

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

ACTUARIAL STATEMENT

DECEMBER 31, 1976

DONALD F. CAMPBELL
CONSULTING ACTUARIES

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September 16, 1977

The Retirement Board of the
Laborers' and Retirement Board
Employees' Annuity and Benefit
Fund of Chicago,
Chicago, Illinois

Gentlemen:

This is to certify that the annual statement as of December 31, 1976 of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is, to the best of my knowledge and belief, a true and correct statement of the affairs and conditions of said Fund for the calendar year 1976. This statement has been prepared from the books of the Fund as substantiated by our letters of recommendation to the Retirement Board.

The accounting procedure is outlined in Article 11 of the Illinois Pension Code.

The method of valuation, or method of financing the system, and the actuarial assumptions and methods used in the valuation are shown in a separate Exhibit. The attempt is made to give effect to realistic valuation factors affecting costs.

ACTUARIAL ASSUMPTIONS:

The liabilities in our report for 1975 were based in part on a 5% per year interest assumption and a 3 1/2% per year salary scale assumption. In that report we also set forth the results of an alternative valuation based on a 6% interest assumption, a 5% salary scale with all the actuarial assumptions remaining the same. We noted that the required tax levy multiples were approximately the same under both valuations.

Actuarial assumptions required by ERISA must take into consideration anticipated future experience as well as past experience. As a guide to our thinking, we have attempted to learn what interest and salary scale assumptions are being used to anticipate the future in other public and private pension fund valuations. Based on these studies, it is our opinion that for the Laborers' Fund the past experience of investment earnings and giving effect to locked in interest rates and to generally expected future interest earnings that a 6% future interest assumption would be a reasonable rate for valuation purposes.

Although salaries and wages have increased in the past in all fields of endeavor generally at 6 to 7 1/2% a year or more average, many Pension Plans, including some of the largest are using a 5% salary scale assumption which rate includes longevity, merit and general cost of living raises. At a 5% a year rate, salaries will double every twelve years.

Consequently we have based this 1976 actuarial report on a 6% a year compounded interest assumption a 5% a year compounded future salary scale assumption and all other assumptions used for the 1975 report.

Rates of withdrawal and retirement have been updated to the 1973, 1974 and 1975 experience.

In our opinion, these actuarial assumptions are in the aggregate reasonable taking into account fund experience and future expectations and represents the best estimate of anticipated experience.

ALTERNATIVE VALUATIONS:

We plan on making alternative valuations in the near future giving effect to different rates of salary increases and investment earnings as a guide to the Retirement Board and ourselves in estimating the effects on costs of possible variations in future experience from the assumptions used.

These alternative valuations can be made with very little cost to the fund with our newly developed computer time sharing terminal.

THREE METHODS OF FINANCING THE UNFUNDED LIABILITY:

1.) The method of valuation used for this 1976 report, is the same as for the 1975 report. It is known as a Normal Cost-plus-Interest basis, which method is intended to continue the current provisions of the Article governing the fund in full force and effect on a permanent basis—explained in detail under Actuarial Assumptions and Methods, Exhibit N. The method is also referred to as a middle-of-the-road method of funding.

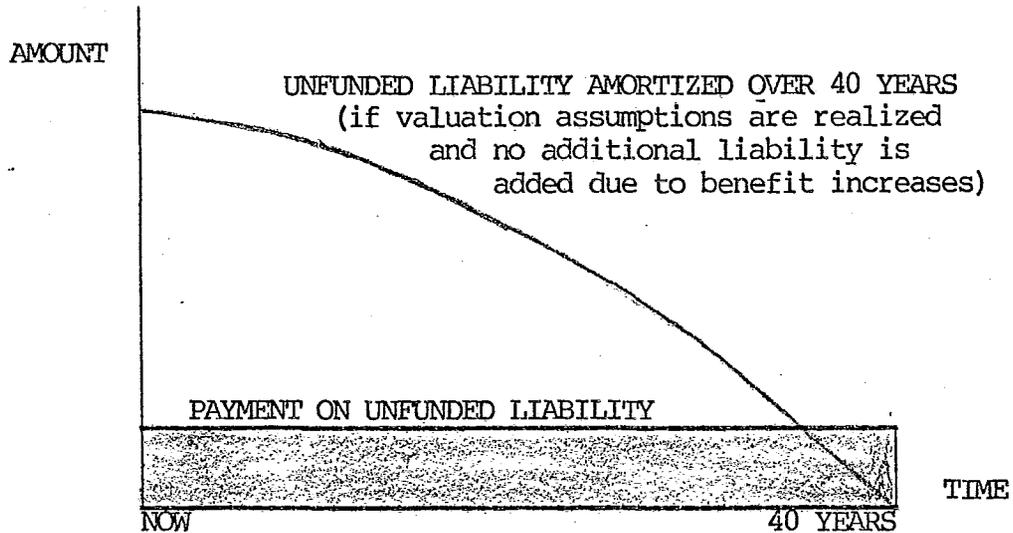
The normal cost plus interest only method of funding is that recommended by the Illinois Public Employees Pension Laws Commission. It was also the minimum required for private pension plans for qualification before ERISA.

AMOUNT	<u>UNFUNDED LIABILITY</u>
	(remains constant if valuation assumptions are realized and no additional liability due to benefit increases.)
	<u>PAYMENT ON UNFUNDED LIABILITY - FOREVER</u>
	NOW TIME

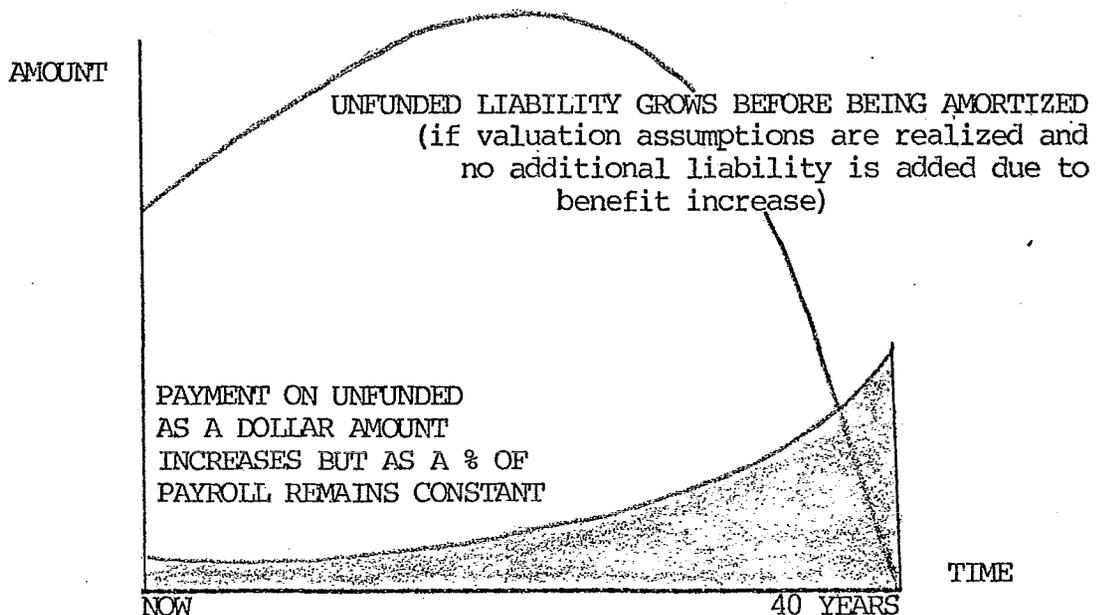
2) ERISA now requires that unfunded liability existing on January 1, 1976 be amortized over a forty year period.

