

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 994**

February 20, 2018

***Suite 1300 • 321 N Clark Street • Chicago Illinois 60654-4739
(312) 236-2065 • Fax (312) 236-0574***

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

February 20, 2018

Report of Meeting No. 993 held on February 20, 2018, starting at 1:07 p.m. at the office of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund" or "LABF"). The following notes attendance:

Board Members:	Victor Roa	– President (Union Appointed Member)
	Erin Keane	– Vice President (City Comptroller, City of Chicago) (<i>arrived at 1:08 pm</i>)
	Michael LoVerde	– Secretary (Active Employee Elected Member)
	Carol Hamburger	– Trustee (Managing Deputy Comptroller, City of Chicago)
	James Capasso, Jr.	– Trustee (Annuitant Elected Member)
	Kurt Summers, Jr.	– Trustee (City Treasurer, City of Chicago) (<i>arrived at 1:44 pm</i>)
	James Joiner	– Trustee (Active Employee Elected Member)
Staff & Consultants:	Graham Grady	– Taft Stettinius & Hollister LLP, Fund's Counsel
	Cary Donham	– Taft Stettinius & Hollister LLP, Fund's Counsel
	Dr. Terence Sullivan	– Fund's Physician
	James Wesner	– Marquette Associates, Fund's Investment Consultant
	Kweku Obed	– Marquette Associates, Fund's Investment Consultant
	Neil Capps	– Marquette Associates, Fund's Investment Consultant
	Michael Walsh	– Executive Director and Chief Investment Officer
	Peggy Grabowski	– Comptroller
	John Carroll	– Compliance Administrator
	Sheila Jones	– Administrative Coordinator
	Nadia Oumata	– Manager of Accounting and Investments
	Tina Rhoten	– Benefits Manager
	Paul Rzeszutko	– Assistant Benefits Manager
	Nicole Evangelista	– Payment Services Coordinator
	Irene Velazquez	– Payment Services Assistant
Absent:	Carole Brown	– Trustee (Chief Financial Officer, City of Chicago)
Observers:	None	

President Roa determined that a quorum was present after Secretary LoVerde took attendance.



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

Board Members:

I am transmitting herewith the minutes for the meeting of the Retirement Board which was held on **February 20, 2018**. The minutes are comprised of the following:

- Public Participation
- Approval of Minutes from Prior Meeting
- Schedule A: Applications for Refunds
 - 1. Refund of Contributions Due to Separation from Service
 - 2. Miscellaneous Refunds
- Schedule B: Applications for Annuities
 - 1. Employee Annuities
 - 2. Spouse and Child Annuities
- Schedule C: Adjustment Refunds to New Annuitants
- Schedule D: Applications for Duty Disability Benefits
- Schedule E: Applications for Ordinary Disability Benefits
- Schedule F: Applications for Extension of Duty Disability Benefits
- Schedule G: Applications for Extension of Ordinary Disability Benefits
- Schedule H: Payment of Uncashed Checks of Deceased Members
- Schedule I: Payment of Administrative Expenses
- Investments Report
- Executive Session No. 1
- Executive Session No. 2
- Administrative Report
- Legal Report
- Executive Session No. 3
- Adjournment

All the foregoing matters were checked upon receipt in the office of the Retirement Board and were found to be hereinafter set forth.

Sincerely,

Michael R. LoVerde
Retirement Board Secretary

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

February 20, 2018

PUBLIC PARTICIPATION

None.

APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the regular minutes of Meeting No. 993 held on January 23, 2018 be approved as submitted.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

It was moved by Trustee Hamburger, seconded by Trustee Joiner, that the minutes of Executive Sessions 1, 2 and 3 of Meeting No. 993 held on January 23, 2018 be approved as submitted.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications presented for Refunds of Contributions Due to Separation from Service be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

2. Miscellaneous Refunds

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the applications presented for Miscellaneous Refunds be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications for Employee Annuities be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

2. Spouse and Child Annuities

Mr. Walsh reviewed the circumstances of the Spouse and Child Annuity Applications for the first case in this section in which a member died in service in 1976 leaving behind a spouse and 4 minor children who did not file applications for Spouse and Child annuities until recently. Three of four Child Annuity applications for retroactive payments are included for consideration in this Board meeting proposal. Mr. Walsh further stated that the LABF expects the application for the Spouse Annuity and the fourth application for Child Annuity to be presented to the Board for approval in the near future and noted that the Spouse Annuity, in particular, will be a sizable retroactive amount.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the applications for Spouse and Child Annuities be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

February 20, 2018

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

It was moved by Trustee Joiner, seconded by Trustee LoVerde, that the Adjustment Refunds to New Annuitants be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

It was moved by Trustee Joiner, seconded by Trustee LoVerde that the applications for Duty Disability Benefits be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

It was moved by Trustee Capasso, seconded by Trustee LoVerde, that the applications for Ordinary Disability Benefits be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

It was moved by Trustee Joiner, seconded by Trustee LoVerde that the applications for Extension of Duty Disability Benefits, be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

Dr. Sullivan reviewed the applications for extension of Ordinary Disability benefits for three cases.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the applications for Extension of Ordinary Disability Benefits, with the exception of Mr. Benigno Garcia, Jr. application, be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

Trustee LoVerde requested that going forward, applications with special circumstances should be placed first in their respective categories on the proposal and be numbered to safeguard members' personal information.

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

None.

SCHEDULE I – PAYMENT OF EXPENSES

It was moved by Trustee Joiner, seconded by Trustee LoVerde, that Administrative and Investment Invoices be approved and ordered paid.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

February 20, 2018

INVESTMENTS REPORT

Watch List

Mr. Obed reviewed a memo prepared by Marquette Associates related to the Watch List and stated that Marquette Associates closely monitors the activity and performance of investment managers on the Watch List.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to add Hexavest Inc. to the Watch List due to organizational changes.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

Market Tracker

Mr. Obed reviewed the month of January 2018 market performance.

4th Quarter 2017 Performance Report

Mr. Wesner reviewed the 4th Quarter 2017 Performance Report.

January 31, 2018 Preliminary Performance Report

Mr. Wesner reviewed the January 31, 2018 Preliminary Performance Report.

RFP Discussions

These topics were discussed in executive session.

EXECUTIVE SESSION NO. 1

At 1:39 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) to discuss the sale or purchase of securities, investments or investment contracts. Trustee Capasso seconded the motion.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

At 2:10 p.m., Trustee LoVerde made a motion, seconded by Trustee Hamburger, that the executive session be adjourned and that the Board return to open session.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

The Trustees took no action.

EXECUTIVE SESSION NO. 2

At 2:10 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) to discuss the sale or purchase of securities, investments or investment contracts. Trustee Hamburger seconded the motion.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

At 2:42 p.m., Trustee LoVerde made a motion, seconded by Trustee Joiner, that the executive session be adjourned and that the Board return to open session.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

The Trustees took no action.

Asset Allocation Discussion

This topic was not discussed as an agenda item in the meeting.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

February 20, 2018

ADMINISTRATIVE REPORT

Legislative Matters

Mr. Walsh discussed the draft of the proposed trailer bill to PA 100-0023. (*See attached*). He also reviewed the status of House Bill 4224, which addresses the interceptor provision. Mr. Walsh stated that Mr. Molaro confirmed that the Bill would not move forward without the Board's consent. After discussion, the Board agreed to moving the Bill forward in tandem with similar legislation introduced by the Municipal Employees' Annuity and Benefit Fund of Chicago should the opportunity present itself.

