

2010 POPULAR REPORT



FINANCIAL ENDURANCE

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

BOARD OF TRUSTEES

As of December 31, 2010

PRESIDENT

Carmen Iacullo
Retired Member

SECRETARY

Nicole Hayes
Elected Member

TREASURER

Stephanie Neely
City Treasurer
Ex-Officio Member

TRUSTEES

Steven J. Lux
City Comptroller
Ex-Officio Member

Gene Saffold
City Chief Financial Officer
Appointed Member

Kenneth Cannata
Elected Member

William L. Irving
Union-Appointed Member

OFFICERS

Executive Director

James Capasso, Jr.

Comptroller

Aileen Mazur Pecora

INVESTMENT MANAGERS

As of December 31, 2010

AFL-CIO Housing Investment Trust

Ariel Investments

Baring Asset Management

Baillie Gifford Overseas Ltd

Capri Capital Partners LLC

Columbia Partners LLC

Dearborn Partners LLC

Dorchester Capital Advisors LLC

DV Realty Advisors LLC

EnTrust Capital

Harris Investments

Holland Capital Management

Hopewell Ventures

The John Buck Company

Keeley Asset Management Corp

Mesirow Financial

Midwest Mezzanine Funds

Neuberger Berman

Pantheon Ventures

The Northern Trust Company

Rhumblin Advisers

Robeco Investment Management

Russell Investment Group

SB Partners LP

Shamrock Hostmark Hotel Fund LP

Thomas White International Ltd

Vontobel Asset Management

Western Asset Management Co

Williams Capital Management LLC

Zacks Investment Management

INVESTMENT CONSULTANT

NEPC, LLC



Welcome to the Laborers' Annuity and Benefit Fund (LABF) 2010 Popular Report. This document provides a general description of the financial health of your pension fund and an explanation of LABF's investments as of December 31, 2010. The Report summarizes the financial and membership information contained in LABF's 2010 Comprehensive Annual Financial Report (CAFR).

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Pension Facts

The financial health of public pension plans has become daily headline news. Public pension funds face economic challenges, but no more so than the nation as a whole. In the past year, U.S. public pension fund investments have produced an average return of 13.5%. During 2010, LABF itself surpassed this average by producing a 15.5% rate of return. In fact, investment returns continue to be the single most significant source of U.S. public pension funding and on average comprise 66% of revenue. During 2010, 85% of LABF revenues were derived from net investment income that totaled \$193.1 million. LABF's 2010 net investment income was more than five times larger than member and employer contributions combined which totaled \$34.3 million. Overall, even after subtracting the benefits and expenses paid during the year, LABF's plan net assets grew by \$94.3 million.

The great irony of the current discussion is that rather than being a source of economic woes, public pension funds are a pillar of the American economy. According to the National Institute on Retirement Security, public pension funds support the U.S. economy by distributing over \$175 billion in annual benefits which serve as a recurrent source of economic stimulus. Public sector pension payments annually generate over \$29 billion in federal tax revenue, more than \$21 billion in annual state and local government tax revenue, and have a total positive economic impact of more than \$358 billion.

Financial Stability

LABF continues to be a fiscally sound organization which provides retirement, survivor, and disability benefits. The best measure of any fund's financial health is its funded ratio. This ratio is the difference between the plan's actuarial liability and the value of its net assets. The actuarial liability is the total dollar value of "benefit promises" to all members. LABF promises that when you reach a certain age you will be paid a monthly annuity for life which is based upon age, years of service, and salary. As your salary and/or service increases, so does the dollar value of our promise. If you have an eligible surviving spouse, he or she also has a promise of a monthly lifetime benefit.

As of December 31, 2010, LABF's funded ratio was 73.8%. In order to put the LABF's funded ratio into perspective, it is useful to compare it to an average. According to the National Conference on Public Employee Retirement Systems Public Funds Survey, "On average, public pension plans are currently 75.7% funded." In addition, the global credit rating agency Fitch Group, recently stated that, "a funded ratio of 70% or above is considered adequate."

