

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

ACTUARIAL STATEMENT

DECEMBER 31, 1979

October 27, 1980

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, 1979 of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is, to the best of our knowledge and belief, a true and correct statement of the affairs and conditions of said Fund for the calendar year 1979. 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.

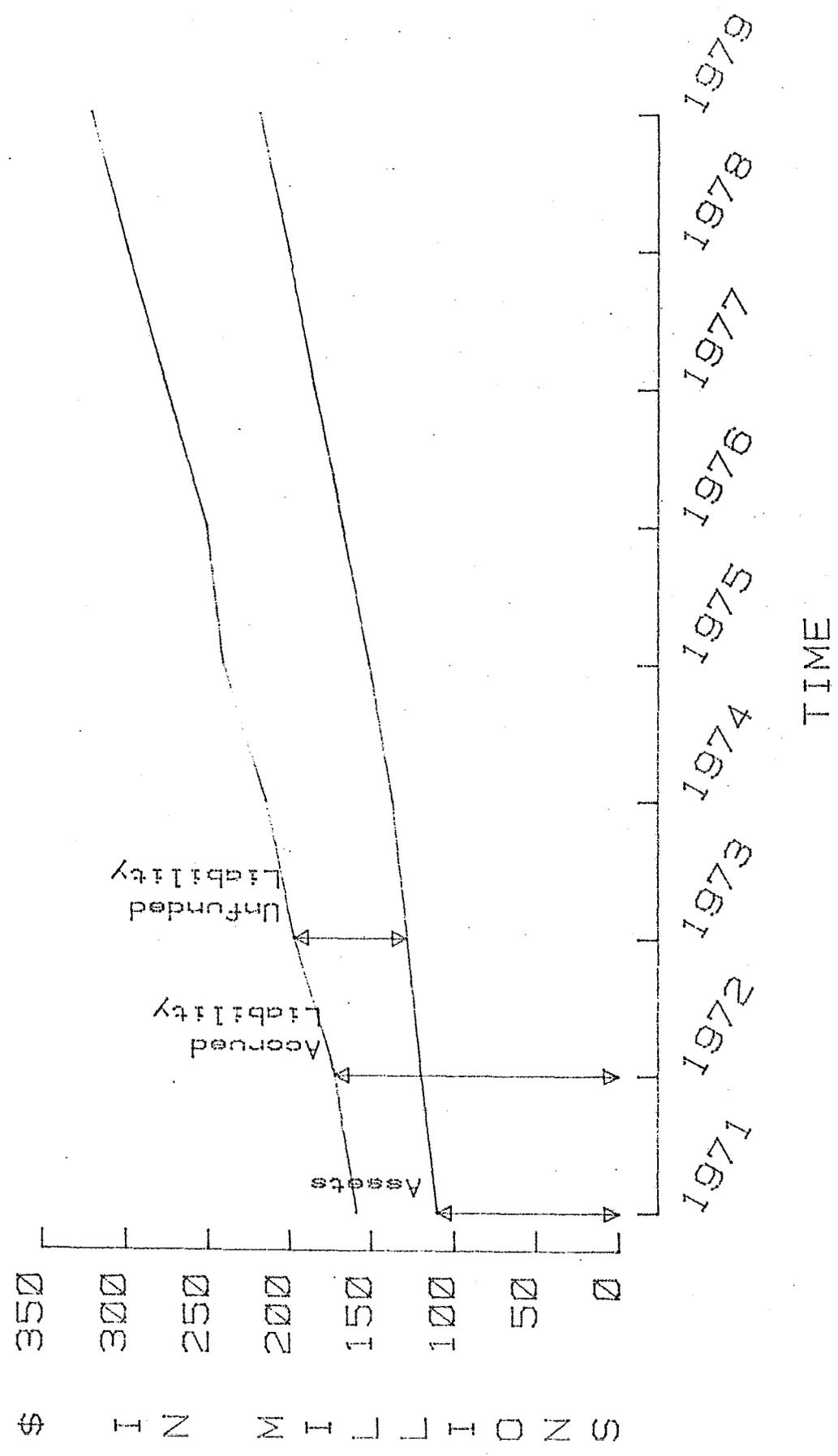
SUMMARY

The following represents a summary of this report:

	<u>This Year</u>	<u>Last Year</u>
INCOME: Investment	\$ 13,547,589	\$ 10,112,216
Employer	\$ 11,108,298	\$ 9,477,125
Employee	\$ 9,571,764	\$ 9,077,825
Total	\$ 34,227,651	\$ 28,667,651
OUTGO: Refunds, Benefits, Expenses	\$ 14,055,673	\$ 12,454,451
EXCESS OF INCOME OVER OUTGO	\$ 20,171,977	\$ 16,212,715
ACTIVE PARTICIPANTS	6,175	6,613
BENEFICIARIES: Employee	2,227	2,188
Spouse	1,113	1,077
Disabilities	161	191
Children	153	170
Other	1	1
ACTUARIAL:		
Assets: (Total at book value)	\$220,810,778	\$202,643,520
Funded Ratio	68.28%	67.29%
Accrued Liability	\$323,368,034	\$301,135,468
Termination Liability	\$169,975,809	\$150,990,960
Excess Upon Termination	\$ 50,834,969	\$ 46,968,357
Unfunded Liability	\$102,557,256	\$ 98,491,948
Annual Actuarial Requirement (ER & EE)	\$ 21,699,408	\$ 20,575,276
Expected Net Annual Actuarial Deficiency	\$ 953,861	\$ 1,723,849
Required Employer Multiple	1.62	1.69
INVESTMENT:		
Yield (On Invested Assets including gains/losses)	7.00%	5.62%
MISCELLANEOUS:		
Salary Roll	\$105,825,264	\$103,399,152
Average Salary	\$ 17,138	\$ 15,636

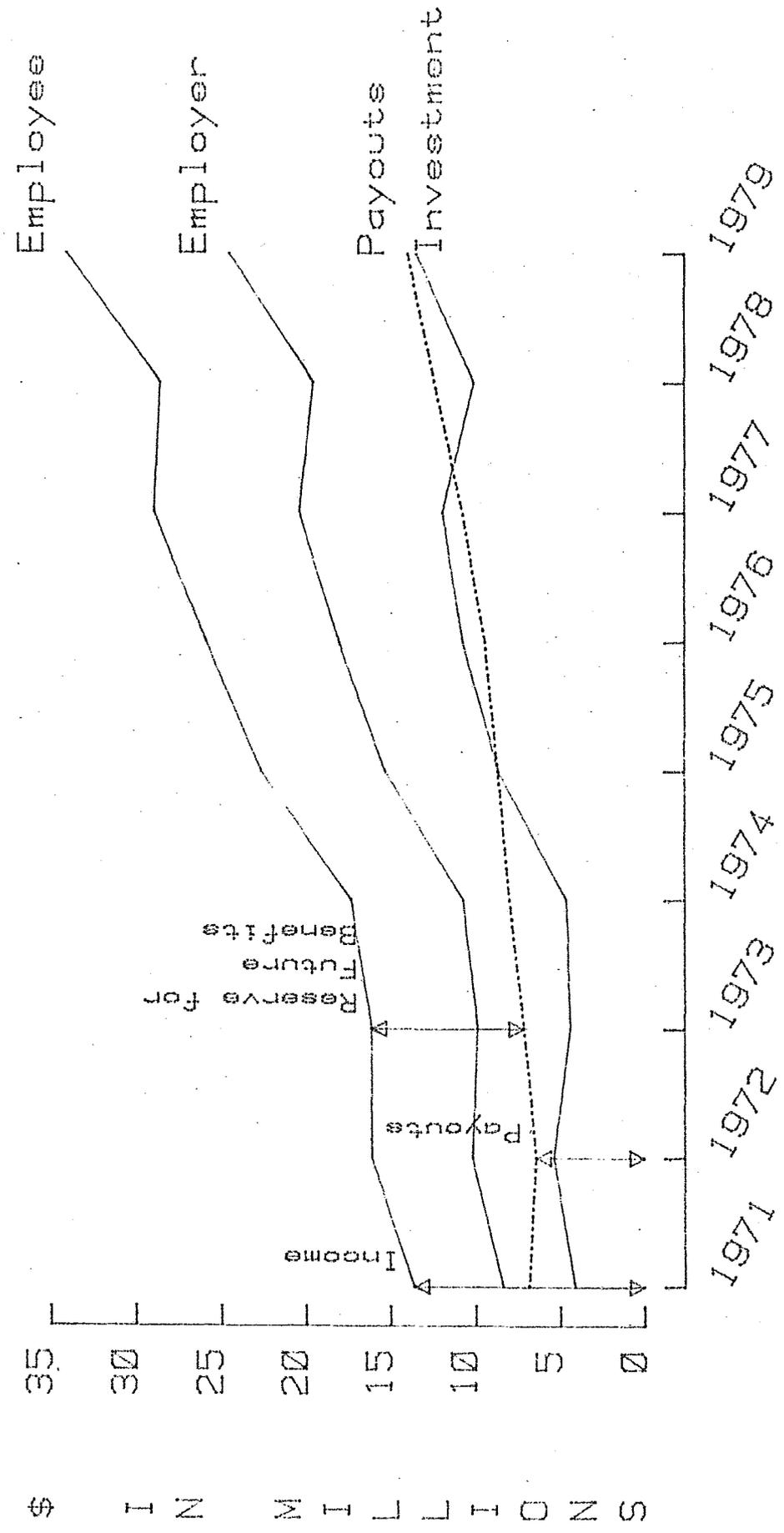
LABORERS' A AND B CHICAGO

Assets, Unfunded Liability, Accrued Liability



LABORERS' A AND B CHICAGO

Income and Payouts



TIME

The graph of assets, unfunded liability and accrued liability illustrates the fund's position with respect to asset growth and accrued liability growth. Please note that the difference between the assets and the accrued liability is what is called unfunded liability.

