

FOREST PRESERVE DISTRICT EMPLOYEES'
ANNUITY AND BENEFIT FUND OF COOK COUNTY

ACTUARIAL VALUATION
AS OF DECEMBER 31, 2007

June 17, 2008

Board of Trustees
Forest Preserve District Employees'
Annuity and Benefit Fund of Cook County
33 North Dearborn Street, Suite 1000
Chicago, Illinois 60602

Re: Actuarial Valuation as of December 31, 2007

Dear Board Members:

We are pleased to submit our actuarial report on the financial position and funding requirements of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County based on the actuarial valuation as of December 31, 2007.

The report consists of 10 Sections and 4 Appendices as follows:

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We would be pleased to discuss any aspects of this report with you at your convenience.

Respectfully submitted,

Sandor Goldstein, FSA, MAAA Thomas K. Hartman, FSA, MAAA Carl J. Smedinghoff, ASA
Consulting Actuary Consulting Actuary Actuary

A. PURPOSE AND SUMMARY

For purposes of GASB Statement No. 25 and GASB Statement No. 43, we have performed separate actuarial valuations of the pension benefits and retiree health insurance benefits provided by the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County and have prepared actuarial reports based on these valuations.

As has been done in past years, we have also performed a combined actuarial valuation of the pension and retiree health insurance benefits provided by the Fund to measure the overall funded status and contribution requirements of the Fund. We believe that such a combined valuation is required under Section 9-199 of the Illinois Pension Code which provides that the Fund shall submit a report each year "containing a detailed statement of the affairs of the Fund, its income and expenditures, and assets and liabilities". This report is intended to present the results of the combined valuation. The results of the combined valuation are summarized below:

1. Total Actuarial Liability	\$	234,120,194
2. Actuarial Value of Assets		203,043,217
3. Unfunded Actuarial Liability		31,076,977
4. Funded Ratio		86.7%
5. Employer's Normal Cost for 2008 as a Percent of Payroll		16.91%
6. Actuarially Determined Contribution Requirement For Year Beginning January 1, 2008		6,094,316
7. Expected Net Employer Contribution from Tax Levy for 2008		2,138,669

B. DATA USED FOR THE VALUATION

Participant Data. The participant data required to carry out the valuation was supplied by the Fund. The membership of the Fund as of December 31, 2007, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 418 active contributors, 503 members receiving annuities, and 994 inactive members included in the valuation. The total active payroll as of December 31, 2007 was \$21,078,316.

EXHIBIT 1

Summary of Membership Data

	Year Ending December 31,	
	<u>2007</u>	<u>2006</u>
1. Number of Members		
(a) Active Members		
(i) Vested	252	257
(ii) Non-vested	166	137
(b) Members Receiving		
(i) Retirement Annuities	349	359
(ii) Surviving Spouse's Annuities	141	140
(iii) Children's Annuities	6	4
(iv) Ordinary Disability Benefits	5	5
(v) Duty Disability Benefits	2	1
(c) Inactive Members	<u>994</u>	<u>982</u>
(d) Total	1,915	1,885
2. Annual Salaries		
(a) Total Salary	\$ 21,078,316	\$ 19,172,756
(b) Average Salary	50,427	48,662
3. Total Accumulated Contributions of Active Members	\$ 24,490,753	\$ 23,106,576
4. Annual Benefit Payments Currently Being Made		
(a) Retirement Annuities	\$ 8,638,319	\$ 8,689,768
(b) Surviving Spouse's Annuities	1,318,227	1,211,117
(c) Children's Annuities	23,410	13,509
(d) Ordinary Disability Benefits	115,008	90,987
(e) Duty Disability Benefits	18,819	14,024

An age and service distribution for active members is provided in Exhibit 2. A breakdown of retirement and surviving spouse annuitants classified by age is provided in Exhibit 3. Age and salary statistics for male and female active members are provided in Exhibit 4. Exhibit 5 provides similar age and salary statistics by age at entrance.

EXHIBIT 2

AGE AND SERVICE DISTRIBUTION OF ACTIVE MEMBERS Year 2007

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

Age	Years of Service									Total
	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35+	
under 25	5	6								11
	\$33,443	\$36,890								\$35,323
25-29	6	10	1							17
	\$35,441	\$35,656	\$48,608							\$36,342
30-34	6	7	5	2						20
	\$38,015	\$37,679	\$49,662	\$54,818						\$42,489
35-39	4	10	5	7	9					35
	\$37,264	\$40,967	\$57,246	\$56,421	\$49,939					\$48,267
40-44	12	15	3	9	17	9				65
	\$54,780	\$42,523	\$42,046	\$58,082	\$53,600	\$49,202				\$50,740
45-49	6	13	5	5	17	18	8			72
	\$47,435	\$36,001	\$47,446	\$51,413	\$54,543	\$53,133	\$44,879			\$48,466
50-54	3	13	4	8	15	12	20	4		79
	\$32,216	\$52,366	\$80,464	\$60,658	\$53,586	\$47,315	\$56,878	\$59,833		\$54,848
55-59	2	6	4	11	16	8	9	1	1	58
	\$29,362	\$70,067	\$68,357	\$58,199	\$54,947	\$53,325	\$45,490	\$44,279	\$96,042	\$56,004
60-64	2	3	3	3	10	6	2	2		31
	\$36,579	\$48,286	\$41,182	\$57,745	\$50,215	\$52,111	\$37,933	\$61,202		\$49,287
65-69		3	1	5	6	2	1		2	20
		\$72,185	\$47,628	\$58,528	\$40,984	\$51,464	\$47,511		\$52,858	\$52,944
70+		1	2	2	1	2	1	1		10
		\$70,664	\$65,242	\$62,859	\$36,579	\$43,248	\$37,925	\$89,261		\$57,713
Number	46	87	33	52	91	57	41	8	3	418
Salary	\$41,902	\$44,717	\$55,862	\$57,720	\$52,258	\$50,801	\$50,422	\$61,910	\$67,253	\$50,427

EXHIBIT 3

ANNUITANTS CLASSIFIED BY AGE AS OF DECEMBER 31, 2007

Retirement Annuities (Including Reciprocal)

Age	Number	Annual Payments	Average Annual Payments
Under 45	-	\$ -	\$ -
45-49	1	4,427	4,427
50-54	7	197,537	28,220
55-59	47	1,346,872	28,657
60-64	57	1,658,843	29,103
65-69	81	1,861,868	22,986
70-74	47	1,126,581	23,970
75-79	44	973,265	22,120
80-84	41	1,030,110	25,125
85-89	17	358,114	21,066
90 & up	7	80,704	11,529
Totals	349	\$ 8,638,319	\$ 24,752

Average Age

69.6

Surviving Spouses

Age	Number	Annual Payments	Average Annual Payments
Under 45	5	\$ 21,475	\$ 4,295
45-49	1	5,245	5,245
50-54	6	56,765	9,461
55-59	2	9,682	4,841
60-64	17	225,425	13,260
65-69	16	219,699	13,731
70-74	16	160,480	10,030
75-79	24	209,302	8,721
80-84	25	252,314	10,093
85-89	17	86,330	5,078
90 & up	12	71,510	5,959
Totals	141	\$ 1,318,227	\$ 9,349