Rather than recognizing market gains or losses on a yearly basis, proper accounting standard requires public pension funds to utilize a longer "actuarial smoothing" time period in which to recognize averaged gains and losses. LABF's "actuarial smoothing" period is five years. Under ordinary circumstances, averaging irons out the wrinkles in stock market returns over time and contributes to financial stability. However, despite the financial market's recent recovery of two-thirds of its Great Recession losses, the multi-year smoothed averages must still include those depressed portfolio valuations occurring during the unprecedented economic events of 2008. Even though today's financial markets treat the recession as ancient history, the mathematics of those events will linger in LABF's 5 year smoothing average for a few more years.

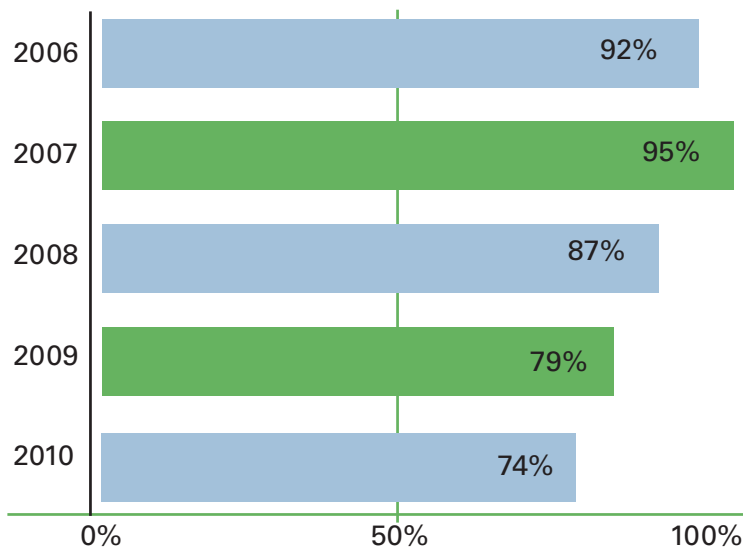


Actuarial Value, Fair Value & Actuarial Liability As of December 31, 2010

Actuarial value of plan net assets	\$ 1.529 billion
Fair value of plan net assets	\$ 1.427 billion
Actuarial liability	\$ 2.071 billion

On an actuarial basis, LABF assets fund 73.8 % of the actuarial liability.

Actuarial Funding Status As of December 31, 2010



Condensed Statements of Plan Net Assets

Years ended December 31, (In Thousands)

Plan Income

As the Condensed Statement of Changes in Plan Net Assets 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 2010, the slow but steady recovery of the overall U.S. economy progressed. The more significant gains that occurred in the area of financial markets impacted LABF in a positive manner. LABF's investment portfolio earned a positive 15.5% rate of return which is considerably better than the average public plan investment return of 13.5%. In fact, LABF's 2010 investment return was better than approximately 92% of public pension fund peers. The time horizon of the LABF investment portfolio is measured in decades, not weeks or months. For the benefit of our members, LABF keeps its eyes on the goal of providing financial stability during both good times and bad times.

	2010	2009	Dollar Change
Receivables	\$22,910	\$25,212	\$(2,302)
Investments at fair value	1,445,305	1,332,378	112,927
Securities lending collateral	151,718	169,346	(17,628)
Property and equipment	2,225	2,833	(608)
Total Assets	1,622,158	1,529,769	92,389
Total Liabilities	194,944	196,840	(1,896)
Total Plan Net Assets	\$1,427,214	\$1,332,929	\$94,285

Condensed Statements of Changes in Plan Net Assets

Years ended December 31, (In Thousands)

	2010	2009	Dollar Change
Additions			
Employer contributions	\$17,939	\$17,190	\$749
Member contributions	16,320	17,538	(1,218)
Net investment gain	193,187	237,102	(43,915)
Total Additions	227,446	271,830	(44,384)
Deductions			
Benefits	127,029	120,998	6,031
Refunds	2,268	2,818	(550)
Administrative expenses	3,864	3,665	199
Total Deductions	133,161	127,481	5,680
Net Increase in Plan Net Assets	94,285	144,349	(50,064)