The next graph illustrates the income of the fund - investment income plus employer contributions plus employee contributions - and the current payouts of the fund benefits, refunds and expenses. The excess of income over payouts goes to build reserves for future benefit payments.

ACTUARIAL ASSUMPTIONS:

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.

A comprehensive study made in 1976 indicated that 53% of the funds surveyed used an interest assumption of 6% or greater and that 33% used a salary scale of 5% or greater. 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 and that a 5% per year salary scale is reasonable taking into consideration the generally accepted views on future salary increases for our national economy. These two assumptions could be characterized as being middle of the road.

The liabilities and costs in this report were based in part on a 6% per year interest assumption and a 5% per year salary scale assumption. This year for the first time only 5 years of taxes collectable were retained as compared to 10 years in the past. Also for the first time, the personal property replacement tax will be collected 100% and the tax levy will be subject to a 5% loss as compared to 12½% last year. The overall net effect on the total tax levy is a 4% loss which represents a gain to the fund. All other assumptions are the same as those used for the last report.

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

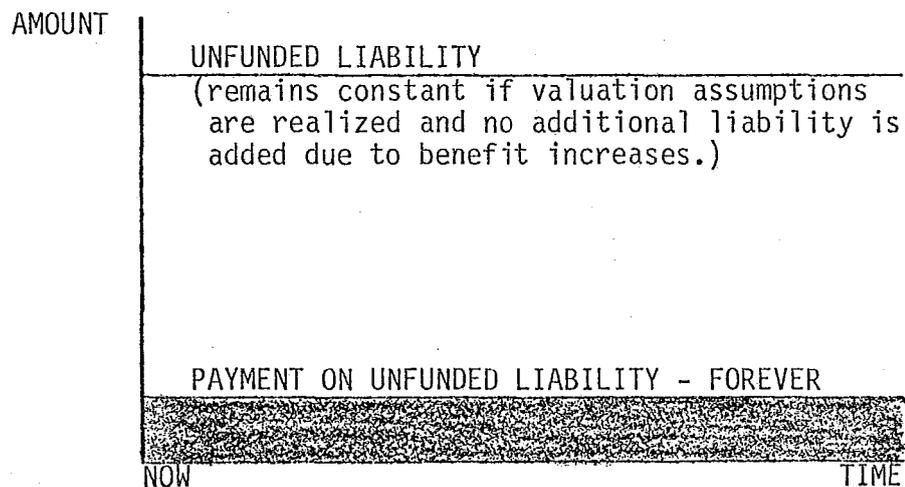
ALTERNATIVE VALUATIONS:

We can make alternative valuations 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.

THREE METHODS OF FINANCING THE UNFUNDED LIABILITY:

1.) The method of valuation used for this report, is the same as for the last report. It is known as a Normal Cost-plus-Interest Basis and 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. The method is also referred to as a middle-of-the-road method of funding since the unfunded liability is recognized but not amortized.

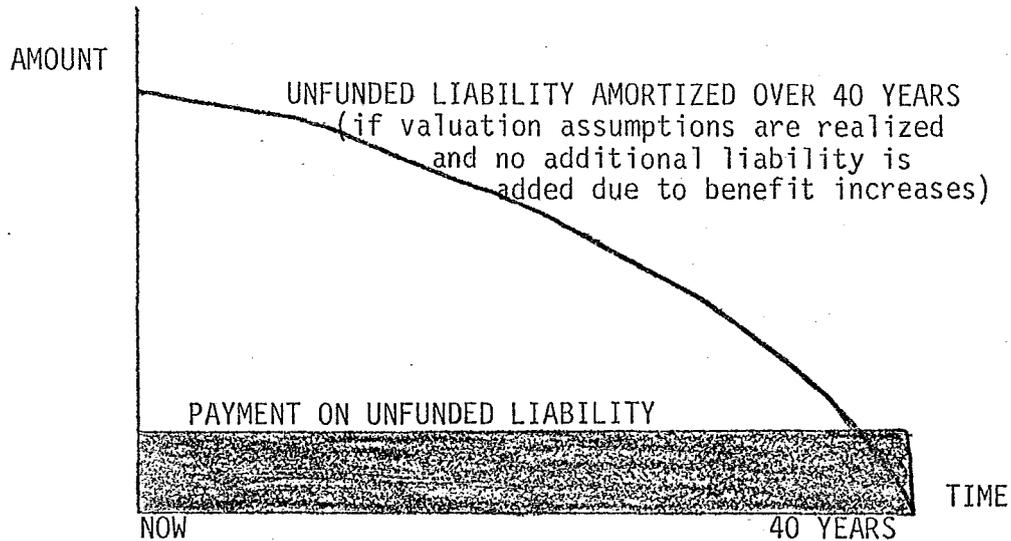
The normal cost plus interest only method of funding is that recommended by the Illinois Public Employees Pension Laws Commission. It was also the minimum required for private pension plans for IRS qualification before ERISA.



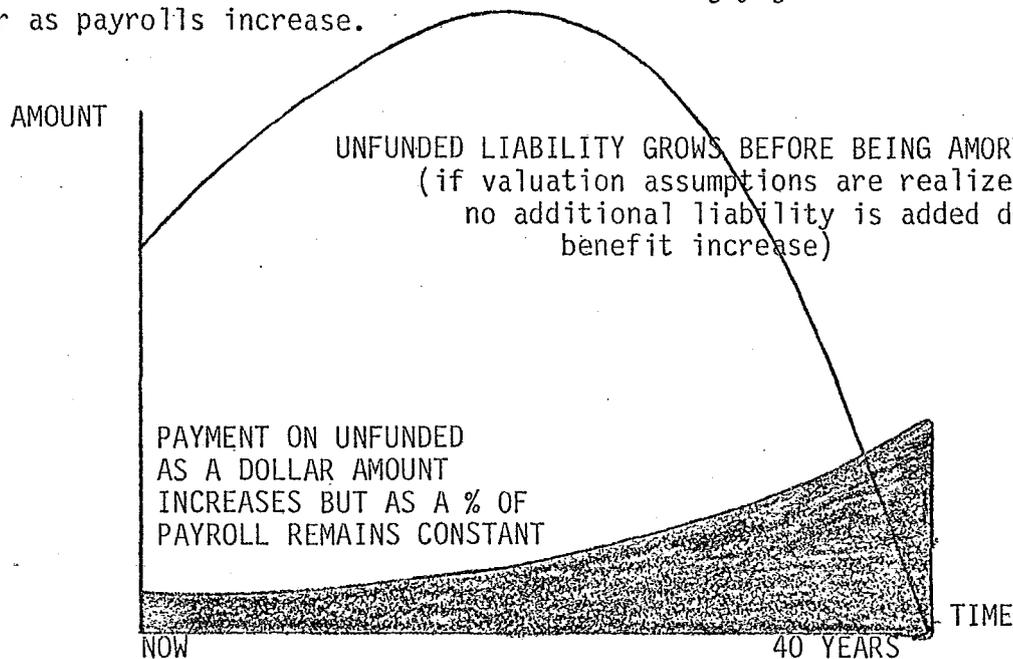
2.) ERISA now requires that initial unfunded liability be amortized over a forty year period.