Average Age

74.1

EXHIBIT 4

SALARY AND AGE STATISTICS
Ages and Salaries as of December 31, 2007

Age	Number	Annual Salaries	Average Annual Salary
Male			
Under 20	-	\$ -	\$ -
20-24	7	245,725	35,104
25-29	14	505,157	36,083
30-34	12	469,506	39,126
35-39	21	1,007,404	47,972
40-44	56	2,881,414	51,454
45-49	56	2,705,895	48,320
50-54	61	3,364,238	55,151
55-59	52	2,858,018	54,962
60-64	27	1,368,235	50,675
65-69	18	1,000,102	55,561
70 and Over	7	410,186	58,598
Total Male	331	\$ 16,815,880	\$ 50,803
Female			
Under 20	-	\$ -	\$ -
20-24	4	142,829	35,707
25-29	3	112,657	37,552
30-34	8	380,284	47,536
35-39	14	681,953	48,711
40-44	9	416,691	46,299
45-49	16	783,671	48,979
50-54	18	968,764	53,820
55-59	6	390,216	65,036
60-64	4	159,646	39,912
65-69	2	58,783	29,392
70 and Over	3	166,942	55,647
Total Female	87	\$ 4,262,436	\$ 48,994
Male and Female	418	\$ 21,078,316	\$ 50,427

EXHIBIT 5**SALARY AND AGE STATISTICS
Ages and Salaries as of December 31, 2007****Ages at Entrance**

Age at Entrance	Male		Female	
	Number	Annual Salaries	Number	Annual Salaries
Under 25	63	\$ 3,130,516	12	\$ 575,141
25-29	63	3,124,439	17	909,361
30-34	45	2,217,885	13	650,545
35-39	39	1,883,217	15	710,848
40-44	56	2,939,873	12	579,904
45-49	26	1,417,406	6	310,960
50-54	21	1,047,299	6	253,583
55-59	11	588,482	2	84,352
60-64	5	289,605	3	166,942
65 and Over	2	177,158	1	20,800
W/O Record				
Totals	331	\$ 16,815,880	87	\$ 4,262,436
Average Annual Salary		\$ 50,803		\$ 48,994
Average Attained Age		49.4		46.0
Average Service		14.0		10.0
Average Age at Entrance		35.4		36.0

Assets. In November of 1994, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 25, which establishes standards of financial reporting for governmental pension plans. The statement is effective for periods beginning after June 15, 1996. Under GASB Statement No. 25, the actuarial value of assets to be used for determining a plan's funded status and annual required contribution needs to be market related. In determining the actuarial value of assets, smoothing changes in the market value of assets over a period of three to five years is considered to be appropriate.

The asset values used for the valuation were based on the asset information contained in the financial statements for the Fund for the year ending December 31, 2007. The actuarial value of assets was determined by smoothing unexpected gains or losses over a period of 5 years. The actuarial value of assets determined using this approach is limited to a maximum of 120% of market value and a minimum of 80% of market value.

The resulting actuarial value of assets is \$203,043,217. The development of this actuarial value of assets is outlined in Exhibit 6. The market value of assets as of December 31, 2007 amounted to \$200,160,357. A reconciliation of asset values from the beginning of the year to the end of the year is provided in Exhibit 7.

EXHIBIT 6

Actuarial Value of Assets

A. Development of Investment Gain for 2007

1. Market Value of Assets as of 12/31/2006	\$ 197,230,303
2. Employer and Miscellaneous Contributions	3,532,991
3. Employee Contributions	1,986,605
4. Benefits and Expenses	12,584,310
5. Expected Market Value (Based on 7.5% assumed rate of return)	204,697,724
6. Actual Market Value	200,160,357
7. Investment Gain (Loss) (6 – 5)	(4,537,367)

B. Development of Actuarial Value of Assets as of 12/31/07

8. Market Value of Assets as of December 31, 2007	\$ 200,160,357
9. Investment Gain/(Loss) for 2004	1,631,775
10. 20% of Gain/(Loss) for 2004	326,355
11. Investment Gain/(Loss) for 2005	(5,534,175)
12. 40% of Gain/(Loss) for 2005	(2,213,670)
13. Investment Gain/(Loss) for 2006	4,390,582
14. 60% of Gain/(Loss) for 2006	2,634,349
15. Investment Gain/(Loss) for 2007	(4,537,367)
16. 80% of Gain/(Loss) for 2007	<u>(3,629,894)</u>
17. Actuarial Value of Assets as of December 31, 2007 (8 – 10 – 12– 14 – 16)	<u>\$ 203,043,217</u>

EXHIBIT 7

RECONCILIATION OF ASSET VALUES - DECEMBER 31, 2007

	<u>MARKET</u>	<u>ACTUARIAL</u>
NET ASSETS BEGINNING OF YEAR (A)	\$ 197,230,303	\$ 193,511,049
ADDITIONS		
Contributions		
Forest Preserve District	3,287,040	3,287,040
Employee Contributions	<u>1,986,605</u>	<u>1,986,605</u>
Total Contributions	5,273,645	5,273,645
Medicare Part D Subsidy	197,442	197,442
Prescription Rebates	46,063	46,063
Miscellaneous Income	2,446	2,446
Investment Income		
Interest	3,074,142	3,074,142
Dividends	1,642,714	1,642,714
Commission Recapture	2,082	2,082
Net Appreciation	5,458,466	12,060,580
Securities Lending	<u>67,378</u>	<u>67,378</u>
Total Investment Income	10,244,782	16,846,896
Less Investment Fees	<u>(250,014)</u>	<u>(250,014)</u>
Net Investment Income (I)	9,994,768	16,596,882
Total Additions	15,514,364	22,116,478
DEDUCTIONS		
Annuities and Benefits		
Employee Annuitants	8,847,306	8,847,306
Surviving Spouse Annuitants	1,273,014	1,273,014
Child Annuitants	23,410	23,410
Ordinary Disability Benefits	162,190	162,190
Duty Disability Benefits	27,552	27,552
Group Health Benefits	<u>1,535,245</u>	<u>1,535,245</u>
Total Annuities and Benefits	11,868,717	11,868,717
Refunds of Employee Contributions	464,666	464,666
Administrative Expenses	120,253	120,253
Employee Transfers to Cook County	<u>130,674</u>	<u>130,674</u>
Total Deductions	12,584,310	12,584,310
NET INCREASE (DECREASE)	2,930,054	9,532,168
NET ASSETS END OF YEAR (B)	<u>\$ 200,160,357</u>	<u>\$ 203,043,217</u>
YIELD = (2 x I) ÷ (A+B-I)	5.16%	8.74%
YIELD FOR YEAR ENDING 12/31/06	9.90%	6.55%
YIELD FOR YEAR ENDING 12/31/05	4.42%	4.76%
YIELD FOR YEAR ENDING 12/31/04	8.95%	5.04%

C. FUND PROVISIONS

Our valuation was based on the provisions of the Fund in effect as of December 31, 2007 as provided in Articles 9 and 10 of the Illinois Pension Code. A summary of the principal provisions of the Fund on which the valuation was based is provided in Appendix 2.

D. ACTUARIAL ASSUMPTIONS AND COST METHOD

The same actuarial assumptions were used for the December 31, 2007 actuarial valuation as were used for the December 31, 2006 valuation. These actuarial assumptions were based on an experience analysis of the Fund over the four-year period 2000 through 2003. The actuarial assumptions used for the December 31, 2007 valuation are outlined in Appendix 1. In our opinion, the actuarial assumptions used for the valuation are reasonable, in the aggregate, taking into account Fund experience and future expectations and represent our best estimate of anticipated experience.