Miscellaneous

Mr. Walsh reminded the Board of the upcoming Special Meeting scheduled for Wednesday, March 7, 2018 from 9:00 a.m. to approximately 2:00 p.m. and indicated that the agenda included an Experience Study by Gabriel Roeder Smith & Company as well as a number of investment manager presentations. Mr. Walsh also reminded the Board that the Regular Meeting scheduled for March 20, 2018 will begin at 9:00 a.m. rather than 1:00 p.m.

LEGAL REPORT

Review Closed Session Minutes

Mr. Carroll reviewed the recommendations of Fund staff and Legal Counsel contained in a memo dated February 20, 2018 which detailed the executive session minutes that are recommended to be made available for public inspection and those that should remain closed at this time. Copies of the memo are on file at the Fund office.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to approve the recommendations of Fund staff and Fund Counsel to make available for public inspection items 1 through 15 of the memo that was reviewed with the Trustees.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

Underwood Litigation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 3:07 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c) (11) to discuss current or potential litigation involving the Fund. Trustee Joiner seconded the motion.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso, Summers and Joiner.
Against -- None.

Trustee Summers exited the meeting at 3:32 p.m.

At 3:34 p.m., Trustee LoVerde made a motion, seconded by Trustee Hamburger, that the executive session be adjourned and that the Board return to open session.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

ADJOURNMENT

With no further business, at 3:36 p.m., Trustee LoVerde made a motion to adjourn the meeting. Trustee Hamburger seconded the motion.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

Proposed Trailer Bill to PA 100-0023

(40 ILCS 5/1-160)

Sec. 1-160. Provisions applicable to new hires.

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

This Section does not apply to a person who first becomes a member or participant under Article 14 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who first becomes a member or participant under Article 16 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who elects under subsection (c-5) of Section 1-161 to receive the benefits under Section 1-161.

This Section does not apply to a person who first becomes a member or participant of an affected pension fund on or after 6 months after the resolution or ordinance date, as defined in Section 1-162, unless that person elects under subsection (c) of Section 1-162 to receive the benefits provided under this Section and the applicable provisions of the Article under which he or she is a member or participant.

(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the

purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

(1) In Article 7 (except for service as sheriff's law enforcement employees), "final rate of earnings".

(2) In Articles 8, 9, 10, 11, and 12, "highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal".

(3) In Article 13, "average final salary".

(4) In Article 14, "final average compensation".

(5) In Article 17, "average salary".

(6) In Section 22-207, "wages or salary received by him at the date of retirement or discharge".

(b-5) Beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not exceed \$106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

(c) A member or participant is entitled to a retirement annuity upon written application if he or she has attained age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article.

A member or participant who has attained age 62 (beginning January 1, 2015, age 60 with respect to service under Article 12 of this Code that is subject to this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article may elect to receive the lower retirement annuity provided in subsection (d) of this Section.

(c-5) A person who first becomes a member or a participant ~~subject to this Section under Article 8 or Article 11 of this Code~~ on or after the effective date of this amendatory Act of the 100th General Assembly, notwithstanding any other provision of this Code to the contrary, is entitled to a retirement annuity under Article 8 or Article 11 upon written application if he or she has attained age 65 and has at least

10 years of service credit ~~under Article 8 or Article 11 of this Code~~ and is otherwise eligible under the requirements of Article 8 or Article 11 of this Code, whichever is applicable.

(d) The retirement annuity of a member or participant who is retiring after attaining age 62 (beginning January 1, 2015, age 60 with respect to service under Article 12 of this Code that is subject to this Section) with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section).

(d-5) The retirement annuity payable under Article 8 or Article 11 to ~~of an eligible~~ person ~~who first becomes a member or a participant~~ subject to subsection (c-5) of this Section under Article 8 or Article 11 of this Code on or after the effective date of this amendatory Act of the 100th General Assembly who is retiring at age 60 with at least 10 years of service credit ~~under Article 8 or Article 11~~ shall be reduced by one-half of 1% for each full month that the member's age is under age 65.

