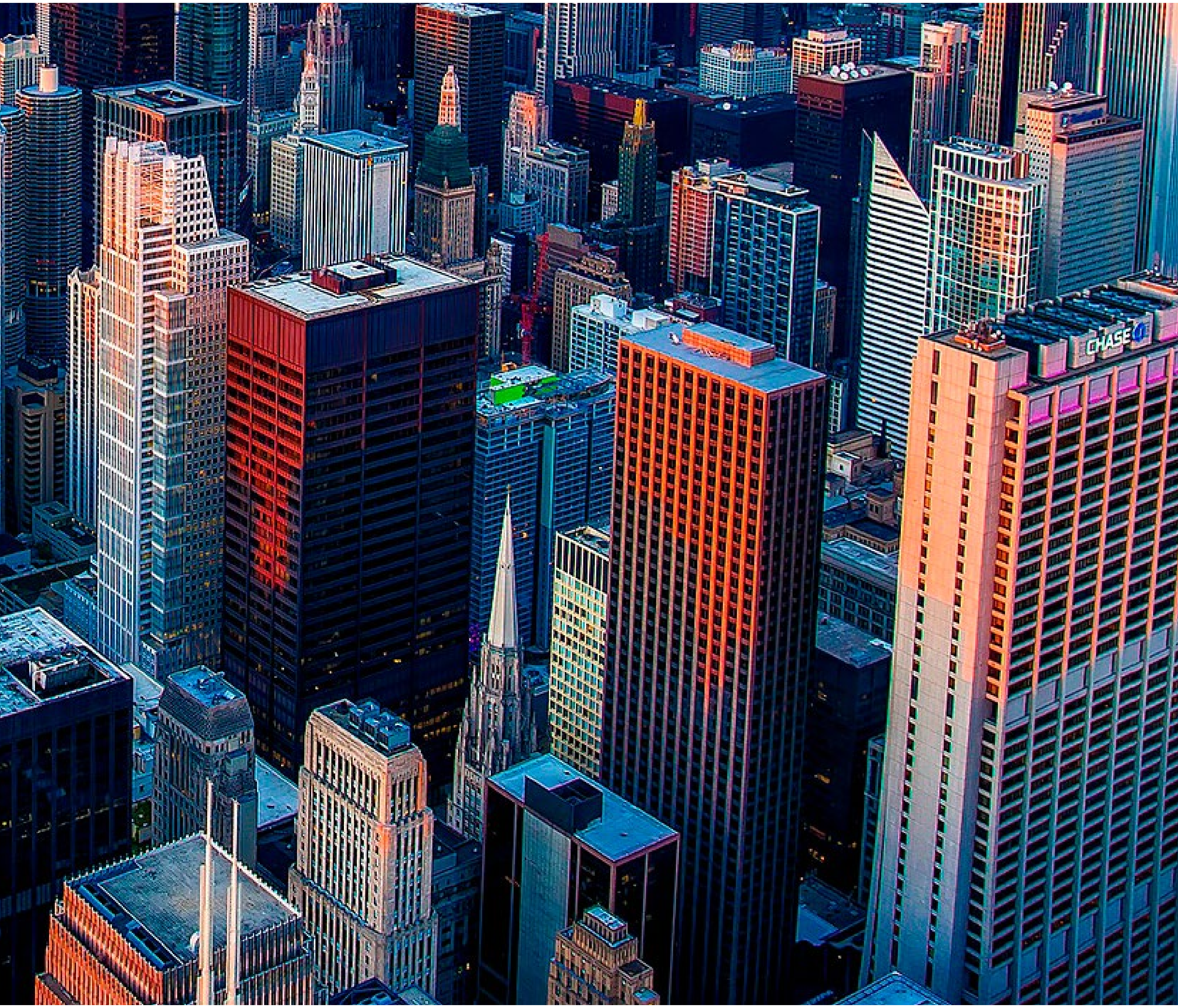
County Employees' and Officers' Annuity and Benefit Fund of Cook County

