



COURT FINDS PUBLIC ACT 98-0641 UNCONSTITUTIONAL

What The Recent Illinois Circuit Court Ruling Means For You

On June 9, 2014, the Illinois Governor signed Senate Bill 1922 into law. Senate Bill 1922, which became Public Act 98-0641, made several changes to pension benefits beginning January 1, 2015. Namely, the Act called for reductions in future automatic annual increases in annuity (commonly referred to as the "COLA") and required increased pension contributions from active employees in exchange for additional funding from the City of Chicago and other safeguards that would have put the LABF on a path toward solvency. In late December 2014, two lawsuits were filed challenging the constitutionality of the Act on the grounds that it diminished pension benefits and therefore violated the pension protection clause of the Constitution of the State of Illinois. On July 24, 2015, the Circuit Court of Cook County ruled that Public Act 98-0641 is unconstitutional and issued an order requiring the LABF to begin administering pension benefits as they existed prior to January 1, 2015. Furthermore, on July 29, 2015, the Court denied a motion to halt the implementation of the Court's order pending appeal. While the trial court order affecting LABF became final on Wednesday, July 29, 2015, it is being appealed to the Illinois Supreme Court and the Supreme Court has agreed to hear the case in November of this year. In the meantime, LABF will implement the trial court order.

WHAT DOES THIS MEAN FOR LABF MEMBERS?

Impact on Annuitant Members:

- LABF will adjust eligible members' future monthly annuity payments to reflect the 3% "COLA" they would have otherwise received beginning with the January 1, 2015 payment if not for the enactment of Public Act 98-0641. This will begin with the October 1, 2015 annuity payment.
- LABF will make retroactive payments to eligible members reflecting the cumulative year-to-date difference between the 3% COLA the Court ruled annuitants should have received beginning January 1, 2015 and the 0.85% COLA that members actually received. Members should expect to receive this payment separate from their regular annuity payments by the end of September.

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RETIREE HEALTHCARE ENROLLMENT

If you are interested in making changes to your current Retiree Healthcare Plan, the city will begin open enrollment in October 2015. To date, the City has not released an exact range of dates for open enrollment so further inquiries should be directed to the **Benefits Management Office** at (877) 299-5111. You may also periodically check the **Information Center on Retiree Health Plans** at: www.ChicagoRetireeBenefits.org on or after October 1, 2015.

LABF Says, “FAREWELL” to

LOIS SCOTT



The Laborers’ Annuity and Benefit Fund bids farewell to City-appointed Trustee Lois Scott. In May of 2015, Ms. Scott tendered her resignation to the City of Chicago to resume work in the private sector. In her previous position as Chief Financial Officer for the City of Chicago, she was appointed to serve on the Board in 2011. With nearly 30 years of financial experience, the Board has appreciated her assistance in the administration of the Fund.

Since her appointment, Lois Scott has served steadfastly, with leadership and thoughtful insight, as Trustee of the Laborers’ Annuity and Benefit Fund. Her professionalism, attention to detail and understanding of the Fund, will be sincerely missed. The Board and Fund staff extend their gratitude to Ms. Scott for her outstanding service and wish her continued success in all future endeavors.

PENSION REFORM BILL RULING

Continued from page 1

Impact on Active Members:

- The active members’ employers (the City of Chicago in most cases) have already reverted back to deducting 8.5% of pensionable “salary” for pension purposes (versus 9% under the Act) beginning with the mid-August 2015 payroll.
- By sometime in October 2015, the employers will make active members whole for all year-to-date excess pension contributions (equal to ½% of pensionable “salary”).

Please note that all timing is subject to change. In the event that the implementation of the Court’s order is delayed, an updated timeline will be posted on LABF’s website at www.labfchicago.org.

Thank you for your continued patience during this historic time.

LABF Welcomes **CAROLE BROWN** to its *Board of Trustees*



The Laborers’ Annuity and Benefit Fund is honored to welcome Carole Brown to the Board of Trustees. Ms. Brown serves as Chief Financial Officer for the City of Chicago and has been appointed to serve as a Trustee on the Board.

Prior to accepting her current position, Ms. Brown was Managing Director at Barclay’s, heading the firm’s Midwest municipal practice. She holds a B.A. from Harvard University as well as a M.B.A. from Northwestern University’s Kellogg School of Management. The LABF looks forward to her service on the Board.

SUMMARY ANNUAL FINANCIAL REPORT FOR YEAR ENDED DECEMBER 31, 2014

This presentation summarizes information that appears in the 2014 Actuarial Valuation Report and the 2014 Audit Report. These reports offer a more detailed analysis of investment performance, funding and member demographics. The reader is encouraged to review the full reports which also contain management's discussion and analysis, audited financial statements and other supplemental information. The reports are available on LABF's website at www.labfchicago.org.

