

Retiree Health Care Reminder



Many retirees have made inquiries about the retiree health care plan. Please keep in mind that the LABF does not administer the retiree health care plan.

According to the City of Chicago, "...changes [to the retiree health care plan] will likely include some adjustments in premiums and/or deductibles, some benefit modifications and, ultimately the phase out of the plan by the beginning of 2017." A copy of the letter from the City of Chicago can be found at the LABF website at labfchicago.org.

Given the national discussions regarding health care, retirees are encouraged to review available options for their future health care needs.

Pension Reform News

(continued from front page)

- For Tier 2 retirees, the annual increase will be skipped in 2025.
- For those retiring on or after June 9, 2014, increases begin one year later than they otherwise would have.
- For all participants (including current retirees), if the annual annuity (including increases) is less than \$22,000, the minimum annual increase will be the greater of ½ of the CPI-U or 1% of the applicable annuity in all years the annuitant is eligible for an annual increase.

This law also includes reference to the previously enacted PA 98-0043, which extended the Fund subsidy through December 31, 2016.

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

You are also encouraged to periodically check the LABF website at labfchicago.org and the City of Chicago website at cityofchicago.org for benefit updates.



Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
321 North Clark St Ste 1300
Chicago IL 60654-4739

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For Your Benefit



A publication of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Pension Reform News Summary of Public Act 98-0641

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



BENEFIT CHANGES

Retirement Age:

- There is no change for participants hired before January 1, 2011 (**Tier 1**).
- For participants hired on or after January 1, 2011 (**Tier 2**), the retirement ages will decrease from age 67 to 65 and for early retirement, from age 62 to 60.

Annual Increase:

- For all participants (including current retirees), the annual increase, beginning January, 2015, will be the lesser of 3% simple increase or ½ of the Consumer Price Index-Urban (CPI-U).
- For annuitants who retired prior to June 9, 2014, annual increases will be based upon the value of your December, 2014 annuity.
- For those retiring on or after June 9, 2014, annual increases will be based upon the original calculated annuity.
- For current and future Tier 1 retirees, the annual increase will be skipped in years 2017, 2019 and 2025.

EMPLOYEE CONTRIBUTION INCREASES:

The following table is for all active participants of the LABF:

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

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

EMPLOYER CONTRIBUTION INCREASES:

The City of Chicago currently contributes an amount equal to 1 times (multiplier) the total contribution by participants 2 years earlier. The payment schedule below is based upon the lesser of the increased multiplier or an actuarial schedule:

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

In 2021, the City will make contributions based upon an actuarial funding schedule.

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Board of Trustees

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Secretary
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Erin Keane
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Appointed Member

Trustee
Carol Hamburger
Deputy Budget Director
Appointed Member

Trustee
John Arvetis
Appointed Retired Member

Trustee
Joseph Rinella
Elected Active Member

Important Phone Numbers and Websites

Benefits Management Office (Health Insurance)	(877) 299-5111	www.cityofchicago.org/benefits
Blue Cross Blue Shield (Medical Claims)	(800) 772-6895	www.bcbsil.com
Committee on Finance (Workers' Compensation)	(312) 744-9879	
Deferred Compensation (Nationwide Retirement Solutions)	(312) 443-1975	www.nrsforu.com
Laborers' Annuity and Benefit Fund	(312) 236-2065	www.labfchicago.org
Mayor's Office of Inquiry and Information (24 hours)	311	www.cityofchicago.org
Social Security Administration	(800) 772-1213	www.ssa.gov
Medicare Part D	(800) 633-4227	www.medicare.gov
Caremark (Prescription Drug Program)	(866) 748-0028	www.caremark.com
Prudential (Active Employee Life Insurance)	(800) 778-3827	www.prudential.com
Cook County General Phone number	(312) 603-5500	www.co.cook.il.us

To request documents on file in Cook County:

Birth Certificates-Cook County Clerk's Office*	(312) 603-7790	www.cookctyclerk.com
Death Certificates-Cook County Clerk's Office*	(312) 603-7790	www.cookctyclerk.com
Marriage Certificates-Cook County Clerk's Office*	(312) 603-7790	www.cookctyclerk.com
Divorce Decrees-Cook County	(312) 603-6300	www.cookcountyclerkofcourt.org

* Birth and death certificates may also be obtained, for an additional fee, at most local currency exchanges. Death certificates for deaths within the past six months in the City of Chicago may be obtained from the Chicago Board of Health at (312) 744-3800. Birth certificates for children under three months old and born in Chicago may be obtained from the Chicago Board of Health at (312) 744-3799. For recent deaths and births in the suburban area, contact your local government office.