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 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:

	<u>Required 1980 Tax Levy</u>	<u>Ultimate Required Multiple</u>	<u>Unfunded Liability Will</u>	<u>Portion Required For Amortization Of Unfunded Liability*</u>
1) Normal Cost + Interest Only	\$13,233,605	1.62	Remain constant at \$102,557,256	\$6,153,435
2) ERISA: Normal Cost + 40 Year Amortization	\$13,923,894	1.71	Decrease to \$0	\$6,816,112
3) Normal Cost + 40 Yr. Level % of Payroll Increasing 3½% a Year (Inflation Only)	\$10,920,185	1.34	Increase to \$126,505,701 in 18 years and decrease thereafter	\$3,932,552 increasing to \$15,569,994 in 40 Years
4) Present Law	\$12,240,000	1.37		

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

REQUIRED ACTUARIAL CONTRIBUTION:

Based on the Normal Cost-Plus-Interest-Method of funding we find that the City tax levy for 1980 should be \$13,233,605 which amount includes a 4% reserve for loss on collection. This amount is based on an annual payroll as of December 31, 1979 of \$105,825,264 and an active membership of 6,175 persons. The detail is as follows:

Detail of Annual City Contribution:

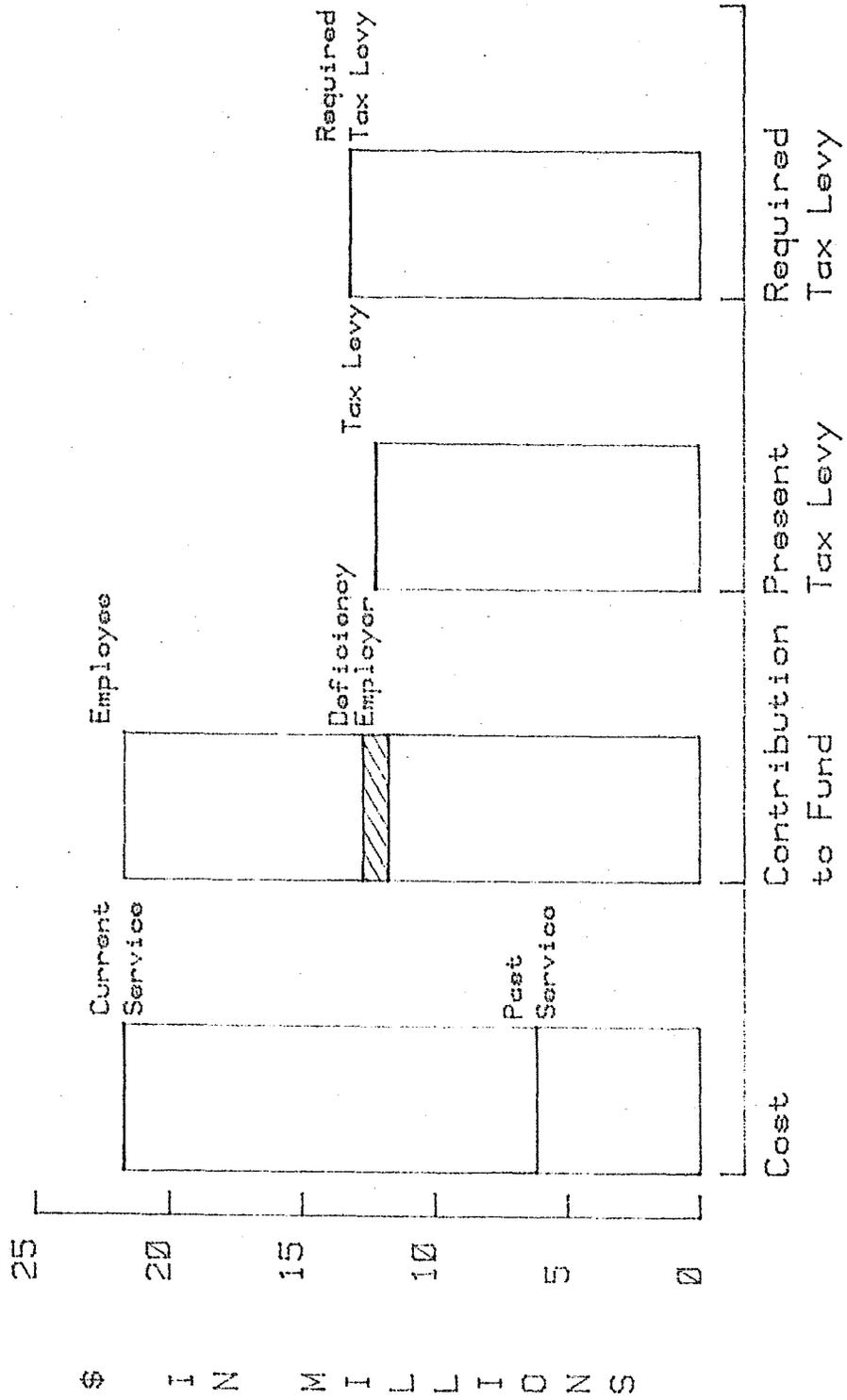
	<u>Amount</u>	<u>Percent of Salary</u>	<u>Dollar Per Active</u>
1. Normal Cost - For Current Service	\$15,545,973	14.69%	\$2,517
2. <u>6% Interest on Unfunded Liability</u>	<u>\$ 6,153,435</u>	<u>5.81%</u>	<u>\$ 996</u>
3. <u>Total Actuarial Requirement (1)+(2)</u>	<u>\$21,699,408</u>	<u>20.50%</u>	<u>\$3,514</u>
4. Employee Contributions	\$ 8,995,147	8.50%	\$1,456
5. Employer Requirement (3)-(4)	\$12,704,261	12.00%	\$2,057
6. <u>Expected Net Employer Contribution from 1980 Tax Levy of \$12,240,000 after a 4% loss</u>	<u>\$11,750,400</u>	<u>11.10%</u>	<u>\$1,902</u>
7. Expected Net Annual Deficiency	\$ 953,861	.90%	\$ 154
8. Tax Levy Required (assume 4% loss)	\$13,233,605		
9. Increase in Tax Levy Required	\$ 993,605		
10. Required Ultimate Multiple	1.62		
11. Present Authorized Ultimate Multiple	1.37		
12. Increase in Ultimate Multiple Needed	.25		

The Illinois Public Employees Pension Laws Commission Impact Statement - appended to this report - illustrates both the present financial position and the direction of the financial condition.

The above table indicates the need for additional contributions to maintain the fund on an actuarial basis.

The following bar chart illustrates the annual actuarial cost (composed of current service cost and past service cost) to be paid for by the employee and the employer. Since the annual cost is not being met, there is a deficiency shown in the hatched area. The employer portion is provided by tax levy. The last column represents the amount of tax levy required to meet the cost and therefore eliminate the deficiency.

LABORERS' A AND B CHICAGO
 Annual Actuarial Cost 1980
 (Normal Cost plus Interest Only)



<u>Detail of Normal Cost (given above)</u>	<u>% Salary</u>	<u>\$ Per Active</u>
Retirement Annuity	7.76%	\$1,330
Retirement Annuity Increase	1.12	192
Post-Retirement Spouse Annuity	.41	71
Spouse Annuity for Death in Service	.54	93
Child's Annuity	.11	19
Ordinary Disability	1.24	213
Duty Disability	.31	53
Refunds	2.67	457
Widows Compensation	0	1
Expense of Administration	.41	71
Reciprocal Benefits	.10	17
	14.69%	\$2,517

CHANGE IN THE UNFUNDED LIABILITY:

The total unfunded liability as of December 31, 1979 is \$102,557,256. As of December 31, 1978, it was \$98,491,948.

Detail of Change in Unfunded Liability:

1. Increase in Salaries over 5% Assumed	\$9,603,360	Increase
2. Investment Yield over 6% Assumed	(1,250,488)	Decrease
3. Excess in Annual Contribution:		
1979 Total Actuarial Requirement.....	\$20,575,276	
Less Employer Net to Fund 1979		
Tax Levy	11,108,298	
Less Employee Contributions for 1979..	<u>9,571,764</u>	(104,786) Decrease
4. Gain from Withdrawal	(1,458,442)	Decrease
6. Miscellaneous Actuarial Changes - Gain From Retirement and Death	<u>(2,724,336)</u>	Decrease
Net Change in Unfunded Liability	\$4,065,308	Increase

FUNDED RATIO:

The ratio of assets to liabilities is 68.28% as of December 31, 1979 - and was 67.29% as of December 31, 1978. This ratio represents the extent to which present and future benefit promises are secured by present assets. The funded ratio increased slightly because assets increased 9.0% while the liabilities increased 7.4%.

RATIO OF ACTIVE EMPLOYEES TO ANNUITANTS & BENEFICIARIES:

The ratio of active employees to annuitants and beneficiaries is 1.69 as of December 31, 1979 and was 1.86 as of December 31, 1978. This ratio illustrates the relationship between the contributors and the beneficiaries.

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, 1979.

Liability for retired annuitants, widows, spouses of annuitants...	\$ 86,918 802
Salary Deductions Contributed by Active Fund Members (incl. ½%)...	<u>83,057,007</u>
Total Termination Liability.....	\$169,975,809
Assets at Book Value.....	<u>220,810,778</u>
Excess Assets Upon Termination.....	\$ 50,834,969

In other words....if the pension fund was terminated as of valuation date, an excess amount of \$50,834,969 would exist after providing lifetime pensions to those now retired and to return all active members' contributions.