Plan Income & Expenses

As the Condensed Statement of Changes in Fiduciary Net Position shows, the Fund receives income in three forms: 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.

For 2014, total additions to plan net assets were \$84 million with a net investment gain of \$53 million and member and employer contributions which totaled \$30 million. The Fund's most significant expense is benefit payments. Benefits, which include annuities, disability benefits and annuitant group health care subsidies, comprise 97.5% of the Fund's total expense. The remaining 2.5% is attributed to the administrative cost of operating the Fund. Overall, the LABF's net position declined by \$69 million or 4.8%. According to the December 31, 2014 actuarial valuation, the LABF's funded ratio based on the actuarial value of assets was 64.3%.

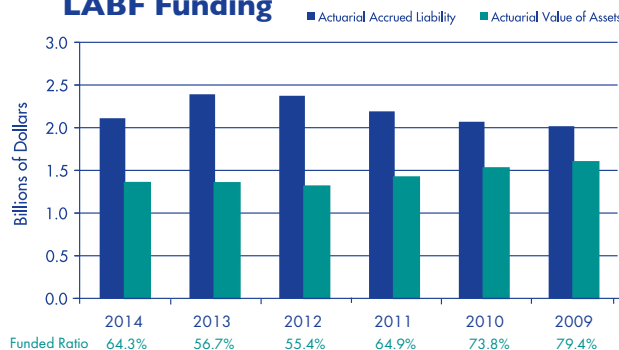
Plan Investments

LABF's investment goal is to achieve the highest long-term total rate of return possible at an appropriate level of risk. The Board of Trustees and staff work with more than 30 professional investment management firms comprising over 40 different investment portfolios. Because a prudent investor maintains a diversified portfolio, the Board, its investment 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 in terms of investment type (bonds, stocks, real estate, private equity, etc.), region (domestic and international) and management style, the goal of improving expected long term returns while maintaining an acceptable level of risk is achieved.

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

Additions	2014	2013
Employer contributions	\$14,521	\$14,100
Employee contributions	16,359	16,393
Net investment gain	53,393	207,344
Total additions	<u>84,273</u>	<u>237,837</u>
Deductions		
Benefits and refunds	150,017	147,108
Administrative expenses	3,835	4,134
Total deductions	<u>153,852</u>	<u>151,242</u>
Net increase / (decrease)	(69,579)	86,595
Net position - restricted for pension benefits		
Beginning of year	1,457,672	1,371,077
End of year	<u>\$1,388,093</u>	<u>\$1,457,672</u>

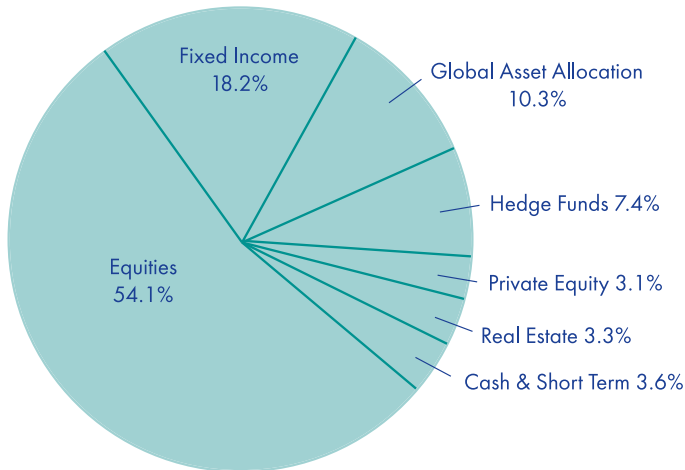
LABF Funding



Investment Portfolio Summary at Fair Value (in thousands)

	2014	2013
Equities	\$739,792	\$810,420
Fixed income	250,010	253,278
Global asset alloc.	140,741	139,100
Hedge funds	102,078	125,177
Private equity	42,071	50,949
Real estate	45,735	44,320
Cash & short term	49,893	38,385
Total	<u>\$1,370,320</u>	<u>\$1,461,629</u>