Net Assets Held in Trust for Pension Benefits

Beginning of year	1,332,929	1,188,580	144,349
End of year	\$1,427,214	\$1,332,929	\$94,285

PLAN EXPENSE

The Fund's most significant expense is benefit payments. Benefits, which include the subsidized cost of annuitant group health care premiums, comprise 95% of the Fund's total expenses. The remaining 5% of expenses are refunds of contributions and the administrative cost of operating the Fund. For a detailed analysis of the financial information, the reader is encouraged to review the Comprehensive Annual Financial Report which contains the auditor's report, management's discussion and analysis, the financial statements, and other supplemental information. This report is available on LABF's website (www.labfchicago.org) and at the Fund office.

PLAN INVESTMENTS

LABF's investment goal is to achieve the highest long-term total rate of return by diversifying our investment portfolio at an appropriate level of risk. The Board of Trustees and staff work with 30 professional investment management firms compiling 40 different investment portfolios. These firms make investment decisions under the "prudent person" rule that is authorized by the Illinois Pension Code and the Fund's investment policy guidelines. The investment consultant NEPC, LLC is employed to assist in the development of an investment policy, perform asset allocation studies, and aid in the selection of investment management firms. The consultant also monitors and evaluates each investment management firm's individual performance as well as the Fund's performance as a whole.

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, hedge funds, etc.), region (domestic, international) and management style (growth, value, small, medium, or large capitalization, etc.) the goal of improving expected long term returns while maintaining an acceptable level of risk is enhanced.



ASSET ALLOCATION

As of December 31, 2010

Asset Category	Target %	Actual %
Domestic Equity	50.0	48.1
International Equity	13.0	13.8
Emerging Markets	5.0	5.4
Fixed Income	16.0	17.8
Private Equity	8.0	3.3
Real Estate	4.0	2.4
Hedge Funds	4.0	3.9
Cash & Short Term	0.0	5.3
Total	100.0	100.0

INVESTMENT PORTFOLIO SUMMARY

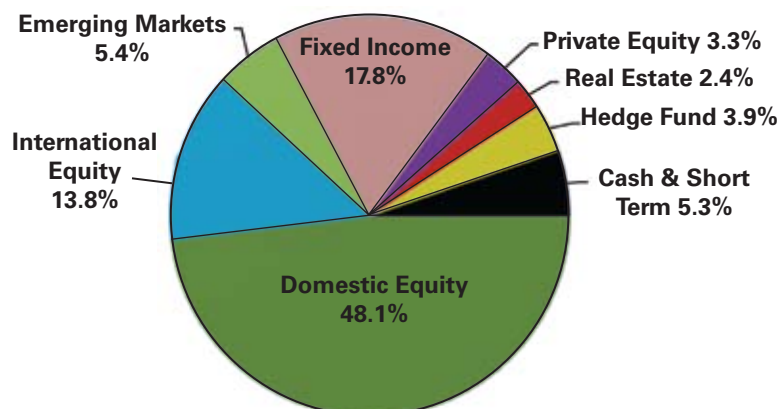
As of December 31, (In Thousands)

	2010		2009	
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
Domestic Equity (Stocks)	\$ 695,282	48.1%	\$ 669,203	50.3%
International Equity (Stocks)	199,880	13.8	187,159	14.0
Emerging Markets (Stocks)	78,337	5.4	53,274	4.0
Fixed Income (Bonds)	257,971	17.8	238,812	17.9
Private Equity	47,068	3.3	38,702	2.9
Real Estate	34,592	2.4	32,110	2.4
Hedge Funds	55,804	3.9	43,354	3.3
Cash and Short-Term	76,371	5.3	69,764	5.2
Total Portfolio	\$ 1,445,305	100.0%	\$ 1,332,378	100.0%