The normal cost plus interest method and the Normal Cost Plus 40 Year Amortization method both express the past service costs as a level annual dollar amount. Consequently, as the total payroll increases in the future, the level annual amount becomes a decreasing percent of the total payroll.

Under both methods, level dollar amounts represent a greater percent of payroll initially and a decreasing percent of payrolls as future payrolls increase.



3.) An alternative method for funding that is receiving increased attention for public employee pension plans is a method which sets the funding standard cost objective as a Level Annual Percent Of Payroll rather than as a level annual amount. This method will result in increasingly greater dollar amounts each year as payrolls increase.



This constant percent of payroll method is not an acceptable funding method under ERISA. It may be more acceptable in view of the presumably permanent nature of public retirement systems, and the desire to place a relatively constant tax burden (as a percentage of salary) on future generations of taxpayers.

For the Retirement Boards guidance, we have estimated the financial effects of different funding methods. The results are given in the following table.

	Required 1977 <u>Tax Levy</u>	Required Multiple <u>1977</u>	Unfunded Liability <u>Will</u>	Portion Required For Amortization Of Unfunded <u>Liability *</u>
1) Normal Cost + Interest Only	\$10,710,778	1.54	Remain constant at \$84,190,707	\$5,051,442
2) ERISA: Normal Cost + 40 Yr. Amortization	\$11,332,494	1.62	Decrease to \$0	\$5,595,444
3) Normal Cost + 40 Yr. Level % of Payroll Increasing 5% a year.	\$ 7,814,256	1.12	Increase to \$122,502,667 in 21 yrs. and de- crease thereafter	\$2,668,004 in 1977 increases to \$17,888,303 in 2117
4) Normal Cost + 40 Yr. Level % of Payroll Increasing 3½% a Year (Inflation Only)	\$ 8,627,173	1.24	Increase to \$103,860,598 in 18 yrs. and de- crease thereafter	\$3,421,985 in 1977 increases to \$13,090,365 in 2117
5) Present Law	\$ 9,680,000	1.37 (1978 & after)		

* Assuming all valuation assumptions are realized and no future benefit liberalization.

The preceding comparative table indicates the need to take into consideration in the funding policy future annual costs expressed both as a level annual dollar amount and as a level annual percent of payroll.

The level annual percent of payroll method results in substantially increasing costs and contributions in future years, especially at the end of a funding period.

In determining the funding policy it is essential to provide a margin of safety for unfavorable operating experience such as salaries over the anticipated salaries, decreasing age of retirement, increasing longevity and declining fund membership.

REQUIRED ACTUARIAL CONTRIBUTION:

Based on the Normal Cost-Plus-Interest-Method of funding we find that the Laborers' tax levy for 1977 should be \$10,804,237 which amount includes a 12½% reserve for loss on collection. This amount is based on an annual payroll as of December 31, 1976, of \$90,487,008 and an active membership of 6,811 persons. The detail is as follows:

	<u>Amount</u>	<u>Percent of Salary</u>	<u>Dollar Per Active</u>
1. Normal Cost - For Current Service	\$12,011,884	13.28%	\$1,764
2. 6% Interest on Unfunded Liability	\$ 5,051,442	5.58%	\$ 741
3. Total Actuarial Requirement (1)+(2)	\$17,063,327	18.86%	\$2,505
4. Employee Contributions	\$ 7,691,396	8.50%	\$1,129
5. Employer Requirement (3)-(4)	\$ 9,371,931	10.36%	\$1,376
6. Expected Net Employer Contribution from 1977 Tax Levy of \$9,680,000	\$ 8,470,000	9.36%	\$1,244
7. Expected Net Annual Deficiency	\$ 901,931	1.00%	\$ 132
8. Tax Levy Required (assume 12½% loss)	\$10,710,778		
9. Increase in Tax Levy Required	\$ 1,030,778		
10. Required Ultimate Multiple	1.54		
11. Present Authorized Ultimate Multiple (1978)	1.37		
11. Increase in Ultimate Multiple Needed	0.18		

The Illinois Public Employees Pension Laws Commission Impact Statement - appended to this report - illustrates the financial position of the Fund.

<u>Detail of Normal Cost (given above):</u>	<u>% Salary</u>	<u>\$ Per Active</u>
Retirement Annuity	7.58%	\$1,007
Retirement Annuity Increase	1.09	145
Post-Retirement Spouse Annuity	.57	76
Spouse Annuity for Death in Service	.64	86
Child's Annuity	.10	13
Ordinary Disability	.97	129
Duty Disability	.36	47
Refunds	1.64	218
Widow Compensation	.01	1
Expense of Administration	.32	42
	<u>13.28%</u>	<u>\$1,764</u>

CHANGE IN THE UNFUNDED LIABILITY:

The total unfunded liability as of December 31, 1976 is \$84,190,707. As of December 31, 1975, it was \$90,467,774 (based on 5% interest and 3 1/2% salary scale).

Detail of Change in Unfunded Liability:

1. Increase in Salaries over 3½% assumed last year	\$ 2,054,198	increase
2. Investment Yield Over 5% Assumed Last Year	(3,060,916)	decrease
3. Deficiency in Net Annual Contributions		
Required Actuarial.....	\$16,414,418	
Less: Employee Contrib.....	7,782,721	
1976 Tax Levy After 12½% Loss..	<u>9,792,000</u>	
	1,344,697	increase
4. Miscellaneous Change Due to Withdrawal, Mortality, Retirement	<u>(729,227)</u>	decrease
5. Total Change Based on Previous Valuation Basis	\$ (391,248)	decrease
6. Change Due to Actuarial Assumptions - Interest Salary, Withdrawal, Retirement	<u>(5,885,819)</u>	decrease
Net Change in Unfunded Liability	\$ (6,277,067)	decrease

FUNDED RATIO:

The ratio of assets to liabilities is 66.64% as of December 31, 1976 - and was 62.65% as of December 31, 1975.

RATIO OF ACTIVE EMPLOYEES TO ANNUITANTS & BENEFICIARIES:

The ratio of active employees to annuitants and beneficiaries is 2.01 as of December 31, 1976 - and was 2.08 as of December 31, 1975.

TERMINATION LIABILITY:

A measure of Fund funding is to compare the assets to liabilities for present retirees on pension and amount of contributions of active and inactive employees. This amount would be a minimum measure of what it would cost to terminate the Fund as of December 31, 1976.

Liability for retired annuitants, widows and spouses of annuitants.....	\$ 61,271,047
Salary Deductions Contributed by Fund members.....	<u>60,468,582</u>
Total.....	\$121,739,629
Assets.....	<u>168,219,982</u>
Excess Assets Upon Termination.....	\$ 46,480,353

In other words....if the pension fund was terminated on December 31, 1976, an excess amount of \$46,480,353 would exist after providing lifetime pensions to those now retired and to return all active members' contributions.