New LABF Website

LABF is proud to present a new and improved website. Please visit us at labfchicago.org. The Fund's website is designed to give our participants a more user-friendly and informative experience.

- The 'Home Page' allows participants and family members to find the topic they are looking for with one click.
- The 'News' section will feature current and updated articles that pertain to legislation and benefits. Please check back often.
- The 'I Want To' section in the header has quick links to the most frequently asked requests.
- There is also a mobile version so that the participant has access to LABF 24 hours a day and 7 days a week.
- Participants will be able to go to the Member Login to download forms and use an annuity calculator.



Come back to your Fund's website often to receive valuable updates and articles of important news and current issues that are posted as information becomes available.

Annual Signature Verification Form

Watch for your Annual Signature Verification Form in your mailbox soon. Please be advised that the LABF has adopted a new process for the Annual Signature Verification Form. There will no longer be multiple mailings. Failure to return a completed form **by the due date** will result in a suspension of benefits until the LABF receives the completed form.

For your protection, this form helps to ensure that we are paying a benefit to the intended person. The LABF needs to confirm that you are alive, and that we are paying the benefit to you, and not a family member or a joint account holder. Under penalty of perjury, any person who makes any false statement, or falsifies, or permits to be falsified, any record in an attempt to defraud the LABF is guilty of a Class 3 felony. A "statement" or "record" includes, but is not limited to, the Signature Verification Form and agency documentation.

Reminders:

- The **entire** form must be returned. Please **do not** cut the form.
- Forms **may not** be faxed.
- Correction fluid is not acceptable on the form.
- It is necessary to have your signature witnessed by a notary public.
- If the annuity recipient is deceased, please contact our Benefits Department and choose 'option 1' to report the death.

For Employee Annuitants:

It is important to notify the LABF immediately if you become employed in any capacity by any of the following, including but not limited to: the City of Chicago, Board of Education, Chicago Public Schools, Chicago Park District. If you are receiving a reciprocal annuity and want to return to work, please contact the LABF. For a further explanation, please visit the "I Want To Work After Retirement" page on the LABF website at labfchicago.org.



For Survivor Annuitants:

It is your duty to notify the LABF immediately of your remarriage and/or the death or marriage of any child receiving an annuity from the LABF.

For Agents:

Agents are considered to be any of the following:

- Power of Attorney
- Guardian and/or
- Conservator

It is your duty to notify the LABF immediately of any change of status and/or the death of the annuitant.

For Alternate Payees:

A QILDRO expires upon the death of the member or alternate payee. It is your duty to notify the LABF of any change of status. As the alternate payee, it is also your responsibility to keep the LABF informed of any address change.

SUMMARY ANNUAL FINANCIAL REPORT FOR YEAR ENDED
DECEMBER 31, 2013

This presentation summarizes information that appears in the 2013 Comprehensive Annual Financial Report (CAFR). The CAFR offers a detailed analysis of investment performance, funding and member demographics. The reader is encouraged to review the CAFR which contains management's discussion and analysis, audited financial statements, and other supplemental information. The report is available on LABF's website (labfchicago.org) and at the Fund office.