PORTFOLIO ALLOCATION

As of December 31, 2010

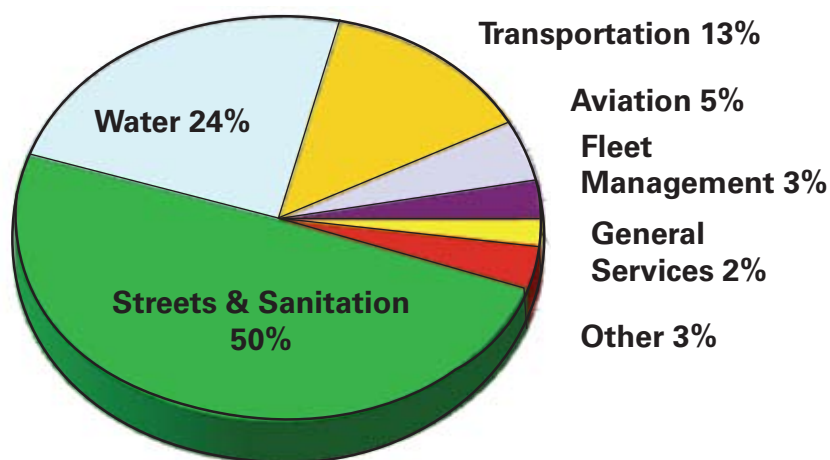


ACTIVE EMPLOYEE MEMBERS

City employees, 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, 2010, there were a total of 4,402 active and inactive employees. LABF active employees work in many city departments: half of the actives work in the Department of Streets and Sanitation and approximately one-quarter work in the Department of Water Management. The Department of Transportation represents thirteen percent while the Departments of Aviation, Fleet Management, and General Services combined employ one-tenth of active LABF employees. Overall, our members are employed by 22 departments across the City of Chicago.

