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

A Component Unit of
Cook County, Illinois

Comprehensive Annual
Financial Report
For Year Ended December 31, 2011

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

A Component Unit of Cook County, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Year Ended December 31, 2011

Report prepared by the staff of the
County Employees' and Officers' Annuity and Benefit Fund of Cook County

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Table of Contents

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Introductory Section

This section provides information regarding the County Employees' and Officers' Annuity and Benefit Fund of Cook County's Certificate of Achievement, Board of Trustees and its consultants, it's organizational structure and a Letter of Transmittal.

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County Employees' and Officers' Annuity & Benefit Fund of Cook County, Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

Principal Officials

Board of Trustees

John E. Fitzgerald
President
Elected Cook County Annuitant

Clem Balanoff
Vice President
Elected Cook County Active

Alexis Herrera
Secretary
Elected Cook County Active

Robert Benjamin
Pension Trustee
Ex-Officio Cook County Treasurer - Designee

Patrick J. McFadden
Pension Trustee
Elected Cook County Annuitant

Robert Janura
Pension Trustee
Elected Forest Preserve Annuitant

Kurt Summers
Pension Trustee
Ex-Officio Cook County Comptroller - Designee

Brent Lewandowski
Pension Trustee
Elected Cook County Active

Vacant
Pension Trustee
Elected Forest Preserve Active

Professional Consultants

Legal Counsel
Burke Burns & Pinelli, LTD.

Auditors
Legacy Professionals, LLP

Investment Consultant
Callan Associates, Inc.

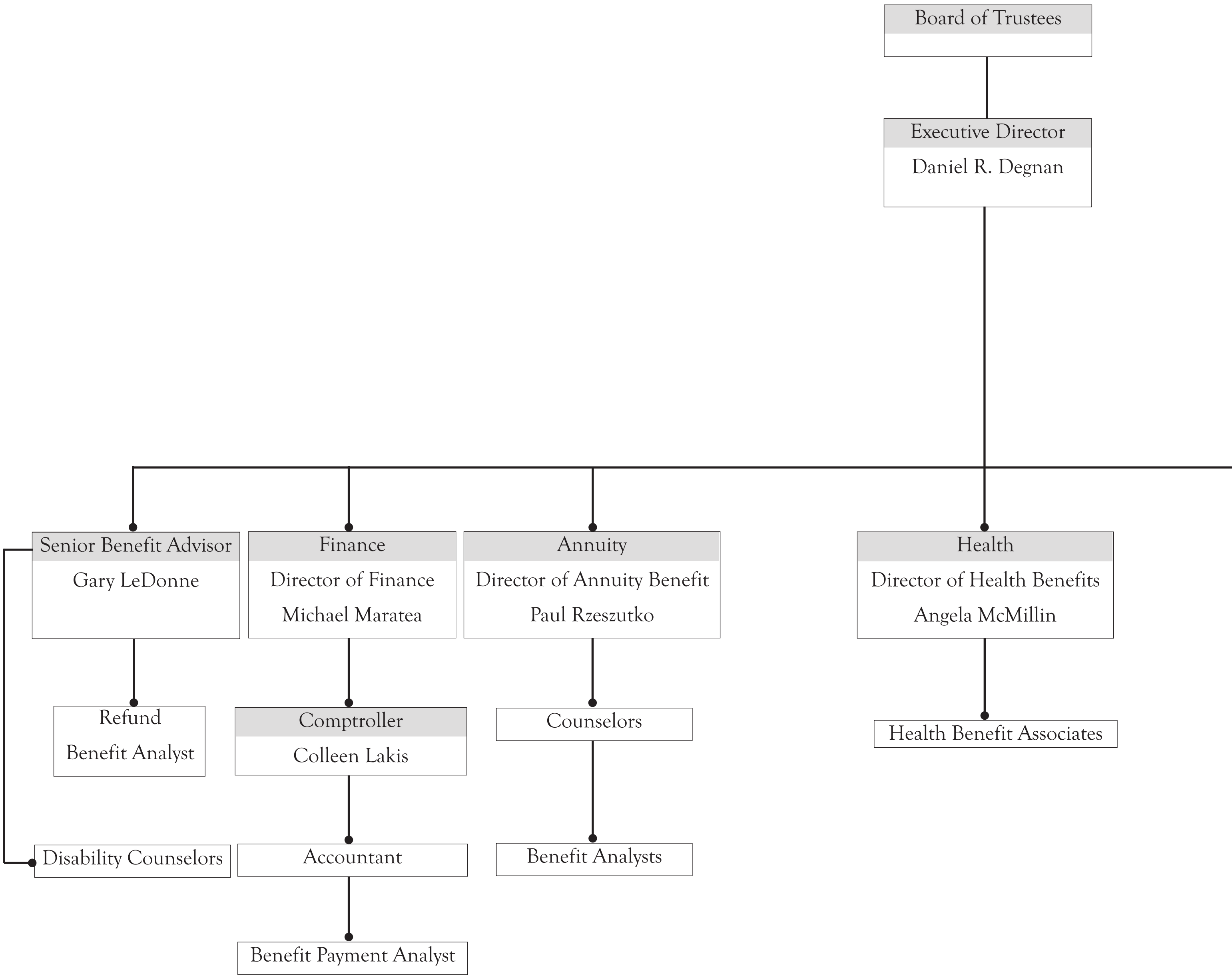
Consulting Actuary
Goldstein & Associates

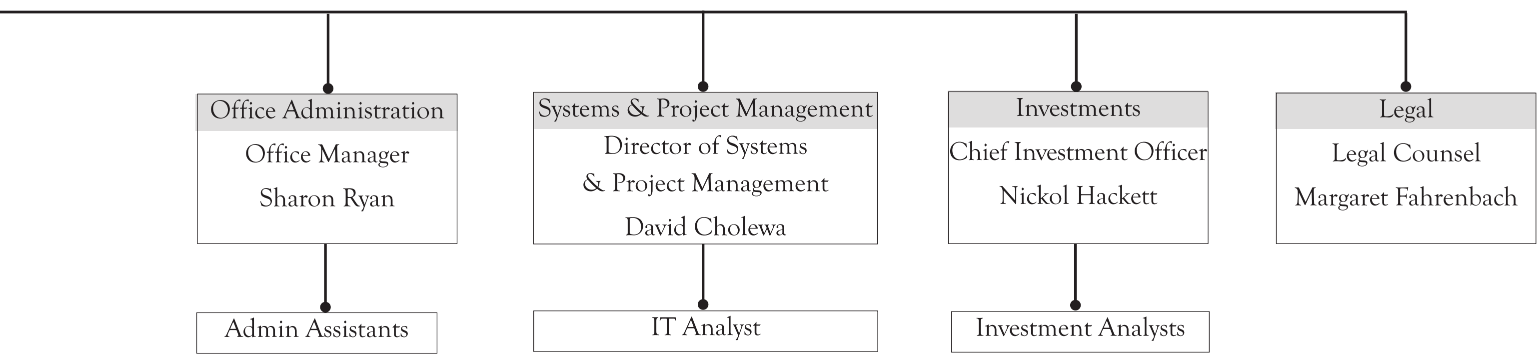
Master Custodian
BNY Mellon

Custodian
Cook County Treasurer

Investment Managers are listed on page 64 - 65
Brokers used by Investment Managers are listed on page 66 - 67.

Organizational Chart




Office Administration
Office Manager
Sharon Ryan
Admin Assistants
Systems & Project Management
Director of Systems
& Project Management
David Cholewa
IT Analyst
Investments
Chief Investment Officer
Nickol Hackett
Investment Analysts
Legal
Legal Counsel
Margaret Fahrenbach

Letter of Transmittal

The Retirement Board
of the
County Employees' Annuity & Benefit Fund
and Ex Officio for the
Forest Preserve District Annuity & Benefit Fund
33 North Dearborn Street, Suite 1000
Chicago, Illinois 60602
Telephone (312) 603-1200

April 27, 2012

Dear Pension Board Trustees and Members of the Fund:

We submit to you the Comprehensive Annual Financial Report (CAFR) of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (Fund) for the calendar year ended December 31, 2011. The contents of this report, including the financial statements, are the responsibility of the management of the Fund.

To the best of our knowledge and belief, the information contained in this report is complete and accurate in all material respects and is provided to allow the reader to gain an understanding of the Fund's operational activities.

For further management discussion of the financial statements included, we ask readers to review this report in conjunction with the Management Discussion and Analysis (MD&A) found in the Financial Section.

Fund Background

The Fund was established in 1926 by an act of the Illinois Legislature. It is a defined benefit pension plan that provides retirement, survivor, death, health and disability benefits to qualified employees and retirees of Cook County. The Fund is administered in accordance with 40 ILCS 5/9-101, et seq. The Fund is considered to be a component unit of Cook County, Illinois and is included in the County's financial statements as a pension trust fund.

The Fund is governed by a nine member Board of Trustees. Two Trustees serve as ex-officio Trustees (Comptroller and Treasurer of Cook County, or someone designated by them). Seven Trustees are elected as follows; three from active employees of Cook County; two from annuitants of the Fund; one from active employees of the Forest Preserve District; and one from annuitants of the Forest Preserve Fund. Elected Trustees serve staggered three-year terms, so that not more than three Trustee positions are up for election each year.

As of December 31, 2011, the Fund consisted of 22,037 active members; 13,023 retirement annuitants; 2,532 survivor annuitants and 12,584 inactive members.

Accounting System and Internal Control

This report and the financial statements included were prepared to conform to the principles of governmental accounting and reporting pronounced by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The financial statements were prepared using the accrual basis of accounting. In accordance with the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, without regard to the date of collection, and expenses are recognized when the corresponding liabilities are incurred, regardless of when payment is made.

The Fund maintains a system of internal controls to adequately safeguard its assets and assure the reliability of its financial records. These controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that first, the cost of the control should not exceed the benefits likely to be derived and second, the valuation of the cost and benefits requires estimates and judgments by management. Fund management as well as its outside auditor, Legacy Professionals LLP, continually reviews those controls for adequacy. The financial statements included in this report were audited by Legacy Professionals LLP and they have issued an unqualified opinion for calendar year ended December 31, 2011. A copy of their report is contained in the Financial Section.

Investments

The Trustees' authority to invest the Fund's assets is governed by 40 ILCS 5/1-101 et seq. and 40 ILCS 5/9-101 et seq. The Fund's Investment Policy provides additional strategies and safeguards for the Fund's investment objectives and can be found at www.cookcountypension.com.

Effective January 1, 2011, the Board of Trustees engaged a new investment consultant, Callan Associates, Inc. Callan Associates and the Board worked together to develop and adopt a new asset allocation. During the year, the Fund took necessary steps to implement the new asset allocation by conducting RFP's for investment services.

As of December 31, 2011, the total invested assets of the Fund were $7.2 billion compared to $7.5 billion as of December 31, 2010. The Fund's investment portfolio rate of return for year ended December 31, 2011 was 1.2% compared to portfolio rate of return of 12.4% for year ended December 31, 2010. Additional information regarding Fund investments can be found in the Investment Section.

The Board of Trustees, along with Fund staff and the Investment Consultant, maintain an asset allocation designed to exceed the Fund's actuarial rate of return with minimum risk. The Trustees continue to monitor and adjust their strategic asset allocation among investment types and manager styles. Refer to the Schedules of Investment Manager Fees and Brokerage Commissions in the Investment Section for information regarding investment professionals who provide services to the Fund.

Funding Status

A common measurement to identify the health of a pension fund is the funded ratio, the ratio of assets to liabilities. This ratio is expressed in terms of actuarial values which are calculated using assumptions pertaining to retirement, termination and mortality rates, future salary trends as well as the actuarial rate of return.

The Fund engages an independent actuary to perform an actuarial valuation on an annual basis pursuant to the provisions of Illinois Statutes. Goldstein & Associates conducted the actuarial valuation for year ended December 31, 2011. The same actuarial assumptions for the December 31, 2011 actuarial valuation as were used for the December 31, 2010 valuation. These actuarial assumptions are based on an experience analysis for the period 2005 through 2008.