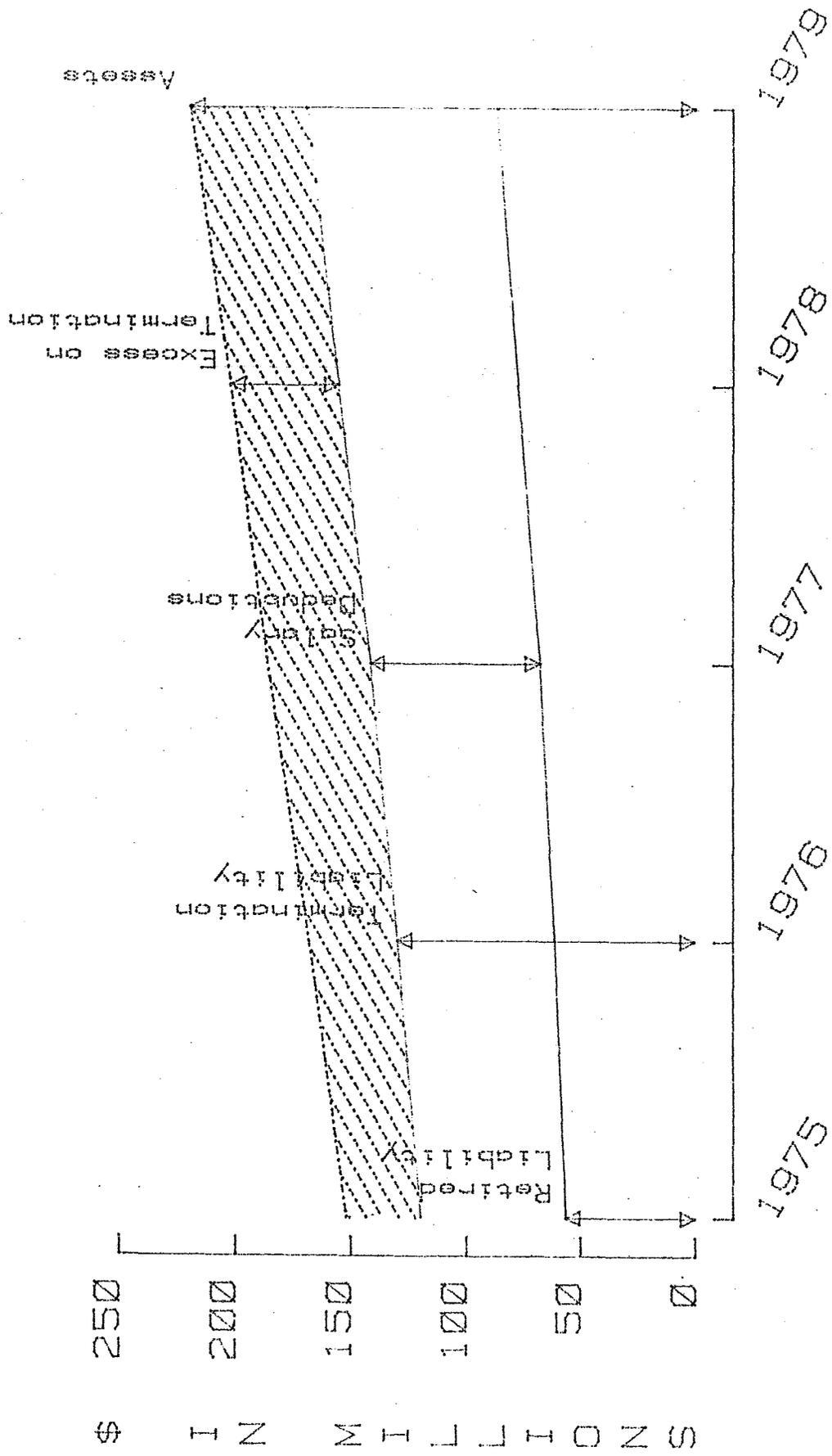
Or the assets on hand amounting to \$220,810,778 would be sufficient to provide for the future lifetimes for all retired annuitants, widows and spouses of annuitants, for whom the total liability is \$86,918,802, the difference between the total assets and such reserve liability or \$133,891,976 could be paid to active employees.

As there were 6,175 active employees, the average amount that could be paid to each such member would be \$21,682. The average amount contributed is \$13,451 so that 161% 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 following chart illustrates the excess of assets over the termination liability upon terminating the plan (the hatched area).

LABORERS' A AND B CHICAGO

Assets and Termination Liability



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.

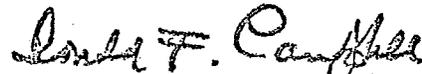
For example, for every \$1.00 in salary increase over the 5% increases assumed in the salary scale the unfunded liability will be increased by about \$2.23. This will be in addition to the additional current annual service cost for every dollar in salary over the 5% salary scale assumed.

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.

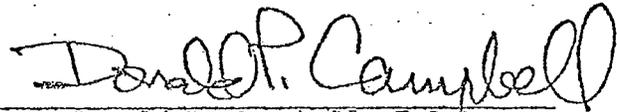
The alternative funding methods indicate the imperative need to monitor Fund income if future Fund obligations are to be met.

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 40 year period.

Respectfully submitted,



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



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

DFC:jd

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, 1979

ASSETS

AND

LIABILITIES

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

ASSETSACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1979

CASH:

On Deposit		(\$ 1,146,730.79)
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INVESTMENTS:

Bonds - Par Value	\$161,312,573.65	
Bond Premiums & Discounts	(5,599,771.47)	
Common Stocks - Cost	50,031,026.99	
Accrued Bond Interest	3,150,356.11	
Due from Broker	416,517.59	

Total Investments		\$209,310,702.87
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ACCOUNTS RECEIVABLE - TAXES

(See Exhibit "D")

Replacement Tax From State	\$ 3,133,949.00	
Tax Extension	\$ 15,938,438.87	
Less: Estimates for Loss on Collection	6,679,058.00	

Net Taxes Receivable		\$ 12,393,329.87
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OTHER ACCOUNTS RECEIVABLE:

Salary Deductions Accrued	\$ 1,344,304.70	
Miscellaneous Employee Accounts	79,207.94	

Total Other Accounts Receivable		\$ 1,423,512.64
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GROSS LEDGER ASSETS

\$221,980,814.59

LESS: ACCOUNTS PAYABLE:

Miscellaneous Employee Accounts	\$ 1,168,478.40	
Military Service Deductions		
Excess from Refunds	1,557.71	

Total Accounts Payable		\$ 1,170,036.11
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NET LEDGER ASSETS

\$220,810,778.48

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

LIABILITIES AND FUND BALANCESACTUARIAL BALANCE SHEET AS OF DECEMBER 31, 1979

ANNUITY PAYMENT FUND ACCOUNT:

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

Employee Annuitants	\$27,982,761.96	
Employee Annuities Fixed	8,527,380.24	
Spouse Annuitants	11,620,647.12	
Spouses' Annuities Fixed	6,881,068.74	
Total Annuity Payment Fund		\$ 55,011,858.06

SALARY DEDUCTION FUND ACCOUNT:

Employees	\$59,899,556.03	
Spouses of Employees	12,849,553.36	
Total Salary Deduction Fund		\$ 72,749,109.39

CITY CONTRIBUTION FUND ACCOUNT:

Employees	\$57,332,845.59	
Spouses of Employees	18,326,807.74	
Supplemental Annuities	12,737.28	
Total City Contribution Fund		\$ 75,672,390.61

OTHER RESERVES:

Supplementary Payment Reserve	\$ 66,121.79	
Annuity Payment Fund Account	8,251,778.71	
Total Other Reserves		\$ 8,317,900.50

PRIOR SERVICE FUND ACCOUNT:

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

Employee Annuitants	\$37,973,839.08	
Employee Annuities Fixed	12,569.28	
Spouse Annuitants	1,700,659.44	
Spouses' Annuities Fixed	2,157,678.41	
Salary Deductions 2% Annuity	4,735,213.54	
Estimated Excess Liability (Note 1)	65,036,816.30	
Total Prior Service Account		\$111,616,776.05

TOTAL LIABILITIES \$323,368,034.61

Obligations of Fund for Prior Service Liabilities (Note 1) (102,557,256.13)TOTAL NET LIABILITIES AND FUND BALANCES \$220,810,778.48

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 1979

INCOME

AND

EXPENDITURES

Exhibit "B"

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

INCOME FOR YEAR OF 1979

SALARY DEDUCTIONS:

Total Contributions by Employee		
Employee	\$ 7,081,674.80	
Spouse	1,541,282.99	
Automatic Increase	536,946.47	
Ordinary Disability - Ded. in Lieu	224,627.35	
Received From Municipal Fund	26,509.76	
Temporary Service Payments	42,522.53	
Total Contributed by Employee		\$ 9,453,563.90
Total Contributed by City		
Duty Disability - Ded. in Lieu	118,200.00	
Total Contributed By City		\$ 118,200.00
Total Salary Deductions		\$ 9,571,763.90

CITY CONTRIBUTIONS:

(1979 Taxes of \$ 8,366,051 (City) plus
\$28,000 (Park) Less 5% for Loss of
Collection \$419,702 Plus Replacement Tax
From State of \$3,133,949)

Employees	\$ 6,467,313.34	
Spouses of Employees	2,153,903.35	
Ordinary Disability Fund	1,324,418.70	
Duty Disability Fund	343,149.47	
Child's Annuity Payment Fund	118,710.00	
Expense Fund	438,914.03	
Interest on Income	144,875.55	
Prior Service Annuity Fund	117,013.56	
Total City Contributions		\$11,108,298.00

INVESTMENT INCOME:

Interest on Bonds	\$13,296,540.27	
Dividends	1,780,313.00	
Gain (Loss) on Sale of Bonds*	(2,642,198.50)	
Gain (Loss) on Sale of Stocks	1,112,934.33	
Total Investment Income		\$13,547,589.10

TOTAL INCOME FORWARDED \$34,227,651.00

*Losses were advisedly taken in order to replace low interest yielding bonds with higher interest yielding bonds with the eventual result of a financial gain sufficient to more than offset a present temporary loss.