The entry age actuarial cost method was used for the December 31, 2007 valuation, with costs allocated on the basis of earnings. This is the same actuarial cost method that was used for the December 31, 2006 valuation.

E. ACTUARIAL LIABILITY

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 8. The total actuarial liability is then compared with the actuarial value of assets in order to arrive at the unfunded actuarial liability.

As of December 31, 2007, the total actuarial liability is \$234,120,194, the actuarial value of assets is \$203,043,217 and the unfunded actuarial liability is \$31,076,977. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 86.7%.

EXHIBIT 8

Actuarial Liability and Funded Status

	Year Ending December 31	
	<u>2007</u>	<u>2006</u>
1. Actuarial Liability For Active Members		
(a) Basic retirement annuity	\$ 48,803,808	\$ 43,115,617
(b) Automatic Increase in Retirement Annuity	12,981,583	11,158,817
(c) Additional Benefits Under Optional plan	4,510,655	4,013,596
(d) Post-retirement Survivor's Annuity	9,486,952	9,639,080
(e) Pre-retirement Survivor's Annuity	2,521,796	2,367,071
(f) Lump Sum Payments and Refunds	1,227,689	1,153,808
(g) Retiree Health Insurance	<u>10,892,490</u>	<u>11,366,914</u>
(h) Total	\$ 90,424,973	\$ 82,814,903
2. Actuarial Liability For Members Receiving Benefits		
(a) Retirement Annuities	\$ 67,211,857	\$ 66,483,617
(b) Automatic Increase in Retirement Annuities	17,168,523	16,272,918
(c) Survivor Annuities to Survivors of Current Retirees	12,812,503	15,018,681
(d) Survivor Annuities to Current Survivors	12,665,713	11,620,978
(f) Lump Sum Death Benefits	163,593	165,863
(g) Retiree Health Insurance	<u>17,835,446</u>	<u>18,230,753</u>
(h) Total	\$ 127,857,635	\$ 127,792,180
3. Actuarial Liability For Inactive Members	<u>15,837,586</u>	<u>15,973,180</u>
4. Total Actuarial Liability	<u>\$ 234,120,194</u>	<u>\$ 226,580,893</u>
5. Actuarial Value of Assets	<u>203,043,217</u>	<u>193,511,049</u>
6. Unfunded Actuarial Liability	<u>\$ 31,076,977</u>	<u>\$ 33,069,844</u>
7. Funded Ratio	86.7%	85.4%

F. RECONCILIATION OF CHANGE IN UNFUNDED ACTUARIAL LIABILITY

The net actuarial experience during the period January 1, 2007 to December 31, 2007 resulted in a decrease in the Fund's unfunded actuarial liability of \$1,992,867. This decrease in unfunded actuarial liability is a result of several kinds of gains and losses. The financial effect of the most significant gains and losses is illustrated in Exhibit 9.

The employer contribution requirement for the year of normal cost plus interest on the unfunded actuarial liability amounted to \$5,834,884. The total actual employer contribution for the year with interest amounted to \$2,820,170. Thus, the employer contribution for the year with interest fell short of the funding requirement of normal cost plus interest on the unfunded liability by \$3,014,714. Had all other aspects of the Fund's experience been in line with the actuarial assumptions, the unfunded liability would have increased by this amount.

The net rate of investment return earned by the Fund during the year, based on the actuarial value of assets, was approximately 8.7%, in comparison to the assumed rate of 7.5%. This resulted in a decrease in the unfunded liability of \$2,343,691. Salaries increased at an average rate of 7.87% in comparison with the 5.0% assumed rate of increase, resulting in an increase in the unfunded liability of \$2,200,509. Smaller increases in retiree health insurance premiums than the 9% assumed rate of increase resulted in a decrease in the unfunded liability of \$2,415,401.

The various other aspects of the Fund's experience resulted in a net decrease in the unfunded liability of \$2,448,998. The aggregate financial experience of the Fund resulted in a decrease in the unfunded liability of \$1,992,867.

EXHIBIT 9

Reconciliation of Change in Unfunded Actuarial Liability Over the Period January 1, 2007 to December 31, 2007

1. Unfunded Actuarial Liability as of 01/01/07	\$	33,069,844
2. Employer Contribution Requirement of Normal Cost Plus Interest on Unfunded Liability for Period 01/01/07 to 12/31/07		5,834,884
3. Actual Employer Contribution for the Year, Plus Interest		<u>2,820,170</u>
4. Increase in Unfunded Liability Due to Employer Contribution Plus Interest Being Less Than Normal Cost Plus Interest on Unfunded Liability (2 – 3)	\$	3,014,714
5. (Decrease) in Unfunded Liability Due to Investment Return Higher Than Assumed		(2,343,691)
6. Increase in Unfunded Liability Due to Salary Increases Higher Than Assumed		2,200,509
7. (Decrease) in Unfunded Liability Due to Increase In Retiree Health Insurance Premiums Lower Than Assumed		(2,415,401)
8. (Decrease) in Unfunded Liability Due to Other Sources		<u>(2,448,998)</u>
9. Net (Decrease) in Unfunded Liability for the Year (4 + 5 + 6 + 7 + 8)	\$	<u>(1,992,867)</u>
10. Unfunded Actuarial Liability as of December 31, 2007 (1 + 9)	\$	<u><u>31,076,977</u></u>

G. EMPLOYER'S NORMAL COST

The employer's share of the normal cost for the year beginning January 1, 2008 is developed in Exhibit 10. The total normal cost is \$5,356,280, employee contributions are estimated to be \$1,791,657, resulting in the employer's share of the normal cost of \$3,564,623.

Based on a payroll of \$21,078,316 as of December 31, 2007, the employer's share of the normal cost can be expressed as 16.91% of payroll.

EXHIBIT 10

Employer's Normal Cost For Year Beginning January 1, 2008

	<u>Dollar Amount</u>	<u>Percent Of Payroll</u>
1. Basic Retirement Annuity	\$ 2,558,907	12.14%
2. Automatic Increase in Retirement Annuity	671,522	3.19
3. Additional Benefits Under Optional Plan	202,840	0.96
4. Post-retirement Survivor's Annuity	501,677	2.38
5. Pre-retirement Survivor's Annuity	222,904	1.06
6. Lump Sum Benefits and Refunds	219,843	1.04
7. Retiree Medical	695,084	3.30
8. Duty Disability Benefits	18,819	0.09
9. Ordinary Disability Benefits	115,008	0.54
10. Children's Benefits	23,410	0.11
11. Administrative Expenses	<u>126,266</u>	<u>0.60</u>
12. Total Normal Cost	\$ 5,356,280	25.41%
13. Employee Contributions	<u>1,791,657</u>	<u>8.50</u>
14. Employer's Share of Normal Cost	<u>\$ 3,564,623</u>	<u>16.91%</u>

Note. Normal costs for duty disability benefits, ordinary disability benefits, and children's benefits are calculated on an annual payout basis. The above figures are based on a total active payroll of \$21,078,316 as of December 31, 2007.

H. ACTUARIALLY DETERMINED CONTRIBUTION REQUIREMENT

GASB Statements No. 25 and 27 provide for annual employer contribution requirements determined on an actuarial basis. According to the GASB statements, the actuarially determined contribution requirement is equal to the employer's normal cost plus an amortization of the unfunded actuarial liability. For a period of 10 years, the maximum acceptable amortization period is 40 years. After the 10-year period, the maximum acceptable amortization period is 30 years. The 10-year period expired on January 1, 2006. We have therefore calculated the actuarially determined employer contribution for the year beginning January 1, 2008 as the employer's normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. The results of our calculation are shown in Exhibit 11.