Based on the December 31, 2011 valuation, the funded ratio was 57.54%. The actuarial accrued liability for benefits was $13,724,012,399, and the actuarial value of assets was $7,897,102,116 resulting in an unfunded actuarial accrued liability of $5,826,910,283. Additional information regarding funding can be found in the Actuarial Section.

Major Initiatives

The Fund and its Trustees continue to work to further develop the Fund's investment strategy, strengthen the Fund's benefits through legislation and improve overall office operations.

Investments

The Fund's rate of return for the year ended December 31, 2011 was 1.2%, in line the policy benchmark of 1.1%. The Fund continues to attempt to maximize investment performance while maintaining acceptable levels of risk. The Board adopted a new target asset allocation at 25% domestic equity, 20% international equity, 32% fixed income, 8% real estate, 9% hedge funds of funds and 6% private equity.

During the year, the Board engaged a new investment consultant, approved a new asset allocation and initiated a plan to transition over $1 billion in assets pursuant to the new allocation. The Fund also completed three investment manager searches with the goal to increase Emerging Manager utilization.

Legislation

The Fund continued to allocate resources to the analyses of legislation designed to change public pensions. The primary focus of most of the legislation, particularly SB 512, was to decrease benefits and increase employee contributions with the end goal of increasing the funded ratio. Public Act 96-0889 became effective January 1, 2011 and created a "second tier" of benefits for employees who first become participants under the Fund on or after that date.

The Board continued to pursue legislation aimed at increasing employer contributions. The Trustees and Fund staff continue to work diligently to represent the interests of the members through further accomplishments of the Trustees' legislative agenda.

Office Operations

Due to a fire in our building, Fund staff was displaced for several weeks during March 2011. Through the utilization of our disaster recovery site and the assistance of the Cook County Administration, the Fund was able to maintain business operations with minimal disruption.

In response to Public Act 96-0889, the Fund completed system upgrades to the Pension Benefit Management System to allow for the new eligibility requirements associated with this new legislation. The Fund continued to enhance our benefits management system in order to accommodate "Tier 2" employees.

During the year, Fund staff processed approximately 1,300 annuity applications; 1,600 refund applications; 2,100 disability applications; 3,700 retirement estimates; counseled over 6,500 members at our offices; answered 38,000 phone calls; and responded to almost 1,200 emails. We also continued to cross train staff with the goal of better serving our members. Please note that the aforementioned work volumes are reported on a combined basis; that is both Cook County and Forest Preserve District Annuity and Benefit Funds' administrative work volumes have been included.

We continually strive to improve our member communications through personalization of our newsletters, our Health Benefit Open Enrollment meeting and utilization of our website. In addition, we have made an effort to obtain email addresses through our website as an additional method to communicate with our members.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to County Employees' and Officers' Annuity and Benefit Fund of Cook County for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the 2nd year that the Fund has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Fund must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

This report was prepared through the combined efforts of the Fund's staff under the direction of the Board of Trustees. On behalf of the Board of Trustees, I would like to thank the staff and professional consultants for their efforts in compiling this report.

Respectfully submitted,

Daniel R. Degnan

Daniel R. Degnan
Executive Director

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Financial Section

This section contains the report of the independent auditors, the financial statements of the Fund and their analysis, and supplemental financial information.

Report of Independent Auditors

LEGACY
PROFESSIONALS LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of
County Employees' and Officers' Annuity
and Benefit Fund of Cook County

We have audited the accompanying combining statements of pension plan and postemployment healthcare plan net assets of County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Plan) as of December 31, 2011 and 2010, and the related combining statements of changes in pension plan and postemployment healthcare plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2011 and 2010, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information consisting of the schedule of funding progress, the schedule of employer contributions and the notes to those schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

We also have previously audited the financial statements for the years ended December 31, 2009, 2008, 2007 and 2006 (which are not presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements from which it has been derived. Our reports for 2009, 2008, 2007 and 2006 on the required supplementary information stated that we applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information, but did not audit the information and expressed no opinion on it.

Legacy Professionals LLP

April 27, 2012

Management's Discussion and Analysis (Unaudited)

This section presents Management's Discussion and Analysis of the financial position and performance of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (Plan) for the year ended December 31, 2011. This discussion is presented as an overview of the financial activities of the Plan and should be read in conjunction with the Plan's financial statements.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The financial statements are prepared on an economic sources focus and accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The basic components of the financial package are described below:

Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets provides a snapshot of account balances and net assets held in trust for future benefit payments and any liabilities as of the Plan's year end. Over time increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets shows the revenues (additions) and expenses (deductions) during the year, where additions less deductions equal net increase (decrease) in net assets. The net increase (decrease) in net assets illustrates the change in net assets as reported in the Statements of Plan Net Assets from the prior year to the current year.

Notes to the Financial Statements provides additional information that is essential to achieving a better understanding of the data provided in the financial statements.

Required Supplementary Information provides two schedules and related notes concerning actuarial information, funding progress and employer contributions.

Supplementary Information includes schedules of administrative expenses, professional and consulting fees, investment expenses, additions by source and deductions by type and taxes receivable.

Financial Highlights

Net assets decreased by $133,410,362 or 1.8% from $7,574,653,612 at December 31, 2010 to $7,441,243,250 at December 31, 2011. Comparatively, net assets increased by $645,167,968 or 9.3% from $6,929,485,914 at December 31, 2009 to $7,574,653,612 at December 31, 2010. The change in net assets for both years was primarily due to the fluctuation in the fair market value of the investments.

The **rate of return** of the Plan's investment portfolio was 1.2% for 2011, 12.4% for 2010 and 18.0% for 2009.

The **actuarial funded ratio** of the combined pension and the postemployment healthcare plans for 2011 was 57.54% compared to 60.74% for 2010. The decrease in the funded ratio during 2011 was due primarily to the smoothing of investment losses incurred in 2008. The 2009 funded ratio was 63.18%.

Plan Net Assets

The condensed combining Statements of Plan Net Assets reflects the resources available to pay benefits to members. A summary of the Plan Net Assets is as follows:

	Plan Net Assets As Of December 31,			Current Year Increase/(Decrease) in	
	2011	2010	2009	Dollars	Percent
Total assets	$8,368,720,989	$8,618,586,966	$7,668,494,386	$ (249,865,977)	-2.9%
Total liabilities	927,477,739	1,043,933,354	739,008,472	(116,455,615)	-11.2%
Net assets	$7,441,243,250	$7,574,653,612	$6,929,485,914	$ (133,410,362)	-1.8%

Changes in Plan Net Assets

The condensed combining Statements of Changes in Plan Net Assets reflects the changes in the resources available to pay benefits to members. A summary of the Changes in Plan Net Assets is as follows:

	Changes in Plan Net Assets for the Years Ended December 31,			Current Year Increase/(Decrease) in	
	2011	2010	2009	Dollars	Percent
Additions					
Employer contributions	$ 195,337,621	$ 181,509,323	$ 183,713,870	$ 13,828,298	7.6%
Employee contributions	127,577,473	129,449,866	127,795,881	(1,872,393)	-1.4%
Investment income (includes security lending activities)	82,912,415	833,052,844	1,013,615,250	(750,140,429)	-90.0%
Other	17,402,934	12,795,846	11,741,894	4,607,088	36.0%
Total additions	423,230,443	1,156,807,879	1,336,866,895	(733,577,436)	-63.4%
Deductions					
Benefits	523,396,627	482,523,408	452,007,855	40,873,219	8.5%
Refunds	29,165,335	25,041,818	20,404,911	4,123,517	16.5%
Administrative expenses	4,078,843	4,074,955	4,248,287	3,888	0.1%
Total deductions	556,640,805	511,640,181	476,661,053	45,000,624	8.8%
Net increase (decrease)	(133,410,362)	645,167,698	860,205,842	(778,578,060)	-120.7%
Net assets:					
Beginning of year	7,574,653,612	6,929,485,914	6,069,280,072	645,167,698	9.3%
End of year	$7,441,243,250	$7,574,653,612	$6,929,485,914	$ (133,410,362)	-1.8%

Additions to Plan Net Assets

Total additions were $423,230,443 in 2011, $1,156,807,879 in 2010 and $1,336,866,895 in 2009.

Employer contributions increased to $195,337,621 in 2011 from $181,509,323 in 2010 and from $183,713,870 in 2009. Employer contributions are statutorily set at 1.54 times employee contributions collected two years prior.

Employee contributions, including permissive service credit purchases, decreased to $127,577,473 in 2011 from $129,449,866 in 2010 and from $127,795,881 in 2009. The majority of members contribute 8.5% of covered wages.

Net investment income totaled $82,912,415 for 2011 compared to $833,052,844 for 2010 and $1,013,615,250 for 2009. Investment earnings fluctuates primarily from the overall performance of the financial markets from year to year.

Deductions to Plan Net Assets

Total deductions were $556,640,805 in 2011, $511,640,181 in 2010 and $476,661,053 in 2009.

Benefits increased to $523,396,627 in 2011 from $482,523,408 in 2010 and from $452,007,855 in 2009 due primarily to the 3% annual cost of living increases for annuities and an increase in the number of retirees.

Refunds increased to $29,165,335 in 2011 from $25,041,818 in 2010 and from $20,404,911 in 2009 due to an increase in refund applications.

The cost to administer the Plan increased by 0.1% to $4,078,843 in 2011 from $4,074,955 in 2010. Comparatively, the cost to administer the Plan decreased by 4.1% to $4,074,955 in 2010 from $4,248,287 in 2009.

Funding Status

The actuarial assets, liabilities and funding status for the Plan, which includes the pension and postemployment healthcare plans, are provided below:

	Actuarial Values December 31,			Current Year Increase/(Decrease) in	
	2011	2010	2009	Dollars	Percent
Actuarial assets	$ 7,897,102,116	$7,982,368,659	$7,945,567,096	$ (85,266,543)	-1.1%
Actuarial liabilities	13,724,012,399	13,142,137,175	12,575,515,749	581,875,224	4.4%
Unfunded actuarial liabilities	$5,826,910,283	$5,159,768,516	$4,629,948,653	$ 667,141,767	12.9%
Funded ratio	57.54%	60.74%	63.18%		

Actuarial assets decreased to $7,897,102,116 in 2011 from $7,982,368,659 in 2010. Comparatively, actuarial assets increased to $7,982,368,659 in 2010 from $7,945,567,096 in 2009. The decrease in actuarial assets resulted from the five year smoothing of investment gains and losses.

Actuarial liabilities increased to $13,724,012,399 in 2011 from $13,142,137,175 in 2010 due to increased benefits accrued by Plan participants. Comparatively, actuarial liabilities increased to $13,142,137,175 in 2010 from $12,575,515,749 in 2009.

The **funded ratio** is one indicator of the financial strength of the Plan, measuring the ratio of net assets available to meet the actuarially determined future liabilities of the Plan. The decrease in the funded ratio to 57.54% in 2011 from 60.74% in 2010 was due to the changes in the actuarial assets and actuarial liabilities as explained in the previous paragraphs. Comparatively, the funded ratio decreased to 60.74% in 2010 from 63.18% in 2009.