(d-10) Each person who first became a member or participant under Article 8 or Article 11 of this Code on or after January 1, 2011 and prior to the effective date of this amendatory Act of the 100th General Assembly shall make an irrevocable election either:

(i) to be eligible for the reduced retirement age provided in subsections (c-5) and (d-5) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increases in employee contributions for age and service annuities provided in subsection (a-5) of Section 8-174 of this Code (for service under Article 8) or subsection (a-5) of Section 11-170 of this Code (for service under Article 11); or

(ii) to not agree to item (i) of this subsection (d-10), in which case the member or participant shall continue to be subject to the retirement age provisions in subsections (c) and (d) of this Section and the employee contributions for age and service annuity as provided in subsection (a) of Section 8-174 of this Code (for service under Article 8) or subsection (a) of Section 11-170 of this Code (for service under Article 11).

The election provided for in this subsection shall be made between October 1, 2017 and November 15, 2017. A person subject to this subsection who makes the required election shall remain bound by that election. A person subject to this subsection who fails for any reason to make the required election within the time specified in this subsection shall be deemed to have made the election under item (ii).

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section and beginning on the effective date of this amendatory Act of the 100th General Assembly, age 65 with respect to service under Article 8 or Article 11 for eligible persons who: (i) ~~first became members or participants~~ are subject to subsection (c-5) of this

~~Section under Article 8 or Article 11 of this Code on or after the effective date of this amendatory Act of the 100th General Assembly; or (ii) first became members or participants under Article 8 or Article 11 of this Code on or after January 1, 2011 and before the effective date of this amendatory Act of the 100th General Assembly and~~ made the election under item (i) of subsection (d-10) of this Section) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 100th General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 100th General Assembly.

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(g) The benefits in Section 14-110 apply only if the person is a State policeman, a fire fighter in the fire protection service of a department, or a security employee of the Department of Corrections or the Department of Juvenile Justice, as those terms are defined in subsection (b) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the

provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 60, regardless of whether the attainment of age 60 occurs while the person is still in service.

(h) If a person who first becomes a member or a participant of a retirement system or pension fund subject to this Section on or after January 1, 2011 is receiving a retirement annuity or retirement pension under that system or fund and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of this Section under subsection (a) of this Section, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity or retirement pension payments shall resume and be recalculated if recalculation is provided for under the applicable Article of this Code.

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of \$1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

(j) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.

(Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17.)

(40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

Sec. 8-174. Contributions for age and service annuities for present employees and future entrants.

(a) Beginning on the effective date and prior to July 1, 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 5%; and beginning July 1, 1953, and prior to January 1, 1972, 6%; and beginning January 1, 1972, 6-1/2% of each payment of the salary of each present employee and future entrant, except as provided in subsection (a-5) and (a-10),

shall be contributed to the fund as a deduction from salary for age and service annuity.

(a-5) Except as provided in subsection (a-10), for an employee who ~~on or after January 1, 2011 and prior to the effective date of this amendatory Act of the 100th General Assembly first became a member or participant under this Article and~~ made the election under item (i) of subsection (d-10) of Section 1-160: prior to the effective date of this amendatory Act of the 100th General Assembly, 6.5%; and beginning on the effective date of this amendatory Act of the 100th General Assembly and prior to January 1, 2018, 7.5%; and beginning January 1, 2018 and prior to January 1, 2019, 8.5%; and beginning January 1, 2019 and thereafter, employee contributions for those employees who made the election under item (i) of subsection (d-10) of Section 1-160 shall be the lesser of: (i) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~that the~~ prior fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first became members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and Section 8-182 of this Article; or (ii) the aggregate employee contribution consisting of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and 8-182 of this Article.