Employer contributions come from a tax levied by the Forest Preserve District upon all taxable property within the District equal to the total amount of contributions made by employees in the calendar year 2 years prior to the year of the levy, multiplied by 1.30. The 1.30 is known as the tax multiple.

As can be seen from Exhibit 11, for the year beginning January 1, 2008, the actuarially determined contribution requirement amounts to \$6,094,316. The expected net employer contribution from the tax levy, after a 2.7% loss, amounts to \$2,138,669. Thus, the employer contribution is expected to fall short of meeting the actuarially determined contribution requirement by \$3,955,647. In order to have the employer contribution for the year 2008 sufficient to meet the actuarially determined contribution requirement, it is estimated that a tax multiple of 3.70 would have been required.

EXHIBIT 11

Actuarially Determined Contribution Requirement

	Year Ending December 31,	
	<u>2007</u>	<u>2006</u>
1. Employer's normal cost	\$ 3,564,623	\$ 3,235,508
2. Annual amount to amortize the unfunded liability over 30 years as a level dollar amount	<u>2,529,693</u>	<u>2,691,914</u>
3. Actuarially determined contribution requirement for year beginning January 1, 2008	\$ 6,094,316	\$ 5,927,422
4. Expected net employer contribution from tax levy, after a 2.7% loss	<u>2,138,669</u>	<u>3,329,502</u>
5. Amount by which employer contributions are expected to fall short of the actuarially determined contribution requirement	<u>\$ 3,955,647</u>	<u>2,597,920</u>
6. Required tax multiple for employer contribution to meet actuarially determined contribution requirement	3.70	2.31

I. SOLVENCY TEST

A short term solvency test is a measure that can provide additional insight into the adequacy of pension funding. In this type of solvency test, a pension fund's current assets are compared with:

1. Active member accumulated contributions;
2. The liability for future benefits to current pensioners;
3. The employer's share of the liability for service already rendered by active members

In the case of a pension fund that is actuarially funded, the active member accumulated contributions and the liability for future benefits to present pensioners should generally be fully covered by plan assets. In addition, the employer's share of the liability for service already rendered by active members should be at least partially covered by the remainder of plan assets. In Exhibit 12 below, the actuarial value of the assets of the Fund is compared with: (1) active member accumulated contributions, (2) the liability for future benefits to current pensioners; and (3) the employer's liability for service already rendered by active members. The portion of each of the three liabilities that is covered by the actuarial value of assets is shown.

EXHIBIT 12

SOLVENCY TEST

ACCRUED LIABILITIES FOR

Fiscal Year	(1)	(2)	(3)	Actuarial Value of Assets	Percent of Accrued Liabilities Covered By Assets		
	Active and Inactive Member Accumulated Contributions	Member Currently Receiving Benefits	Active and Inactive Member Employer Portion		(1)	(2)	(3)
1998	\$ 24,155,947	\$ 53,785,735	\$ 58,425,078	\$ 140,121,473	100%	100%	100%
1999	26,549,415	66,127,144	65,851,456	167,074,543	100%	100%	100%
2000	26,469,965	67,315,185	75,807,966	177,865,868	100%	100%	100%
2001	30,945,931	72,446,232	81,049,608	180,733,922	100%	100%	95%
2002	32,936,933	85,617,905	93,490,702	172,954,688	100%	100%	58%
2003	26,406,208	131,627,943	60,693,046	170,114,265	100%	100%	20%
2004	25,969,092	146,514,493	72,837,440	186,560,109	100%	100%	19%
2005	27,436,728	123,563,142	66,588,428	189,066,378	100%	100%	57%
2006	27,929,859	127,792,810	70,858,224	193,511,049	100%	100%	53%
2007	29,282,123	127,857,635	76,980,436	203,043,217	100%	100%	60%

J. CERTIFICATION

This actuarial report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of our knowledge, fairly represents the financial condition of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of December 31, 2007.

Respectfully submitted,

Sandor Goldstein, FSA, MAAA
Consulting Actuary

Thomas K. Hartman, FSA, MAAA
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Carl J. Smedinghoff, ASA
Actuary

Appendix 1

Summary of Actuarial Assumptions and Actuarial Cost Method

Mortality Rates. The 1983 Group Annuity Mortality Table, Male and Female, rated up two years.

Termination Rates. Termination rates based on the recent experience of the Fund were used. The following is a sample of the termination rates used:

Rates of Termination						
Age at Entrance						
Attained Age	Males			Females		
	27	32	37	27	32	37
27	.058			.090		
32	.047	.066		.059	.083	
37	-	.042	.056	-	.047	.057
42	-	-	.034	-	-	.030
47	-	-	-	-	-	-

Retirement Rates. Rates of retirement for each age from 50 to 75 based on the recent experience of the Fund. The following are samples of the retirement rates used:

Less Than 30 Years of Service at Retirement

<u>Age</u>	Rates of Retirement	
	<u>Males</u>	<u>Females</u>
50	.010	.015
55	.060	.090
60	.250	.270
65	.300	.300
70	.500	.500
75	1.000	1.000

30 Or More Years of Service at Retirement

<u>Age</u>	<u>Rates of Retirement</u>	
	<u>Males</u>	<u>Females</u>
50	.100	.150
55	.200	.250
60	.250	.270
65	.300	.300
70	.500	.500
75	1.000	1.000

Salary Progression. 5.0% per year, compounded annually.

Interest Rate. 7.5% per year, compounded annually.

Medical Trend Rate. 8% in the first year, decreasing by 1% per year until an ultimate rate of 5% is reached.

Loading For Reciprocal Benefits. Costs and liabilities of active employees were loaded by 1% for reciprocal annuities where the County is the last employer. It was assumed that 50% of inactive members with one or more year of service would receive a reciprocal annuity where the County is not the last employer. These reciprocal annuities were valued as of the member's retirement date as 10 times an inactive member's accumulated contributions.

Marital Status. 85% of participants were assumed to be married.

Spouse's Age. The spouse of a male employee was assumed to be four years younger than the employee. The spouse of a female employee was assumed to be four years older than the age of the employee.

Actuarial Cost Method.

The entry age actuarial cost method was used, with costs allocated on the basis of earnings. Actuarial gains and losses are reflected in the unfunded actuarial liability.

Appendix 2

Summary of Principal Provisions

Participant. A person employed by the Forest Preserve District whose salary or wages is paid in whole or in part by the Forest Preserve District. An employee in service on or after January 1, 1984 shall be deemed as a participant regardless of when he or she became an employee.

Service. For all purposes except the minimum retirement annuity and ordinary disability benefit, service during four months in any calendar year constitutes one year of service. For the minimum retirement annuity, all service is computed in whole calendar months. Service for any 15 days in a calendar month shall constitute a month of service.

For purposes of the minimum retirement annuity, service shall include:

- a. Any time during which the employee performed the duties of his or her position and contributed to the Fund.
- b. Vacations and leaves of absence with whole or part pay.
- c. Periods during which the employee receives a disability benefit from the Fund, and
- d. Certain periods of accumulated sick leave.

Retirement Annuity – Eligibility. An employee who withdraws from service with 10 or more years of service is entitled to a retirement annuity upon attainment of age 50.