Contact Information

This financial report is designed to provide the employer, Plan participants and others with a general overview of the Plan's finances and show accountability for money it receives. Questions concerning any data provided in the report or requests for additional information should be addressed to:

County Employees' and Officers' Annuity
And Benefit Fund of Cook County
Attention: Executive Director
33 North Dearborn Street
Suite 1000
Chicago, IL 60602

Combining Statements of Pension Plan and Postemployment Healthcare Plan Net Assets

Year Ended December 31, 2011

ASSETS	Total	Pension	Postemployment Healthcare
Cash	$ $3,651,478	$ $3,651,478	$ -
Receivables			
Employer contributions less allowance of $8,465,721 in 2011	208,125,986	201,712,943	6,413,043
Employee contributions	5,102,986	5,102,986	-
Accrued investment income	24,598,911	24,598,911	-
Receivable for securities sold	117,686,754	117,686,754	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	554,852	554,852	-
Medicare Part D subsidy	8,062,023	8,062,023	-
Other	1,415,124	1,415,124	-
Total receivables	365,546,636	359,133,593	6,413,043
Investments			
Equities	2,814,605,044	2,814,605,044	-
U.S. Government and government agency obligations	1,969,108,673	1,969,108,673	-
Corporate bonds	755,644,972	755,644,972	-
Collective investment funds	44,816,703	44,816,703	-
Exchange traded funds	483,793,099	483,793,099	-
Alternative investments	272,948,895	272,948,895	-
Short term investments	908,806,760	908,806,760	-
Total investments	7,249,724,146	7,249,724,146	-
Collateral held for securities on loan	749,798,729	749,798,729	-
Total assets	8,368,720,989	8,362,307,946	6,413,043
LIABILITIES			
Accounts payable	3,652,739	3,652,739	-
Healthcare insurance payable	6,413,043	-	6,413,043
Payable for securities purchased	160,952,998	160,952,998	-
Securities lending collateral	749,798,729	749,798,729	-
Securities lending payable	6,660,230	6,660,230	-
Total liabilities	927,477,739	921,064,696	6,413,043
Net assets held in trust for:			
Pension benefits	7,441,243,250	7,441,243,250	-
Postemployment healthcare benefits	-	-	-
Total	$7,441,243,250	$7,441,243,250	$ -

See accompanying notes to combining financial statements.

Year Ended December 31, 2010

ASSETS	Total	Pension	Postemployment Healthcare
Cash	$ 3,247,028	$ 3,247,028	$ -
Receivables			
Employer contributions less allowance of $10,615,767 in 2010	215,196,609	195,902,991	19,293,618
Employee contributions	5,149,260	5,149,260	-
Accrued investment income	26,068,103	26,068,103	-
Receivable for securities sold	138,511,681	138,511,681	-
Due from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	1,321,867	1,321,867	-
Medicare Part D subsidy	4,900,000	4,900,000	-
Other	571,475	571,475	-
Total receivables	391,718,995	372,425,377	19,293,618
Investments			
Equities	4,257,488,939	4,257,488,939	-
U.S. Government and government agency obligations	1,866,360,719	1,866,360,719	-
Corporate bonds	736,287,144	736,287,144	-
Collective investment funds	45,286,175	45,286,175	-
Exchange traded funds	740,314	740,314	-
Alternative investments	206,483,563	206,483,563	-
Short term investments	364,252,693	364,252,693	-
Total investments	7,476,899,547	7,476,899,547	-
Collateral held for securities on loan	746,721,396	746,721,396	-
Total assets	8,618,586,966	8,599,293,348	19,293,618
LIABILITIES			
Accounts payable	3,999,762	3,999,762	-
Healthcare insurance payable	19,293,618	-	19,293,618
Payable for securities purchased	267,258,348	267,258,348	-
Securities lending collateral	746,721,396	746,721,396	-
Securities lending payable	6,660,230	6,660,230	-
Total liabilities	1,043,933,354	1,024,639,736	19,293,618
Net assets held in trust for:			
Pension benefits	7,574,653,612	7,574,653,612	-
Postemployment healthcare benefits	-	-	-
Total	$7,574,653,612	$7,574,653,612	$ -

See accompanying notes to combining financial statements.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets

Year Ended December 31, 2011

	Total	Pension	Postemployment Healthcare
Additions			
Employer contributions	$ 195,337,621	$ 162,667,160	$ 32,670,461
Employee contributions			
Salary deductions	120,782,433	120,782,433	-
Refund repayments	3,507,748	3,507,748	-
Former and miscellaneous service payments	770,466	770,466	-
Optional payments and deductions	177,460	177,460	-
Deductions in lieu of disability	2,339,366	2,339,366	-
Total employee contributions	127,577,473	127,577,473	-
Investment income			
Net appreciation (depreciation) in fair value of investments	(108,798,586)	(108,798,586)	-
Dividends	88,803,655	88,803,655	-
Interest	107,036,379	107,036,379	-
Alternative investment income	9,806,225	9,806,225	-
	96,847,673	96,847,673	-
Less investment expenses	(16,653,790)	(16,653,790)	-
Net investment income	80,193,883	80,193,883	-
Securities lending			
Income	3,064,099	3,064,099	-
Expenses	(556,949)	(556,949)	-
Net securities lending income	2,507,150	2,507,150	-
Other			
Employer federal subsidized programs	3,499,803	3,499,803	-
Medicare Part D subsidy	6,140,946	-	6,140,946
Prescription plan rebates	2,578,088	-	2,578,088
Early Retirement Reinsurance Program reimbursement	5,514,845	-	5,514,845
Employee transfers (to) from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(328,586)	(328,586)	-
Employer interest from 2007 levy	-	-	-
Miscellaneous	209,220	209,220	-
Total other additions	17,614,316	3,380,437	14,233,879
Total additions	$ 423,230,443	$ 376,326,103	$ 46,904,340

See accompanying notes to combining financial statements.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

Year Ended December 31, 2010

	Total	Pension	Postemployment Healthcare
Additions			
Employer contributions	$ 181,509,323	$ 141,326,266	$ 40,183,057
Employee contributions			
Salary deductions	124,064,484	124,064,484	-
Refund repayments	2,343,105	2,343,105	-
Former and miscellaneous service payments	700,868	700,868	-
Optional payments and deductions	110,580	110,580	-
Deductions in lieu of disability	2,230,829	2,230,829	-
Total employee contributions	129,449,866	129,449,866	-
Investment income			
Net appreciation (depreciation) in fair value of investments	666,737,676	666,737,676	-
Dividends	75,401,247	75,401,247	-
Interest	99,427,564	99,427,564	-
Alternative investment income	4,262,369	4,262,369	-
	845,828,856	845,828,856	-
Less investment expenses	(14,745,938)	(14,745,938)	-
Net investment income	831,082,918	831,082,918	-
Securities lending			
Income	2,220,071	2,220,071	-
Expenses	(420,350)	(420,350)	-
Net securities lending income	1,799,721	1,799,721	-
Other			
Employer federal subsidized programs	3,213,311	3,213,311	-
Medicare Part D subsidy	2,509,392	-	2,509,392
Prescription plan rebates	2,208,352	-	2,208,352
Early Retirement Reinsurance Program reimbursement	-	-	-
Employee transfers (to) from Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	257,975	257,975	-
Employer interest from 2007 levy	4,539,248	4,539,248	-
Miscellaneous	237,773	237,773	-
Total other additions	12,966,051	8,248,307	4,717,744
Total additions	$ 1,156,807,879	$ 1,111,907,078	$44,900,801

See accompanying notes to combining financial statements.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

Year Ended December 31, 2011

	Total	Pension	Postemployment Healthcare
Deductions			
Benefits			
Annuity			
Employee	$ 429,527,599	$ 429,527,599	$ -
Spouse and children	33,003,057	33,003,057	-
Disability			
Ordinary	13,290,425	13,290,425	-
Duty	671,206	671,206	-
Healthcare	46,904,340	-	46,904,340
Total benefits	523,396,627	476,492,287	46,904,340
Refunds	29,165,335	29,165,335	-
Net administrative expenses	4,078,843	4,078,843	-
Total deductions	556,640,805	509,736,465	46,904,340
Net increase (decrease)	(133,410,362)	(133,410,362)	-
Net assets held in trust for benefits			
Beginning of year	7,574,653,612	7,574,653,612	-
End of year	$7,441,243,250	$7,441,243,250	$ -

See accompanying notes to combining financial statements.

Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets (continued)

Year Ended December 31, 2010

	Total	Pension	Postemployment Healthcare
Deductions			
Benefits			
Annuity			
Employee	$ 393,525,707	$ 393,525,707	$ -
Spouse and children	30,307,794	30,307,794	-
Disability			
Ordinary	13,197,763	13,197,763	-
Duty	591,343	591,343	-
Healthcare	44,900,801	-	44,900,801
Total benefits	482,523,408	437,622,607	44,900,801
Refunds	25,041,818	25,041,818	-
Net administrative expenses	4,074,955	4,074,955	-
Total deductions	511,640,181	466,739,380	44,900,801
Net increase (decrease)	645,167,698	645,167,698	-
Net assets held in trust for benefits			
Beginning of year	6,929,485,914	6,929,485,914	-
End of year	$ 7,574,653,612	$ 7,574,653,612	$ -

See accompanying notes to combining financial statements.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The County Employees' and Officers' Annuity and Benefit Fund of Cook County is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes (formerly Chapter 108-1/2, Article 9 of the Illinois Revised Statutes).

Method of Accounting - The financial statements are presented using the accrual basis of accounting. Employer contributions are recognized in the levy year. Employee contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Alternative investments are carried at fair value as estimated by each partnership's general partner. Short term investments are carried at cost which approximates fair value. Where less than an entire investment holding is sold, average value is used to determine realized gain or loss.

Allocated Expenses - Administrative expenses are initially paid by the Plan. These expenses are allocated between the Plan and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (Forest Fund) on a pro rata basis, as applicable.

Capital Assets - The Plan has set a capitalization threshold of $100,000 for all capital asset types. As of December 31, 2011, the Plan does not have any capital assets.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reclassification - Certain prior year amounts have been reclassified to conform to current year presentation.

Subsequent Events - Subsequent events have been evaluated through April 27, 2012, which is the date the financial statements were available to be issued.

Note 2: Plan Description

The County Employees' and Officers' Annuity and Benefit Fund of Cook County was established on January 1, 1926, and is governed by legislation contained in Illinois Compiled Statutes, particularly Chapter 40, Article 5/9. Effective with the signing of Public Act 96-0889 into law on April 14, 2010, participants that first became contributors on or after January 1, 2011 are Tier 2 participants. All other participants that were contributing prior to January 1, 2011 are Tier 1 participants. The Plan can be amended only by the Illinois Legislature. The County Employees' and Officers' Annuity and Benefit Fund of Cook County is a single employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement, death and disability benefits for full-time employees of Cook County (County) and the dependents of such employees. The Plan is considered to be a component unit of Cook County, Illinois and is included in the County's financial statements as a pension trust fund.

The Statutes authorize a Board of Trustees (Board) of nine members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, four are elected by the employee members of the Plan and three are elected by the annuitants of the Plan. The two ex officio members are the Comptroller of Cook County, or someone chosen by the Comptroller, and the Treasurer of Cook County, or someone chosen by the Treasurer. All members of the Board are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the County Board of Cook County a detailed report of the financial affairs and status of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Covered employees are required to contribute 8.5% (9% for sheriffs) of their salary to the Plan, subject to the salary limitations for Tier 2 participants in 5/1-160. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The County's total contribution is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.54. The source of funds for the County's contributions has been designated by State Statute as the County's annual property tax levy. The County's payroll for employees covered by the Plan for 2011 and 2010 was $1,456,444,123 and $1,494,093,569 respectively.

The County Employees' and Officers' Annuity and Benefit Fund of Cook County provide retirement as well as death and disability benefits. Tier 1 employees age 50 or older and Tier 2 employees age 62 or older are entitled to receive a minimum formula annuity of 2.4% for each year of credited service if they have at least 10 years of service. The maximum benefit is 80% of the final average monthly salary. For Tier 1 employees under age 60 and Tier 2 employees under age 67, the monthly retirement benefit is reduced by ½% for each month the participant is below that age. The reduction is waived for Tier 1 participants having 30 or more years of credited service.

Participants should refer to the applicable State Statutes for more complete information.

Note 2: Plan Description (continued)

At December 31, 2011 and 2010, participants consisted of the following:

	2011	2010
Retirees and beneficiaries currently receiving benefits:		
Employees	13,023	12,460
Spouse	2,409	2,394
Children	123	124
Disability	311	355
	15,866	15,333
Current employees:		
Vested	13,784	14,279
Nonvested	8,253	8,886
	22,037	23,165
Total	37,903	38,498

Note 3: Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Plan was 57.54% funded on an actuarial basis. The actuarial accrued liability for benefits was $13,724,012,399 and the actuarial value of assets was $7,897,102,116 resulting in an unfunded actuarial accrued liability (UAAL) of $5,826,910,283. The covered payroll (annual payroll of active employees covered by the Plan) was $1,456,444,123 and the ratio of the UAAL to the covered payroll was 400.08%.

