



PENSION NOTES

Summer 2014 Retiree Member Newsletter

A Message from the Executive Director

Dear members,

Since our last newsletter publication, pension reform has continued to receive significant attention at the legislature and in the media. During the last legislative session the General Assembly enacted pension reform for certain City of Chicago and state funds. (See p. 3 for more information.) Meanwhile, several lawsuits challenging those bills have begun to work their way through the judicial system and up to the Illinois Supreme Court. The outcome of these lawsuits may influence other pension reform efforts, including those that would affect the Cook County Pension Fund.

Towards the end of the legislative session in May, the Cook County administration introduced HB 1154, a pension reform bill designed to restore the Fund to fully funded status through changes to benefits and increased member and employer contributions. Because the bill was not passed before the end of the spring legislative session, there are no benefit impacts to our members at this time.

As key stakeholders continue to work to ensure a sustainable future for the Fund, we are pleased to report on strong investment performance in 2013. Market returns of over 15% led to an improvement in funded status, exceeding both the Fund's custom benchmark and the assumed actuarial rate of return of 7.5%. (See p. 2 for more details.) The Fund has exceeded the actuarial rate over the long term, earning 8.7% over the past 30 years.

Despite the importance of the Fund's investment returns, without a sustainable funding mechanism and increased contributions the Fund remains at an undesirable funding level to support our 39,000 members. Under current law the Fund receives insufficient contributions to pay all member benefits into the future. The contribution formula cannot be changed except through action by the legislature.

The County administration has expressed a commitment to continue to seek solutions for long-term Fund sustainability. We will continue to keep you advised of the status of any relevant bills that could impact our membership. Should legislation be enacted that would affect your benefits, please check our website for up-to-date information.

We hope you enjoy a safe and relaxing summer.

Sincerely,

Nickol R. Hackett, Executive Director

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Open Enrollment Is Coming...

One of the best opportunities to connect with Fund staff and representatives from your health benefits program is during Open Enrollment in the fall. Get prepared by taking a moment to think about your choices in healthcare and benefits:

- What are your health needs and goals for 2015?
- Is your current plan (HMO or PPO) the right one for you financially?
- Do you have the right doctors in place to support you in staying healthy?

Keep an eye out for information in your mailbox next month about this year's Open Enrollment activities, important health benefits updates, and great programs to help you manage and improve your health.

**ANNUAL REPORT OF THE
COUNTY EMPLOYEES' AND OFFICERS'
ANNUITY AND BENEFIT FUND OF COOK COUNTY**

	2013	2012
PARTICIPANT INFORMATION		
Retirements During the Year	915	1,020
New Survivor Beneficiaries	161	203
Service Withdrawals with Refunds	2,480	2,402
Employees at Year End	21,287	21,447
Employee Annuitants	14,080	13,609
Spouse and Child Annuitants	2,597	2,565

FINANCIAL INFORMATION

Revenues		
Net Tax Levy	\$187,817,644	\$190,720,776
Employee Contributions	\$127,593,220	\$128,869,508
Earnings on Investments	\$1,179,440,119	\$887,687,519
All Other Sources of Income	\$8,547,729	\$10,190,689
Total Revenues	\$1,503,398,712	\$1,217,468,492

Expenditures

Employee Annuities	\$507,494,409	\$469,398,775
Spouse and Child Annuities	\$38,761,919	\$35,762,286
Retiree Healthcare	\$44,604,214	\$43,964,717
Disability Benefits	\$10,909,478	\$12,265,257
Refunds of Employee Contributions	\$29,873,030	\$33,081,726
Administrative Expense	\$4,324,634	\$4,303,353
Total Expenditures	\$635,967,684	\$598,776,114

Investment Portfolio

U.S. and International Equities	\$4,233,234,375	\$3,135,494,813
U.S. Government Obligations	\$1,238,436,393	\$1,582,287,173
Corporate Bonds	\$823,905,648	\$831,881,515
Collective International Equity	\$56,828,124	\$54,676,384
Commingled Fixed Income	\$25,540,920	\$23,986,193
Exchange Traded Funds	\$526,730,533	\$555,481,344
Private Equities	\$61,576,550	\$56,090,408
Hedge Funds	\$756,879,345	\$688,873,338
Real Estate	\$425,123,417	\$302,749,975
Short Term Investment Fund	\$555,524,046	\$635,490,514
Total Invested Assets	\$8,703,779,351	\$7,867,011,657

For 2013, the total investment rate of return was 15.1%.
The Cook County Fund was 56.6% funded as of December 31, 2013.

The numbers above are presented as a summary of the financial condition of the two funds collectively referred to as the Cook County Pension Fund. Earnings on investments are listed net of investment expenses and include net securities lending income. The investments are reported at fair value, which generally represents the reported market value as of the last business day of the year. Interested parties can view the reports of the Consulting Actuaries or Auditors on our website, www.cookcountypension.com.