Or the assets on hand - amounting to \$168,219,982 - would be sufficient to provide for the future lifetimes for all retired annuitants, widows and spouses of annuitants, for whom the total liability is \$61,271,047 - the difference between the total assets and such reserve liability or \$106,948,935 could be paid to active employees.

As there were 6,811 active employees on December 31, 1976, the average amount that could be paid to each such member would be \$15,702. The average amount contributed is \$8,878 so that 176.86% of what was contributed could be returned to each active employee. This measure does not provide for any retirement benefit which may be accrued and may have a greater value.

THE FUTURE

As in the past - a continuous review of the Fund's operating experience is needed. The rates of salary increases, rates of retirement and investment earnings are of critical importance in cost estimates. Costs will need to be adjusted as these factors vary.

For example; for every \$1.00 in salary increase over the 5% increases assumed in the salary scale the unfunded liability will be increased by about \$2.11. This will be in addition to the additional current annual service cost for every dollar in salary over the salary scale assumed.

These additional costs will be reduced to some extent by the annual amount of investment income earned over the assumed 6% used for valuation purposes. The extent of the reduction will depend on the relative amounts of these two items.

The alternative funding methods indicate the imperative need to monitor Fund income if future Fund obligations are to be met.

The disadvantage of funding methods that use the level percent of payroll funding of past service is that the unfunded liability will continually increase if salaries continue at the predicted rates. Subject, however, to projections of contributions and disbursements for potential cost flow problems, the level percent of payroll method would appear to provide a long range level funding method on a minimum funding basis, whether for interest only or over a 40 year period.

THIS YEAR, NEW EXHIBITS APPEAR FOR THE FIRST TIME:

AGE AND SERVICE STATISTICS - which shows the distribution of the total fund active membership;

NEW ANNUITIES GRANTED - which illustrates the average annual pension, the liability (or the expected value of the lifetime pension), and the employee cost (or what the employee had contributed while in active service for that pension);

HISTORY OF TOTAL ANNUITIES - which shows the growth in the average of all pension in payment status;

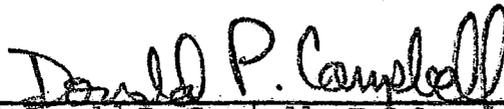
HISTORY OF FINANCIAL INFORMATION - as suggested by the Municipal Finance Officers Association;

ILLINOIS PUBLIC EMPLOYEE PENSION LAWS COMMISSION IMPACT STATEMENT.

Respectfully submitted,



Donald F. Campbell, F.C.A., M.A.A.A.
Enrolled Actuary # 1248



Donald P. Campbell, F.S.A.
Enrolled Actuary #1498

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

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

ACTUARIAL BALANCE SHEET

AS OF

DECEMBER 31, 1976

ASSETS

AND

LIABILITIES

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

ASSETS

ACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1976

CASH:		
On Deposit		\$(3,469.99)
INVESTMENTS:		
Bonds - Par Value	\$137,202,702.13	
Bond Premiums & Discounts	(2,543,092.51)	
Common Stocks - Cost	22,924,464.84	
Accrued Bond Interest	<u>2,560,370.74</u>	
Total Investments		160,144,445.20
ACCOUNTS RECEIVABLE - TAXES (See Exhibit "D")		
Tax Extension	\$ 14,770,269.96	
Less: Estimates for Loss and Cost of Collection	<u>6,827,388.18</u>	
Net Taxes Receivable		7,942,881.78
TAXES IN TRANSIT		370,978.07
OTHER ACCOUNTS RECEIVABLE:		
Salary Deductions Accrued	\$ 849,343.86	
Miscellaneous Employee Accounts	<u>86,440.93</u>	
Total Other Accts. Receivable		<u>935,784.79</u>
GROSS LEDGER ASSETS		\$169,390,619.85
LESS: ACCOUNTS PAYABLE:		
Miscellaneous Employee Accounts	\$ 1,169,079.68	
Military Service Deductions		
Excess from Refunds	<u>1,557.71</u>	
Total Accts. Payable		<u>\$ 1,170,637.39</u>
NET LEDGER ASSETS DECEMBER 31, 1976		<u>\$168,219,982.46</u>

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

LIABILITIES AND FUND BALANCES

ACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1976

ANNUITY PAYMENT FUND ACCOUNT:

(Based on 4% Amer. Exp. & 3% Comb.)

Employee Annuitants	\$19,445,437.14	
Employee Annuities Fixed	6,153,441.84	
Spouse Annuitants	8,828,202.56	
Spouses' Annuities Fixed	<u>4,626,794.02</u>	
Total Annuity Payment Fund		\$ 39,053,875.56

SALARY DEDUCTION FUND ACCOUNT:

Employees	\$50,193,859.58	
Spouses of Employees	<u>10,274,721.95</u>	
Total Salary Deduction Fund		60,468,581.53

CITY CONTRIBUTION FUND ACCOUNT:

Employees	\$48,883,381.23	
Spouses of Employees	15,173,580.03	
Supplemental Annuities	<u>14,832.12</u>	
Total City Contribution Fund		64,071,793.38

OTHER RESERVES:

Supplementary Payment Reserve	\$ 92,408.79	
Annuity Payment Fund Account	<u>5,858,081.33</u>	
Total Other Reserves		5,950,490.12

PRIOR SERVICE FUND ACCOUNT:

(Based on 4% Amer. Exp. & 3% Comb.)

Employee Annuitants	\$24,174,401.98	
Employee Annuities Fixed	17,723.16	
Spouse Annuitants	1,153,340.73	
Spouses' Annuities Fixed	1,460,421.27	
Salary Deductions 2% Annuity	3,446,614.18	
Estimated Excess Liability (Note 1)	<u>52,613,447.37</u>	
Total Prior Service Account		<u>82,865,948.69</u>

TOTAL LIABILITIES \$252,410,689.28

Obligations of Fund for Prior Service Liabilities (Note 1) (84,190,706.82)

TOTAL NET LIABILITIES AND FUND BALANCES DECEMBER 31, 1976 \$168,219,982.46

Note 1 - The letter of transmittal attached hereto sets forth the manner in which this liability was determined.