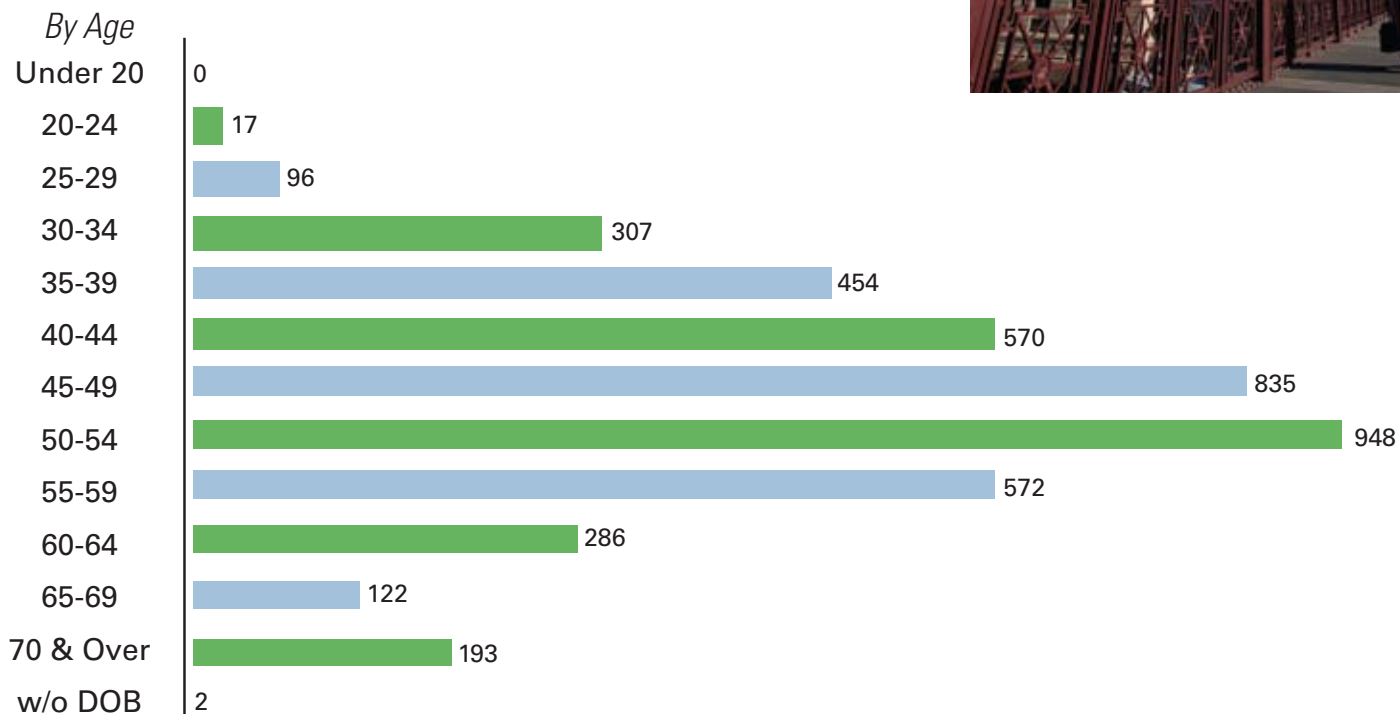
ACTIVE EMPLOYEES BY DEPARTMENT

As of December 31, 2010



ACTIVE & INACTIVE MEMBERS

As of December 31, 2010



NUMBER OF REFUND PAYMENTS DURING 2010

Years of Service

Age	Under 1	1 - 3	3 - 5	5 +	TOTALS
Under 20	-	-	-	-	-
20 - 29	2	3	3	1	9
30 - 39	1	2	3	3	9
40 - 49	2	1	1	11	15
50 - 59	1	-	-	4	5
60 & Over	2	-	-	1	3
Total	8	6	7	20	41

DISABILITY BENEFITS

Year Ended December 31, 2010

Duration	Duty Claims	Ordinary Claims
< 30 days	55	18
1 - 3 months	82	46
4 - 6 months	81	35
7 - 9 months	49	16
> 9 months	167	34
Total	434	149

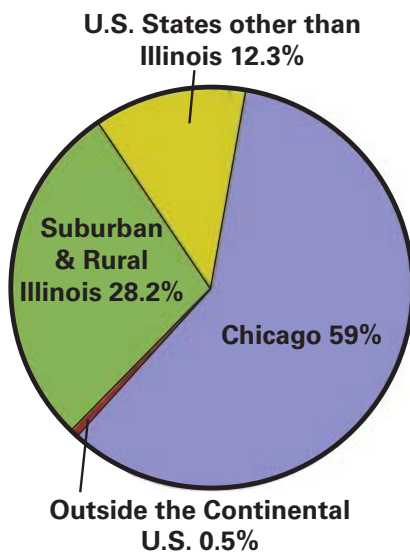


ANNUITANT MEMBERS

Retired City employees, surviving spouses, and surviving minor children who receive benefits are referred to as annuitants. On December 31, 2010, a total of 3,996 annuitants received benefit payments from the Laborers' Annuity and Benefit Fund. This total remained constant from the prior year. While 19 employee annuitants were added, 17 spouse annuitants and 2 child annuitants were subtracted from the total. Two-thirds of the total annuitants are retired employees, while the remaining one-third is composed mostly of spouse annuitants. The current 39 child annuitants comprise only 1% of the annuitant population.