Condensed Statement of Changes in Plan Net Position (in thousands)

	2013	2012
Additions		
Employer contributions	\$14,100	\$14,415
Employee contributions	16,393	16,559
Net investment gain	207,344	173,460
Total Additions	237,837	204,434
Total Deductions		
Benefits & Refunds	147,108	142,215
Administrative expenses	4,134	4,745
Total Deductions	151,242	146,960
Net increase	86,595	57,474
Net Position - restricted for pension benefits		
Beginning of year	1,371,077	1,313,603
End of year	\$1,457,672	\$1,371,077

Plan Income & Expenses

As the Condensed Statement of Changes in Plan Net Position shows, the Fund receives income from three sources: City or employer contributions, employee salary contributions, and investment income. The employer and employee contribution rates are specified by law in the Illinois Pension Code. These rates change only through legislative modification. In contrast, investment income varies due to advances and declines in the financial markets.

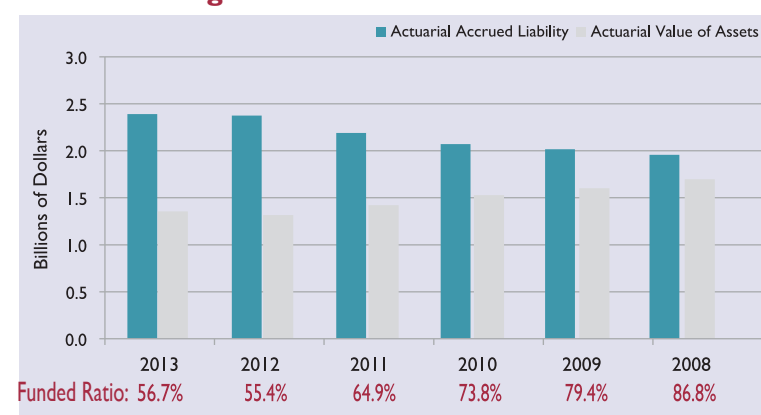
Throughout 2013, the activity in the financial markets impacted the LABF in a positive manner. Total additions to plan net assets were \$238 million with a net investment gain of \$207 million and member and employer contributions which totaled \$30 million. Overall, the LABF's net position grew by \$87 million or 6.3%. According to the December 31, 2013 actuarial valuation, the LABF's funded ratio based on actuarial value of assets was 56.7%.

The Fund's most significant expense is benefit payments. Benefits, which include annuity, disability and the subsidized cost of annuitant group health care, comprise 97.3% of the Fund's total expense. The remaining 2.7% is attributed to the administrative cost of operating the Fund.

Plan Investments

LABF's investment goal is to achieve the highest long-term total rate of return by a diversified investment portfolio at an appropriate level of risk. The Board of Trustees and staff work with more than 30 professional investment management firms compiling over 40 different investment portfolios. Because a prudent investor maintains a diversified portfolio, the Board, its consultant, and staff review LABF's asset allocation annually. In addition, Asset Liability Modeling Studies are periodically conducted in order to achieve overall risk and return objectives. Through diversification of investment type (bonds, stocks, real estate, private equity, etc.), region (domestic, international) and management style (growth, value, small or large capitalization, etc.) the goal of improving expected long term returns while maintaining an acceptable level of risk is enhanced.

LABF Funding



Investment Portfolio Summary as of December 31, (in thousands)

	2013		2012	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Equities	\$810,420	55.5 %	\$755,217	55.2 %
Fixed income	253,278	17.3 %	270,592	19.8 %
Global asset alloc.	139,100	9.5 %	129,597	9.5 %
Hedge funds	125,177	8.6 %	85,299	6.2 %
Private equity	50,949	3.5 %	45,730	3.3 %
Real estate	44,320	3.0 %	39,160	2.9 %
Cash & Short term	38,385	2.6 %	41,872	3.1 %
Total	\$1,461,629	100.0 %	\$1,367,467	100.0 %