A Component Unit of Cook County, Illinois



Popular Annual Financial Report

For the Fiscal Year Ended December 31, 2017

Published September 2018


COOK COUNTY
CCPF
PENSION FUND

Overview

The Cook County Pension Fund (“the Fund” or “the plan”) administers retirement, survivor, retiree health, and disability benefits to employees and retirees of Cook County and the Forest Preserve District. We are pleased to present the Cook County plan’s Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2017. This is a user-friendly companion to the Cook County plan’s Comprehensive Annual Financial Report (CAFR), making the plan’s finances transparent to all members and constituents. The information is compiled from the December 31, 2017 CAFR, which can be found at CookCountyPension.com.

About the Retirement Board

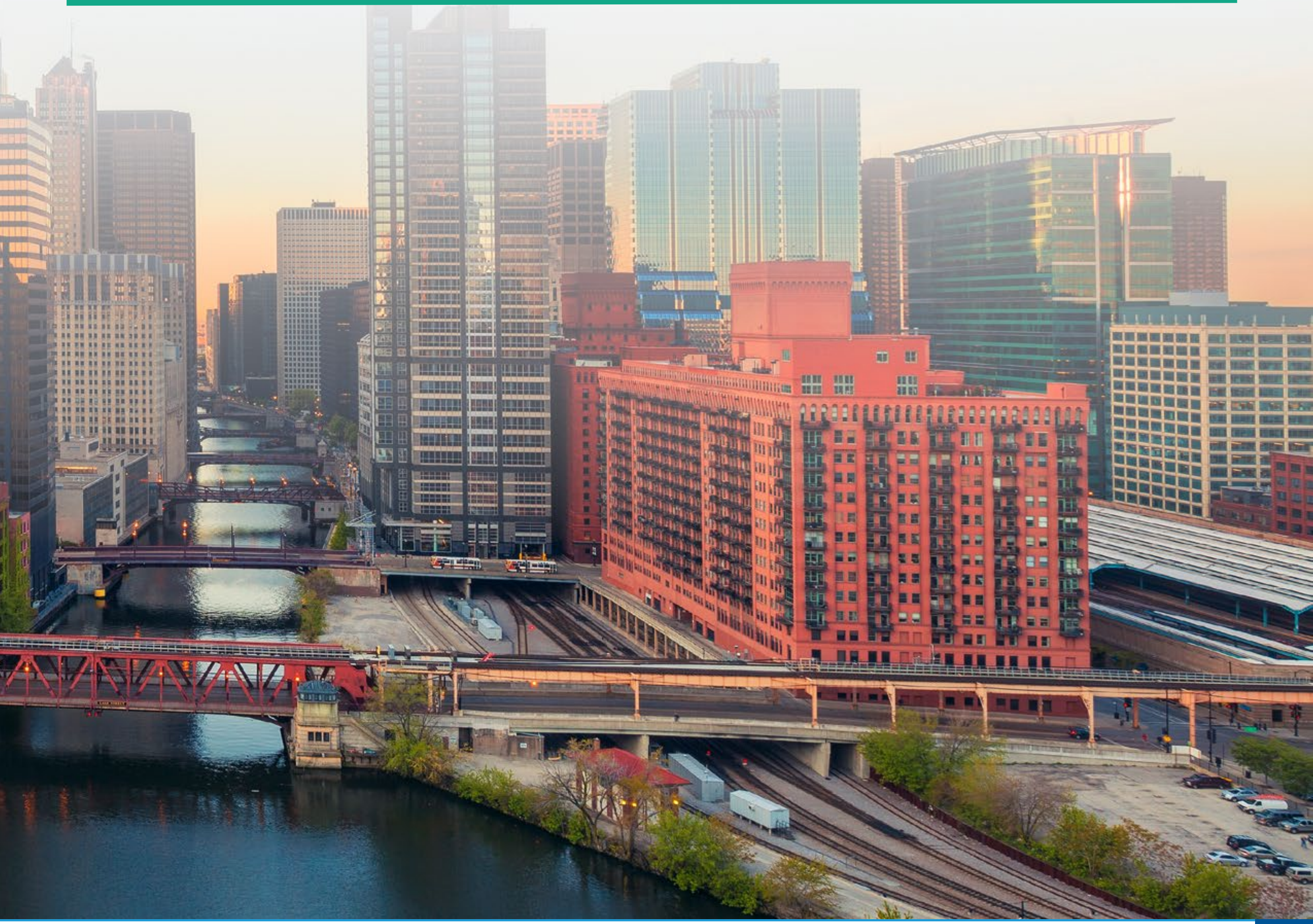
The plan is governed by a nine-member Retirement Board (“the Board”), four of whom are elected by the employees of Cook County and the Forest Preserve District, three who are elected by the annuitants of Cook County and the Forest Preserve District, and two who are ex officio seats appointed by the Comptroller and Treasurer of Cook County. The appointed trustees serve for a term of two years. Elected trustees serve staggered three-year terms, so that no more than three positions are subject to election each year.