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

EXPENDITURES FOR YEAR 1979

TOTAL INCOME FORWARDED	\$34,227,651.00
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ANNUITIES AND BENEFITS PAID:

Employees' Annuities	\$7,502,176.81
Spouses Annuities	1,462,650.88
Compensation Annuities	3,469.32
Children's Annuities	118,710.00
Ordinary Disability	1,317,124.02
Duty Disability	329,056.56
Supplementary Payments	<u>69,572.64</u>

Total Benefits Paid	\$10,802,760.23
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Reciprocal Act Re- imbursements	(<u>7,593.73</u>)
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Net Benefits Paid	\$10,795,166.50
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EXPENSE OF ADMINISTRATION:

Salaries:	
Regular Employees	\$ 90,549.89
Blue Cross & Blue Shield	2,307.00

Services:	
Actuarial	185,011.29
Auditing	14,300.00
Investment	96,000.00

Office Supplies and Equipment	3,425.34
Printing and Stationery	9,359.89
Postage	8,000.00
Rent & Electricity	24,237.25
Telephone & Telegraph	948.64
Miscellaneous	<u>4,774.73</u>

Total Expenses	\$ 438,914.03
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REFUNDS	<u>2,821,592.86</u>
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TOTAL EXPENDITURES	<u>\$14,055,673.39</u>
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EXCESS INCOME OVER EXPENDITURES	\$20,171,977.61
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Net Change in Reserve for Loss on Collection and Taxes Receivable for Prior Years	<u>2,004,719.73</u>
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INCREASE IN NET ASSETS FOR YEAR	<u>\$18,167,257.88</u>
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LABORERS' AND RETIREMENT BOARD
EMPLOYEES' ANNUITY AND BENEFIT
FUND OF CHICAGO

COMPARATIVE ANALYSIS

YEAR 1979

ASSETS

AND

LIABILITIES

Exhibit "C"

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

COMPARATIVE ANALYSIS

	<u>ASSETS</u>		
	<u>1/1/1979</u>	<u>12/31/1979</u>	Increase (Decrease)
CASH:			
On Deposit	(\$ 18,614)	(\$ 1,146,731)	(\$ 1,128,117)
INVESTMENTS:			
Bonds (Par Value)	\$150,116,000	\$161,312,574	\$11,196,574
Bond Premiums & Discounts	(3,619,375)	(5,599,771)	(1,980,396)
Common Stocks - Cost	40,835,782	50,031,027	9,195,245
Due From Broker	1,364,558	416,517	(948,041)
Accrued Bond Interest	2,885,553	3,150,356	264,803
Accrued Dividends	0	0	0
Total Investments	\$191,582,518	\$209,310,703	\$17,728,185
ACCOUNTS RECEIVABLE - TAXES			
Replacement Tax From State	0	\$ 3,133,949	3,133,949
Tax Extension	\$ 19,581,966	\$ 15,938,439	(3,643,527)
Less: Estimates for L/C	8,449,432	6,679,058	1,770,374
Net Taxes Receivable	\$ 11,132,534	\$ 12,393,330	\$ 1,260,796
TAXES IN TRANSIT	\$ 0	\$ 0	\$ 0
OTHER ACCOUNTS RECEIVABLE:			
Salary Deductions Accrued	\$ 962,626	\$ 1,344,305	\$ 381,679
Misc. Employee Accounts	104,757	79,208	(\$ 25,549)
Total Other Accts. Rec.	\$ 1,067,383	\$ 1,423,513	\$ 356,130
GROSS LEDGER ASSETS	\$203,763,821	\$221,980,815	\$18,216,994
LESS: ACCOUNTS PAYABLE:			
Misc. Employee Accts.	\$ 1,118,742	\$ 1,168,478	\$ 49,736
Military Service Deds.	1,558	1,558	0
Total Accts. Payable	\$ 1,120,300	\$ 1,170,036	\$ 49,736
NET LEDGER ASSETS	<u>\$202,643,520</u>	<u>\$220,810,778</u>	<u>\$18,167,258</u>

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

COMPARATIVE ANALYSISLIABILITIES AND FUND BALANCES

	<u>1/1/1979</u>	<u>12/31/1979</u>	<u>Increase (Decrease)</u>
LIABILITY RESERVES:			
ANNUITY PAYMENT FUND:			
Employee Annuitants	\$ 25,157,704	\$ 27,982,762	\$ 2,825,058
Emp. Annuities Fixed	7,542,350	8,527,380	985,030
Spouse Annuitants	10,731,775	10,620,647	888,872
Spouses' Annuities Fixed	6,105,097	6,881,069	775,972
Total	\$ 49,536,926	\$ 55,011,858	\$ 5,474,932
SALARY DEDUCTION FUND ACCOUNT:			
Employees	\$ 56,708,991	\$ 59,899,556	\$ 3,190,565
Spouses of Employees	12,003,739	12,849,553	845,814
Total	\$ 68,712,730	\$ 72,749,109	\$ 4,036,379
CITY CONT. FUND ACCOUNT:			
Employees	\$ 54,547,237	\$ 57,332,846	\$ 2,785,609
Spouses of Employees	17,288,310	18,326,808	1,038,498
Supplemental Annuities	13,186	12,737	(449)
Total	\$ 71,848,733	\$ 75,672,391	\$ 3,823,658
OTHER RESERVES:			
Supplemental Pymt. Res.	\$ 85,694	\$ 66,122	(\$ 19,572)
Annuity Fund Account	7,430,539	8,251,779	821,240
Total	\$ 7,516,233	\$ 8,317,901	\$ 801,668
PRIOR SERVICE FUND ACCOUNT:			
Employee Annuitants	\$ 32,668,716	\$ 37,973,839	\$ 5,305,123
Emp. Annuities Fixed	13,016	12,569	(447)
Spouse Annuitants	1,503,912	1,700,659	196,747
Spouses' Annuities Fixed	2,044,243	2,157,678	113,435
Sal. Ded. 2% Annuity	4,210,891	4,735,214	524,323
Estimated Excess Liability	63,080,068	65,036,816	1,956,748
Total	\$103,520,846	\$111,616,775	\$ 8,095,929
TOTAL LIABILITIES	\$301,135,468	\$323,368,034	\$22,232,566
UNFUNDED OBLIGATIONS	(98,491,948)	(102,557,256)	(4,065,308)
TOTAL NET LIABILITIES	\$202,643,520	\$220,810,778	\$18,167,258

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

TAXES RECEIVABLEDECEMBER 31, 1979

Year	<u>Uncollected Taxes 12-31-79</u>	<u>Estimate for Loss 12-31-78</u>	<u>Additional Est. Setup 12-31-79</u>	<u>Total Est. for loss 12-31-79</u>	<u>Taxes Collectible 12-31-79</u>
CITY:					
1975	\$ 1,057,969.59	\$ 953,625.00	\$ 66,372.00	\$1,019,997.00	\$ 37,972.59
1976	1,483,745.43	1,037,505.00	380,142.00	1,417,647.00	66,098.43
1977	1,999,420.35	1,206,250.00	549,086.00	1,755,336.00	244,084.35
1978	2,982,837.10	1,350,000.00	702,001.00	2,052,001.00	930,836.10
1979	8,366,051.00		418,302.00	418,302.00	7,947,749.00
	<u>\$15,890,023.47</u>	<u>\$4,547,380.00</u>	<u>\$2,115,903.00</u>	<u>\$6,663,283.00</u>	<u>\$ 9,226,740.47</u>
	\$ 3,133,949.00		Replacement tax due from State		\$ 3,133,949.00
	<u>\$19,023,972.47</u>				<u>\$12,360,689.47</u>
PARK DISTRICT:					
1975	\$ 3,349.14	\$ 3,250.00		\$ 3,250.00	\$ 99.14
1976	4,836.07	3,500.00		3,500.00	1,336.07
1977	5,539.36	3,750.00		3,750.00	1,789.36
1978	6,690.83	3,875.00		3,875.00	2,815.83
1979	28,000.00		1,400.00	1,400.00	26,600.00
	<u>\$ 48,415.40</u>	<u>\$ 14,375.00</u>	<u>\$ 1,400.00</u>	<u>\$ 15,775.00</u>	<u>\$ 32,640.40</u>
TOTAL:					
	<u>\$19,072,387.87</u>	<u>\$4,561,755.00</u>	<u>\$2,117,303.00</u>	<u>\$6,679,058.00</u>	<u>\$12,393,329.87</u>