Retirement Annuity – Amount

Money Purchase Annuity. The amount of annuity based on the sum accumulated from the employee's salary deductions for age and service annuity plus 1/10 of the sum accumulated from the contributions by the Forest Preserve District for age and service annuity for each completed year of service after the first 10.

Minimum Formula Annuity. The amount of annuity provided is equal to 2.4% of final average salary for each year of service. Final average salary is the highest average monthly salary for any 48 consecutive months within the last 10 years of service. Salary for pension purposes is actual salary earned exclusive of overtime or extra salary. The maximum amount of annuity is 80% of final average salary.

If an employee retires before age 60, the annuity is reduced by .5% for each full month or fraction thereof that the employee is under age 60 when the annuity begins, unless the employee has 30 or more years of service, in which case there is no reduction for retirement before age 60.

If the Minimum Formula Annuity is greater than the Money Purchase Annuity, the employee is entitled to receive the Minimum Formula Annuity.

Automatic Increase in Retirement Annuity. Employees who retire from service having attained age 60 or more, or, if retirement occurs on or after January 1, 1991, with at least 30 years of service, 3% of the annuity beginning January of the year following the year in which the first anniversary of retirement occurs. If retirement is before age 60 with less than 30 years of service, increases begin in January of the year immediately following the year in which age 60 is attained. Beginning January 1, 1998, increases are calculated as 3% of the monthly annuity payable at the time of the increase.

Optional Plan of Contributions and Benefits. During the period through June 30, 2005, an employee may establish optional credit for additional benefits by making additional contributions of 3% of salary. The additional benefit is equal to 1% of final average salary for each year of service for which optional contributions have been paid. The additional benefit shall be included in the calculation of the automatic annual increase and the calculation of the survivor's annuity.

Surviving Spouse's Annuity – Death in Service

Money Purchase Annuity. The amount of annuity based on the accumulated salary deductions and Forest Preserve District contributions for both the employee and the spouse.

Minimum Formula Annuity. A minimum annuity is provided for the eligible surviving spouse of an employee who dies in service with any number of years of service. The amount of such minimum spouse's annuity is equal to 65% of the annuity the employee would have been entitled to as of the date of death, provided the spouse on such date is age 55 or older, or that the employee had 30 or more years of service. If the spouse is under age 55 and the employee had less than 30 years of service, the amount of the spouse's annuity shall be discounted by .5% for each month that the spouse is less than age 55 on the date of the employee's death. The amount of the surviving spouse's annuity shall not be less than 10% of the employee's final average salary as of the date of death.

If the Minimum Formula Annuity is greater than the Money Purchase Annuity, the surviving spouse shall be entitled to receive the Minimum Formula Annuity.

Surviving Spouse's Annuity – Death after Retirement. The amount of the annuity is the greater of the money purchase annuity or the minimum formula annuity, based on the law in effect as of the date of the participant's retirement. The surviving spouse of an annuitant who dies on or after July 1, 2002 shall be entitled to an annuity of 65% of the employee's annuity at the time of death if the employee had at least 10 years of service, reduced by .5% per month that the spouse is under age 55 at the time of the employee's death. There is no reduction for age if the employee had at least 30 years of service.

Automatic Annual Increase in Surviving Spouse's Annuity. On the January 1 occurring on or immediately after the first anniversary of the deceased employee's death, the surviving spouse's annuity shall be increased by 3% of the amount of annuity payable at the time of the increase. On each January 1 thereafter, the annuity shall be increased by an additional 3% of the amount of annuity payable at the time of the increase.

Child's Annuity. Annuities are provided for unmarried children of a deceased employee who are under age 18. An adopted child is entitled to the child's annuity if such child was legally adopted at least one year before the child's annuity becomes payable. The child's annuity is payable under the following conditions:

(a) the death of the employee was a duty related death; or (b) if the death is not a duty related death, the employee died while in service and had completed at least four years of service from the date of his or her original entrance in service and at least two years from the latest re-entrance; or (c) if the employee died while in receipt of an annuity, he or she must have withdrawn from service after attainment of age 50

The amount of the annuity is the greater of 10% of the employee's final salary at the date of death or \$140 per month for each child.

Duty Disability Benefits. Duty disability benefits are payable to an employee who becomes disabled as a result of an accidental injury incurred while in the performance of an act of duty. Benefits begin on the first regular and normal work date for which the employee does not receive a salary. The amount of the duty disability benefit is equal to 75% of the employee's salary at the date of injury, reduced by the amount the employee receives from Workers' Compensation. However, if the disability, in any measure has resulted from any physical defect or disease that existed at the time such injury was sustained, the duty disability benefit shall be 50% of salary. The Fund contributes the 8.5% of salary normally contributed by the employee for pension purposes.

If the disability commences prior to age 60, duty disability benefits are payable during disability until the employee attains age 65. If the disability begins after age 60, the benefit is payable during disability for a period of 5 years.

Recipients of duty disability benefits also have a right to receive child's disability benefits of \$10 per month on account of each unmarried child less than age 18. Total children's disability benefits shall not exceed 15% of the employee's salary.

Ordinary Disability Benefits. Ordinary disability benefits are provided for employees who become disabled as the result of any cause other than injury incurred in the performance of an act of duty. The amount of the benefit is 50% of the employee's annual salary at the time of disability. The Fund contributes the 8.5% of salary normally contributed by the employee for pension purposes.

Ordinary disability benefits are payable after the first 30 days of disability provided the employee is not then in receipt of salary. Ordinary disability benefits are payable until the first of the following shall occur:

- (a) the disability ceases; or
- (b) the date that total payments equal the lesser of (1) $\frac{1}{4}$ of the total service rendered prior to disability, and (2) five years.

An employee unable to return to work at the expiration of ordinary disability benefit is entitled to an annuity beginning on the date of the employee's withdrawal from service regardless of age on such date.

Death Benefit. Upon the death of an active or retired employee, a death benefit of \$1,000 is payable to the employee's designated beneficiary or to the employee's estate if no beneficiary has been designated.

Group Health Benefits. The Fund may pay all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the District's health care plans. As of January 1, 2006, the Fund is paying 55% of the premiums for retiree annuitants and 70% of the premium for survivor annuitants.

Refund to Employee Upon Withdrawal From Service. Upon withdrawal from service, an employee under the age of 55, or between ages 55 and 60 with less than 10 years of service, or age 60 or over if the employee is eligible for a temporary rather than a life annuity. The employee is entitled to a refund of the amount accumulated to his or her credit for age and service annuity and the survivor's annuity together with the total amount contributed for the automatic annual increase, without interest. Upon receipt of such refund, the employee forfeits all rights to benefits from the Fund.

Election of Refund in Lieu of Annuity. If an employee's annuity or spouse's annuity is less than \$150.00 per month, such employee or spouse annuitant may elect a refund of the employee's accumulated contributions in lieu of a monthly annuity.

Refund For Surviving Spouse's Annuity. If an employee is unmarried at the time of retirement, all contributions for surviving spouse's annuity will be refunded with interest at the rate of 3% per year, compounded annually.

Refund of Remaining Amounts. In the event that the total amount accumulated to the account of employee from employee contributions for annuity purposes has not been paid to the employee and surviving spouse as a retirement or surviving spouse's annuity before the death of the survivor of the employee and spouse, a refund of any excess amount shall be paid to the children of the employee, in equal parts, or if there are no children, to the beneficiaries of the employee or the administrator of the estate.

