary of retirement occurs. If retirement is before age 60, increases begin with January of the year immediately following the year in which he attains the age of 60 years. Increases apply only to life annuities.

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

PLAN SUMMARY

SPOUSE'S ANNUITY:

Payable until remarriage or termination of temporary annuity.

Death In Service (Non-Duty): Money Purchase based on total salary deductions and City contributions for both employee and spouse, limited to amount payable at employee's age 65 if deceased employee has less than 20 years service and is under age 60. Maximum \$400.00 per month.

Formula Minimum Annuity if deceased employee is age 60 or over and has at least 20 years service. Widow's annuity is 1/2 of annuity that would have been payable to employee discounted 1/2 of 1% for each month spouse is under age 60. Maximum \$400.00 per month.

Death After Retirement: Fixed at date of retirement. Annuity is determined to be based on money purchase plan or formula minimum annuity depending on rules in effect at the date participant retires.

CHILDREN'S ANNUITY:

Payable upon the death of City employee, either active or retired.

Child must be unmarried, under age 18, born before participant is age 65 and before his separation from City service or legally adopted at least one year before child's annuity becomes payable and prior to the attainment of age 55 by the adopting parent. Annuity is \$80.00 per month while a surviving parent is alive and \$120.00 per month if neither parent is alive. Except for duty death deceased employee must have had 4 years of service and at least 2 years from latest re-entrance if he had previously resigned from service.

FAMILY MAXIMUM:

Non-duty death: 60% of final monthly salary: Duty death: 70% of final monthly salary.

DISABILITIES:

Duty Disability Benefits: Any employee under age 65, who becomes disabled as the result of injury incurred in the performance of any act of duty, shall

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

PLAN SUMMARY

have a right to receive duty disability benefit in the amount of 75% of salary at date of injury plus \$10.00 a month for each unmarried child (the issue of the employee) less than age 18. Child's duty disability benefit is limited to 15% of the employee's salary as of date of injury.

If the disability has resulted from any mental disorder, physical defect or disease which existed at the time such injury was sustained, the duty disability benefit shall be 50% of salary at date of injury. Disablement because of heart attacks, strokes, or any disablement due to heart disease shall not be considered to be the result of an accident suffered in the performance of duty.

Duty disability is payable to age 65 and the City contributes salary deductions for annuity purposes.

Ordinary Disability Benefit: Disability other than in performance of an act of duty and other than as a result of childbirth or pregnancy...50% of salary less the sum ordinarily deducted from salary for annuity purposes, as of last day worked payable until age 65 and limited to a maximum of 1/4 service or 5 years, whichever is less. The City contributes the deductions for pension purposes. Service for this ordinary disability is actual service -- one day of service is given for each day paid, exclusive of any overtime payments and any previous ordinary disability periods.

REFUNDS:

To Employee: Upon separation from service -- deductions plus interest if employee is under age 55. If over age 55 employee is eligible for refund if he has less than 10 years of service or would be eligible for temporary rather than life annuity. Employee forfeits all rights.

Spouse's annuity deductions -- payable to employee if not married when he retires or at age 65.

To Spouse: In lieu of annuity if annuity would be temporary rather than life and spouse so chooses.

Remaining Amounts: Excess over total annuity payments may be paid to designated beneficiary or children, estate or heirs.

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

PLAN SUMMARYDEDUCTIONS AND CONTRIBUTIONS:

	<u>Deductions</u>	<u>Contributions *</u>
Employee	6-1/2%	6%
Spouse	1-1/2% **	2% **
Annuity Increase	<u>1/2%</u>	<u>-</u>
Total:	<u>8-1/2%</u>	<u>8%</u>

** Only to employee age 65.

FINANCING: *

The City shall levy a tax annually equal to the total amount of contributions in the 2 years prior multiplied by 1.280 for 1976, 1.325 for 1977 and 1.370 for 1978 and each year thereafter.