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

INCOME

YEAR 1976

INCOME

AND

EXPENDITURES

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

INCOME FOR YEAR OF 1976

SALARY DEDUCTIONS:

Total Contributions by Employee

Employee	\$ 5,785,558.19
Spouse	1,263,194.57
Automatic Increase	445,219.47
Ordinary Disab. - Ded. in Lieu	149,387.60
Received From Municipal Fund	81,190.46
Temporary Service Payments	58,170.64

Total Contributed by Employee

\$ 7,782,720.93

Total Contributed by City

Duty Disability - Ded. in Lieu	104,458.15
--------------------------------	------------

Total Contributed By City

104,458.15

Total Salary Deductions

\$ 7,887,179.08

CITY CONTRIBUTIONS:

(1976 Taxes of \$8,300,000 (City) plus
\$28,000 (Park) Less 12½% for Loss of
Collection \$1,041,000)

Employees	\$ 5,345,822.33
Spouses of Employees	1,779,432.90
Ordinary Disability Fund	882,832.06
Duty Disability Fund	330,514.11
Child's Annuity Payment Fund	93,796.00
Expense Fund	288,228.33
Interest on Income	129,568.15
Prior Service Annuity Fund	(1,563,193.88)

Total City Contributions

7,287,000.00

INVESTMENT INCOME:

Interest on Bonds	\$10,610,376.30
Dividends	554,497.00
Gain (Loss) on Sale of Bonds	(588,284.16)
Gain (Loss) on Sale of Stocks	208,995.51

Total Investment Income

10,785,584.65

TOTAL INCOME FORWARDED

\$25,959,763.73

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

EXPENDITURES FOR YEAR 1976

TOTAL INCOME FORWARDED		\$25,959,763.73
ANNUITIES AND BENEFITS PAID:		
Employees' Annuities	\$5,228,273.40	
Spouses Annuities	1,104,352.43	
Compensation Annuities	4,433.88	
Children's Annuities	93,796.00	
Ordinary Disability	881,436.54	
Duty Disability	325,162.30	
Supplementary Payments	81,776.15	
	<u> </u>	
Total Benefits Paid	\$7,719,230.70	
Reciprocal Act Reimbursements	(8,284.68)	
Net Benefits Paid	<u> </u>	\$7,710,946.02
EXPENSE OF ADMINISTRATION:		
Salaries:		
Regular Employees	\$ 86,323.84	
Blue Cross & Blue Shield	2,880.00	
Services:		
Actuarial	113,771.35	
Auditing	9,200.00	
Investment	32,500.00	
Office Supplies and Equipment	4,144.29	
Printing and Stationery	8,146.36	
Postage	7,000.00	
Rent & Electricity	21,146.41	
Telephone & Telegraph	959.74	
Miscellaneous	2,156.34	
	<u> </u>	
Total Expenses		288,228.33
REFUNDS		<u>1,483,561.34</u>
TOTAL EXPENDITURES		<u>\$ 9,482,735.69</u>
EXCESS INCOME OVER EXPENDITURES		\$16,477,028.04
Net Change in Reserve for L/C of Collection and Taxes Receivable for Prior Years		<u>(6,130.95)</u>
INCREASE IN NET ASSETS FOR YEAR 1976		<u><u>\$16,470,897.09</u></u>

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

COMPARATIVE ANALYSIS

YEAR 1976

ASSETS

AND

LIABILITIES

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

COMPARATIVE ANALYSIS

ASSETS

	<u>1/1/1976</u>	<u>12/31/1976</u>	<u>Increase (Decrease)</u>
CASH:			
On Deposit	\$ 1,969,495.25	\$(3,469.99)	\$(1,972,965.24)
INVESTMENTS:			
Bonds (Par Value)	\$127,737,076.18	\$137,202,702.13	\$ 9,465,625.95
Bond Premiums & Discounts	(3,059,995.35)	(2,543,092.51)	516,902.84
Common Stocks - Cost	15,228,428.54	22,924,464.84	7,696,036.30
Due From Broker	247,240.21		(247,240.21)
Accrued Bond Interest	2,578,332.12	2,560,370.74	(17,961.38)
Total Investments	\$142,731,081.70	\$160,144,445.20	\$ 17,413,363.50
ACCOUNTS RECEIVABLE - TAXES			
Tax Extension	\$ 13,425,856.75	\$ 14,770,269.96	\$ 1,344,413.21
Less: Estimates for L/C	6,146,536.27	6,827,388.18	680,851.91
Net Taxes Receivable	\$ 7,279,320.48	\$ 7,942,881.78	\$ 663,561.30
TAXES IN TRANSIT	\$ 18,336.03	\$ 370,978.07	\$ 352,642.04
OTHER ACCOUNTS RECEIVABLE:			
Salary Deductions Accrued	\$ 876,902.26	\$ 849,343.86	\$(27,558.40)
Misc. Employee Accounts	87,378.07	86,440.93	(937.14)
Total Other Accts. Rec.	\$ 964,280.33	\$ 935,784.79	\$(28,495.54)
GROSS LEDGER ASSETS	<u>\$152,962,513.79</u>	<u>\$169,390,619.85</u>	<u>\$ 16,428,106.06</u>
LESS: ACCOUNTS PAYABLE:			
Misc. Employee Accts.	\$ 1,211,870.71	\$ 1,169,079.68	\$(42,791.03)
Military Service Deds.	1,557.71	1,557.71	0
Total Accts. Payable	\$ 1,213,428.42	\$ 1,170,637.39	\$(42,791.03)
NET LEDGER ASSETS	<u>\$151,749,085.37</u>	<u>\$168,219,982.46</u>	<u>\$ 16,470,897.09</u>

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

COMPARATIVE ANALYSIS

LIABILITIES AND FUND BALANCES

	<u>1/1/1976</u>	<u>12/31/1976</u>	<u>Increase (Decrease)</u>
LIABILITY RESERVES:			
ANNUITY PAYMENT FUND:			
Employee Annuitants	\$ 17,002,444.06	\$ 19,445,437.14	\$ 2,442,993.08
Emp. Annuities Fixed	5,788,049.16	6,153,441.84	365,392.68
Spouse Annuitants	8,016,489.45	8,828,202.56	811,713.11
Spouses' Annuities Fixed	<u>4,023,404.51</u>	<u>4,626,794.02</u>	<u>603,389.51</u>
Total	\$ 34,830,387.18	\$ 39,053,875.56	\$ 4,223,488.38
SALARY DEDUCTION FUND ACCOUNT:			
Employees	\$ 46,564,478.54	\$ 50,193,859.58	\$ 3,629,381.04
Spouses of Employees	<u>9,340,156.77</u>	<u>10,274,721.95</u>	<u>934,565.18</u>
Total	\$ 55,904,635.31	\$ 60,468,581.53	\$ 4,563,946.22
CITY CONT. FUND ACCOUNT:			
Employees	\$ 45,669,204.50	\$ 48,883,381.23	\$ 3,214,176.73
Spouses of Employees	14,000,660.64	15,173,580.03	1,172,919.39
Supplemental Annuities	<u>18,642.14</u>	<u>14,832.12</u>	<u>(3,810.02)</u>
Total	\$ 59,688,507.28	\$ 64,071,793.38	\$ 4,383,286.10
OTHER RESERVES:			
Supplemental Pymt. Res.	\$ 84,184.94	\$ 92,408.79	\$ 8,223.85
Annuity Fund Account	<u>5,224,558.08</u>	<u>5,858,081.33</u>	<u>633,523.25</u>
Total	\$ 5,308,743.02	\$ 5,950,490.12	\$ 641,747.10
PRIOR SERVICE FUND ACCOUNT:			
Employee Annuitants	\$ 20,139,256.96	\$ 24,174,401.98	\$ 4,035,145.02
Emp. Annuities Fixed	30,855.72	17,723.16	(13,132.56)
Spouse Annuitants	1,074,005.14	1,153,340.73	79,335.59
Spouses' Annuities Fixed	1,085,951.18	1,460,421.27	374,470.09
Contr. for Employees	2,385.10		(2,385.10)
Contr. for Spouses	1,140.69		(1,140.69)
Sal. Ded. 2% Annuity	3,072,644.81	3,446,614.18	373,969.37
Estimated Excess Liability	<u>61,078,346.96</u>	<u>52,613,447.37</u>	<u>(8,464,899.59)</u>
Total	\$ 86,484,586.56	\$ 82,865,948.69	\$ (3,618,637.87)
TOTAL LIABILITIES	\$242,216,859.35	\$252,410,689.28	\$ 10,193,829.93
UNFUNDED OBLIGATIONS	<u>(90,467,773.98)</u>	<u>(84,190,706.82)</u>	<u>6,277,067.16</u>
TOTAL NET LIABILITIES	<u>\$151,749,085.37</u>	<u>\$168,219,982.46</u>	<u>\$ 16,470,897.09</u>