Our Membership

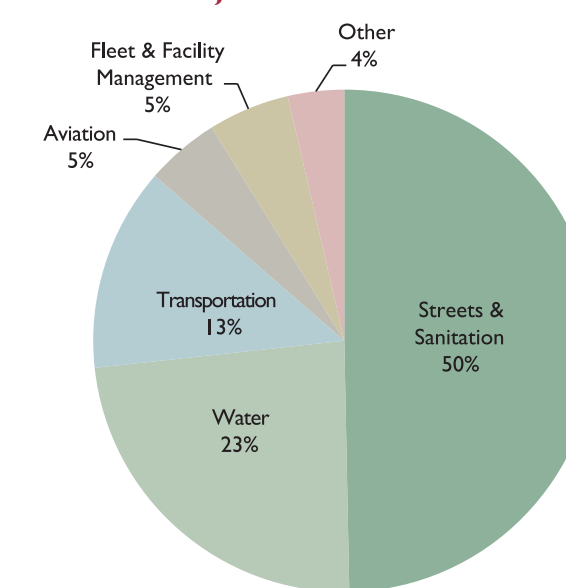
Those who participate in the Laborers' Annuity and Benefit Fund by contributing 8.5% of their salary toward their future pension are referred to as active employees. As of December 31, 2013, there were a total of 4,276 active and inactive employees. Retired employees, surviving spouses, surviving minor children and those receiving reversionary benefits are referred to as annuitants. On December 31, 2013, a total of 3,954 annuitants received benefit payments from the Laborers' Annuity and Benefit Fund. Annuitant membership is comprised of 69% employee, 29.5% spouse and 1.5% child and reversionary beneficiaries.

LABF is the steward of our member's benefits. Our understanding of this responsibility is the foundation for all our activities.

Active Members by Age as of December 31,

AGE	2013	2012	2011	2010	2009	2008
Under 20	1	3	1	0	0	0
20 - 24	46	42	15	11	23	36
25 - 29	112	91	74	73	89	138
30 - 34	205	217	214	230	267	285
35 - 39	322	314	337	347	380	395
40 - 44	414	456	451	473	479	509
45 - 49	520	518	529	597	653	693
50 - 54	558	572	600	609	638	681
55 - 59	408	391	370	351	329	324
60 - 64	162	173	174	171	173	167
65 - 69	67	62	58	67	65	66
70 & Over	29	26	29	27	28	31
Totals	2,844	2,865	2,852	2,956	3,124	3,325

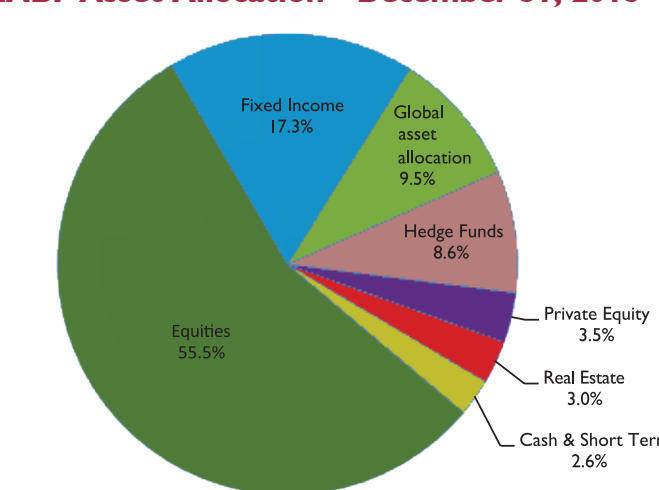
Active Members by Department - December 31, 2013



Annuitants Classified by Age - December 31, 2013

Age Group	Employee Annuitants	Percent of total	Spouse Annuitants	Percent of total
Under 50	3	< 1%	22	2%
50-59	555	20%	93	8%
60-69	957	35%	183	16%
70-79	695	26%	319	27%
80-89	385	14%	396	34%
90 & Over	132	5%	152	13%
Total	2,727	100%	1,165	100%

LABF Asset Allocation - December 31, 2013



Average Employee Retirement Benefits as of December 31,

Year	Average Annual Employee Annuity	Average Annual Benefit at Retirement	Average Current Age of Annuitants	Average Age at Retirement	Average Years of Service at Retirement
2008	\$35,037	\$44,496	70.7	56.3	30.1
2009	36,868	44,581	70.3	57.8	29.3
2010	38,962	48,489	70.0	58.2	29.1
2011	41,056	49,135	69.6	58.0	29.5
2012	42,688	46,231	69.6	58.6	28.2
2013	44,264	42,895	69.8	60.5	27.9