The Schedule of Funding Progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of the Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 3: Funded Status and Funding Progress (continued)

Additional information as of the latest actuarial valuation is as follows:

Valuation date	December 31, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market

Actuarial assumptions:

Investment return rate	7.5% compounded annually
Projected salary increases	
Inflation	3.0% per year
Merit	2.0% per year
Total	5.0% per year
Postretirement annuity increase	3.0% compounded per year for Tier 1 participants 1.5% simple per year for Tier 2 participants
Mortality rates	UP-1994 Mortality Table for Males, rated down 2 years; UP-1994 Mortality Table for Females, rated down 1 year
Termination rates	Based on recent experience of the Plan
Retirement rates	Rates of retirement for each age from 50 to 75 based on recent experience of the Plan. All employees are assumed to retire by age 75
Medical trend rate	8.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached

Note 4: Summary of Employer Funding Policies

Employer contributions are funded primarily through a County tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees of the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.54.

The combined actuarial valuations of the pension and retiree health insurance benefits of the Plan as of December 31, 2011 and 2010 indicate the annual required contribution to be $613,952,848 and $572,318,384 for 2011 and 2010, respectively. The annual required contribution is based on an annual payroll of $1,456,444,123 for 22,037 active members as of December 31, 2011 and $1,494,093,569 for 23,165 active members as of December 31, 2010 and is computed as follows:

	2011	2010
Normal cost	$ 321,126,181	$322,969,060
30-year level dollar amortization of the unfunded liability	420,009,598	376,881,805
	741,135,779	699,850,865
Less estimated employee contributions	(127,182,931)	(127,532,481)
Actuarially determined contribution requirement	613,952,848	572,318,384
Expected net employer contribution from tax levy after 3.0% loss	(190,901,487)	(186,360,878)
Expected employer contribution short-fall of actuarially determined contribution requirement	$423,051,361	$385,957,506
Required tax levy multiple	4.95	4.73
Present authorized multiple	1.54	1.54

A Schedule of Funding Progress is located in the Required Supplementary Information. This schedule provides information about progress made in accumulating sufficient assets to pay benefits when due.

Note 5: Investment Summary

The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the "prudent person" provisions of the State Statutes. All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes and any index-linked financial instruments are limited to those indices that replicate the permissible investments outlined in the State Statutes. The following table presents a summarization of the fair value (carrying amount) of the Plan's investments as of December 31, 2011 and 2010. Investments that represent 5% or more of the Plan's net assets held in trust for benefits are separately identified.

Investments	2011	2010
Equities	$2,814,605,044	$4,257,488,939
U.S. Government and government agency obligations	1,969,108,673	1,866,360,719
Corporate bonds	755,644,972	736,287,144
Collective investment funds	44,816,703	45,286,175
Exchange traded funds	483,793,099	740,314
Alternative investments	272,948,895	206,483,563
Short term investments:		
EB Temporary Investment Fund	851,600,448	361,934,165*
Other	57,206,312	2,318,528
Total invesments	$7,249,724,146	$7,476,899,547

*Does not meet the 5% threshold in prior year.

Investment Risk

Government Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, specifies the disclosure requirements for deposits that are not covered by depository insurance and investment securities that are uninsured and are not registered in the name of the government or trust agent.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

The Plan had no investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not held in the Plan's name as of December 31, 2011 and 2010.

Note 5: Investment Summary (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy is an average credit quality for each manager's total fixed income portfolio (corporate and U.S. Government holdings) of not less than A- by two out of three credit agencies (Moody's Investor Service, Standard & Poor's and/or Finch). On August 5, 2011, Standard and Poor's downgraded its credit rating of the U.S. Government and government agency obligations from AAA to AA. As of December 31, 2011, U.S. Government and government agency obligations which the Plan has historically disclosed with a credit rating of AAA or nonrated U.S. Government obligations noted as "U.S. Government" have been disclosed with a AA rating. The following table presents a summarization of the Plan's credit quality ratings of investments at December 31, 2011 and 2010 as rated by Moody's Investors Service and/or Standard & Poor's and/or Finch:

Type of Investment	Rating	2011	2010
U.S. Government and			
government agency obligations	Aaa/AAA	$ -	$ 993,805,052
	Aa/AA	1,969,108,673	-
	U.S. Government	-	872,555,667
		$1,969,108,673	$1,866,360,719
Corporate bonds	Aaa/AAA	$ 100,938,979	$ 74,787,626
	Aa/AA	68,601,566	64,248,509
	A/A	278,391,329	293,666,834
	Baa/BBB	258,275,034	244,687,628
	Ba/BB	16,650,299	16,797,251
	B/B	7,535,606	4,029,602
	Caa/CCC	11,510,444	19,573,054
	Ca/CC	30	179,455
	C/C	201,344	596,040
	D/D	2,719,263	358,260
	Not Rated	10,821,078	17,362,885
		$ 775,644,972	$ 736,287,144
Short term investments	Aa/AA	$ 495,000	$ 495,000
	Not Rated	908,311,760	363,757,693
		$ 908,806,760	$ 364,252,693

Note 5: Investment Summary (continued)

Investment Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Plan's investment policy for duration for each manager's total fixed income portfolio is within plus or minus 30% of the duration for the fixed income performance benchmark (Barclays Capital Aggregate Fixed Income, which was 4.95 years at December 31, 2011 and 4.81 at December 31, 2010). The following table presents a summarization of the Plan's debt investments at December 31, 2011 and 2010, using the segmented time distribution method:

Type of Investment	Maturity	2011	2010
U.S. Government and	Less than 1 year	$ 53,164,696	$ 59,902,673
government agency	1 - 5 years	631,533,147	702,288,526
obligations	6 - 10 years	470,741,201	341,802,220
	Over 10 years	813,669,629	762,367,300
		$ 1,969,108,673	$1,866,360,719
Corporate bonds	Less than 1 year	$ 85,474,924	$ 8,187,535
	1 - 5 years	211,764,260	278,793,326
	6 - 10 years	283,534,069	256,758,735
	Over 10 years	174,871,719	192,547,548
		$ 755,644,972	$ 736,287,144

Note 5: Investment Summary (continued)

Investment Risk (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's investment policy limits the amount of investments in foreign equities to 20% of total Plan assets and foreign fixed income obligations to 2.5% of the total Plan assets. The Plan's exposure to foreign currency risk at December 31, 2011 and 2010 is as follows:

Type of Investment	Fair Value (USD) 2011	Fair Value (USD) 2010
Equities:		
Australian dollar	$ 44,010,562	$ 45,348,005
Brazil real	20,303,228	19,972,315
British pound	255,593,865	214,434,864
Canadian dollar	52,995,298	50,653,120
Czech koruna	291,312	325,075
Danish krone	14,896,400	14,282,739
Egyptian pound	133,500	122,164
European euro	234,792,492	225,212,858
Hong Kong dollar	69,390,082	74,466,402
Hungarian fornit	297,794	379,471
Indian rupee	2,004,561	1,783,954
Indonesian rupan	4,001,426	2,691,880
Israeli shekel	1,627,003	2,871,444
Japanese yen	165,586,705	146,588,401
Malaysian ringgit	3,239,835	2,786,380
Mexican peso	7,999,967	7,430,052
New Taiwan dollar	16,573,111	20,073,522
New Zealand dollar	3,792,465	2,637,160
Norwegian krone	10,457,873	11,079,692
Philippines peso	3,074,574	1,774,782
Polish zloty	1,764,497	1,290,183
Peruvian sol	6,895	-
Russian rubel	83,966	-
Singapore dollar	14,483,243	14,572,542
South African rand	7,840,531	7,044,829
South Korean won	23,849,269	19,386,694
Swedish krona	22,193,417	15,887,971
Swiss franc	64,844,057	54,953,631
Thailand baht	6,291,947	4,309,309
Turkish lira	1,352,386	-
U.S. dollar	1,760,832,733	3,295,129,500
Total equities	$ 2,814,605,044	$4,257,488,939

Note 5: Investment Summary (continued)

Foreign Currency Risk (continued)

Type of Investment	Fair Value (USD) 2011	Fair Value (USD) 2010
Corporate Bonds:		
European euro	$ 326,560	$ -
Norwegian krone	428,192	-
U.S. dollar	754,890,220	736,287,144
Total corporate bonds	$755,644,972	$736,287,144
Alternative Investments:		
European euro	$ 526,618	$ 372,621
U.S dollar	272,422,277	206,110,942
Total alternative investments	$ 272,948,895	$206,483,563

For the years ended December 31, 2011 and 2010, net realized gain on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, was $359,307,386 and $145,455,811 respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the Combining Statements of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Investments purchased in a previous year and sold in the current year result in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in Plan assets being reported in both the current year and the previous year(s).

Note 6: When-Issued Transactions

The Plan may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment takes place. As of December 31, 2011 and 2010, the Plan contracted to acquire securities on a when-issued basis with a total principal amount of $38,670,000 and $156,875,000 respectively.

Note 7: Derivatives

The Plan invests in derivative financial instruments as provided by the Plan's investment policy and transition management guidelines. The Plan uses derivative financial instruments to gain exposure to an asset class, manage portfolio risk or to facilitate international portfolio trading. Speculation and leveraging of financial futures within the portfolio is prohibited.

A derivative security is a financial contract whose value is based on, or "derived" from, a traditional security, an asset, or a market index. Derivative instruments include forward currency contracts and futures contracts as part of the Plan's investment portfolio.

Derivative transactions involve, to varying degrees, credit risk, interest rate risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the previously agreed upon terms. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

Forward currency contracts are used to hedge against fluctuations in foreign currency-denominated assets used primarily in portfolio trade settlements. These contracts are a cash contract in which a seller agrees to deliver a specific cash commodity to a buyer sometime in the future. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions. Forward currency contracts are reported at fair value in the receivable for securities sold and payable for securities purchased on the Combining Statement of Pension Plan and Postemployment Healthcare Plan Net Assets. The gain or loss on forward currency contracts is reported as part of investment income on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets.

The Plan uses futures contracts as an investment vehicle to gain exposure to an asset class with minimal market entry costs to the Plan. At December 31, 2011, the Plan had futures contracts with a fair value of $4,987,116 and a notional value of $695,441,831 with maturity dates ranging from January 20, 2012 through March 30, 2012. Futures contracts are reported at fair value in the equity investments on the Combining Statement of Pension Plan and Postemployment Healthcare Plan Net Assets. The gain or loss on futures contracts is reported as part of investment income on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Assets. See Note 5 for investment risk for the Plan's equity investments.

Note 7: Derivatives (continued)

The Plan's portfolio includes the following derivative instruments at December 31, 2011 and 2010:

	2011	2010
Hedging derivative instruments:		
Forward Currency Contract Receivables	$ 239,316,866	$ 78,016,671
Forward Currency Contract Payable	(240,056,545)	(77,702,845)
Total hedging derivative instruments	(739,679)	313,826
Investment derivative instruments:		
U.S. Treasury Futures Contracts	1,093,422	-
U.S. Equity Index Futures Contracts	3,667,741	-
International Equity Index Futures Contracts	225,953	-
Total investment derivative instruments	4,987,116	-
Total	$ 4,247,437	$ 313,826

Note 8: Securities Lending

State Statutes and the investment policy permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Plan has a limit as to the amount of securities on loan of $750 million. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 61 days for 2011 and 119 days for 2010; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral was invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2011 and 2010 of 55 and 100 days, respectively.

As of December 31, 2011 and 2010, the fair value (carrying amount) of loaned securities was $732,005,817 and $728,010,607 respectively. As of December 31, 2011 and 2010, the fair value (carrying amount) of collateral received by the Plan was $749,798,729 and $746,721,396 respectively.