Employee Contributions. Employees contribute through salary deductions 8.5% of salary to the Fund, 6.5% being for the retirement annuity, 1.5% being for the surviving spouse's annuity, and .5% being for the automatic increase in retirement annuity.

Employer Contributions. The Forest Preserve District levies a tax annually equal to the total amount of contributions made by employees in the calendar year 2 years prior to the year of the levy, multiplied by 1.30.

Employer Pick-up of Employee Contributions. Since April 1, 1982, regular employee contributions have been designated for federal income tax purposes as being made by the employer. The employee's W-2 salary is therefore reduced by the amount of contribution. For pension purposes, the salary remains unchanged. For purposes of benefits, refunds, and financing, these contributions are treated as employee contributions.

Appendix 3

Glossary of Terms used in Report

1. Actuarial Present Value. The value of an amount or series of amounts payable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.
2. Actuarial Cost Method or Funding Method. A procedure for determining the actuarial present value of pension plan benefits and for determining an actuarially equivalent allocation of such value to time periods, usually in the form of a normal cost and an actuarial accrued liability.
3. Normal Cost. That portion of the present value of pension plan benefits, which is allocated to a valuation year by the actuarial cost method.
4. Actuarial Accrued Liability or Accrued Liability. That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension benefits which is not provided for by future normal costs.
5. Actuarial Value of Assets. The value assigned by the actuary to the assets of the pension plan for purposes of an actuarial valuation.
6. Unfunded Actuarial Liability. The excess of the actuarial liability over the actuarial value of assets.
7. Entry Age Actuarial Cost Method. A cost method under which the present value of the projected benefits of each individual included in an actuarial valuation is allocated as a level dollar amount or level percent of the individual's earnings between entry age and assumed exit age. The portion of this actuarial present value of benefits allocated to a valuation year is called the normal cost. The portion of this actuarial present value of benefits not provided at a valuation date by the actuarial present value of future value of normal costs is called the actuarial liability.

Under this method, the actuarial gains (losses), as they occur, generally reduce (increase) the unfunded actuarial liability.
8. Actuarial Assumptions. Assumptions as to future events affecting pension costs.
9. Actuarial Valuation. The determination, as of the valuation date, of the normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for a pension plan.
10. Vested Benefits. Benefits that are not contingent on an employee's future service.

Appendix 4

Summary of Legislative Changes

Spring 1982 Session

SB 1147

- Actuarial reporting to Insurance Department and Pension Laws Commission. Actuarial statements prepared by a qualified actuary for plan years ending after December 31, 1984 including actuarial present value of credited projected benefits.

SB 1452

- Allows a participant who served as Village Trustee and was not then eligible to participate in the IMRF for such service, to obtain credit in this fund by making the required contributions. Four-year maximum credit.

SB 1579

- Permitted investment list moved to general section of the statute. Expanded fiduciary standards, prohibited transactions, civil action may be brought by Attorney General or by a participant.

HB 2286

- Deputy Sheriff may elect between January 1, 1983 and January 15, 1983 to transfer credit to this Fund from the State Employees' Retirement System.

Spring 1983 Session

SB 22

- Delegation of investment authority restrictions.

HB 514

- 10% prudent person investment category.
- 10% increase in spouse benefits to spouses receiving benefits as of January 1, 1984.
- Immediate participation rather than after 1 year of service.
- Refunds if off the payroll at least 30 days.
- Money purchase annuity for County Sheriff's service not counted for Sheriff Formula.
- Elected sheriff may be covered by Sheriff Formula with contributions.

HB 637

- Allows an active member of the General Assembly to establish credit in this fund for time for which he or she could have elected to participate with interest at 6% and to transfer credits to the Park Fund.

1984 Session

- No changes.

1985 Session

HB17

- For withdrawals on or after July 1, 1985, 10 year vesting formula (for employee minimum and spouse minimum annuity) providing the employee 2% of final average earnings for each year of service reduced 0.5% (for ages 55-60) for each month under age 60 (but no reduction with at least 30 years of service). Spouse minimum amount is 50% of the employee's amount at retirement (reduced 0.5% for each month the spouse is under age 60) but not less than 10% of the final average earnings.
- Unisex money purchase factors for widows/widowers.
- Disability provisions extended to 70 in certain cases.
- Sheriff formula for withdrawals after December 31, 1985 after having attained age 50 in service with 20 or more years of service of 50% of 4 year average earnings plus 2% for each year or fraction of service over 20.
- Changes in the reversionary annuity provisions.
- Optional plan of 3% contributions for 1% optional benefit per year of service. Provisions for payment of past service with interest. Provisions expire July 1, 1990. Such plan, if elected by a member, would require a 3% of salary contribution (with interest for past service) and would produce an additional 1% per year of service benefit and would increase the employee annuity, post-retirement increase and spouse annuity. Membership in this plan is optional and as such, it is possible to delay election to just prior to retirement. Therefore, at this time, there is no accurate estimate of how many members will actually elect the optional benefits. The liabilities and the annual cost requirements of the fund may be substantially understated (up to 50% in some cases) if participation is high. It is difficult to pre-fund an unknown benefit. Actuarial losses may occur as experience develops.

Spring 1986 Session

HB 2630

- Allows for a member of a County police department to establish service credit for approved leaves of absence without pay, during which the employee served as head of an employee association consisting of other police officers by making the required contributions.
- Allows for the use of service of less than one year for calculating reciprocal annuities in the case of employees who transfer or are transferred as a class from one participating system to another.

Spring 1987 Session

HB 2715

- For withdrawals after January 1, 1988, and for employees with at least 10 years of service and age 50, the minimum formula annuity is increased to 2.2% of the Final Average Salary for each of the first 20 years of service and 2.4% for each year thereafter, not to exceed the maximum of 80% of Final Average Salary. For retirement between age 50 (new minimum retirement age) and age 60, the annuity thus computed will be reduced 0.5% for each month the employee is under age 60 unless the employee has 30 or more years of service in which case no reduction will apply.
- The surviving spouse of an employee who retires on or after January 1, 1988, with at least 10 years of service is entitled to 50% of the annuity including increases that the deceased annuitant was receiving as of his or her date of death. Such annuity to be reduced 0.5% for each month the surviving spouse is under age 60 at the date of the annuitant's death.
- Effective January 1, 1988, any child's annuity being paid shall be increased from \$140 per month to 10% of the employee's salary at the date of death provided that the increased annuity would be greater than \$140 per month, subject to Statutory maximums.
- Effective January 1, 1987, the maximum age conditions for any disability are removed for employees whose disability continued past that date.
- A Deputy Sheriff with at least 15 years of service as a Deputy Sheriff can receive credit under the Police formula for other Cook County service by electing to pay an additional contribution prior to retirement. In addition, any Police Officer who has rendered at least 20 years of service and who separates from service prior to age 50 and does not withdraw his or her contributions can apply for pension benefits at age 50 without returning to duty.
- Effective July 1, 1988, all employee and surviving spouse annuitants will receive a one-time increase. Such increase to be an additional 1% for each full year that the annuitant has received benefits as of July 1, 1988.
- An alternative plan for elected officials of 3% of the Final Average Salary for the first 8 years, 4% for the next 4 years and 5% thereafter, subject to the maximum of 80%, is available. The elected official must contribute and additional 3% of salary to receive these benefits.
- Effective December 1, 1988, the Retirement Board will be increased from 5 to 7 Trustees. One annuitant Trustee to be elected for a 3 year term by those persons receiving annuity or disability benefits and 1 Forest Preserve District Trustee to be elected by the Forest Preserve District contributors for a term of 3 years beginning December 1, 1988.