A trustee was elected for a Cook County annuitant seat in the 2017 Retirement Board Election. Kevin Ochalla was elected to his first term on the Board.

Overview

Fund Highlights

	2017	2016
Active Employees	20,349	20,969
Retirees & Beneficiaries	18,217	17,909
Actuarial Value of Assets	$10.1 Billion	$9.5 Billion
Fair Value of Assets	$10.4 Billion	$9.1 Billion
Employer Contributions	$559.2 Million	$464.3 Million
Employee Contributions	$138.8 Million	$139.4 Million
Funded Ratio	60.1%	56.7%
Projected Insolvency Date	2042	2038



Members

MEMBERS

The plan had a total membership of 53,190 participants, which included active members, annuitants, beneficiaries, and inactive members on December 31, 2017, an increase from 52,883 in 2016.

Members

	2013	2014	2015	2016	2017
Active Employees	21,287	21,656	21,596	20,969	20,349
Retirees	14,080	14,437	14,922	15,222	15,488
Beneficiaries	2,597	2,639	2,675	2,687	2,729
Inactives	12,747	13,194	13,190	14,005	14,624
Total	**50,711**	**51,926**	**52,383**	**52,883**	**53,190**

Breakdown of Annuitant Pension Amount

The typical Cook County annuitant receives a modest benefit earned after decades of service. In 2017, the average annual annuity benefit was $40,435 and the average annuitant age was 72 years old.

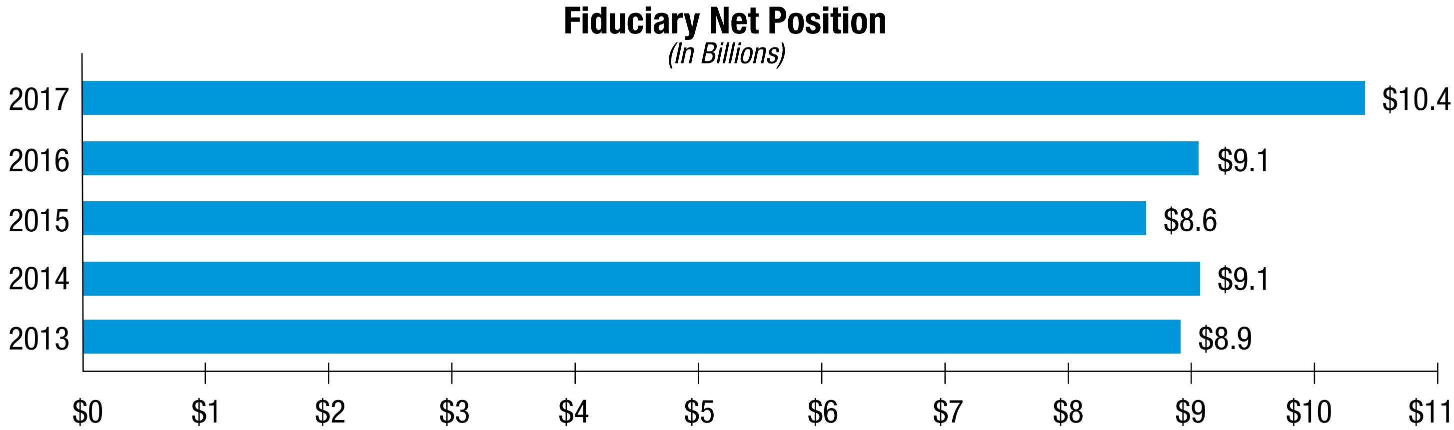
Distribution of Current Annuitants by Pension Amount