**ANNUAL REPORT OF THE
FOREST PRESERVE DISTRICT EMPLOYEES'
ANNUITY AND BENEFIT FUND OF COOK COUNTY**

	2013	2012
PARTICIPANT INFORMATION		
Retirements During the Year	36	21
New Survivor Beneficiaries	9	5
Service Withdrawals with Refunds	140	110
Employees at Year End	534	467
Employee Annuitants	378	355
Spouse and Child Annuitants	153	156

FINANCIAL INFORMATION

Revenues		
Net Tax Levy	\$2,863,145	\$3,108,976
Employee Contributions	\$2,687,211	\$2,426,776
Earnings on Investments	\$30,383,512	\$22,209,855
All Other Sources of Income	\$159,383	\$212,447
Total Revenues	\$36,093,251	\$27,958,054

Expenditures

Employee Annuities	\$11,719,920	\$10,714,092
Spouse and Child Annuities	\$2,052,205	\$1,901,171
Retiree Healthcare	\$1,618,209	\$1,197,385
Disability Benefits	\$277,873	\$347,509
Refunds of Employee Contributions	\$958,707	\$1,188,639
Administrative Expense	\$119,019	\$111,662
Interfund Transfers and Other Expenditures	-\$106,012	\$205,887
Total Expenditures	\$16,639,921	\$15,666,345

Investment Portfolio

U.S. and International Equities	\$106,966,096	\$84,068,133
U.S. Government Obligations	\$10,117,517	\$32,702,548
Corporate Bonds	\$5,518,643	\$13,363,737
Collective International Equity	\$11,072,021	\$10,414,421
Commingled Fixed Income	\$24,620,947	-
Exchange Traded Funds	\$4,851,827	\$10,095,800
Hedge Funds	\$17,881,172	\$16,046,525
Real Estate	\$10,768,305	\$7,123,795
Short Term Investments	\$5,934,727	\$4,144,057
Total Invested Assets	\$197,731,255	\$177,959,016

For 2013, the total investment rate of return was 17.5%.
The Forest Preserve Fund was 59.5% funded as of December 31, 2013.

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Pension Reform Update

Cook County Pension Fund - The County administration's pension reform bill, HB1154, was passed in the state Senate in May 2014 but did not advance in the House. The administration has indicated that they will try to pass the same or similar legislation again after the November election.

State of Illinois Retirement Systems - In late 2013 the legislature passed a pension reform bill impacting four state retirement systems that cover state of Illinois employees, General Assembly members, non-Chicago Illinois teachers, and state university employees. This legislation, known as P.A. 98-0599 or SB1, has been challenged in court by several retiree and labor groups. While the law was originally scheduled to take effect June 1, 2014, it has been suspended until the lawsuits are resolved.

Chicago Municipal and Laborers' Pension Funds - In April 2014, the legislature passed SB1922, a pension reform bill impacting two Chicago pension funds that cover city employees and laborers. Gov. Quinn signed the bill into law as P.A. 98-0641, effective June 10, 2014, with changes to member benefits beginning January 1, 2015. It is expected that the law will be challenged in court.

Time to Update Your Beneficiary Form?

Many members fail to complete a beneficiary form when they are hired and few update it until the time of retirement. But life changes can happen at any time. If you've gotten married or divorced, had a child, or lost a family member, it may be time to update your beneficiary information. Download a new form from our website, www.cookcountypension.com, or request one by calling the office.

Ask the Health Benefits Team

I am turning 65 this fall and need my Medicare to begin as soon as possible. How do I enroll in Medicare Parts A and B?

There are three ways you can apply for Medicare Parts A and B: **online** at www.ssa.gov, **in person** at your local Social Security office, or **over the phone** by calling 1-800-772-1213. You should plan to apply three months before your 65th birthday for coverage to begin the first of the month in which you will turn 65.

If you participate in the Fund's health benefits program, once you receive proof of Medicare enrollment, provide a copy of your Medicare card or confirmation letter to the Fund to change to a Medicare supplement plan with lower premiums.

Did you know that the Fund offers a prescription benefit that is as good as or better than Medicare Part D with any health plan? As a result, you should not enroll in Medicare Part D. Doing so will make you ineligible for any of the Fund's health benefits.



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SIGN UP FOR EMAIL NEWS

Visit our website to sign up for periodic email updates from the Fund. You will need your office number to register, which can be found on most correspondence from the Fund, or you can call us to request it. The Fund does not share email information with any outside parties, and you can opt out of email alerts at any time.

Contact Us

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

Forest Preserve District Employees'
Annuity and Benefit Fund of Cook County

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Diahann Goode

Robert Janura

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Samuel Richardson, Jr.

Lawrence L. Wilson, CPA

Office Closed

Labor Day, September 1

Columbus Day, October 13

Veterans Day, November 11

Thanksgiving, November 27 & 28

Upcoming Board Meetings

August 7 • September 4

October 2 • November 6

December 4