Note 8: Securities Lending (continued)

Although the Plan's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires indemnification to the Plan if borrowers fail to return the securities or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

During 2008, a security within the collateral pool became insolvent resulting in an insufficiency in the collateral pool. To prevent any one investor from incurring an additional loss should another investor exit the securities lending program, the Plan's custodian allocated a portion of the insolvent security to each investor in the collateral pool. As a result of the allocation, the Plan incurred an unrealized investment loss and corresponding securities lending payable in the amount of $7,015,497 during the year ended December 31, 2008. The securities lending payable was $6,660,230 as of December 31, 2011 and 2010.

During 2011 and 2010, there were no losses due to default of a borrower or the lending agent.

A summary of securities loaned at fair value as of December 31:

	2011	2010
Securities loaned - cash collateral:		
Equities	$ 256,417,367	$582,697,216
U.S. Government and government agency obligations	92,000,554	91,236,710
Exchange traded funds	67,177,205	-
Corporate bonds	24,386,003	31,015,023
Total securities loaned - cash collateral	439,981,129	704,948,949
Securities loaned - non-cash collateral:		
U.S. Government and government agency obligations	292,024,688	23,061,658
Total	$732,005,817	$728,010,607

Note 9: Commitments

As of December 31, 2011, the Plan had capital commitments of approximately $12,900,000 for various limited partnerships.

Note 10: Postemployment Group Healthcare Plan

The Plan has adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting standards for Other Postemployment Benefits (OPEB) plans.

Plan Description

The County Employees' and Officers' Annuity and Benefit Fund of Cook County administers a Postemployment Group Healthcare Benefit Plan (PGHBP), which is a single-employer defined benefit postemployment health plan. PGHBP provides a healthcare premium subsidy to annuitants who elect to participate in PGHBP. The Plan is currently allowed, in accordance with State Statutes, to pay all or a portion of medical insurance premiums for the annuitants. Presently, the Plan subsidizes approximately 55% and 70% of the monthly premiums for employee and spouse annuitants, respectively. The remaining premium cost is borne by the annuitant.

PGHBP is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes, which assigns the authority to establish and amend benefit provisions to the Plan's Board of Trustees.

At December 31, 2011 and 2010, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 7,925 and 7,554 respectively.

The Plan's employees are also participants in the PGHBP. The Plan had 29 employees at December 31, 2011 and 2010. During years ended December 31, 2011 and 2010, the Plan paid healthcare premiums for 8 and 9 retired Plan employees respectively. For active and retired Plan employees, the actuarially determined liability under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, is included in the total actuarial liability and related GASB Statement No. 43 disclosure.

Summary of Significant Accounting Policies

Method of Accounting - PGHBP's financial statements have been combined with the Plan's financial statements and are presented using the accrual basis of accounting. The Plan considers the premium subsidy an additional retirement benefit, with no contribution rate or asset allocation associated with it. The cost for postemployment group healthcare benefits is approximately equal to the premium subsidy. Actual costs may differ based on claims experience. Healthcare premium subsidies are recognized when due and payable.

Contributions - The Plan funds PGHBP on a "pay-as-you-go" basis.

Administrative Costs - Administrative costs associated with PGHBP are paid by the Plan.

Medical Trend Rate - 8.0% in the first year, decreasing by .5% per year until an ultimate rate of 5.0% is reached.

Note 10: Postemployment Group Healthcare Plan (continued)

Actuarial Valuations - Actuarial valuations of the Plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the Plan reflect a long-term perspective and are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the historical pattern of sharing of costs between the employer and Plan members to that point.

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the PGHBP was 0.00% funded on an actuarial basis. The actuarial accrued liability for benefits was $1,678,571,388 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,678,571,388. The covered payroll (annual payroll of active employees covered by the Plan) was $1,456,444,123 and the ratio of the UAAL to the covered payroll was 115.25%.

The Schedule of Funding Progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of the Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 11: Related Party Transactions

The Plan has common Trustees and shares office space with the Forest Fund who reimburses the Plan for shared administrative services provided by the Plan. During the years ended December 31, 2011 and 2010, the Plan allocated administrative expenditures of $62,149 and $63,455 respectively to the Forest Fund.

As of December 31, 2011 and 2010, the Forest Fund owes the Plan $554,852 and $1,321,867 respectively. These amounts include plan transfers of Plan members transferring from one plan to another.

Note 12: Lease Agreements

The Plan leases its office facility under a fifteen year lease arrangement in effect through June 1, 2022. The lease calls for annual adjustments on the anniversary date of the commencement of the lease. Rent expense under this lease, net of rent abatements, for the years ended December 31, 2011 and 2010, was $353,144 and $356,679 respectively.

The following is a schedule by year of the future minimum rental payments required under the noncancelable lease terms of this operating lease:

Year Ending December 31,	
2012	$ 375,500
2013	384,888
2014	394,510
2015	404,372
2016	414,482
2017	424,844
2018	435,465
2019	446,352
2020	457,510
2021	468,948
2022	197,401
	$4,404,272

Note 13: Pronouncements Issued Not Yet Effective

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement considers the timing and frequency of the measurement of actuarial liabilities for OPEB by agent employers and also considers the guidelines regarding the use of the alternative measurement method by agent employers with small individual OPEB plans. The provisions related to the frequency and timing of measurements are effective for the Plan's fiscal year ending December 31, 2012.

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements.* This Statement improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. Statement No. 60 is effective for the Plan's fiscal year ending December 31, 2012.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34.* This Statement improves financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. The Statement also clarifies the reporting of equity interests in legally separate organizations. Statement No. 61 is effective for the Plan's fiscal year ending December 31, 2013.

Note 13: Pronouncements Issued Not Yet Effective (continued)

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Statement No. 62 is effective for the Plan's fiscal year ending December 31, 2012.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Statement No. 63 is effective for the Plan's fiscal year ending December 31, 2012

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of hedge Accounting - an amendment of GASB Statement No. 53*. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Statement No. 64 is effective for the Plan's fiscal year ending December 31, 2012.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Statement No. 65 is effective for the Plan's fiscal year ending December 31, 2013.

In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and Statement No. 62.* The objective of this Statement is to improve accounting and financial reporting guidance by reporting conflicting guidance that resulted from the issuance of Statement No. 54, Fund Balance Reporting and Government Fund Type Definition, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Statement No. 66 is effective for the Plan's fiscal year ending December 31, 2013.

The Plan is currently evaluating the impact of adopting the above Statements.

Required Supplementary Information

Schedule of Funding Progress

Year Ended, December 31,		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
Pension Benefits							
2006		$7,462,683,122	$ 8,826,581,465	$1,363,898,343	84.55%	$1,412,878,627	96.53%
2007		$8,059,879,804	$ 9,386,287,797	$1,326,407,993	85.87%	$1,370,844,734	96.76%
2008		$8,036,074,797	$10,097,027,865	$2,060,953,068	79.59%	$1,463,372,408	140.84%
2009	(1)	$7,945,567,096	$11,489,081,298	$3,543,514,202	69.16%	$1,498,161,713	236.52%
2010		$7,982,368,659	$12,023,222,885	$4,040,854,226	66.39%	$1,494,093,569	270.46%
2011		$7,897,102,116	$12,628,274,561	$4,731,172,445	62.54%	$1,456,444,123	324.84%
Postemployment Group Healthcare Benefit Plan (PGHBP)							
2006		$ -	$1,506,821,967	$1,506,821,967	0.00%	$1,412,878,627	106.65%
2007		$ -	$1,554,123,496	$1,554,123,496	0.00%	$1,370,844,734	113.37%
2008		$ -	$1,448,828,756	$1,448,828,756	0.00%	$1,463,372,408	99.01%
2009	(1)	$ -	$1,686,872,018	$1,686,872,018	0.00%	$1,498,161,713	112.60%
2010		$ -	$1,724,622,462	$1,724,622,462	0.00%	$1,494,093,569	115.43%
2011		$ -	$1,678,571,388	$1,678,571,388	0.00%	$1,456,444,123	115.25%
Changes in Actuarial Assumptions							
2006	(2)	$ -	$(428,825,258)	$(428,825,258)	0.00%		
2007	(3)	$ -	$ (516,681,393)	$(516,681,393)	0.00%		
2008	(3)	$ -	$ (472,675,272)	$(472,675,272)	0.00%		
2009	(3)	$ -	$ (600,437,567)	$(600,437,567)	0.00%		
2010	(3)	$ -	$ (605,708,172)	$(605,708,172)	0.00%		
2011	(3)	$ -	$(582,833,550)	$(582,833,550)	0.00%		
Combined							
2006		$7,462,683,122	$ 9,904,578,174	$2,441,895,052	75.35%	$1,412,878,627	172.83%
2007		$8,059,879,804	$10,423,729,900	$2,363,850,096	77.32%	$1,370,844,734	172.44%
2008		$8,036,074,797	$ 11,073,181,349	$3,037,106,552	72.57%	$1,463,372,408	207.54%
2009	(1)	$7,945,567,096	$12,575,515,749	$4,629,948,653	63.18%	$1,498,161,713	309.04%
2010		$7,982,368,659	$ 13,142,137,175	$5,159,768,516	60.74%	$1,494,093,569	345.34%
2011		$7,897,102,116	$ 13,724,012,399	$5,826,910,283	57.54%	$1,456,444,123	400.08%

(1) = Change in actuarial assumptions.

(2) = Due to a change in the interest rate assumption for the PGHBP (pension benefits and combined reports - 7.5%, PGHBP - 5.0%).

(3) = Due to a change in the interest rate assumption for the PGHBP (pension benefits and combined reports - 7.5%, PGHBP - 4.5%).

See notes to Required Supplementary Information.

Required Supplementary Information (continued)

Schedule of Employer Contributions

Year Ended December 31,		Annual Required Contribution (ARC) (a)	Required Statutory Basis (1) (b)	Employer Contributions (2) (c)	Percent of ARC Contributed (c/a)
Pension Benefits					
2006		$282,223,686	$215,455,550	$198,619,984	70.38%
2007		$287,061,532	$258,899,040	$230,114,335	80.16%
2008		$283,892,734	$180,817,908	$150,227,360	52.92%
2009		$352,850,988	$183,808,380	$152,506,089	43.22%
2010		$454,327,461	$186,360,878	$144,539,577	31.81%
2011		$493,724,370	$190,901,487	$160,652,118	32.54%
Postemployment Group Healthcare Benefit Plan (PGHBP)					
2006		$166,070,688	$ -	$26,818,379	16.15%
2007		$169,154,664	$ -	$31,420,216	18.57%
2008		$169,823,905	$ -	$37,781,310	22.25%
2009		$157,964,519	$ -	$35,779,227	22.65%
2010		$163,823,488	$ -	$40,183,057	24.53%
2011		$165,176,771	$ -	$38,185,306	23.12%
Changes in Actuarial Assumptions					
2006	(3)	$(49,953,395)	$ -		
2007	(4)	$(35,123,851)	$ -		
2008	(4)	$(47,090,866)	$- -		
2009	(4)	$(42,633,564)	$ -		
2010	(4)	$(45,832,565)	$ -		
2011	(4)	$(44,948,293)	$ -		
Combined					
2006		$398,340,979	$215,455,550	$225,438,363	56.59%
2007		$421,092,345	$258,899,040	$261,534,551	62.11%
2008		$406,625,773	$180,817,908	$188,008,670	46.24%
2009		$468,181,943	$183,808,380	$188,285,316	40.22%
2010		$572,318,384	$186,360,878	$184,722,634	32.28%
2011		$613,952,848	$190,901,487	$198,837,424	32.39%

(1) = Tax levy after 3.0% overall loss.
(2) = Includes employer federal subsidized programs.
(3) = Due to a change in the interest rate assumption for the PGHBP (pension benefits and combined reports - 7.5%, PGHBP - 5.0%).
(4) = Due to a change in the interest rate assumption for the PGHBP (pension benefits and combined reports - 7.5%, PGHBP - 4.5%).

See notes to Required Supplementary Information.