~~For the one year period beginning~~Beginning with the first pay period ~~in January of each year on or~~ after the date when the funded ratio of the fund ~~as determined in the annual actuarial valuation~~ is first determined to have reached the 90% funding goal, and each ~~subsequent one-year pay~~ period thereafter for as long as the fund maintains a funding ratio of 75% or more, employee contributions for age and service annuity for those employees who made the election under item (i) of subsection (d-10) of Section 1-160 shall be 5.5% of each payment of salary. If the funding ratio falls below 75%, then employee contributions for age and service annuity for those employees who made the election under item (i) of subsection (d-10) shall revert to the lesser of: (A) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~the prior that~~ the prior fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first became members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and Section 8-182 of this Article; or (B) the aggregate employee contribution consisting

of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and 8-182 of this Article. If the fund once again is determined to have reached a funding ratio of 75%, the 5.5% of salary contribution for age and service annuity shall resume. An employee who made the election under item (ii) of subsection (d-10) of Section 1-160 shall continue to have the contributions for age and service annuity determined under subsection (a) of this Section.

If contributions are reduced to less than the aggregate employee contribution described in item (ii) or item (B) of this subsection due to application of the normal cost criterion, the employee contribution amount shall be consistent ~~for from July 1 of the fiscal year through June 30 of~~ that fiscal year.

The normal cost, for the purposes of this subsection (a-5) and subsection (a-10), shall be calculated by an independent enrolled actuary mutually agreed upon by the fund and the City. The fees and expenses of the independent actuary shall be the responsibility of the City. For purposes of this subsection (a-5), the fund and the City shall both be considered to be the clients of the actuary, and the actuary shall utilize participant data and actuarial standards to calculate the normal cost. The fund shall provide information that the actuary requests in order to calculate the applicable normal cost.

(a-10) For each employee ~~who on or after the effective date of this amendatory Act of the 100th General Assembly first becomes a member or participant subject to subsection (c-5) of Section 1-160 under this Article~~, 9.5% of each payment of salary shall be contributed to the fund as a deduction from salary for age and service annuity. Beginning January 1, 2018 and each year thereafter, employee contributions for each employee subject to this subsection (a-10) shall be the lesser of: (i) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~the prior~~that fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first become members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and Section 8-182 of this Article; or (ii) the aggregate employee contribution consisting of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and Section 8-182 of this Article.

~~For the one-year period beginning~~Beginning with the first pay period ~~in January of each year on or~~ after the date when the funded ratio of the fund as determined in the annual actuarial valuation is first determined to have reached the

90% funding goal, and each ~~subsequent one-year pay~~ period thereafter for as long as the fund maintains a funding ratio of 75% or more, employee contributions for age and service annuity for each employee subject to this subsection (a-10) shall be 5.5% of each payment of salary. If the funding ratio falls below 75%, then employee contributions for age and service annuity for each employee subject to this subsection (a-10) shall revert to the lesser of: (A) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~the prior~~^{that} fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first become members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and Section 8-182 of this Article; or (B) the aggregate employee contribution consisting of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 8-137 and Section 8-182 of this Article. If the fund once again is determined to have reached a funding ratio of 75%, the 5.5% of salary contribution for age and service annuity shall resume.

If contributions are reduced to less than the aggregate employee contribution described in item (ii) or item (B) of this subsection (a-10) due to application of the normal cost criterion, the employee contribution amount shall be consistent ~~for from July 1 of the fiscal year through June 30 of~~ that fiscal year.

Such deductions beginning on the effective date and prior to July 1, 1947 shall be made for a future entrant while he is in the service until he attains age 65 and for a present employee while he is in the service until the amount so deducted from his salary with the amount deducted from his salary or paid by him according to law to any municipal pension fund in force on the effective date with interest on both such amounts at 4% per annum equals the sum that would have been to his credit from sums deducted from his salary if deductions at the rate herein stated had been made during his entire service until he attained age 65 with interest at 4% per annum for the period subsequent to his attainment of age 65. Such deductions beginning July 1, 1947 shall be made and continued for employees while in the service.