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

TAXES RECEIVABLE

DECEMBER 31, 1976

Year	Uncollected Taxes 12-31-76	Estimate for Loss 12-31-75	Additional Est. Setup 12-31-76	Total Est. for loss 12-31-76	Taxes Collectible 12-31-76
1967	\$ 501,976.36	\$ 497,037.00	\$	\$ 497,037.00	\$ 4,939.36
1968	445,404.74	441,673.00		441,673.00	3,731.74
1969	508,322.22	501,343.00		501,343.00	6,979.22
1970	512,943.00	506,795.00		506,795.00	6,148.00
1971	597,101.26	587,494.00		587,494.00	9,607.26
1972	696,138.76	656,574.00		656,574.00	39,564.76
1973	915,441.05	753,068.00		753,068.00	162,373.05
1974	1,052,402.24	868,686.57	(.57)	868,686.00	183,716.24
1975	1,184,439.26	953,750.00	(125.00)	953,625.00	230,814.26
1976	8,300,000.00		1,037,500.00	1,037,500.00	7,262,500.00
	<u>\$14,714,168.89</u>	<u>\$5,766,420.57</u>	<u>\$1,037,374.43</u>	<u>\$6,803,795.00</u>	<u>\$7,910,373.89</u>
1967	\$ 2,685.71	\$ 2,510.16	\$	\$ 2,510.16	\$ 175.55
1968	658.02	660.32	(2.30)	658.02	0
1969	2,917.96	2,200.00		2,200.00	717.96
1970	2,251.94	2,000.00		2,000.00	251.94
1971	2,614.66	2,025.00		2,025.00	589.66
1972	3,851.92	2,125.00		2,125.00	1,726.92
1973	3,207.83	2,200.00		2,200.00	1,007.83
1974	5,631.74	3,125.00		3,125.00	2,506.74
1975	4,281.29	3,250.00		3,250.00	1,031.29
1976	28,000.00		3,500.00	3,500.00	24,500.00
	<u>\$ 56,101.07</u>	<u>\$ 20,095.48</u>	<u>\$ 3,497.70</u>	<u>\$ 23,593.18</u>	<u>\$ 32,507.89</u>
	<u>\$14,770,269.96</u>	<u>\$5,786,516.05</u>	<u>\$1,040,872.13</u>	<u>\$6,827,388.18</u>	<u>\$7,942,881.78</u>

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

MEMBERSHIP STATISTICS

YEAR 1976

	<u>Number at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Number At End of Year</u>
A. Changes in Active Participants				
Male	5,982	760	907	5,835
Female	<u>1,050</u>	<u>3</u>	<u>77</u>	<u>976</u>
Total	<u>7,032</u>	<u>763</u>	<u>984</u>	<u>6,811</u>
B. Changes In Annuitants & Beneficiaries				
Employee Annuitants	1,886	201	102	1,985
Spouse Annuitants	1,019	75	54	1,040
Children's Annuities	198	24	43	179
Ordinary Disability Benefits	141	151	170	122
Duty Disability Benefits	40	489	491	38
Reversionary	1			1
Reciprocal	21	7	4	24
Widow Compensation Annuities	<u>2</u>	<u>—</u>	<u>—</u>	<u>2</u>
Total	<u>3,308</u>	<u>947</u>	<u>864</u>	<u>3,391</u>
C. Ratio of Active Participants to Annuitants & Beneficiaries				
	<u>2.08</u>			<u>2.01</u>

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

SALARY AND AGE STATISTICS

YEAR 1976

Ages and Salaries as of December 31, 1976

<u>Ages</u>	<u>Number</u>	<u>Male</u>	
		<u>Annual Salaries</u>	<u>Average Annual Salaries</u>
Under 20	49	\$ 665,904	\$13,590
20-24	564	7,612,272	13,497
25-29	573	7,993,272	13,950
30-34	448	6,454,704	14,408
35-39	515	7,544,520	14,650
40-44	464	6,820,032	14,698
45-49	688	10,392,936	15,106
50-54	769	11,383,680	14,803
55-59	804	11,840,832	14,727
60-64	555	8,031,288	14,471
65-69	210	3,051,552	14,531
70 & Over	80	1,153,488	14,419
Without Record	116	1,541,520	13,289
Total	<u>5835</u>	<u>\$84,486,000</u>	<u>\$14,479</u>
		<u>Female</u>	
20-24	2	\$ 17,088	\$ 8,544
25-29			
30-34	3	14,472	4,824
35-39	11	65,280	5,935
40-44	43	307,296	7,146
45-49	88	540,768	6,145
50-54	168	1,042,416	6,205
55-59	284	1,702,944	5,996
60-64	269	1,679,328	6,243
65-69	92	513,552	5,582
70 & Over	16	117,864	7,367
Total	<u>976</u>	<u>\$ 6,001,008</u>	<u>\$ 6,149</u>
TOTAL MALE AND FEMALE	<u>6811</u>	<u>\$90,487,008</u>	<u>\$13,285</u>

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

SALARY AND AGE STATISTICS

YEAR 1976

Ages at Entrance

	<u>MALE</u>		<u>FEMALE</u>	
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
Under 25	1,586	\$23,033,280	10	\$ 119,976
25 - 29	1,018	14,965,824	43	340,512
30 - 34	840	12,282,384	88	640,920
35 - 39	689	10,092,816	184	1,233,000
40 - 44	680	9,785,736	259	1,629,264
45 - 49	424	6,060,288	251	1,357,320
50 - 54	285	3,988,512	105	504,624
55 - 59	162	2,264,280	30	133,752
60 & Over	35	471,360	6	41,640
W/O record	116	1,541,520		
<u>Totals</u>	<u>5,835</u>	<u>\$84,486,000</u>	<u>976</u>	<u>\$6,001,008</u>
Average Annual Salary		\$14,479		\$6,149
Average Attained Age		44.5		56.8
Average Service		11.5		14.5
Average Age at Entrance		33.0		42.3