This year the city auditor has recommended retaining 5 years of taxes collectable instead of 10 in past years. Also, the city comptroller has determined that the loss on the 1979 tax levy is to be 5% instead of 12½% last year. Due to the 100% collection of the personal property replacement, the overall loss is 4%

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

MEMBERSHIP STATISTICSYEAR 1979

	<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	5,862	600	992	5,470
Female	<u>890</u>	<u>5</u>	<u>190</u>	<u>705</u>
Total	<u>6,752</u>	<u>605</u>	<u>1,182</u>	<u>6,175</u>
B. Changes In Annuitants & Beneficiaries				
Employee Annuitants	2,150	206	173	2,183
Spouse Annuitants	1,073	90	57	1,106
Children's Annuities	170	11	28	153
Ordinary Disability Benefits	151	156	168	139
Duty Disability Benefits	40	697	715	22
Reversionary (Beneficiaries)	1	0	0	1
Reciprocal: Employee	38	8	2	44
Spouse	2	3	0	5
Widow Compensation Annuities	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total	<u>3,627</u>	<u>1,171</u>	<u>1,143</u>	<u>3,655</u>
C. Ratio of Active Participants to Annuitants & Beneficiaries				
	<u>1.86</u>			<u>1.69</u>

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

SALARY AND AGE STATISTICSYEAR 1979Ages and Salaries as of December 31, 1979Male

<u>Ages</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Average Annual Salaries</u>
Under 20	33	\$ 566,808	\$17,176
20 - 24	506	8,847,024	17,484
25 - 29	639	11,504,064	18,003
30 - 34	476	8,679,240	18,234
35 - 39	451	8,331,216	18,473
40 - 44	507	9,498,312	18,734
45 - 49	530	9,734,640	18,367
50 - 54	740	13,863,192	18,734
55 - 59	718	13,156,344	18,324
60 - 64	496	8,887,416	17,918
65 - 69	211	3,836,976	18,185
70 & Over	78	1,401,432	17,967
Without Record	85	1,439,520	16,936
Total	<u>5470</u>	<u>\$ 99,746,184</u>	<u>\$18,235</u>

Female

Under 20		\$	\$
20 - 24	3	27,600	9,200
25 - 29	1	11,688	11,688
30 - 34	2	18,744	9,372
35 - 39	3	30,528	10,176
40 - 44	21	187,080	8,909
45 - 49	50	466,368	9,327
50 - 54	110	1,015,080	9,228
55 - 59	194	1,657,392	8,543
60 - 64	223	1,864,992	8,363
65 - 69	91	728,448	8,005
70 & Over	7	71,160	10,166
Total	<u>705</u>	<u>\$ 6,079,080</u>	<u>\$ 8,623</u>

TOTAL MALE AND FEMALE	<u>6175</u>	<u>\$105,825,264</u>	<u>\$17,138</u>
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LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

SALARY AND AGE STATISTICSYEAR 1979Ages at EntranceMALEFEMALE

	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Salaries</u>
Under 25	1,672	\$30,986,112	11	\$ 142,800
25 - 29	997	18,423,000	36	399,960
30 - 34	750	13,613,712	69	648,192
35 - 39	620	11,332,704	148	1,323,312
40 - 44	569	10,186,752	202	1,760,400
45 - 49	382	6,833,808	176	1,371,192
50 - 54	243	4,281,696	47	318,576
55 - 59	121	2,136,888	15	110,760
60 & Over	31	511,992	1	3,888
W/O record	85	1,439,520	0	0
Totals	<u>5,470</u>	<u>\$99,746,184</u>	<u>705</u>	<u>\$6,079,080</u>

Average Annual Salary	\$18,235	\$8,623
Average Attained Age	44.0	57.8
Average Service	12.0	16.6
Average Age at Entrance	32.0	41.2

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

AGE AND SERVICE DISTRIBUTIONYEAR 1979

Average Salaries by Age And Service Grouping (Showing The Number of Members and The Average Salaries of Male and Female Combined)

Ages	Years of Service									Total
	<u>Under 1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35+</u>	
00-20	1 11112	32 17366								33 17176
20-24	17 14687	429 17423	63 18261							509 17435
25-29	11 16333	376 17607	236 18651	17 18491						640 17993
30-34	5 14938	185 17606	183 18563	102 18805	3 17024					478 18197
35-39	3 11656	131 17248	117 18479	99 18890	97 19510	7 20379				454 18418
40-44	4 14736	124 17511	112 18475	130 17848	114 19208	42 20082	2 16200			528 18344
45-49	2 20604	96 17526	111 17738	102 16529	115 16934	92 17791	62 19972			580 17588
50-54	4 15528	91 17598	105 17712	142 15675	153 15512	113 17498	193 19438	48 20957	1 21000	850 17504
55-59		63 16616	96 17681	161 14966	207 13342	123 16336	162 18214	96 19137	4 25284	912 16243
60-64	2 15120	32 16955	64 16240	125 13579	180 11842	134 16196	117 16959	61 17554	4 21504	719 14955
65-69		5 14069	19 17811	52 14198	82 12547	51 14819	59 17504	27 17252	7 19317	302 15117
70+			4 16530	8 16791	16 16401	22 16977	19 17342	10 19543	6 18552	85 17325
W/O		47 15791	25 18414	6 18632	4 18228	1 10728	2 20796			85 16936
No.	49	1611	1135	944	971	585	616	242	22	6175
Sal.	15155	17395	18159	16341	15151	16957	18443	18906	20667	17138
Age										45.6
Service										12.5

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

ANNUITANTS CLASSIFIED BY AGE AS OF 12/31/1979Retirement Annuities

<u>Ages</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>
25 - 29	1	\$ 600	\$ 600		\$	\$
30 - 34						
35 - 39						
40 - 44						
45 - 49	1	541	541			
50 - 54	7	8,621	1,232			
55 - 59	49	218,339	4,456	12	23,739	1,978
60 - 64	170	1,104,409	6,497	71	174,121	2,452
65 - 69	368	2,000,974	5,437	226	488,248	2,160
70 - 74	322	1,549,169	4,811	251	433,325	1,726
75 - 79	223	806,991	3,619	158	275,688	1,745
80 - 84	108	352,112	3,260	115	179,517	1,561
85 - 89	68	216,468	3,183	43	61,155	1,422
90 - 94	21	62,987	2,999	9	12,575	1,397
95 - 99	3	4,916	1,639	1	2,279	2,279
Totals	<u>1341</u>	<u>\$6,326,128</u>	<u>\$4,717</u>	<u>886</u>	<u>\$1,650,648</u>	<u>\$1,863</u>

Average Age

7173Spouses Annuities (Not Including Compensation)

<u>Ages</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>
20 - 24		\$	\$		\$	\$
25 - 29	1	1,200	1,200	1	1,200	1,200
30 - 34				3	2,700	900
35 - 39				6	5,798	966
40 - 44				20	21,785	1,089
45 - 49				31	32,179	1,038
50 - 54				57	90,751	1,592
55 - 59				117	191,180	1,634
60 - 64	4	4,800	1,200	185	294,297	1,591
65 - 69	1	1,200	1,200	190	309,711	1,630
70 - 74				190	260,576	1,371
75 - 79				137	157,648	1,151
80 - 84				105	103,972	990
85 - 89				44	30,792	700
90 - 94				16	11,848	741
95 - 99				3	1,732	577
Totals	<u>6</u>	<u>\$ 7,200</u>	<u>\$1,200</u>	<u>1,105</u>	<u>\$1,516,170</u>	<u>\$1,372</u>

Average Age

5768

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

NEW ANNUITIES GRANTEDAS OF DECEMBER 31, 1979

	<u>Male Annuitants</u>	<u>Female Annuitants</u>	<u>Widows of Deceased Employees</u>	<u>Widows of Deceased Annuitants</u>
Number Retired	141	73	29	64
Average Attained Age	64.9	65.4	58.1	68.7
Average Length of Service	24.4	20.5	19.7	N/A
Average Annual Salary (4 out of 10)	\$ 14,040	\$ 7,260	N/A	N/A
Average Annual Final Salary	\$ 17,364	\$ 9,048	N/A	N/A
Total Annual Annuity	\$ 972,459	\$ 244,629	\$ 77,516	\$111,135
Average Annual Annuity	\$ 6,897	\$ 3,351	\$ 2,673	\$ 1,736
Total Liability (6% 1951 G.A.)	\$10,751,560	\$2,632,852	\$ 855,056	\$801,242
Average Liability	\$ 76,252	\$ 36,066	\$ 29,485	\$ 12,519
Total Cost For Income Tax Purposes	\$ 2,131,302	\$ 496,370	423,628	N/A
Average Cost	\$ 15,116	\$ 6,800	14,608	N/A

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

HISTORY 1964 to 1979AVERAGE 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
1977	6,752	(0.9)	98,029,296	8.3	14,519	9.3
1978	6,613	(2.1)	103,399,152	5.5	15,636	7.7
1979	6,175	(6.6)	105,825,264	2.3	17,138	9.6

Average Increase
for the last 5
years

(1.4)%6.2%7.7%

(1) Includes those members who were on disability

(2) Average annual increase in salary 1964 - 1979 about 7.68% compounded.