Amount of Annual Pension Benefit	Number of Retired Members and Beneficiaries	%
Under $6,000	1,848	10%
$6,001-12,000	1,845	10%
$12,001-18,000	1,534	8%
$18,001-30,000	2,699	15%
$30,001-42,000	2,660	15%
$42,001-60,000	3,305	18%
$60,001-78,000	2,397	13%
$78,001-$96,000	1,210	7%
Over $96,001	719	4%
	18,217	**100.0%**

Funding

Fiduciary Net Position

The plan's fiduciary net position was $10.4 billion, as of December 31, 2017, which was an increase of $1.3 billion, or about 14.3%, from 2016.



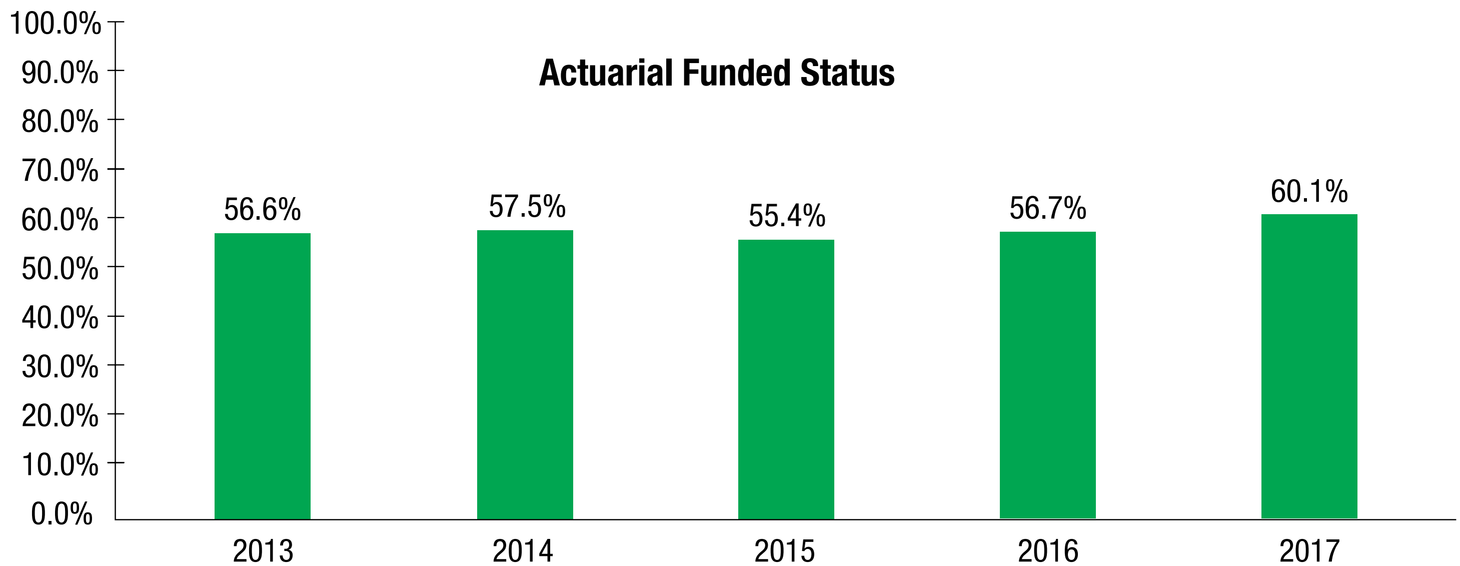
Actuarial Funded Status

The funded status is a measure to determine the financial strength of the plan as of the valuation date. It is determined as a ratio of the actuarial value of assets divided by the total actuarial accrued liability on the valuation date. A ratio of over 100% represents a pension fund that is fully funded, and a ratio of less than 100% represents a pension fund that is underfunded on the valuation date.

