



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

321 North Clark Street, Ste 1300
Chicago Illinois 60654-4739

Information Regarding Pension Reform Legislation

On April 14, 2010, the Illinois governor signed Senate Bill 1946 (Public Act 96-0889). The legislation created a "Second Tier" of pension benefits applicable to public employees who first participated in LABF or an Illinois reciprocal retirement system on or after January 1, 2011.

Please be advised that if a member participated in LABF or in an Illinois reciprocal retirement system (with the exception of the Judges' Retirement System and the General Assembly Retirement System) before January 1, 2011, and participates in LABF after January 1, 2011, then the member will participate in the First Tier.

The following chart compares the First Tier of pension benefits with the newly created Second Tier.

	First Tier	Second Tier
Eligibility	The First Tier includes members hired prior to December 31, 2010 and current annuitants.	The Second Tier includes employees hired for the first time on or after January 1, 2011.
Pension Benefits: Age and Service	<p>An employee is eligible for a benefit at age 50 with at least 30 years of service.</p> <p>An employee is eligible for a reduced benefit at age 55 with at least 20 years of service or an unreduced benefit at age 55 with at least 25 years of service.</p> <p>An employee is eligible for a benefit at age 60 with at least ten years of service.</p>	<p>An employee is eligible for a reduced benefit at age 62 with at least ten years of service. The benefit is reduced by ½ percent each month that the employee is under age 67.</p> <p>An employee can receive a benefit at age 67 with at least ten years of service.</p>
Final Average Salary	Pension benefits are based on the final average salary using the highest four consecutive years within the last ten years of service preceding retirement.	Pension benefits will be based on the final average salary using the highest eight consecutive years within the last ten years of service preceding retirement.

	First Tier	Second Tier
Average Salary Limit	There is no limitation on the annual salary used to calculate pension benefits.	The annual salary used to calculate a pension benefit is limited to \$106,800 in 2011. A member does not pay contributions on wages above this limit. The limit is also applied when the Fund calculates a member's benefit. The limit is automatically increased annually by 3% or by ½ of the increase in the Consumer Price Index-urban (CPI-u), whichever is lower.
Cost-of-Living Adjustment (COLA)	The annual COLA is equal to 3% of the current monthly annuity. When the annuitant receives the COLA depends on the annuitant's age when he or she retired.	The annual COLA is either ½ the rate of the CPI-u or 3%, whichever is lower, and is applied to the original annuity amount. If the CPI-u decreases or is zero, no COLA is paid. The annual COLA begins on the January 1 following the year the member reaches age 67 or after the member receives one year of pension payments, whichever occurs later.
Spousal Annuity	The Spousal Annuity is 50% of the pension the member had earned at the date of death.	The Spousal Annuity is 66 2/3% of the pension the member had earned at the date of death.
Spousal's COLA	There is no COLA for spouses.	The spouse's annual COLA is either ½ the rate of the CPI-u or 3%, whichever is lower, and is applied to the original annuity amount. If the CPI-u decreases or is zero, no COLA is paid. A spouse is eligible for an annual COLA (1) on each January 1 occurring on or after the commencement of the member's annuity or (2) occurring after the first anniversary of the commencement of the spousal annuity.
Child's Annuity	The Child's Annuity is \$220 a month when there is an eligible surviving spouse or \$250 a month when there is no eligible surviving spouse.	The Child's Annuity is \$220 a month when there is an eligible surviving spouse or \$250 a month when there is no eligible surviving spouse.
Refund	A member may take a refund if he or she withdraws from service and are under the age of 55 (with any length of service) or withdraws between the ages of 55 and 60 with less than 10 years of service.	A member may take a refund if he or she withdraws from service before the age of 62 (with any length of service) or withdraws with less than 10 years of service regardless of age.