Notes to Schedule of Funding Progress and Schedule of Employer Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions	
Investment rate of return	
Pension benefits	7.5% compounded annually
Retiree health insurance plan	4.5% compounded annually
Combined	7.5% compounded annually
Projected salary increases	
Inflation	3.0% per year
Merit	2.0% per year
Total	5.0% per year
Postretirement benefit increases	3.0% compounded per year for employee and widow(er) annuitants for Tier 1 participants 1.5% simple per year for employee and widow(er) annuitants for Tier 2 participants.
Medical trend rate	
2013	8.0%
2014	7.5%
2015	7.0%
2016	6.5%
2017	6.0%
2018	5.5%
2019 and later	5.0%
Mortality rates	UP-1994 Mortality Table for Males, rated down 2 years UP-1994 Mortality Table for Females, rated down 1 year
Retirement age assumptions	Based on actual past experience assume all employees retire by age 75

Supplementary Information

Schedules of Net Administrative Expenses and Professional and Consulting Fees

Years Ended December 31, 2011 and 2010

	2011	2010
Administrative Expenses		
Bank charges	$ 30,612	$ 37,315
Election expense	115,956	142,895
Employee benefits	456,209	405,968
Insurance - fidelity, fiduciary and liability	79,745	79,792
Maintenance of equipment, systems, software and support	485,793	456,519
Membership, conference and training	18,938	27,532
Office expense	88,510	80,487
Postage	121,428	84,347
Printing and stationery	68,441	72,513
Professional and consulting fees	296,599	430,301
Recovery site expense	16,050	21,189
Regulatory filing fees	8,000	8,000
Rent	353,144	356,679
Salaries	1,987,278	1,920,732
Utilities	14,289	14,141
Total	4,140,992	4,138,410
Less administrative expenses allocated to Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	(62,149)	(63,455)
Net administrative expenses	$ 4,078,843	$4,074,955

	2011	2010
Professional and consulting fees		
Actuarial service	$ 94,382	$ 89,357
Audit	75,443	56,725
Consulting	30,096	131,316
Legal	72,771	129,042
Lobbyist	23,907	23,861
Total	$ 296,599	$ 430,301

Schedules of Investment Expenses

Years Ended December 31, 2011 and 2010

	2011	2010
Investment manager expense		
Amalgamated Bank of Chicago	$ 862,836	$ 840,659
American Realty Advisors	475,018	179,209
ARCH Venture Partners	65,514	168,965
BNY Mellon CIS	176,345	177,607
Capri Capital Partners	380,523	403,858
Channing Capital Management	507,415	383,273
Chicago Equity Partners	467,711	439,405
Cozad Asset Management, Inc.	189,472	189,391
Credit Suisse Securities	80,763	89,484
Evercore Partners	24,569	31,758
Evergreen Venture Partners	43,984	57,840
Fiduciary Management Associates	277,194	279,197
Fortaleza Asset Management, Inc.	84,869	82,071
Franklin Templeton Investments	1,135,262	394,024
Frontenac Company	17,151	60,728
Frontier Capital Management	1,275,380	1,290,257
Great Lakes Advisors, Inc.	510,322	501,279
Herndon Capital Management	242,282	203,101
J.P. Morgan Asset Management	908,899	855,107
John Buck Company	112,382	169,193
Killian Capital Management	173,107	169,998
Lazard Asset Management, LLC	426,318	433,323
Lightspeed Venture Partners	78,962	95,519
LM Capital Group, LLC	470,645	439,186
Mesirow Financial	657,629	911,863
Mondrian Investment Partners, Ltd.	591,664	206,018
Morgan Stanley	447,934	437,990

(continued)

Schedules of Investment Expenses (continued)

Years Ended December 31, 2011 and 2010

	2011	2010
Investment manager expense (continued)		
Muller and Monroe Asset Management	$ 20,913	$ 19,352
NCM Capital	385,655	381,755
New Century Investment Management	21,522	-
Northern Trust Quantitative Advisors	-	49,931
Optimum Investment Advisors	238,866	279,531
Opus Capital Group	24,474	22,983
Pacific Venture Group	64,082	64,083
Progress Investment Management	935,869	822,395
RhumbLine Advisers	159,211	169,886
Robeco Investment Management	317,985	305,800
SB Partners Capital Fund, LP	-	7,671
SPC Capital Management	100,000	100,000
State Street Global Advisors	239,300	212,624
Thornburg Investment Management	952,462	898,785
TIAA-CREF	601,055	155,724
Trident Capital	72,584	77,545
William Blair & Company	1,284,868	1,214,881
Wind Point Partners	48,861	57,203
	16,151,857	14,330,452
Investment consulting fees		
Callan Associates Inc.	353,933	-
Marquette Associates, Inc.	-	245,486
Mesirow Financial	1,500	23,500
	355,433	268,986
Investment custodian fees		
BNY Mellon	146,500	146,500
Total investment expenses	$16,653,790	$14,745,938

Additions By Source

Year Ended December 31,	Employer Contributions (1)	Employee Contributions (2)	Net Investment and Net Securities Lending Income (Loss) (3)	Other (4)	Total Additions
2006	$221,186,219	$121,672,773	$ 749,245,001	$ 9,256,991	$ 1,101,360,984
2007	$258,141,230	$123,047,516	$ 476,910,124	$ 10,002,552	$ 868,101,422
2008	$183,916,221	$123,776,705	$ (1,858,853,846)	$ 7,081,386	$ (1,544,079,534)
2009	$183,713,870	$127,795,881	$ 1,013,615,250	$ 11,741,894	$ 1,336,866,895
2010	$181,509,323	$129,449,866	$ 833,052,844	$12,795,846	$ 1,156,807,879
2011	$195,337,621	$127,577,473	$ 82,701,033	$ 17,614,316	$ 423,230,443

Deductions By Type

Year Ended December 31,	Benefits	Refunds	Net Administrative Expenses	Total Deductions
2006	$ 365,627,313	$ 24,922,209	$3,979,155	$ 394,528,677
2007	$ 398,689,231	$ 66,623,357	$3,866,188	$ 469,178,776
2008	$ 427,453,465	$ 24,724,102	$4,172,536	$ 456,350,103
2009	$ 452,007,855	$ 20,404,911	$4,248,287	$ 476,661,053
2010	$ 482,523,408	$25,041,818	$4,074,955	$ 511,640,181
2011	$ 523,396,627	$ 26,165,335	$4,078,843	$ 556,640,805

1 - Includes net tax levy.
2 - Includes deductions in lieu of disability.
3 - Includes realized and unrealized net gain or loss on investments and net securities lending income.
4 - Includes federal subsidized programs, Medicare Part D, prescription plan rebates and miscellaneous income. Early Retirement Reinsurance Program reimbursement is included in 2011.

Schedule of Taxes Receivable

December 31, 2011

Levy Year	Gross Levy	Uncollected Balance	Reserve for Loss and Costs	Net Uncollected Balance
2010	$186,523,677	$ 24,357,496	$ 3,639,327	$ 20,718,169
2011	$192,234,211	192,234,211	4,826,394	187,407,817
Total		$216,591,707	$ 8,465,721	$208,125,986

Note:
Uncollected taxes for years 2009 and prior are fully reserved.
2010 tax levy includes net Illinois Replacement Tax of $44,682,072.
2011 tax levy includes net Illinois Replacement Tax of $58,292,535.

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Investment Section

This section includes an Investment Report, the Master Custodian's Certification, a Summary of Investment Policy, and summary tables of investment data.

Investment Report

To the Board of Trustees of County Employees' and Officers' Annuity and Benefit Fund of Cook County:

The County Employees' and Officers' Annuity and Benefit Fund (CEABF) investment portfolio exceeded $7.2 billion at year ended December 31, 2011. The portfolio returned 1.2% net of investment management fees, ahead of the target benchmark by .1%. This performance compares favorably against the institutional sponsor universe, however due to deteriorating market conditions in the second half of 2011, the Fund underperformed its long term actuarial benchmark of 7.5%. Longer term investment performance continues to be favorable. Over the past thirty years, the CEABF portfolio has earned an 8.9% annualized rate of return, net of investment management fees. Returns have been calculated using geometrically-linked, time and asset-weighted returns.

CEABF employs a prudent investment strategy to meet its actuarial objectives over a long term horizon. The Fund accomplishes this through a careful study of its asset allocation, return assumptions and projected funding needs. Based on this analysis, CEABF utilizes investment managers who act as fiduciaries on the Fund's behalf to access capital markets in implementing the investment strategy. As a participant in the capital markets, the Fund will be subject to market fluctuations as well as economic and other macro factors which may contribute to market volatility.

In 2011, the CEABF reviewed its asset allocation, with the assistance of Callan Associates, the Fund's investment consultant. Based on this review, the Fund made certain modifications to the asset allocation to help better meet the challenges of managing risk, maintaining liquidity, and optimizing portfolio structure for enhanced returns. The Fund engaged the services of Russell Implementation Solutions to assist with the implementation of the restructuring in accordance with the newly adopted asset allocation. This implementation is in progress and will continue through 2012. We believe the actions described above are consistent with the Fund's objectives and are prudent in light of the dynamic capital market environment.

Significant accomplishments were achieved during 2011, several of which are highlighted below:

- Domestic equity exposure was reduced, with the assets being reallocated to achieve a more efficient mix of passive and active strategies.
- Fixed income portfolio was modified to enhance exposure among sectors. The Fund increased its allocation to core plus and conducted a search selecting two new managers. In addition, the Fund awarded a direct mandate to an emerging manager selected following active due diligence from the Rising Opportunities Fund of emerging managers managed by Progress Investment Management.
- The Fund developed a strategic plan for real estate and conducted a search selecting two core real estate managers.
- A hedge fund of funds search was conducted with final selections being made in 2012.
- The Fund's commitment to diversity was positively impacted by the restructuring. Participation among emerging managers increased in line with plan allocations as managers were identified for increase or new direct mandates. As of December 31, 2011, $900 million, approximating 13% of assets in the CEABF investment portfolio, are managed by investment firms owned by minorities, females and persons with a disability.

The CEABF investment program continues to operate effectively during these volatile and challenging market conditions. The Board of Trustees is committed to an optimal, risk-controlled investment program with the objective of achieving the actuarial investment return.

The Consultant's Commentary, Master Custodian's certification letter, a summary of the Fund's goals, objectives and guidelines, and selected investment schedules follow for your review.

Sincerely,

Nickol R. Hackett

Nickol Hackett
Chief Investment Officer

Consultant Commentary

Callan

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www.callan.com

May 31, 2012

Board of Trustees
County Employees' and Officers' Annuity and Benefit Fund of Cook County
33 North Dearborn Street, Suite 1000
Chicago, IL 60602

Dear Trustees,

Callan Associates, Inc. is pleased to present the County Employees' and Officers' Annuity and Benefit Fund of Cook County ("Fund") results for fiscal year ended December 31, 2011. As of December 31, 2011, the Fund's market value totaled $7.2 billion, an approximate $227 million decrease since December 31, 2010.

Many sizeable global macro-economic events occurred in 2011 that caused investor uncertainty. The environment was shaped by political upheaval in the Middle East; a terrible earthquake and tsunami in Japan; a debt crisis that threatened the world's largest economic union; US political gridlock; and S&P downgrades on the sovereign debt of nine developed countries with warnings on five others. Against this backdrop, the US managed to produce positive economic growth with GDP up 1.7% in 2011. In response to these events, equity markets made little ground. The S&P 500 Index, a proxy for U.S. large-cap stocks, gained 2.1%. U.S. small-cap stocks, as measured by the Russell 2000 Index, lost 4.18%. Non U.S. equities performed even worse than domestic equities as the MSCI EAFE Index fell 12.1%. Interest rates continued to decline throughout the year, boosting bond prices and the return of the BC Aggregate Bond Index, which gained 7.8%. The private real estate market, as measured by the NCREIF Property Index, made its second straight year of gains by rising 14.3%.

As noted in the Schedule of Investment Results, the Fund generated a total return of 1.2% net-of-fees for the year ended December 31, 2011, which out-performed the 1.1% return of the Fund's target benchmark (the Policy Benchmark). In aggregate, on a net-of-fee basis the Fund's domestic equity and fixed income managers fell behind their benchmarks, while the Fund's international equity, real estate, and private equity managers generated returns that exceeded their respective benchmarks.