In early 2018, the Board conducted a study of the actuarial assumptions used to produce the Cook County Fund's valuation. After comparing the actuary's assumptions on factors such as member mortality, salary increases, and the plan's expected rate of return, with the plan's actual experience, the Board adopted changes to the assumptions including the expected rate of return - reducing it from 7.50% to 7.25% to reflect more conservative expectations of the market. The net impact of the assumption changes combined with strong asset growth resulted in an improved status for the plan.

As of December 31, 2017, the funded status of the plan was 60.1% - a 3.4% increase from the 2016 funded status of 56.7%.

Where presented, references to "funded ratio" and "unfunded accrued liability" are typically measured on an actuarial value of assets basis. It should be noted that the same measurements using fair value of assets would result in different funded ratios and unfunded accrued liabilities.



Revenue and Expenses

Revenue

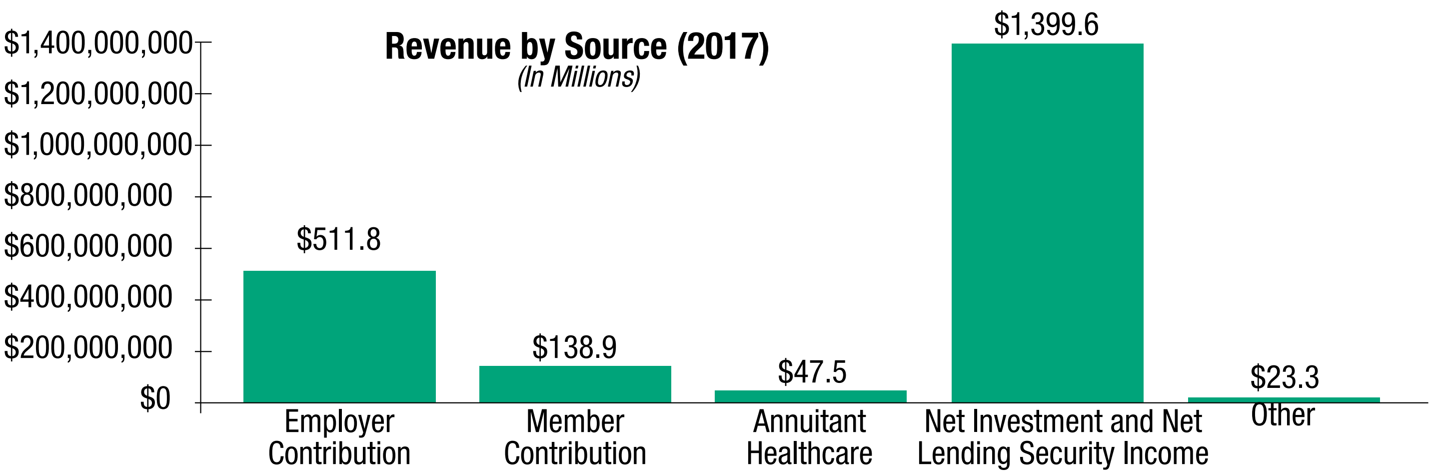
The plan receives income from employee and employer contributions as well as investment earnings. For 2017, revenue totaled $2.1 billion. The Cook County Board of Commissioners (the Employer) contributions represented 26.4% of the total revenue, employee contributions – 6.5%, and net investment and net security income – 65.2%.