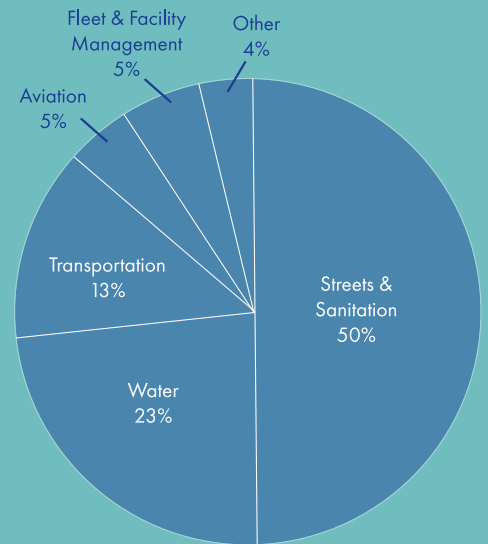
LABF Asset Allocation



Our Membership

As of December 31, 2014, there were a total of 4,286 active and inactive employees. A total of 3,902 annuitants were currently receiving benefit payments from the Laborers' Annuity and Benefit Fund as of December 31, 2014. Annuitant membership is comprised of 69% employee, 30% spouse and 1% child and reversionary beneficiaries. LABF is the steward of our members' benefits. Our understanding of this responsibility is the foundation for all our activities.

ACTIVE MEMBERS BY DEPARTMENT



ACTIVE MEMBERS BY AGE

AGE	2014	2013	2012	2011	2010	2009
Under 20	0	1	3	1	0	0
20-24	65	46	42	15	11	23
25-29	127	112	91	74	73	89
30-34	187	205	217	214	230	267
35-39	320	322	314	337	347	380
40-44	414	414	456	451	473	479
45-49	497	520	518	529	597	653
50-54	541	558	572	600	609	638
55-59	419	408	391	370	351	329
60-64	166	162	173	174	171	173
65-69	70	67	62	58	67	65
70 & Over	31	29	26	29	27	28
TOTAL	2,837	2,844	2,865	2,852	2,956	3,124

AVERAGE EMPLOYEE RETIREMENT BENEFITS

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
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
2014	45,968	47,940	69.8	60.5	27.9

ANNUITANTS CLASSIFIED BY AGE

Age Group	Employee Annuitants	Percent of total	Spouse Annuitants	Percent of total
Under 50	2	< 1%	14	1%
50-59	497	18%	97	8%
60-69	1,012	38%	184	16%
70-79	693	26%	318	28%
80-89	367	14%	384	33%
90 & Over	119	4%	159	14%
Total	2,690	100%	1,156	100%

Note: All charts reflect information as of December 31, 2014.

NOTICE OF TRUSTEE ELECTION FOR A TERM ENDING DECEMBER 1, 2018

NOTICE is hereby given that, under the terms of the Illinois Pension Code, the Board of Trustees of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Board") is empowered and instructed to call for and hold an election for one member to serve as trustee on the Board for a term beginning December 2, 2015 and ending December 1, 2018.

Any employee participant who holds or will have held a position by virtue of certification and appointment as a result of a competitive civil service examination, as distinguished from temporary appointment, or a position which is not exempt from the classified service or the personnel ordinance of a city that has adopted a career service ordinance for a period of not less than five (5) years prior to the date of election is eligible to become a candidate for this trustee position.

In performance of its duty, the Board hereby gives notice that an election will be held for the purpose and period aforesaid on **THURSDAY, OCTOBER 15, 2015**, between the hours of **6:00 A.M.** and **6:00 P.M.** in the **office** of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago, **321 NORTH CLARK STREET, SUITE 1300, CHICAGO, IL 60654**.

Said election will be by ballot and will be conducted under the rules laid down by the Board as required by law. All active employee participants of the LABF at the time such election is held are entitled to vote at this election.



ATTENTION ANNUITANTS SIGNATURE VERIFICATION FORMS

The deadline to submit your 2015 Signature Verification Form was Monday, July 27th. If you have not yet submitted the form, please do so immediately. Failure to comply will result in suspension of your annuity benefits. If you need a replacement form, please contact the LABF office at 312-236-2065.

IMPORTANT PHONE NUMBERS AND WEBSITES

Benefits Management Office
(877) 299-5111
www.cityofchicago.org/benefits

Blue Cross Blue Shield
(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 & Benefit Fund
(312) 236-2065
www.labfchicago.org

Mayor's Office of Inquiry & Info
311
www.cityofchicago.org

Social Security Administration
(800) 772-1213
www.ssa.gov

Medicare Part D
(800) 633-4227
www.medicare.gov

Caremark
(866) 748-0028
www.caremark.com

Prudential (Active Employee Life Ins.)
(800) 778-3827
www.prudential.com

Cook County General Phone Number
(312) 603-5500
www.co.cook.il.us

FOR DOCUMENTS IN COOK COUNTY:

Cook County Clerk's Office
For Birth, Death, or Marriage Certificates
(312) 603-7790
www.cookctyclerk.com

For Divorce Decrees
(312) 603-6300

** 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.*