Sincerely,

Michael J. Joecken

Michael J. Joecken
Vice President

Master Custodian's Certification

BNY MELLON
ASSET SERVICING

April 27, 2012

To the Board of Trustees and the Executive Director of the County Employees' and Officers' Annuity & Benefit Fund of Cook County:

BNY Mellon as custodian of the County Employees' and Officers' Annuity & Benefit Fund of Cook County (the "client") has established an "Account" that holds the clients property in safekeeping facilities of the Custodian (or other custodian banks or clearing operations), provided the recordkeeping of certain property of the client and completed the annual accounting certification for the year January 1, 2011 through December 31, 2011.

In addition, in accordance with the terms of the Custody Agreement dated, November 1, 2007, BNY Mellon also provides the following services as Custodian:

- Market settlement of purchases and sales and engage in other transactions, including free receipts and deliveries, exchanges and other voluntary corporate actions, with respect to securities or property received by the Custodian
- Take actions necessary to settle transactions in futures and/or options contracts, short selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments with third parties
- Lend the assets of the Account in accordance with a separate Securities Lending Agreement.
- Invest available cash in any collective fund, including a collective investment fund maintained by the Custodian or and affiliate of the Custodian for collective investment of employee benefit trusts or deposit in an interest bearing account of banking department of Custodian.
- Appoint subcustodians, including affiliates of the custodian, as to part or all of the Account.
- Hold property in nominee name, in bearer form or in book entry form, in a clearinghouse corporation or in a depository.
- Take all action necessary to pay for, and settle authorized transactions.
- Collect income payable to and distributions due to the Account.
- Collect all proceeds from securities, certificates of deposit or other investments which may mature or be called.
- Forward to the authorized party as designated by the client, proxies or ballots that are to be a voted by the authorized party.
- Attend to corporate actions that have no discretionary decision requirement
- Report the value of the Account as agreed upon by the client and custodian.
- Credit the account with income and maturity proceeds on securities contractual payment date.

Sincerely,

Michael D. Skirtich
Client Service Officer

Summary of Investment Policy

Under the guidance and direction of the Board and governed by the "prudent man rule", it is the mission of the Fund and the Investment Staff to optimize the total return of the Fund's investment portfolio through a policy of diversified investments using parameters of prudent risk management as measured on the total portfolio, acting at all times in the exclusive interest of the participants and beneficiaries of the Fund.

To accomplish this mission, the Board and Investment Staff understand and accept their fiduciary obligations to the members of the Fund. These obligations are legal in nature and are outlined in the Illinois Pension Code [40 ILCS 5]. Investments made by the Fund shall satisfy the conditions of the Illinois Pension Code and applicable Illinois law and, in particular, the prudent man rule set forth in the Illinois Pension Code [40 ILCS 5/1-109].

Subject to these fiduciary standards, the Board and Investment Staff shall endeavor at all times to implement the Statement of Investment Policy in a manner consistent with the stated mission of the Fund, while ensuring transparency and compliance with all applicable laws and regulations.

The Policy is set forth by the Board in order to:

- Establish a clear understanding of all involved parties of the investment goals and objectives of the Fund.
- Define and assign the responsibilities of all involved parties.
- Establish the relevant investment horizon for which the Fund assets will be managed.
- Establish risk parameters governing assets of the Fund.
- Establish target asset allocation and re-balancing procedures.
- Establish a methodology and criteria for selecting, retaining and terminating Investment Professionals.
- Offer specific guidance to and define limitations for all Investment Managers regarding the investment of Fund assets.

In summary, the purpose of the Statement of Investment Policy is to formalize the Board's investment objectives, policies and procedures and to define the duties and responsibilities of the various entities involved in the investment process. The Statement of Investment Policy is intended to serve as a guide, reference tool and communication link between the Board, Investment Staff and its Investment Professionals.

Investment Objectives

The primary return objectives of the Fund are to:

- Preserve the safety of principal.
- Exceed, after investment management fees, a customized blended benchmark consistent with prudent levels of risk.
- Create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions and professional management of Fund assets.

To achieve these objectives, the assets of the Fund have been allocated to meet its actuarial assumed rate of return of 7.5%. To evaluate success, the Board compares the performance of the Fund to the actuarial assumed rate of return and its custom benchmark. This benchmark represents a passive implementation of the historical investment policy targets and it is re-balanced regularly.

While achieving the return objectives, the Fund is able to tolerate certain levels of risk, which are:

- To accept prudent levels of short-term and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the Fund.
- To tolerate appropriate levels of downside risk relative to the Fund's actuarial assumed rate of return of 7.5%. In doing so, the Board will attempt to minimize the probability of underperforming the Fund's actuarial assumed rate of return over the long-term and to minimize the shortfall in the event such underperformance occurs.
- To accept certain variances in the asset allocation structure of the Fund relative to the broad financial markets and peer groups.
- To tolerate certain levels of short-term underperformance by the Fund's Investment Managers.

The investment objectives of the Fund are constrained by applicable law, time, taxes and liquidity. The Fund will operate in accordance with applicable law, as amended. The Fund has a long-term time horizon as the assets are used to pay qualified participant pension benefits. The Fund is a tax-exempt entity, but can be subject to taxes involving unrelated business taxable income ("UBTI"). UBTI is income earned by a tax-exempt entity that does not result from tax-exempt activities. The Fund will attempt to minimize or to avoid incurring UBTI. The liquidity needs of the Fund are to meet the regular cash flow requirements of the Fund.

Asset Allocation and Rebalancing Procedures

The Board reviews the target asset allocation of the Fund at least once every three years. It will take into consideration applicable statutes, the actuarial rate of return of the Fund, the long-term nature of the asset pool, the cash flow needs of the Fund and the general asset allocation structure of its peers. It will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the Fund at prudent levels of risk.

The Board establishes the asset allocation targets and ranges and reviews them periodically. To ensure that the allocations meet the risk/return objectives of the Fund, the target allocations will be reviewed annually for reasonableness relative to significant economic market changes or changes to the long-term goals and objectives. Proper implementation of this guideline may require that a periodic adjustment or rebalancing be made to ensure conformance with asset allocation targets. Rebalancing requirements shall be reviewed on a continual basis. Rebalancing may also occur in the event of a change in the allocation percentages of asset class by the Board or subject to extraordinary market events. Rebalancing shall take place as soon as practical after said change or amendment has been approved.

Schedule of Investment Results

	For Year Ended December 31, 2011	Annualized Returns 3 Years	5 Years
Total Fund	1.2%	10.3%	1.6%
Policy Benchmark *	1.1%	11.6%	2.3%
Domestic Equity	-0.6%	14.2%	N/A
Wilshire 5000	1.0%	14.9%	0.1%
International Equity	-11.9%	11.1%	N/A
MSCI ACWI ex-US Index	-13.3%	11.2%	-2.5%
Fixed Income	7.7%	6.7%	N/A
BarCap Aggregate	7.8%	6.8%	6.5%
Real Estate	17.4%	0.2%	2.5%
NCREIF	14.3%	2.4%	3.1%
Private Equity	18.9%	8.4%	3.2%
Wilshire 5000	1.0%	14.9%	0.1%

*The Policy Benchmark is as follows:

- As of August 31, 2010: 17% S&P 500, 7% Russell Midcap Growth, 7% Russell 2000 Value, 6% Russell 1000 Value, 6% Russell 1000 Growth, 12% MSCI ACWI ex. U.S., 25% BarCap Aggregate, 10% BarCap Int. Gov./Cred., 5% BarCap TIPS, 3% S&P Global ex.U.S. <$2B. and 2% NCREIF.

- Prior to August 31, 2010: 20% S&P 500, 7% Russell Midcap Growth, 7% Russell 2000 Value, 6% Russell 1000 Value, 6% Russell 1000 Growth, 12% MSCI ACWI ex. U.S., 25% BarCap Aggregate, 10% BarCap Int. Gov./Cred., 5%BarCap TIPS, and 2% NCREIF.

- Prior to February 28, 2010: 25% S&P 500, 7% Russell Midcap Growth, 7% Russell 2000 Value, 6% Russell 1000 Value, 6% Russell 1000 Growth, 12% MSCI ACWI ex. U.S., 30% BarCap Aggregate, 5% BarCap Int. Gov./Cred., and 2% NCREIF.

- Prior to June 30, 2008: 55% Wilshire 5000 and 45% LB Aggregate.

N/A-Not Available. Prior to June 30, 2008, the Fund utilized a balanced investment mandate. The prior Investment Consultant did not segregate these composites in the calculation of rates of return.

Note: Returns are calculated using geometrically-linked, time and asset-weighted returns. Returns are calculated net of investment manager fees.

Schedule of Investment Summary and Asset Allocation

	For Year Ended December 31,					
	2011			2010		
Asset Class	Fair Value	Percent of Total	Target	Fair Value	Percent of Total	Target
Domestic Equity	$1,916,448,595	26%	25%	$3,295,129,500	44%	35%
International Equity	1,187,685,457	16%	20%	1,008,385,928	13%	15%
Fixed Income	2,725,265,565	38%	32%	2,602,647,863	35%	35%
Real Estate	440,962,019	6%	8%	123,913,566	2%	5%
Hedge Funds of Funds	-	0%	9%	-	0%	5%
Private Equity	70,555,750	1%	6%	82,569,997	1%	5%
Cash	908,806,760	13%	0%	364,252,693	5%	0%
Total Investments	$7,249,724,146	100%	100%	$7,476,899,547	100%	100%

Schedule of Top Ten Largest Holdings (Excludes Commingled Funds)

For year ended December 31, 2011

Top 10 Domestic Equity Holdings	Sector	Shares	Fair Value	% of Total
Exxon Mobil Corp.	Energy	361,919	$ 30,676,254	1.6%
Apple Inc.	Technology	65,477	26,518,185	1.4%
Chevron Corp.	Energy	153,358	16,317,291	0.9%
Microsoft Corp.	Technology	609,357	15,818,908	0.8%
IBM Corp.	Technology	85,821	15,780,765	0.8%
Google Inc.	Technology	19,830	12,808,197	0.7%
Procter & Gamble Co.	Consumer Non-Durables	187,640	12,517,464	0.7%
AT & T Inc.	Technology	399,789	12,089,619	0.6%
General Electric Co.	Capital Goods	662,240	11,860,718	0.6%
Johnson & Johnson	Health Care	172,895	11,338,454	0.6%
Total Top 10 Domestic Equity Holdings		2,718,326	$ 165,725,857	8.6%
Total Domestic Equity			$1,916,448,595	100.0%

Top 10 International Equity Holdings	Sector	Shares	Fair Value	% of Total
British American Tobacco (United Kingdom)	Tobacco	391,319	$ 18,581,988	1.6%
BG Group (United Kingdom)	Integrated Oil & Gas	747,739	15,995,772	1.3%
Vodafone Group (United Kingdom)	Mobil Telecommunications	5,089,700	14,150,816	1.2%
Nestle (Switzerland)	Food	239,876	13,852,320	1.2%
Novartis (Switzerland)	Chemicals/Pharmaceuticals	215,757	12,390,280	1.0%
Standard Chartered (United Kingdom)	Banking	558,365	12,226,669	1.0%
GlaxoSmitheKline (United Kingdom)	Pharmaceuticals	533,161	12,192,636	1.0%
Novo-Nordisk (Denmark)	Health Care	96,780	11,156,488	0.9%
Canon Inc. (Japan)	Technology	233,891	10,366,108	0.9%
Compagnie Financiere (France)	Financial Services	148,034	7,521,223	0.6%
Total Top 10 International Equity Holdings		8,254,622	$ 128,434,299	10.8%
Total International Equity			$1,187,685,457	100.0%

Schedule of Top Ten Largest Holdings (Excludes Commingled Funds) (continued)

For year ended December 31, 2011

Top 10 Fixed Income Holdings	Sector	Par	Fair Value	% of Total
U.S. Treasury Note 3.125% 05/15/2021	U.S. Governments	38,725,000	$ 43,238,786	1.6%
U.S. Treasury Note .25% 11/30/2013	U.S. Governments	41,800,000	41,805,016	1.5%
U.S. Treasury Note 3.125% 08/31/2013	U.S. Governments	27,400,000	28,705,884	1.1%
FHLMC 4.375% 07/17/2015	U.S. Agencies	23,550,000	26,473,026	1.0%
U.S. Treasury Note 2.0% 11/15/2021	U.S. Governments	25,500,000	25,790,955	0.9%
U.S. Treasury Note .375% 11/15/2014	U.S. Governments	23,800,000	23,814,994	0.9%
U.S. Treasury Note .875% 11/30/2016	U.S. Governments	21,300,000	21,364,965	0.8%
Commitment to Purchase FNMA Pools 3.00% 11/01/2027	U.S. Agencies	20,000,000	20,653,200	0.8%
U.S. Treasury Inflation Index .125% 04/15/2016	U.S. Governments	19,669,973	20,505,947	0.8%
FHLBC Construction Bonds 5.375% 05/18/2016	U.S. Agencies	16,940,000	20,090,671	0.7%
Total Top 10 Fixed Income Holdings		258,684,973	$ 272,443,443	10.0%
Total Fixed Income			$2,725,265,565	100.0%

A complete list of the portfolio holdings is available for review upon request.