Employee & Employer Pension Contributions	
Employee	**Employer**
8.5%[1] of Annual Salary	**1.54x Employee Contribution collected over 2 years**
2017 Contributions: $138.8 Million 2016 Contributions: $139.4 Million [1]Sheriff's police contribute 9% of their Annual Salary	2017 Contributions: $559.2 Million[2] 2016 Contributions: $464.3 Million[2]

[2]Supplemental Employer Contributions Making an Impact

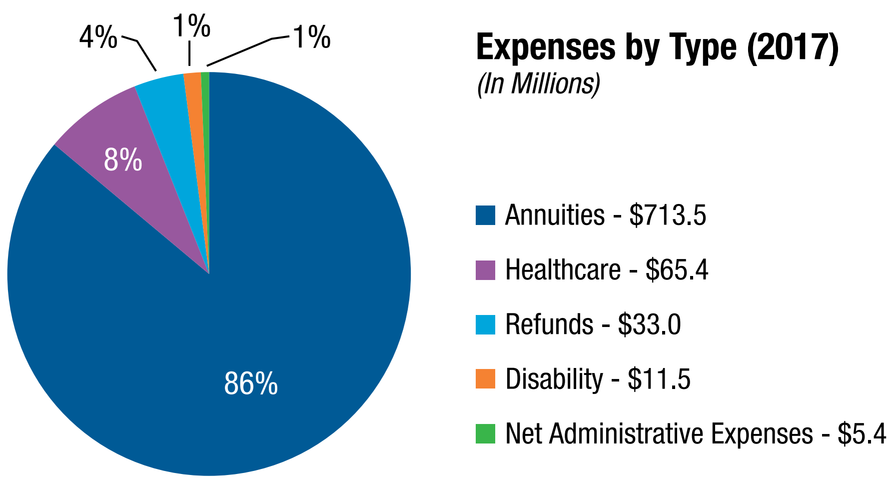
Since 2016, supplemental contributions made through the Home Rule Sales Tax have bolstered Employer contributions, which have further enabled the plan to meet benefit obligations on an annual basis. For 2017, the additional funding increased the Employer contributions by $353.8 million. For 2016, the additional funding increased the Employer contributions by $270.5 million.

In a continued effort to address the longer-term funding challenges the plan faces, the Employer allocated an additional $353.4 million through the Home Rule Sales Tax for 2018. As of June 14, 2018, the plan had received approximately $150 million, resulting in the positive impact of meeting current benefit payments and allowing fund investments to remain fully intact. The Board continues to advocate for a permanent funding solution that guarantees long-term solvency.



Expenses

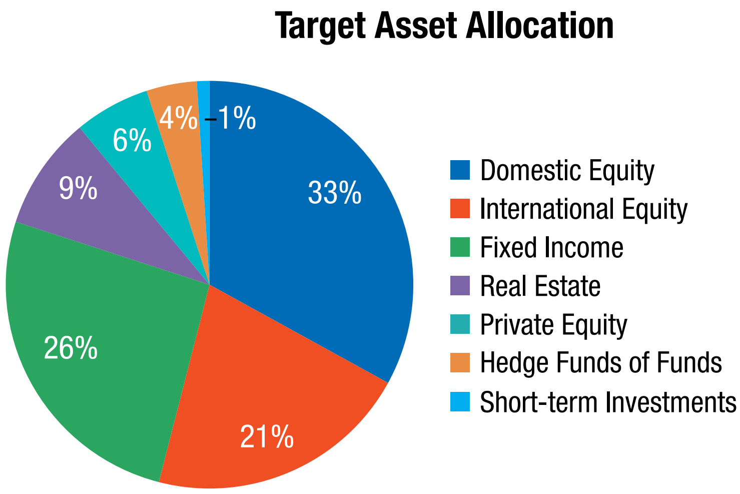
The plan's expenses include annuity, disability, and health benefits, refunds to members, and the cost to administer the plan's benefit system. For 2017, expenses totaled $828.8 million for the plan. Of that, approximately $713.5 million was paid in annuities, $11.5 million in disability benefits, and $65.4 million in health benefits.