(b) Concurrently with each employee contribution beginning on the effective date and prior to July 1, 1947 the city shall contribute 5 3/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of each payment of such salary until the employee attains age 65(Blank).

(c) Each employee contribution made prior to the date the age and service annuity for an employee is fixed and each corresponding city contribution shall be credited to the

employee and allocated to the account of the employee for whose benefit it is made.

(d) Notwithstanding Section 1-103.1, the changes to this Section made by this amendatory Act of the 100th General Assembly apply regardless of whether the employee was in active service on or after the effective date of this amendatory Act of the 100th General Assembly.

(Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

Sec. 11-170. Contributions for age and service annuities for present employees, future entrants and re-entrants.

(a) Beginning on the effective date and prior to July 1, 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1, 1972, 6%; and beginning January 1, 1972, 6 1/2% of each payment of the salary of each present employee, future entrant and re-entrant, except as provided in subsection (a-5) and (a-10), shall be contributed to the fund as a deduction from salary for age and service annuity.

(a-5) Except as provided in subsection (a-10), for an employee who ~~on or after January 1, 2011 and prior to the effective date of this amendatory Act of the 100th General Assembly first became a member or participant under this Article and~~ made the election under item (i) of subsection (d-10) of Section 1-160: prior to the effective date of this amendatory Act of the 100th General Assembly, 6.5%; and beginning on the effective date of this amendatory Act of the 100th General Assembly and prior to January 1, 2018, 7.5%; and beginning January 1, 2018 and prior to January 1, 2019, 8.5%; and beginning January 1, 2019 and thereafter, employee contributions for those employees who made the election under item (i) of subsection (d-10) of Section 1-160 shall be the lesser of: (i) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~the prior~~that fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first became members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and Section 11-174 of this Article; or (ii) the aggregate employee contribution consisting of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and 11-174 of this Article.

~~For the one year period beginning~~Beginning with the first pay period ~~in January of each year~~on or after the date when the funded ratio of the fund ~~as determined in the annual actuarial valuation~~ is first determined to have reached the 90% funding goal, and each ~~subsequent one-year~~pay period

thereafter for as long as the fund maintains a funding ratio of 75% or more, employee contributions for age and service annuity for those employees who made the election under item (i) of subsection (d-10) of Section 1-160 shall be 5.5% of each payment of salary. If the funding ratio falls below 75%, then employee contributions for age and service annuity for those employees who made the election under item (i) of subsection (d-10) shall revert to the lesser of: (A) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~the prior~~that fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first became members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and Section 11-174 of this Article; or (B) the aggregate employee contribution consisting of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and 11-174 of this Article. If the fund once again is determined to have reached a funding ratio of 75%, the 5.5% of salary contribution for age and service annuity shall resume. An employee who made the election under item (ii) of subsection (d-10) of Section 1-160 shall continue to have the contributions for age and service annuity determined under subsection (a) of this Section.

If contributions are reduced to less than the aggregate employee contribution described in item (ii) or item (B) of this subsection due to application of the normal cost criterion, the employee contribution amount shall be consistent ~~for from July 1 of the fiscal year through June 30 of~~ that fiscal year.

The normal cost, for the purposes of this subsection (a-5) and subsection (a-10), shall be calculated by an independent enrolled actuary mutually agreed upon by the fund and the City. The fees and expenses of the independent actuary shall be the responsibility of the City. For purposes of this subsection (a-5), the fund and the City shall both be considered to be the clients of the actuary, and the actuary shall utilize participant data and actuarial standards to calculate the normal cost. The fund shall provide information that the actuary requests in order to calculate the applicable normal cost.

(a-10) For each employee subject to subsection (c-5) of Section 1-160~~who on or after the effective date of this amendatory Act of the 100th General Assembly first becomes a member or participant under this Article~~, 9.5% of each payment of salary shall be contributed to the fund as a deduction from salary for age and service annuity. Beginning January 1, 2018 and each year thereafter, employee contributions for each employee subject to this subsection (a-10) shall be the lesser

of: (i) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~the prior~~^{that} fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first become members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and Section 11-174 of this Article; or (ii) the aggregate employee contribution consisting of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and Section 11-174 of this Article.