Spring 1988 Session

- No legislative changes.

Spring 1989 Session

SB 95

- Allows active members of the General Assembly to transfer credits and creditable service established in the Fund to a Fund established under Article 5 of the Pension Code.
- For withdrawals on or after July 1, 1985, provides that for employees with at least 30 years of service, no reduction for age less than 60 will apply for the spouse annuity.

SB 1096

- Extends the Optional Plan of benefits from the original expiration date of July 1, 1990 to July 1, 1992.

HB 332

- Signed August 23, 1989.
- Eliminated age-related discriminatory provisions as required by Federal law or regulations.
- Provided for age discrimination changes effective January 1, 1988 to eliminate age 65 requirements for marriage in service and children's benefits, provided contributions after age 65 for spouse benefits, provided employee accumulation annuities be computed after age 70, provided employee and spouse accumulation annuities not be "fixed" at age 65, provided no age 70 restriction on disability benefits, provided for active members over age 65 that their accounts be "unfixed" and accumulate interest until the date of withdrawal, and provided that there be no age 70 membership limitation and removed the permitted "no spouse" refund at age 65.
- Provides that for employees retiring after January 1, 1988, but before age 55, Section 20-131 shall not apply; therefore, they are not entitled to the alternative formula set forth in Section 20-122 repealed in 1975.

HB 158

- Provides for payment by the Fund of 50% of the health care premiums for annuitants who participate in any of the County's health care programs beginning January 1, 1990 and ending December 31, 1993, subject to the following maximums:

Single coverage, no Medicare	\$130.00 per month
Single coverage, with Medicare	39.00 per month
Annuitant + 1 family member, no Medicare	212.00 per month
Annuitant + 1 family member, 1 with Medicare	168.00 per month
Annuitant + 1 family member, both with Medicare	78.00 per month
Annuitant + 2 or more family members, no Medicare	280.00 per month

1990 Session

SB 1951

- Signed January 14, 1991.
- Raises the maximum annuity for a Deputy Sheriff from 75% of final average salary to 80% of final average salary.
- Provides for a revised table to be used for reversionary annuities to allow for the younger age 50 retirement approved in previous legislation.
- Allows for the refund of the additional 0.5% contributions that are paid by a Deputy Sheriff for the special Sheriff's formula to be refunded if the regular formula is used to calculate the employee annuity at the time of retirement. The refund, if given, is to include the interest as well as the 0.5% contributions.
- In the case where an employee who is disabled and cannot return to work after all his/her disability credit has expired, and chooses the option to pay for up to one additional year of service under Section 9-174, this additional service will not affect the resignation date for annuity purposes, but the salary and service will be used for such purposes.
- Provides for employees who retire on or after November 1, 1990, any accumulated vacation paid out in a lump-sum at the time of retirement will not affect the employees' withdrawal date for purposes of annuity. Any service will be granted and used for annuity purposes, but the final average salary will not include the salary for any vacation paid out.

SB 136

- Amends Chapter 120, Paragraph 671 of the Revenue Act to provide for a separate listing on the tax bill of the dollar amount of tax due from the person assessed which is allocable to a tax levied under the Illinois Pension Code, or any other tax levied by a municipality or township for public pension or retirement purposes. Effective January 1, 1990.

1991 Session

HB 971

- Signed November 19, 1991.
- Early Retirement Window for employees attaining age 55 prior to withdrawal and withdrawing on or after January 1, 1992, but before December 31, 1992, the service requirement for minimum formula annuity is reduced to 5 years. In addition, for the same period above, the age discount for retirement prior to age 60 is reduced to 0.25% per month under age 60 at retirement. The widow(er)'s annuity for the above early retirement window is 50% of the employee's annuity reduced by 0.5% for each month the widow(er) is under the age 60 at the time of the employee's death.

Other Changes

- Provides that the 3% annuity increase will begin on January 1st following the first anniversary of retirement for employees who retired with 30 or more years of service and were under age 60 at retirement.

- Extends the Optional Plan of Benefits for an additional 5 years to July 1, 1997.
- Allows for an employee to make contributions and receive service credit for any unused accumulated sick leave up to 180 days, at retirement.
- Employees may now discontinue making contributions to the Pension Fund after 35 (previously 42) years of contributing service upon notification to the Retirement Board at least 60 days before the deductions cease.
- For widow(er)s of employees or annuitants who die after November 19, 1991, the maximum limit on the spouse annuity is removed provided that the employee was at least 60 with at least 20 years of service or also if retirement occurred on or after January 1, 1982, at age 65 or over with at least 10 years of service for retirements.
- For widow(er)s of employees who retired on or after January 1, 1984, but before July 1, 1985, with at least 30 years of service, the annuity is 50% of the employee's annuity as of the date of retirement with no discount for under age 60.
- Beginning with retirements or deaths on January 1, 1992, with at least 10 years of service, the age discount for a widow(er)'s annuity will be 0.5% for each month the widow(er) is under age 55 at the date of the employee's death. This is reduced from age 60 for prior deaths or retirements.
- Beginning on November 19, 1991, provides for a \$1,000.00 death benefit payable upon the death of employee or annuitant to the employee's designated beneficiary, or to the employee's estate if no beneficiary has been named.
- Beginning December 1, 1991, the Fund may pay , on behalf of each of the Fund's annuitants who chooses to participate in any of the County's health care plans, all or any portion of the total health care premium (including coverage for other family members) due from each such annuitant.
- Allows the annuitant to authorize the withholding of dues from annuity checks for certain labor organizations.
- Allows participation for all employees with at least one month of service.
- Provides for a repayment of contributions and transfer of service from the General Assembly and for former members of the General Assembly through February 1, 1993.
- Grants the authority to rent or lease office space to the Board of Trustees when deemed desirable for the purposes of the Fund.
- Allows the Pension Fund to withhold contributions to a labor organization from annuity checks provided that at least 100 annuitants authorize withholdings from their checks.
- Provides for the repayment of contributions by former members of the County Police who were the head of an employee association, to include both the employee and employer shares.

1992 Session

SB 1770

- Signed September 16, 1992.
- Early Retirement Incentive

- Provides an extra 1% per year of County service, up to 10 maximum, times the final four year average salary for those eligible employees. There is no cost to the employee. The age discount from age 55 to 60 is eliminated if eligible.
- Eligible if a contributing member on May 1, 1992 and:
 - Retires on or after December 1, 1992 and on or before May 29, 1993;
 - Attains age 55 or more on or before the date of retirement; and
 - Has at least 10 years of creditable service.

1993 Session

SB 1650

- Signed January 26, 1993.
- Provides that the 3% annuity increase will begin no later than January 1, 1993 for employees who retire before age 60 before January 1, 1991 with at least 30 years of service.
- For widow(er)s of annuitants who die on or after January 1, 1993, the widow(er)'s annuity shall be 50% of employee's retirement annuity at death discounted 0.5% per month the widow(er)'s age is less than 55, except if the employee had 30 years of service.
- Allows an employee with 25 years of service to pay for up to 2 years of military service, whether or not followed by County service.
- Two year minimum subsequent service is changed to six months for employees who apply to repay a refund between January 1, 1993 and March 1, 1993.
- Employees may transfer to County up to 10 years with Municipal or Laborers' until March 1, 1993.
- Allows for transfer of County service credit to Judges.
- Allows a State Policeman to transfer all or some of his service with County Police to State Employees Retirement System until July 1, 1993 and reinstate service credit terminated by a refund by paying 6% compounded annually until July 1, 1993.
- Former members of County Police who retire January 1, 1993 to March 1, 1993 do not have to pay employer contribution for periods served as head of an employee association.