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

ANNUITANTS CLASSIFIED BY AGE AS OF 12/31/1976

Retirement Annuities

<u>Age</u>	<u>Male Number</u>	<u>Annual Payments</u>	<u>Average Annual Payments</u>	<u>Female Number</u>	<u>Annual Payments</u>	<u>Average Annual Payments</u>
40-44	2	\$ 1,140.96	\$ 570.48			
45-49	2	2,632.80	1,316.40			
50-54	6	5,719.68	953.28			
55-59	32	121,911.00	3,809.72	12	\$ 22,964.28	\$1,913.69
60-64	143	697,918.20	4,880.55	69	103,979.40	1,506.95
65-69	317	1,386,770.64	4,374.67	208	307,174.68	1,476.80
70-74	273	1,013,962.32	3,714.15	226	333,244.92	1,474.54
75-79	200	581,435.16	2,907.18	158	224,551.44	1,421.21
80-84	149	448,226.16	3,008.23	105	150,261.72	1,431.06
85-89	54	152,669.52	2,827.21	33	41,577.60	1,259.93
90-94	13	28,943.16	2,226.40	5	6,101.16	1,220.23
95-99				2	2,785.80	1,392.90
Totals	<u>1191</u>	<u>\$4,441,329.60</u>	<u>\$3,729.08</u>	<u>818</u>	<u>\$1,192,641.00</u>	<u>\$1,458.00</u>

Average Age

72

73

Widows' Annuities

(Do not include compensation)

<u>Age</u>	<u>Number</u>	<u>Annual Payments</u>	<u>Average Annual Payments</u>
25-29	2	\$ 2,400.00	\$1,200.00
30-34	3	2,100.00	700.00
35-39	12	9,716.52	809.71
40-44	20	17,272.32	863.62
45-49	30	27,147.96	904.93
50-54	76	93,574.68	1,231.25
55-59	115	152,194.20	1,323.43
60-64	182	244,399.68	1,342.86
65-69	175	211,580.88	1,209.03
70-74	146	152,671.56	1,045.70
75-79	135	128,425.44	951.30
80-84	90	66,557.88	739.53
85-89	42	27,649.92	658.33
90-94	12	5,717.76	476.48
95-99	1	655.20	655.20
Total	<u>1041</u>	<u>\$1,142,064.00</u>	<u>\$1,097.08</u>

Average Age

67

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

NEW ANNUITIES GRANTED

AS OF DECEMBER 31, 1976

	<u>Male Annuitants</u>	<u>Female Annuitants</u>	<u>Widows of Deceased Employees</u>	<u>Widows of Deceased Annuitants</u>
Number Retired	139	69	34	41
Average Attained Age	64.8	66.7	53.2	66.0
Average Length of Service	23.6	18.9	N/A	N/A
Average Annual Salary (4 out of 10)	\$ 11,386	\$ 3,418	N/A	N/A
Average Annual Final Salary	\$ 12,547	\$ 5,818	N/A	N/A
Total Annual Annuity	\$ 758,642	\$ 141,395	\$ 60,308	\$ 64,975
Average Annual Annuity	\$ 5,458	\$ 2,049	\$ 1,774	\$ 1,585
Total Liability (6% 1951 G.A.)	\$8,517,788	\$1,338,503	\$651,975	\$514,546
Average Liability	\$ 61,279	\$ 19,399	\$ 19,176	\$ 12,550
Total Cost For Income Tax Purposes	\$1,737,391	\$ 286,405	N/A	N/A
Average Cost	\$ 12,499	\$ 4,151	N/A	N/A
Expected Future Lifetime	14.88	17.00	27.29	17.00

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

HISTORY 1962 to 1976

AVERAGE ANNUAL SALARIES ENTIRE FUND

	<u>Total Members In Ser- vice (1)</u>	<u>Percentage Increase Of Preceding Year</u>	<u>Total Salaries</u>	<u>Percentage Increase Of Preceding Year</u>	<u>Average Annual Salaries</u>	<u>Percentage Increase Of Preceding Year</u>
1964	7,868		\$44,441,712		\$ 5,648	
1965	7,936	0.9%	45,872,832	3.2%	5,780	2.3%
1966	7,995	0.7	47,598,552	3.8	5,954	3.0
1967	8,102	1.3	52,268,304	9.8	6,451	8.3
1968	7,891	(2.6)	56,165,136	7.5	7,118	10.3
1969	7,777	(1.4)	60,523,296	7.8	7,782	9.3
1970	7,220	(7.2)	62,916,768	4.0	8,714	12.0
1971	6,864	(4.9)	66,142,320	5.1	9,636	10.6
1972	6,971	1.6	69,950,692	5.8	10,035	4.1
1973	6,752	(3.1)	73,108,848	4.5	10,828	7.9
1974	6,638	(1.7)	78,526,728	7.4	11,830	9.3
1975	7,032	5.9	89,276,280	13.7	12,696	7.3
1976	6,811	(3.1)	90,487,008	1.4	13,285	4.6
Average Increase for the last 5 years		<u>(0.8)%</u>		<u>6.6%</u>		<u>6.6%</u>

(1) Includes those members who were on disability

(2) Average annual increase in salary 1964 - 1976 about 7.39% compounded.

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

HISTORY OF TOTAL ANNUITIES 1968 - 1976

Employee Annuitants (Male & Female)

	<u>Number Of Annuitants</u>	<u>Total Annuities</u>	<u>Average Annuities</u>
1968	1,572	\$2,389,709.88	\$1,520.17
1969	1,593	2,495,395.92	1,566.48
1970	1,651	2,779,061.40	1,683.26
1971	1,675	2,927,593.80	1,747.82
1972	1,724	3,373,308.24	1,956.68
1973	1,777	3,781,854.48	2,128.22
1974	1,831	4,331,608.92	2,365.71
1975	1,907	4,887,747.12	2,563.06
1976	2,009	5,633,970.60	2,804.37

Widow Annuitants
(Do Not Include Compensation)

1968	875	\$ 580,689.48	\$ 663.65
1969	909	640,078.56	704.16
1970	928	673,351.56	725.59
1971	921	711,618.00	772.66
1972	932	775,468.92	832.05
1973	967	860,410.44	889.77
1974	997	959,631.60	962.52
1975	1,022	1,053,816.12	1,031.13
1976	1,041	1,142,064.00	1,097.08

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

HISTORY OF INVESTMENT YIELDS

Nonrecurring Gains and Loses are Excluded from Income

<u>Year</u>	<u>Investment Yield on Total Assets</u>	<u>Investment Yield on Invested Assets</u>
December 31, 1970	4.54%	4.78%
December 31, 1971	4.75	4.99
December 31, 1972	5.47	5.70
December 31, 1973	5.76	6.03
December 31, 1974	6.58	6.98
December 31, 1975	7.25	7.73
December 31, 1976	7.23	7.65
Average of Last 5 Years	6.46%	6.82%

Nonrecurring Gains and Losses are Included in Income

<u>Year</u>	<u>Investment Yield on Total Assets</u>	<u>Investment Yield on Invested Assets</u>
December 31, 1970	4.02%	4.22%
December 31, 1971	3.95	4.14
December 31, 1972	4.79	5.00
December 31, 1973	3.60	3.77
December 31, 1974	3.55	3.76
December 31, 1975	6.17	6.58
December 31, 1976	6.98	7.39
Average of Last 5 Years	5.02%	5.30%

Notes:

$$\text{Yield} = \frac{\text{Investment Income}}{\text{Mean Assets}}$$

Bonds valued at amortized value, stocks at cost.
Market values are not considered.