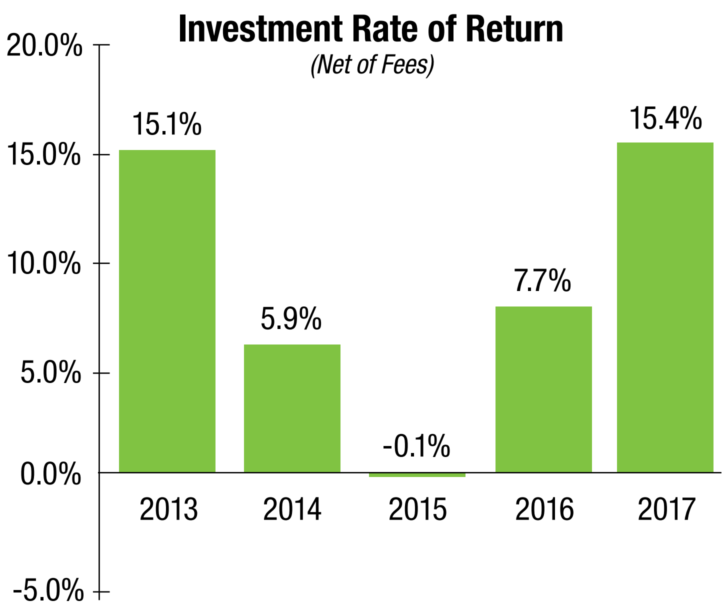


Investments

The plan's investment strategy for employer and employee contribution for asset growth is crucial to supporting member benefits. Together, the plan's investment staff, an outside investment consultant and the Retirement Board oversee an investment strategy that is well-diversified, responsible, and has the interests of the plan's members always at the forefront. Tasked with determining how investments are made, the Board reviews the plan's target allocation each year. Research shows that this type of approach is a strong driver of how well investments perform over a long-term period.

In 2017, the plan's investment portfolio experienced strong performance, returning 15.4%, net of fees. Strategic allocations to asset classes as well as manager selection were key contributors to the fund growing by more than $1 billion to $10.1 billion, as of December 31, 2017.





Investment Portfolio as of December 31, 2017
(In Billions)

Asset Class	Fair Value	Allocation
Domestic Equity	$3.8	38%
International Equity	2.2	22%
Fixed Income	2.2	21%
Real Estate	0.7	7%
Hedge Funds-of-Funds	0.7	6%
Private Equity	0.4	3%
Short Term Investments	0.3	3%
Total Investments	**$10.3**	**100%**

Heath Benefits Overview

The healthcare plan is composed of annuitants (and their surviving spouses and dependent children) who have last worked for Cook County or the Forest Preserve District and meet eligibility criteria. The healthcare plan is self-insured—there is no underlying health insurance contract.

In coordination with the Cook County plan, the combined plan participates in a city agencies coalition for negotiating pharmacy benefits management and CVS/Caremark is the contract holder. The Cook County plan received $7.6 million in drug rebates during 2017, and $10.4 million in Retiree Drug Subsidy funds from Medicare. Medical and pharmacy expenses are subsidized based on the discretion of the Board. In 2017, the subsidy of total medical and pharmaceutical costs for annuitants and surviving spouses remained unchanged. Members are able to insure their dependents at the same cost-share percentage.

One Year In: EGWP Prescription Drug Coverage for Medicare-eligible Members

As the annuitant membership grows, the plan continually reviews its efforts to maintain quality member services while managing costs. Following the roll out of an Employer Group Waiver Plan (EGWP) to address rising prescription drug costs associated with the retiree health benefit, Medicare-eligible members were automatically enrolled in a prescription drug plan administrated by SilverScript, beginning January 1, 2017. In its first year of implementation, the plan saved the fund $5.2 million.

The following is an overview of healthcare benefits costs for the years ended December 31, 2017 and 2016.