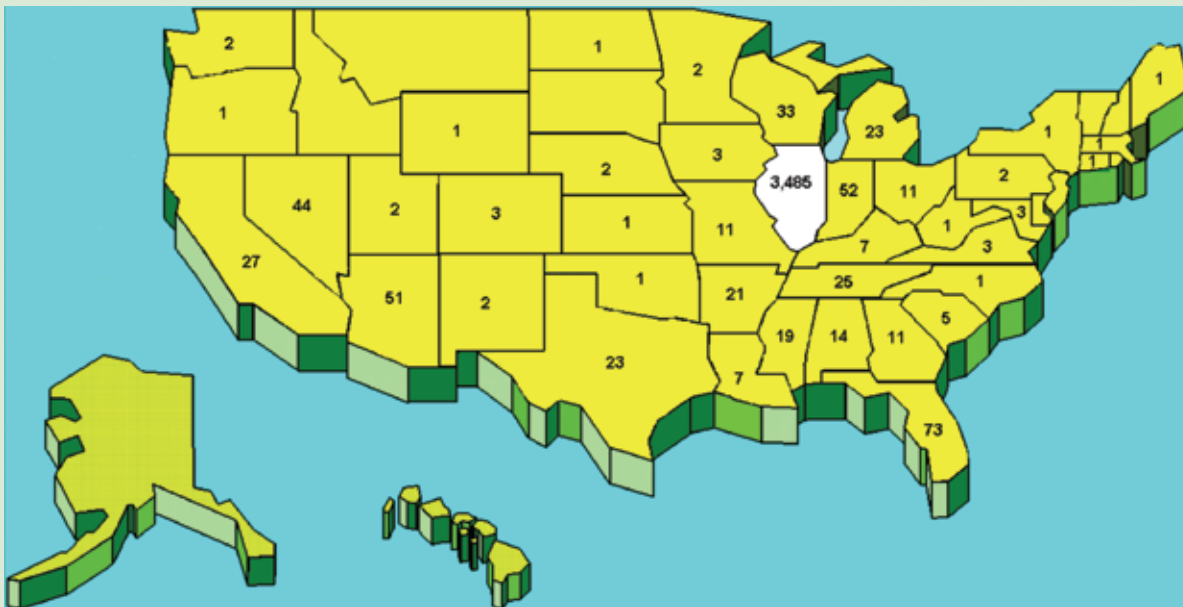
ANNUITANT POPULATION CLASSIFIED BY LOCATION

As of December 31, 2010



ANNUITANTS CLASSIFIED BY AGE

Age Group	Number of Employee Annuitants	% of total	Number of Spouse Annuitants	% of total
Under 50	4	0.1%	28	2.2%
50-54	192	7.1	42	3.4
55-59	419	15.5	57	4.5
60-64	432	16.0	67	5.3
65-69	391	14.5	120	9.6
70-74	379	14.0	171	13.6
75-79	294	10.9	179	14.3
80-84	269	10.0	232	18.5
85 & Over	322	11.9	359	28.6
Total	2,702	100.0%	1,255	100.0%



There are LABF annuitants receiving benefits in 40 of the 50 United States, Puerto Rico and six foreign countries.

In addition, 19 Annuitants reside outside the continental United States in Puerto Rico, Ireland, Italy, Poland, Canada, Greece, and Costa Rica.

2010 NEW RETIREES

During the year, 161 employees retired and became new employee annuitants. This total decreased by 5 individuals from the previous year. The average age of a new retiree is 58 years old. The average length of service is 29 years. The average annual annuity to be received is \$48,489. This group's pension payments, on average, will provide them with 63.5% of the amount of the salary they earned while working.

NEW ANNUITIES GRANTED

	Male Employees		Female Employees	
	2010	2009	2010	2009
Number Retired	152	156	9	10
Average Age	58.1	57.5	61.6	61.6
Average Length of Service	29.6	29.7	20.8	22.1
Average Annual Final Salary	\$76,846	\$70,563	\$66,217	\$56,156
Average Annual Annuity	\$49,571	\$45,641	\$30,219	\$28,048
Expected Future Lifetime	22.09	22.52	22.49	22.74
Payback Period (years)	1.93	1.87	2.03	1.94
Replacement Ratio	64.5%	64.7%	45.6%	50.0%

A FINAL THOUGHT

LABF is the steward of our member's benefits. Our understanding of this responsibility is the foundation for all our activities. The informed leadership and prudent guidance of the LABF Board of Trustees has made the Laborers' Annuity and Benefit Fund the financially sound organization that it is today. As the Fund progresses through the current economic recovery and toward a more prosperous tomorrow, LABF is proud of its ability to withstand economic adversity for the benefit of its members. It is in this manner, that LABF will provide enduring financial security.

We also take this opportunity to congratulate Richard M. Daley upon his retirement from office after 22 years of dedicated public service as mayor. We thank him for his leadership which made Chicago a better place to live and established it as truly one of the world's greatest cities.

The Fund also welcomes Mayor Rahm Emanuel who became the 55th Mayor of the City of Chicago. We wish him well in leading our city into the future.



2010 POPULAR REPORT



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

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