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

HISTORY OF TOTAL ANNUITIES 1968 - 1979Employee Annuitants (Male & Female)

	<u>Number Of Annuitants</u>	<u>Total Annuities</u>	<u>Average Annuities</u>
1968	1,572	\$2,389,710	\$1,520
1969	1,593	2,495,396	1,566
1970	1,651	2,779,061	1,683
1971	1,675	2,927,594	1,748
1972	1,724	3,373,308	1,957
1973	1,777	3,781,854	2,128
1974	1,831	4,331,609	2,366
1975	1,907	4,887,747	2,563
1976	2,009	5,633,971	2,804
1977	2,087	6,287,310	3,013
1978	2,188	7,162,866	3,274
1979	2,227	7,976,776	3,582

Spouse Annuitants
(Not Including Compensation)

1968	875	\$ 580,690	\$ 664
1969	909	640,079	704
1970	928	673,352	726
1971	921	711,618	773
1972	932	775,469	832
1973	967	860,410	890
1974	997	959,632	963
1975	1,022	1,053,816	1,031
1976	1,041	1,142,064	1,097
1977	1,059	1,267,194	1,197
1978	1,075	1,381,263	1,285
1979	1,111	1,523,370	1,371

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

HISTORY OF INVESTMENT YIELDSNonrecurring Gains and Losses are Excluded from Income

<u>Year</u>	<u>Investment Yield on Total Assets</u>	<u>Investment Yield on Invested Assets</u>
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
December 31, 1977	7.01	7.35
December 31, 1978	6.61	6.97
December 31, 1979	7.38	7.82
Average of Last 5 Years	7.10%	7.50%

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, 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
December 31, 1977	7.00	7.35
December 31, 1978	5.34	5.62
December 31, 1979	6.61	7.00
Average of Last 5 Years	6.42%	6.79%

Notes:

$$\text{Yield} = \frac{\text{Investment Income}}{\frac{1}{2} (\text{Assets at beginning} + \text{end}) - \frac{1}{2} \text{Investment Income}}$$

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

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

HISTORY OF FINANCIAL INFORMATION*

<u>Year End</u>	<u>Employee Contributions(1)</u>	<u>Employer Contributions(2)</u>	<u>Investment Income (3)</u>	<u>Total Income</u>
71	\$ 5,254,928	\$ 4,241,819	\$ 4,145,156	\$13,641,903
72	5,928,386	4,793,135	5,391,547	16,113,068
73	6,269,104	5,463,149	4,394,426	16,126,679
74	6,597,012	6,103,125	4,646,080	17,346,217
75	7,375,222	6,699,000	8,665,212	22,739,434
76	7,887,179	7,287,000	10,785,585	25,959,764
77	8,568,248	8,470,000	11,993,200	29,031,448
78	9,077,825	9,477,125	10,112,216	28,667,166
79	9,571,764	11,108,298	13,547,589	34,227,651

<u>Year End</u>	<u>Pay Outs(4)</u>	<u>Income Less Pay Outs(5)</u>	<u>Pay Outs To Assets</u>	<u>Income To Assets</u>	<u>Pay Outs To Income</u>
71	\$ 6,829,674	\$ 6,812,229	6.2%	12.4%	50.1%
72	6,425,129	9,687,939	5.4	13.4	39.9
73	7,125,454	9,001,225	5.5	12.5	44.2
74	7,999,287	9,346,930	5.8	12.6	46.1
75	8,690,763	14,048,671	5.7	15.0	38.2
76	9,482,736	16,477,028	5.6	15.4	36.5
77	10,819,180	18,212,268	5.8	15.6	37.3
78	12,454,451	16,212,715	6.1	14.1	43.4
79	14,055,673	20,171,977	6.4	15.5	41.1

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

- (1) Includes Deductions In Lieu for Disability.
- (2) Net Tax Levy and Miscellaneous Income.
- (3) Includes Realized Net Loss on Sale and Exchange of Bonds.
- (4) Includes Pensions, Benefits, Refunds and Administrative Expenses.
- (5) Does Not Include Prior Year Adjustments.

HISTORY OF FINANCIAL INFORMATION
ANNUAL ACTUARIAL REQUIREMENTS

Actuarial Recommended Contribution (Employer and Employee)
Normal Cost plus various amortization methods

<u>Year</u>	<u>% of Salary NC Plus Interest</u>	<u>NC Plus 40 Year ERISA Amortized</u>	<u>NC Plus 40 Year Increasing % Sal.(3½% Increasing)</u>
76 (1)	18.38%	19.22%	N/A
77 (2)	18.85%	19.46%	16.84%
78	18.84%	19.44%	16.84%
79	19.90%	20.51%	17.84%
80	20.50%	21.13%	18.40%

- (1) 5% Interest/3½% Salary Assumptions
(2) 6% Interest/5% Salary Assumptions

Actual Employer and Employee Contribution % Salary Beginning of Year

<u>Year</u>	<u>EMPLOYER</u>	<u>EMPLOYEE</u>
76	8.16%	8.72%
77	9.36%	9.50%
78	9.66%	9.26%
79	10.74%	9.26%

Deficiency (Excess) In Annual Contribution

<u>Year</u>	<u>NC Plus Interest</u>	<u>NC Plus 40 year ERISA</u>	<u>NC Plus 40 year 3½% Increasing</u>
76	1.50%	2.34%	N/A
77	.01%	.60%	(2.02)%
78	(.08%)	.52%	(2.08)%
79	(.10%)	.51%	(2.16)%

HISTORY OF FINANCIAL INFORMATION
ACCRUED AND UNFUNDED LIABILITIES

<u>Year End</u>	<u>Accrued Liability</u>	<u>Assets At Book Value</u>	<u>Funded Ratio</u>	<u>Unfunded Accrued Liability</u>	<u>Payroll</u>	<u>Unfunded Accrued % Payroll</u>
75 (1)	\$242,216,859	\$151,749,085	62.7%	\$ 90,467,774	\$ 89,276,280	101%
76 (2)	252,410,689	168,219,982	66.6%	84,190,707	90,487,008	93%
77	277,111,671	186,428,465	67.3%	90,683,205	98,029,296	93%
78	301,135,468	202,643,520	67.3%	98,491,948	103,399,152	95%
79	323,368,034	220,810,778	68.3%	102,557,256	105,825,264	97%

SOLVENCY (TERMINATION) TEST

<u>Year Retired End</u>	<u>Active Member Salary Deductions</u>	<u>Total Term. Liab.</u>	<u>Assets At Book Value</u>	<u>Termination Cost (Excess)</u>	<u>Quick Ratio Assets to Term. Liab.</u>	
75(1)	\$56,403,573	\$63,162,106	\$119,565,679	\$151,749,085	\$(32,183,406)	127%
76(2)	\$61,271,047	\$68,189,205	\$129,460,252	\$168,219,982	\$(38,759,730)	130%
77	\$67,977,467	\$73,608,310	\$141,585,777	\$186,428,466	\$(44,842,689)	132%
78	\$77,603,101	\$78,072,062	\$155,675,163	\$202,643,520	\$(46,968,357)	130%
79	\$86,918,802	\$83,057,007	\$169,975,809	\$220,810,778	\$(50,834,969)	130%

- (1) 5% Interest/3½% Salary Assumptions
(2) 6% Interest/5% Salary Assumptions
(3) Quick ratio is defined as assets divided by the termination liability

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 employee's 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.

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. The deaths for 1979 were greater than expected for actives, retired employees and spouses.

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.

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.

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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 adjusted to 1978. The rate of retirement for 1979 was heavier than expected.

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 adjusted to 1978. The rate of withdrawal for 1979 was heavier than expected.

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, 1979 was made up of 5,470 males and 705 females.

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

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

Reciprocal Benefits: Active life normal costs and reserves are loaded 1%.

Loss on Tax Levy: 4% overall is assumed for all future years.