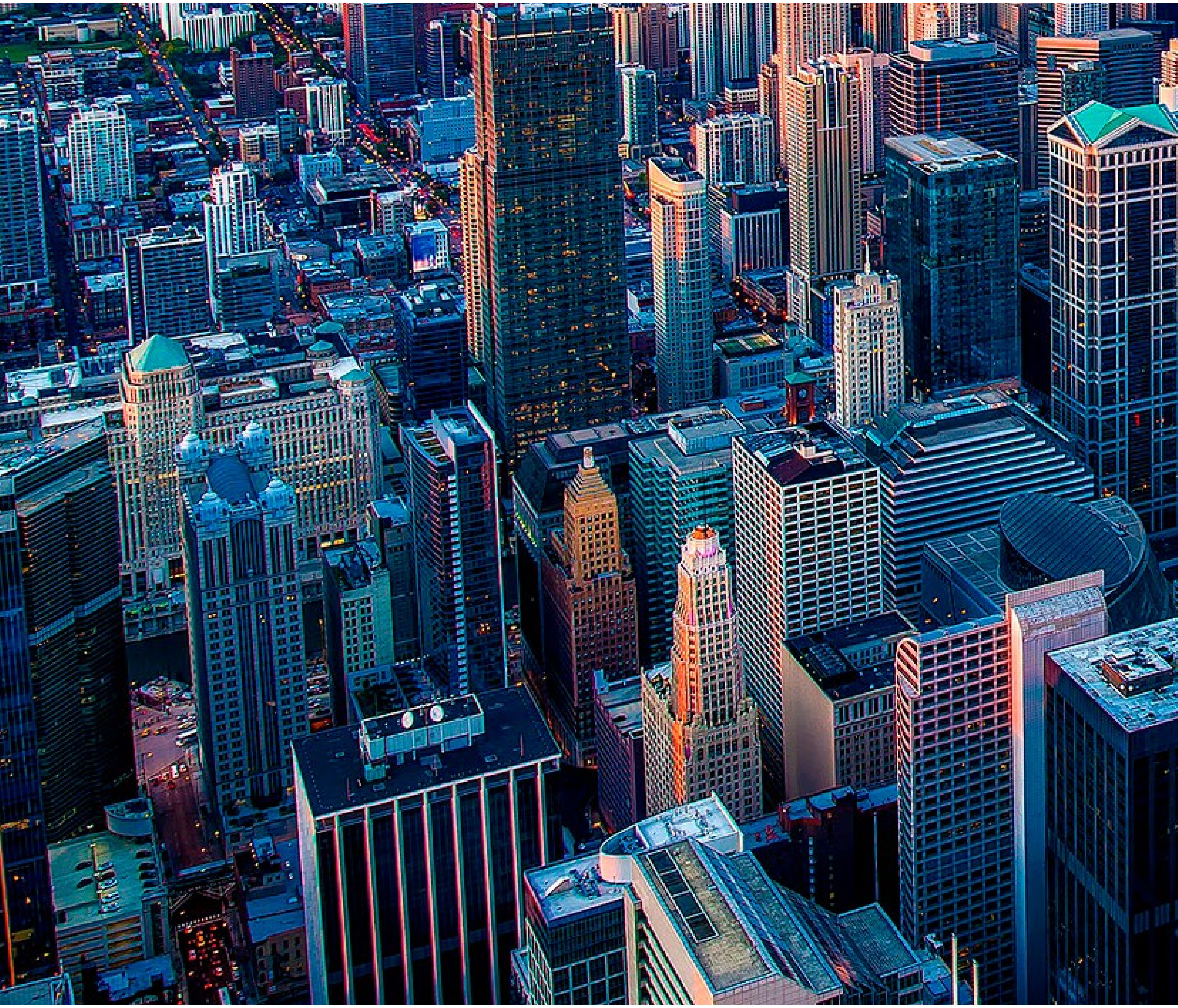
CCPF's Retiree Healthcare Costs
in Millions

	2017	2016
Total postemployment healthcare cost*	$112.1	$101.2
Annuitant healthcare contribution	$46.7	$41.7
Plan's healthcare cost	$47.5	$49.6

*Also includes $18.0 million in subsidy and rebates for 2017 and $10.0 million in subsidy and rebates for 2016.

The Board reviews the health benefits plan and costs annually. The health benefits program is subject to change at any time at the discretion of the Board. Any information on the current program of benefits is approved for the current year only and is not a guarantee of future benefits.

Retirement Board



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