1994 Session

- No legislative changes.

1995 Session

SB 114

- Approved July 14, 1995.
- The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became participants before 1996.

- Allows for active participants employed by the Cook County State's Attorney's office on January 1, 1995 to transfer to this Fund credits accumulated under a pension fund established under Article 5 of this Code and to transfer said credits from said fund to the Cook County fund upon payment of both employee and employer contributions with 6% interest to the County Employees' Annuity and Benefit Fund.
- The Fund is authorized to make certain involuntary distributions required by Section 401(a)(9) of the Internal Revenue Code.

SB 424

- Approved July 7, 1995.
- The Pension Laws Commission was created as a legislative support services agency.

1996 Session

SB 1456

- Approved August 9, 1996.
- Any chief of the County Police Department or undersheriff of the County Sheriff's Department may elect to be included as a deputy sheriff.

1997 Session

HB 313

- Signed June 27, 1997.
- Change county size necessary for fund creation to 3,000,000 from the previously required 500,000.
- As of January 1, 1998 the automatic annual increase for employee and spouse annuitants changed to 3% compounded for all past, current, and future annuitants, regardless of the effective date of the annuity. Term annuities are not eligible for the automatic annual increase.
- Early Retirement Incentive
 - Provides an extra 1% per year of County service, up to 10 maximum, times the final four year average salary for those eligible employees. There is no cost to the employee. The age discount from age 55 to 60 is eliminated if eligible.
 - Eligible if a contributing member on May 1, 1997 and:
 - Retires on or after September 1, 1997 and on or before February 28, 1998;
 - Attains age 55 or more on or before the date of retirement; and
 - Has at least 10 years of creditable service.
- Effective January 1, 1998 all widow(er) annuitants will have their annuities increased by 3% and will receive the automatic increase of 3% compounded annually. Those widow(er) annuitants receiving a Term annuity will not be eligible for the automatic annual increase.
- Extends the Optional Plan of benefits to July 1, 2002.

- Allows members of the Cook County police department to transfer their service into the Policemen's fund until July 1, 1998, and to reinstate service credit terminated by a refund by paying 6% compounded annually.
- Allows members of the fund with at least 20 years of service credit to make contributions, until June 1, 1998; into the fund based on CTA compensation and creditable service is granted for this period for up to 10 years of service credit.

1998 Session

- Effective July 1, 1999, Public Act 90-731, allows an alternate payee (former spouse, child, or dependent) designated in a Qualified Domestic Relations Order to receive all or a specified portion of a member's retirement benefits or refund otherwise payable to the member.

1999 Session

- No legislative changes.

2000 Session

- Passed Public Act 87-1130, which removes the remarriage penalty. Effective September 6, 2000 widow annuities will no longer be ceased due to their remarriage.

2001 Session

- No legislative changes.

2002 Session

HB 5168

- Signed June 28, 2002.
- Contractual service to the Retirement Board, of at least 5 years, can be purchased as creditable service in the fund for up to 10 years of services by making a written application to the board before July 1, 2003. A person who establishes such credit may, at the same time, reinstate credit in the Fund and repay a refund without a return to service.
- An employee, who withdraws on or after July 1, 1996 but before August 1, 1996, at age 55 or over with 8 or more years of service, may elect to receive a minimum formula annuity equal to 2.2% of the Final Average Salary for each of the first 20 years of service and 2.4% for each year thereafter, not to exceed the maximum of 80% of Final Average Salary. There will be an age discount of 0.25% for each month that the employee is under the age of 60, unless the employee has at least 30 years of service.

- For withdrawals after June 30, 2002, with at least 10 years of service and age 50, the minimum formula annuity is increased to 2.4% of the Final Average Salary for each year of service, not to exceed the maximum of 80% of Final Average Salary.
- Early Retirement Incentive
 - Provides an extra 1% per year of County service, up to 10 maximum, times the highest consecutive four year average salary in the last 10 years of service for those eligible employees. There is no cost to the employee. The age discount for attained age under 60 is eliminated if eligible.
 - Eligible if a contributing member on January 1, 2001 and:
 - Retires on or after November 30, 2002 and on or before March 31, 2003;
 - Attains age 50 or more on or before the date of retirement; and
 - Has at least 20 years of creditable service in the Fund.
- For widow(er)s of annuitants who die in service or after July 1, 2002, or has at least 10 years of service and dies on or after July 1, 2002 while receiving an annuity, the widow(er)'s annuity shall be 65% of employee's retirement annuity at death discounted 0.5% per month the widow(er)'s age is less than 55, except if the employee had 30 years of service.
- For widow(er)s of annuitants who were not married at the time of retirement, but married after retirement for at least one year prior to annuitant's death, the widow(er) will be eligible for an annuity if the refunded contributions for a widow(er)s annuity are repaid, plus interest at the rate of 6% per year. (The Pension Fund Board has received a legal opinion that has interpreted this to include the current widow(er). The legal opinion was that, since in these instances no refund of spouse contributions was made, there is no payment due from the widow.)
- Extends the Optional Plan of benefits to July 1, 2005.

2003 Session

- No legislative changes.

2005 Session

- Senate Bill 1446 made certain changes to the provisions relating to QILDRO, effective July 1, 2006. It makes an alternate payee entitled to receive death benefits and allows the alternate payee to receive a percentage of the employee's retirement benefits (instead of only a fixed dollar amount).
- Public Act 94-0079, prohibits Illinois public pension funds from investing or depositing in entities doing business in or with the government of Sudan.

2006 Session

No legislative changes

2007 Session

HB 49

- Public Act 95-279, effective January 1, 2008
- Provides that legally adopted children shall be entitled to the same benefits as other children, and no child's or survivor's benefit shall be disallowed because the child is an adopted child.

HB 3578

- Public Act 95-0654, effective January 1, 2008
- Eliminated the alternative formula for county officers elected after January 1, 2008.

HB 5168

- Signed into law on August 23, 2007 as Public Act 95-0369.
- Provided that members who were in active employee status on December 31, 2006, applies for a refund of contributions between the dates of August 23, 2007 and October 7, 2007, and resigns their position between August 23, 2007 and October 22, 2007, shall be entitled to receive a one-time lump sum retirement cancellation payment equal to the member's accumulated contributions with interest, multiplied by 1.5, in lieu of any retirement annuity or other benefit provided by the fund. An employee who receives a retirement cancellation payment may not be rehired until after being out of service for at least 365 days. A person who has received an alternative retirement cancellation payment and who returns to service under the Fund must repay the regular refund with interest at 3% per year and the 50% enhancement payment with interest at 6% per year.
- Eliminated the requirement to maintain various reserve accounts no longer needed for the administration of the fund.

SB 1380

- Signed into law on August 28, 2007 as Public Act 95-0504.
- Provides that for 6 months from the effective date, an employee may transfer to this Fund up to 6 years of creditable service accumulated under Article 3 of the Pension Code upon payment to this Fund of the amount of employee and employer contribution that would have been required if the employee had participated in this Fund during the period for which credits is being transferred plus interest at the rate of 6% per year.