~~For the one-year period beginning~~^{Beginning} with the first pay period ~~in January of each year on or~~ after the date when the funded ratio of the fund ~~as determined in the annual actuarial valuation~~ is first determined to have reached the 90% funding goal, and each ~~subsequent one-year pay~~ period thereafter for as long as the fund maintains a funding ratio of 75% or more, employee contributions for age and service annuity for each employee subject to this subsection (a-10) shall be 5.5% of each payment of salary. If the funding ratio falls below 75%, then employee contributions for age and service annuity for each employee subject to this subsection (a-10) shall revert to the lesser of: (A) the total normal cost, calculated using the entry age normal actuarial method, projected for ~~the prior~~^{that} fiscal year for the benefits and expenses of the plan of benefits applicable to those members and participants who first become members or participants on or after the effective date of this amendatory Act of the 100th General Assembly and to those employees who made the election under item (i) of subsection (d-10) of Section 1-160, but not less than 6.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and Section 11-174 of this Article; or (B) the aggregate employee contribution consisting of 9.5% of each payment of salary combined with the employee contributions provided for in subsection (b) of Section 11-134.1 and Section 11-174 of this Article. If the fund once again is determined to have reached a funding ratio of 75%, the 5.5% of salary contribution for age and service annuity shall resume.

If contributions are reduced to less than the aggregate employee contribution described in item (ii) or item (B) of this subsection (a-10) due to application of the normal cost criterion, the employee contribution amount shall be consistent ~~for from July 1 of the fiscal year through June 30~~^{of} that fiscal year.

Such deductions beginning on the effective date and prior to June 30, 1947, inclusive shall be made for a future entrant while he is in service until he attains age 65, and for a present employee while he is in service until the amount so

deducted from his salary with interest at the rate of 4% per annum shall be equal to the sum which would have accumulated to his credit from sums deducted from his salary if deductions at the rate herein stated had been made during his entire service until he attained age 65 with interest at 4% per annum for the period subsequent to his attainment of age 65. Such deductions beginning July 1, 1947 shall be made and continued for employees while in the service.

(b) Concurrently with each employee contribution, the city shall contribute beginning on the effective date and prior to July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of each payment of such salary until the employee attains age 65.~~(Blank).~~

(c) Each employee contribution made prior to the date age and service annuity for an employee is fixed and each corresponding city contribution shall be allocated to the account of and credited to the employee for whose benefit it is made.

(d) Notwithstanding Section 1-103.1, the changes to this Section made by this amendatory Act of the 100th General Assembly apply regardless of whether the employee was in active service on or after the effective date of this amendatory Act.

(Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/11-197.7)

Sec. 11-197.7. Payment of annuity other than direct. The board, at the written direction and request of any annuitant, may, solely as an accommodation to such annuitant, pay the annuity due him or her to a bank, savings and loan association, or any other financial institution insured by an agency of the federal government, for deposit to his or her account, or to a bank or trust company for deposit in a trust established by him or her for his benefit with such bank, savings and loan association, or trust company, and such annuitant may withdraw such direction at any time. An annuitant who directs the board to pay the annuity due him or her to any such financial institution shall hold the board and the fund harmless from any claim or loss related to any error as to whether such financial institution is or continues to be federally insured. ~~The board may also, in the case of any disability beneficiary or annuitant for whom no estate guardian has been appointed and who is confined in a publicly owned and operated mental institution, pay such disability benefit or annuity due such person to the superintendent or other head of such institution or hospital for deposit to such person's trust fund account maintained for him or her by such institution or hospital, if by law such trust fund accounts are authorized or recognized.~~

(Source: P.A. 100-23, eff. 7-6-17.)