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

HISTORY OF FINANCIAL INFORMATION*

<u>Year End</u>	<u>Employee Contributions</u>	<u>Employer Contributions (1)</u>	<u>Investment Income (2)</u>	<u>Pay Outs (3)</u>
12-31-70	\$4,712,589	\$3,987,144	\$ 3,935,141	\$5,724,714
12-31-71	5,254,928	4,241,819	4,145,156	6,829,674
12-31-72	5,928,386	4,793,135	5,391,547	6,425,129
12-31-73	6,269,104	5,463,149	4,394,426	7,125,454
12-31-74	6,597,012	6,103,125	4,646,080	7,999,287
12-31-75	7,375,222	6,699,000	8,665,212	8,690,763
12-31-76	7,887,179	7,287,000	10,785,585	9,482,736

<u>Year End</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Total Assets Stocks At Cost Bonds Amortized</u>
12-31-70	\$22,703,316	82.0%	\$103,551,012
12-31-71	48,392,529	69.5	110,423,040
12-31-72	52,088,002	69.7	120,072,655
12-31-73	69,158,015	65.0	128,624,035
12-31-74	77,926,272	63.9	137,709,821
12-31-75	90,467,774	62.7	151,749,085
12-31-76	84,190,707 (4)	66.6 (4)	168,219,982

<u>Year End</u>	<u>Pay Outs To Assets</u>	<u>Income To Assets</u>	<u>Pay Outs To Income</u>
12-31-70	5.5%	12.2%	45.3%
12-31-71	6.2	12.4	50.1
12-31-72	5.4	13.4	39.9
12-31-73	5.5	12.5	44.2
12-31-74	5.8	12.6	46.1
12-31-75	5.7	15.0	38.2
12-31-76	5.6	15.4	36.5

*Statistical material suggested by the Municipal Finance Officers Association in the disclosure guidelines for security offerings by the State and Local Government.

- (1) Net Tax Levy and Miscellaneous Income
- (2) Includes realized net loss on sale and exchange of bonds.
- (3) Includes Pensions, Benefits, Refunds and Administrative Expenses.
- (4) Major change in valuation assumptions.

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Method: The actuarial funding method used is the ENTRY AGE NORMAL METHOD.

This cost method assigns to each year of employment a constant percentage of an employees salary, called the CURRENT SERVICE COST (sometimes referred to as NORMAL COST), sufficient to accumulate the necessary funds to provide for the full prospective costs of the employee's projected retirement pension. The amount of pension must be estimated using various assumptions as to future compensation levels, employee turnover, mortality and pension fund earnings, since the actual pension can only be known at the time of retirement. These are called actuarial assumptions.

It should be emphasized that the actuarial assumptions do not directly affect the cost of the pension plan. Benefits are fixed by statute and will become payable as various members and their dependents satisfy the contingencies covered. The actual cost of the plan can only be determined after all benefits have been paid, and is equal to the total benefits paid, plus total administrative expenses minus total investment income.

The ACCRUED LIABILITY of the fund at any point in time is the accumulated value of all CURRENT SERVICE COSTS which should have been paid to that time for active employees plus the full prospective cost of pensions for all retired employees. The extent that the actual plan ASSETS are less than the ACCRUED LIABILITY is called the UNFUNDED LIABILITY.

An amount of money is required each year to keep the UNFUNDED LIABILITY from increasing if all assumptions are realized. This amount is called INTEREST ONLY on the UNFUNDED LIABILITY.

The total actuarial contribution required to the fund is equal to the CURRENT SERVICE COSTS plus INTEREST ONLY on the UNFUNDED LIABILITY. This is the funding policy. This minimum method of funding, often referred to as middle-of-the-road method, is the method the fund has tried to follow in the past. It has evolved over the years and seeks to give effect to all interested groups including opinions often expressed by the Civic Federation. No funds are provided for amortization of the UNFUNDED LIABILITY.

Reserves for employee retirement annuities, spouses retirement annuities and death benefit annuities are valued on the entry age normal method. Grouped ages of entry, 22, 27, 32, 37, 42, 47, 52, 57, 62 and over, are used.

The costs for the following items are valued on an annual cost basis. No reserves are set up as these items tend to stabilize on a cash basis.

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

- 1) Duty Disability Benefits
- 2) Ordinary Disability Benefits
- 3) Children's Annuities
- 4) Refunds - including refunds for no wife
- 5) Expense of administration

Reserves are set up for duty, and ordinary disability recipients as if they were in active service.

Cost for fixed dollar maximum benefits are calculated as a level percentage of payroll.

Actuarial Assumptions:

Mortality:

Active Members, Present and Future Retired Members and Spouses: 1951 GROUP ANNUITY MORTALITY TABLE, male and female. Past experience indicates this table's adequacy.

Interest: 6% a year, compounded annually. An exhibit details the investment yields the Fund actually realized over the past few years.

Interest earnings over the assumed rate can be used to reduce losses which may result from variations in other cost factors - such as increased costs resulting from salary increases greater than the assumed rate.

It must be realized that the interest assumption is a long range assumption - it must cover a period as long as perhaps 50 years - which would be the period of time, say, that the youngest employee in the fund will work, then retire on pension for the rest of his life. There is no guarantee that the current high interest rates will continue over this period.

Salary Increase: 5% a year, compounded annually. An exhibit details the annual increase in the average salary over the past years which averages greater than 5%.

It should be remembered that pensions are based directly upon salary. If it is believed that the recent pattern will continue in the long range future, the salary scale assumption will need to be increased.

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Increased costs would necessarily result with the extent of the increase in cost depending on the extent of the increase in salary over the assumed long range .

Rate of Retirement: The rates of retirement used in this valuation are shown in Exhibit "O" for each age of entrance group into the service and are based on 1973, 1974 and 1975 experience of the Fund.

These rates reflect the changing pattern of retirement.

Rate of Termination: These rates are shown in Exhibit "O" and are based on the experience of the Fund for the years 1973, 1974 and 1975.

Proportion Married: The scale is shown in Exhibit "O".

Active Membership: It is assumed that the future active membership of the Fund will approximate its present membership, which as of December 31, 1976 was made up of 5,835 males and 976 females.

Age of Spouse: Of a male employee - the spouse is assumed four year younger; of a female employee - the spouse is assumed four years older.

Asset Value: Bonds are amortized value; stocks are at cost.

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

SERVICE TABLE FUNCTIONS

Rates of Termination

Male

Attained Age	Age at Entrance								
	22	27	32	37	42	47	52	57	62
22	.223								
27	.116	.262							
32	.050	.100	.219						
37	.021	.046	.098	.221					
42	.012	.025	.022	.088	.176				
47	.005	.012	.010	.034	.080	.142			
52		.005	.005	.017	.028	.076	.120		
57			.002	.006	.013	.026	.046	.112	
62							.014	.042	.148
67									.049
72									

Female

22	.140								
27	.108	.174							
32	.052	.085	.108						
37	.022	.038	.062	.074					
42	.008	.022	.033	.051	.054				
47		.013	.017	.028	.033	.063			
52		.005	.009	.015	.020	.033	.054		
57			.004	.006	.010	.020	.036	.056	
62						.008	.012	.034	.027
67								.010	.026
72									.022