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

SERVICE TABLE FUNCTIONSRate of RetirementMale

Attained Age	Age at Entrance								
	22	27	32	37	42	47	52	57	62
55	.065	.010	.007	.008	.002				
56	.135	.065	.008	.010	.003				
57	.187	.115	.010	.015	.005	.007			
58	.205	.146	.016	.020	.011	.009			
59	.219	.157	.035	.028	.021	.011			
60	.229	.160	.150	.046	.033	.015	.021	.017	
61	.236	.172	.193	.074	.055	.022	.037	.028	
62	.240	.210	.211	.115	.097	.044	.084	.042	
63	.245	.321	.225	.140	.116	.106	.134	.064	.125
64	.255	.336	.249	.216	.136	.174	.162	.081	.145
65	.324	.345	.334	.319	.152	.200	.178	.113	.167
66	.354	.350	.348	.348	.166	.217	.193	.130	.201
67	.363	.354	.356	.358	.180	.231	.205	.139	.227
68	.370	.359	.362	.364	.194	.246	.220	.146	.275
69	.374	.363	.367	.367	.208	.259	.232	.152	.290
70	.377	.365	.370	.371	.225	.270	.243	.157	.300
71	.379	.368	.373	.374	.240	.275	.250	.162	.309
72	.381	.371	.375	.377	.255	.280	.260	.167	.315
73	.383	.373	.377	.379	.265	.285	.271	.172	.321
74	.500	.500	.500	.500	.500	.500	.500	.500	.500
75	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Female

55	.028	.025	.021	.019	.013				
56	.036	.035	.023	.023	.016				
57	.044	.052	.024	.026	.021	.006			
58	.057	.067	.027	.031	.026	.009			
59	.068	.073	.031	.037	.034	.014			
60	.080	.085	.044	.045	.043	.023	.018	.019	
61	.097	.093	.098	.053	.056	.032	.027	.030	
62	.110	.098	.172	.060	.077	.047	.045	.043	
63	.120	.106	.193	.071	.095	.062	.070	.066	.070
64	.136	.123	.204	.083	.114	.100	.135	.100	.090
65	.154	.180	.213	.101	.136	.160	.163	.145	.153
66	.168	.221	.218	.141	.163	.173	.176	.172	.163
67	.176	.236	.228	.190	.183	.193	.182	.186	.168
68	.184	.246	.238	.228	.200	.204	.184	.194	.171
69	.189	.254	.259	.237	.214	.214	.188	.201	.174
70	.192	.258	.292	.248	.230	.221	.195	.207	.175
71	.194	.261	.307	.256	.243	.227	.211	.212	.177
72	.195	.264	.316	.261	.254	.233	.224	.216	.179
73	.196	.265	.322	.266	.271	.237	.240	.220	.181
74	.500	.500	.500	.500	.500	.500	.500	.500	.500
75	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

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

SERVICE TABLE FUNCTIONSRates of TerminationMale

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							.046	.112	
62									.148
67									
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							.036	.056	
62									.027
67									
72									

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

Exhibit "p"

Name of Retirement System: Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Total Annual Payroll: \$105,825,264

Bill No. _____

Total Number of Active Employees 6,175

PRESENT FINANCIAL CONDITION AS OF VALUATION DATE

Valuation Date	PRESENT PLAN
12-31-79	
(1) Accrued Pension Liability	\$323,368,034
(2) Present Assets	\$220,810,778
(3) Unfunded Liability = (1)-(2)	\$102,557,256
(4) Funded Ratio = (2) ÷ (1)	68.28%

II PROPOSED LEGISLATION

III PLAN IF PROPOSED LEGISLATION ENACTED

DIRECTION OF FINANCIAL CONDITION: FOR YEAR BEGINNING ON VALUATION DATE

	PRESENT PLAN	PER ACTIVE	% OF SALARY
(5) Minimum Recommended Annual Contribution	\$21,699,408	3514	2050
1980 Tax Levy \$12,240,000 less 4%			
(6) Estimated Annual Employer Contribution	\$11,750,400	1902	11.10
(7) Estimated Annual Employee Contribution	\$ 8,995,147	1456	8.50
(8) Deficiency in Annual Contributions = (5)-(6)-(7)	\$ 953,861	154	.90

PROPOSED LEGISLATION	PER ACTIVE	% OF SALARY

PLAN IF PROPOSED LEGISLATION ENACTED	PER ACTIVE	% OF SALARY

(9) Source of Funding Revenues:

◀ IS THE ANNUAL COST FOR PROPOSED LEGISLATION

(10) Remarks

(For explanation of each line item see back of this statement)

Form **5500-G**

Annual Return/Report of Employee Benefit Plan
(For Government and Certain Church Plans)

1979

Amended

Department of the Treasury
Internal Revenue Service

This form is required to be filed under section 6058 of
the Internal Revenue Code, referred to as the Code.

This Form is Open
to Public Inspection

For the calendar plan year 1979 or fiscal plan year beginning January 1, , 1979, and ending December 31, , 1979

File original of this form completed in ink or type.

- ▶ Custodial accounts for regulated investment company stock described under section 403(b)(7) of the Code complete only items 1 through 6, 8, 9 and 10(d).
- ▶ Plan number—Your 3 digit plan number must be entered in item 5(c); see instruction 5(c) for explanation of "plan number."
- ▶ If any item does not apply, enter "N/A."

1 (a) Name of plan sponsor (employer if for a single employer plan) <u>City of Chicago</u> Address (number and street) <u>121 North LaSalle Street</u> City or town, State and ZIP code <u>Chicago, Illinois 60601</u>	1 (b) Employer identification number <u>36 6005820</u> 1 (c) Business code number <u>9904</u> 1 (d) Telephone number of sponsor <u>(312) 744-4000</u>
--	---

2 (a) Name of plan administrator (if other than plan sponsor) <u>Board of Trustees, LaVerne Wilson - Executive Secretary</u> Address (number and street) <u>221 North LaSalle Street</u> City or town, State and ZIP code <u>Chicago, Illinois 60601</u>	2 (b) Administrator's employer identification no. <u>36 6001591</u> 2 (c) Telephone number of administrator <u>(312) 236-2065</u>
--	--

3 Name, address and identification number of plan sponsor and/or plan administrator as they appeared on the last return/report for this plan if not the same as in 1 or 2 above:

- (a) Sponsor ▶ The Same
- (b) Administrator ▶ The Same

4 Check appropriate box to indicate the type of plan entity (check only one box):

- (a) Single-employer plan
- (b) Multiple-employer plan

5 (a) (i) Name of plan ▶ <u>Laborers' And Retirement Board</u> <u>Employees' Annuity & Benefit</u> <u>Fund of Chicago</u> (ii) <input type="checkbox"/> Check if changed since last return/report	5 (b) Effective date of plan <u>July 1, 1935</u> 5 (c) Enter three digit plan number ▶ <u>0 0 3</u>
--	---

6 Type of plan:

- (a) Defined benefit
- (b) Defined contribution
- (c) Other (specify) ▶ Defined Benefit with Defined Contribution Minimum

7 (a) Active participants as of the end of the plan year:	
(i) Fully vested in ER Contribution (20+ yrs or age 60+)	2,113
(ii) Partially vested 10 to 20 yrs and under age 60	1,585
(iii) Nonvested	2,915
(iv) Total	6,613
(b) Total participants (see specific instruction 7(b)):	
(i) Beginning of plan year (includes actives, retirees and beneficiaries)	10,129
(ii) End of plan year	10,049

8 Plan termination information:

- (a) Was this plan terminated during this plan year or any prior plan year?
- (b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan?

Yes	No
	X

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Date ▶ _____ Signature of employer/plan sponsor ▶ _____

Date ▶ _____ Signature of plan administrator ▶ _____

9 (a) In this plan year, was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan?	Yes	No
		X
If "Yes," identify other plan(s): (b) Name of plan(s) ▶ _____ _____ _____ _____	(c) Employer identification number(s) _____ _____ _____	(d) Plan number(s) _____ _____ _____

10 Indicate funding arrangement:

- (a) Trust
- (b) Fully insured
- (c) Combination
- (d) Other (specify) ▶ _____

11 Information about employees of the employer at end of the plan year:

(a) Total number of employees	6,613
(b) Number of employees excluded under the plan because of:	
(i) Minimum age or years of service	
(ii) Employees on whose behalf retirement benefits were the subject of collective bargaining	
(iii) Nonresident aliens who receive no earned income from United States sources	
(iv) Total excluded, sum of (i), (ii) and (iii)	0
(c) Total number of employees not excluded, (a) less (b)(iv)	6,613
(d) Employees ineligible (specify reason) ▶ _____	0
(e) Employees eligible to participate, (c) less (d)	6,613
(f) Employees eligible but not participating	0
(g) Employees participating, (e) less (f)	6,613

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

PLAN SUMMARYPARTICIPANT:

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

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

PLAN SUMMARY

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 duty disability benefit is limited to 15% of the employee's salary as of date of injury.

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...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. The City contributes the deductions for pension purposes. Service for this ordinary disability is actual service -- one day of service is given for each day paid, exclusive of any overtime payments and any previous ordinary disability periods.

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.

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

PLAN SUMMARYDEDUCTIONS 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.

FINANCING: *

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