Attained Age	Male Death Rate 1951 GA Per 1,000	Female Death Rate 1951 GA Per 1,000	Proportion Married %
22	.6	.4	81
27	.8	.5	81
32	1.1	.7	81
37	1.5	1.0	80
42	2.4	1.5	83
47	4.5	2.3	83
52	7.9	3.5	84
57	12.2	5.6	82
62	18.3	9.8	80
67	30.1	16.5	78
70	39.3	23.1	74
75	62.4	44.3	74

ILLINOIS PUBLIC EMPLOYEES PENSION LAWS COMMISSION IMPACT STATEMENT

Name of Retirement System: LABORERS

Total Annual Payroll: \$90,487,008

Bill No. _____

Total Number of Active Employees: 6,811

PRESENT FINANCIAL CONDITION AS OF VALUATION DATE

	I PRESENT PLAN	II PROPOSED LEGISLATION	III PLAN IF PROPOSED LEGISLATION ENACTED
Valuation Date <u>12-31-76</u>			
(1) Accrued Pension Liability	252,410,689		
(2) Present Assets	168,219,982		
(3) Unfunded Liability = (1)-(2)	84,190,707		
(4) Funded Ratio = (2) ÷ (1)	66.64%		

DIRECTION OF FINANCIAL CONDITION: FOR YEAR BEGINNING ON VALUATION DATE

	PRESENT PLAN	PER ACTIVE	% OF SALARY	PROPOSED LEGISLATION	PER ACTIVE	% OF SALARY	PLAN IF PROPOSED LEGISLATION ENACTED	PER ACTIVE	% OF SALARY
(5) Minimum Recommended Annual Contribution	17,063,327	2,505	18.86						
(6) Estimated Annual Employer Contribution <i>Tax Levy 9,680,000</i>	8,470,000	1,244	9.36						
(7) Estimated Annual Employee Contribution	7,691,396	1,129	8.50						
(8) Deficiency in Annual Contributions = (5)-(6)-(7)	901,931	132	1.00						

(9) Source of Funding Revenues:

◀ IS THE ANNUAL COST FOR PROPOSED LEGISLATION

(10) Remarks

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

PLAN SUMMARY

PARTICIPANT:

Person employed by the City in a position classified by the Civil Service Commission of the employer as labor service of the employer; any person employed by the Board; any person employed by the Retirement Board of any other Annuity and Benefit Fund which is in operation for the employer.

SERVICE

For all purposes except formula minimum annuity and ordinary disability credit, service in four months in any calendar year constitutes one year of service credit. No more than one year of service is allowed during any calendar year.

RETIREMENT ANNUITY

Accumulation Annuity: Age 55, 10 years service (entire sum accumulated from deductions plus $1/10$ City contributions for each year after 10). Full City contributions are added for age 60 and over regardless of service. This annuity is known as the money purchase plan and does not increase after age 70 nor does it apply after age 65 if participant has 20 years service.

Formula Minimum Annuity: Age 55, 20 years service; 1.67% for the first 10 years, 1.90% for the second 10 years, 2.1% for the third 10 years. 2.3% for all service over 30 years times the final average salary (highest 4 consecutive years within the last 10 years). Under age 60 the annuity is reduced by a percentage equal to $1/2$ of 1% for each month and fraction thereof that the employee is under age 60. Maximum annuity is 75% of highest average monthly salary.

Age 65, 15 years service; 1% of final average salary for each year of service plus the sum of \$25.00 per year for each year of service.

Service during 6 or more months in any year constitutes a year of service credit and service of less than 6 months and at least 1 month in any year constitutes a half a year of service credit for formula minimum annuity.

Automatic Increase In Annuity: Retirement at age 60—2% of annuity starting January of the year following the year in which the first anniversary of retirement occurs. If retirement is before age 60, increases begin with January of the year immediately following the year in which he attains the age of 60 years. Increases apply only to life annuities.

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

PLAN SUMMARY

SPOUSE'S ANNUITY

Payable until remarriage or termination of temporary annuity.

Death In Service (Non-Duty): Money Purchase based on total salary deductions and City contributions for both employee and spouse, limited to amount payable at employee's age 65 if deceased employee has less than 20 years service and is under age 60. Maximum \$400.00 per month.

Formula Minimum Annuity if deceased employee is age 60 or over and has at least 20 years service. Widow's annuity is 1/2 of annuity that would have been payable to employee discounted 1/2 of 1% for each month spouse is under age 60. Maximum \$400.00 per month.

Death After Retirement: Fixed at date of retirement. Annuity is determined to be based on money purchase plan or formula minimum annuity depending on rules in effect at the date participant retires.

CHILDREN'S ANNUITY

Payable upon the death of City employee, either active or retired.

Child must be unmarried, under age 18, born before participant is age 65 and before his separation from City service or legally adopted at least one year before child's annuity becomes payable and prior to the attainment of age 55 by the adopting parent. Annuity is \$80.00 per month while a surviving parent is alive and \$120.00 per month if neither parent is alive. Except for duty death deceased employee must have had 4 years of service and at least 2 years from latest re-entrance if he had previously resigned from service.

FAMILY MAXIMUM

Non-duty death: 60% of final monthly salary: Duty death: 70% of final monthly salary.

DISABILITIES

Duty Disability Benefits: Any employee under age 65, who becomes disabled as the result of injury incurred in the performance of any act of duty, shall have a right to receive duty disability benefit in the amount of 75% of salary at date of injury plus \$10.00 a month for each unmarried child (the issue of the employee) less than age 18. Child's benefit is limited to 15% of the employee's salary as of date of injury.

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

PLAN SUMMARY

If the disability has resulted from any mental disorder, physical defect or disease which existed at the time such injury was sustained, the duty disability benefit shall be 50% of salary at date of injury. Disablement because of heart attacks, strokes, or any disablement due to heart disease shall not be considered to be the result of an accident suffered in the performance of duty.

Duty disability is payable to age 65 and the City contributes salary deductions for annuity purposes.

Ordinary Disability Benefit: Disability other than in performance of an act of duty and other than as a result of childbirth or pregnancy...50% of salary less the sum ordinarily deducted from salary for annuity purposes, as of last day worked payable until age 65 and limited to a maximum of 1/4 service or 5 years, whichever is less. City pays deductions for pension purposes. Service for this purpose is actual service — one day of service is given for each day paid, exclusive of any overtime payments.

REFUNDS

To Employee: Upon separation from service — deductions plus interest if employee is under age 55. If over age 55 employee is eligible for refund if he has less than 10 years of service or would be eligible for temporary rather than life annuity. Employee forfeits all rights.

Spouse's annuity deductions — payable to employee if not married when he retires or at age 65.

To Spouse: In lieu of annuity if annuity would be temporary rather than life and spouse so chooses.

Remaining Amounts: Excess over total annuity payments may be paid to designated beneficiary or children, estate or heirs.

DEDUCTIONS AND CONTRIBUTIONS

	<u>Deductions</u>	<u>Contributions *</u>
Employee	6-1/2%	6%
Spouse	1-1/2% **	2% **
Annuity Increase	1/2%	-
Total:	<u>8 1/2%</u>	<u>8%</u>

** Only to employee age 65.

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

PLAN SUMMARY

FINANCING *

The City shall levy a tax annually equal to the total amount of contributions in the 2 years prior multiplied by 1.280 for 1976, 1.325 for 1977 and 1.370 for 1978 and each year thereafter.