Schedule of Investment Manager Fees

For year ended December 31, 2011

Asset Category	Manager Fees
Domestic Equity	
Channing Capital Management	$ 507,415
Fiduciary Management Associates	277,194
Fortaleza Asset Management, Inc.	84,869
Frontier Capital Management	1,275,380
Great Lakes Advisors, Inc.	252,795
Herndon Capital Management	242,282
Killian Asset Management	173,107
Mesirow Financial	405,041
NCM Capital	93,251
Optimum Investment Advisors	238,866
Progress Investment Management	593,458
RhumbLine Advisers	159,211
Robeco Investment Management	317,985
William Blair & Company	1,252,888
Total Domestic Equity	5,873,742
International Equity	
J.P. Morgan Asset Management	908,899
Lazard Asset Management, LLC	426,318
Mondrian Investment Partners, Ltd.	591,664
Franklin Templeton Investments	1,135,262
Progress Investment Management	228,413
State Street Global Advisors	164,300
Thornburg Investment Management	952,462
Total International Equity	4,407,318
Fixed Income	
Amalgamated Bank of Chicago	862,836
BNY Mellon CIS	176,345
Chicago Equity Partners	467,711
Great Lakes Advisors, Inc.	257,527
LM Capital Group, LLC	470,645
Morgan Stanley	447,934
NCM Capital	292,404
New Century Investment Management	21,522
Progress Investment Management	113,998
State Street Global Advisors	75,000
Total Fixed Income	3,185,922

For year ended December 31, 2011

Asset Category	Manager Fees
Real Estate	
American Realty Advisors	$ 475,018
Capri Capital Partners	380,523
Cozad Asset Management, Inc.	189,472
John Buck Company	112,382
TIAA-CREF	601,055
Total Real Estate	1,758,450
Private Equity	
ARCH Venture Partners	65,514
Credit Suisse Securities	80,763
Evercore Partners	24,569
Evergreen Venture Partners	43,984
Frontenac Company	17,151
Lightspeed Venture Partners	78,962
Mesirow Financial Private Equity	252,588
Muller and Monroe Asset Management	20,913
Opus Capital Group	24,474
Pacific Venture Group	64,082
SPC Capital Management	100,000
Trident Capital	72,584
William Blair & Company	31,980
Wind Point Partners	48,861
Total Private Equity	926,425
Total Investment Manager Expense	$ 16,151,857

Schedule of Brokerage Commissions

For year ended December 31, 2011

Broker Name	Number of Shares	Commissions	Cost per Share
Domestic Equity Commissions			
Investment Technology Group	32,618,191	$ 328,991	$0.010
Pershing, LLC	28,328,788	290,788	0.010
Loop Capital Markets, LLC*	6,323,073	186,426	0.029
Cabrera Capital Markets*	4,529,037	122,124	0.027
Credit Suisse	3,342,546	110,707	0.033
M.R. Beal & Co.*	2,995,302	94,734	0.032
Cheevers & Co., Inc.*	3,535,050	87,956	0.025
Merrill Lynch Securities	1,497,021	76,547	0.051
Williams Capital Group, LP*	2,422,424	58,985	0.024
Citation Group	1,282,905	51,144	0.040
M. Ramsey King Securities, Inc.*	1,831,563	50,167	0.027
Jefferies & Co., Inc.	7,357,717	46,683	0.006
Instinet Corp.	13,028,634	46,267	0.004
CAP Institutional Services, Inc.	1,106,620	43,918	0.040
Robert W. Baird & Co., Inc.	1,177,874	43,553	0.037
Citigroup Global Markets, Inc.	1,491,901	43,047	0.029
Stifel, Nicolaus & Co.	1,403,190	42,653	0.030
J.P. Morgan Securities	1,243,198	42,298	0.034
BNY Convergex	1,204,739	41,601	0.035
Morgan Stanley & Co.	970,343	35,208	0.036
Blaylock & Co.	1,546,052	33,221	0.021
Liquidnet Inc.	1,283,221	30,424	0.024
Weeden & Co	915,275	29,428	0.032
Brokers with < $25,000 of Commissions	17,132,850	482,697	0.028
Total Domestic Equity Commissions	138,567,514	$2,419,567	$0.017

For year ended December 31, 2011

Broker Name	Number of Shares	Commissions	Cost per Share
International Equity Commissions			
Merrill Lynch Securities	5,125,918	$ 73,362	$ 0.014
Credit Agricole Cheuvreux	4,006,356	67,203	0.017
Credit Suisse	4,521,298	39,298	0.009
UBS Securities	4,953,073	38,206	0.008
Citigroup Global Markets, Inc.	8,980,250	36,687	0.004
Cabrera Capital Markets*	4,205,627	31,662	0.008
Nomura Securities	4,595,698	31,104	0.007
Deutsche Bank Securities, Inc.	3,248,546	29,580	0.009
J.P. Morgan Securities	4,715,929	28,759	0.006
Morgan Stanley & Co.	4,796,266	27,664	0.006
Pershing, LLC	3,629,177	27,562	0.008
Goldman Sachs	3,533,733	27,054	0.008
Barclays Capital	2,698,750	25,204	0.009
Instinet Corp.	5,925,783	20,972	0.004
G-Trade Services, LTD	2,412,956	18,986	0.008
Brokers with < $15,000 of Commissions	39,368,495	248,871	0.006
Total International Equity Commissions	106,717,855	$ $772,174	$ 0.007

*Women/minority-owned brokerage firm. The Retirement Board's brokerage policy encourages investment manager, as they search for best possible trade execution, to utilize women/minority-owned enterprises, specifically firms headquartered in the State of Illinois.

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Actuarial Section

This section includes the actuarial reports and summaries actuarial liability and unfunded actuarial liability. Schedules of data summarizing information about members and beneficiaries, actuarial assumptions, principal provisions, and a glossary of terms are also included.

Actuarial Certification

GOLDSTEIN & ASSOCIATES
Actuaries and Consultants

29 SOUTH LaSALLE STREET SUITE 735
CHICAGO, ILLINOIS 60603
PHONE (312) 726-5877 FAX (312) 726-4323

April 25, 2012

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

ACTUARIAL CERTIFICATION

We have completed the annual actuarial valuations of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Fund) as of December 31, 2011. We performed the following actuarial valuations: (1) an actuarial valuation of the pension benefits provided under the Fund for financial reporting purposes pursuant to GASB Statement No. 25, (2) an actuarial valuation of the retiree health insurance benefits provided under the Fund for financial reporting purposes pursuant to GASB Statement No. 43, and (3) a combined actuarial valuation of the pension and retiree health insurance benefits provided under the Fund to determine the financial condition and funding requirements of the Fund.

There have been no changes in the benefit provisions of the Fund during the period between the date of the last actuarial valuation and the date of the current actuarial valuation.

We have used the same actuarial assumptions for the December 31, 2011 actuarial valuation as were used for the December 31, 2010 valuation. These actuarial assumptions are based on an experience analysis of the Fund over the period 2005 through 2008.

The funding objective of the Fund is to have contributions sufficient to amortize the unfunded liability over a 30-year period. Employer contributions come from a property tax levied by the County 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 1.54. The 1.54 is known as the tax multiple.

For the year beginning January 1, 2012 the net employer contribution to the Fund is expected to cover 29.5% of the actuarially determined contribution requirement. We have estimated that a tax multiple of 5.22 would have been required to have employer contributions cover the full actuarially determined contribution requirement for the year 2012.

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GOLDSTEIN & ASSOCIATES

Actuaries and Consultants

The entry age normal actuarial cost method was used for the December 31, 2011 actuarial valuation. This is the same actuarial cost method that was used for the December 31, 2010 valuation.

The asset values used for the valuation were based on the asset information contained in the audited financial statements for the Fund for the year ending December 31, 2011 For purposes of the actuarial valuation, a 5-year smoothed market value of assets was used to determine the actuarial value of assets.

The valuation has been based on the membership data, which was supplied by the administrative staff of the Fund. We have made additional tests to ensure its accuracy.

The trend data schedules presented in the financial section of the Comprehensive Annual Financial Report (CAFR) were prepared by the staff of the Fund based on information contained in our actuarial reports. All exhibits, tables, schedules, and appendices included in the accompanying actuarial section were prepared by us based on information provided by the Fund.

The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement No. 25 and Governmental Accounting Standards Board (GASB) Statement No. 43.

In our opinion, the following valuation results fairly present the financial condition of the County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2011.

Respectfully submitted,

Sandor Goldstein

Sandor Goldstein, F.S.A.
Consulting Actuary

Carl J. Smedinghoff

Carl J. Smedinghoff, A.S.A.
Associate Actuary

Actuary's Report - Pension Fund

A. Purpose and Summary

We have carried out an actuarial valuation of the County Employees' and Officers' Annuity and Benefit Fund of Cook County as of December 31, 2011. The purpose of the valuation was to determine the financial position and annual required contribution of the Fund for reporting purposes pursuant to GASB Statement No. 25. According to GASB Statement No. 25, postemployment healthcare benefits provided by the Fund are not included in this valuation. Pursuant to GASB Statement No. 43, postemployment health care benefits were valued separately and the results of that valuation are presented separately.

This report is intended to present the results of the valuation of the pension benefits provided by the Fund. The results of the valuation are summarized below:

1. Total Actuarial Liability	$12,628,274,561
2. Actuarial Value of Assets	7,897,102,116
3. Unfunded Actuarial Liability	4,731,172,445
4. Funded Ratio	62.5%
5. Annual Required Contribution	
For Year Beginning January 1, 2012	540,218,287

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, 2011, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 22,037 active contributors, 15,866 members receiving benefits, and 12,584 inactive members included in the valuation. The total active payroll as of December 31, 2011 was $1,456,444,123.

Exhibit 1

Summary of Membership Data

	Year Ending December 31, 2011	2010
1. Number of Members		
(a) Active Members		
(i) Vested	13,784	14,279
(ii) Non-vested	8,253	8,886
(iii) Total Active Members	22,037	23,165
(b) Members Receiving		
(i) Retirement Annuities	13,023	12,460
(ii) Surviving Spouse's Annuities	2,409	2,394
(iii) Children's Annuities	123	124
(iv) Ordinary Disability Benefits	302	337
(v) Duty Disability Benefits	9	18
(c) Inactive Members	12,584	12,148
(d) Total	50,487	50,646
2. Annual Salaries		
(a) Total Salary	$ 1,456,444,123	$ 1,494,093,569
(b) Average Salary	66,091	64,498
3. Total Accumulated Contributions of Active Members	$ 1,641,038,477	$ 1,639,114,558
4. Annual Benefit Payments Currently Being Made		
(a) Retirement Annuities	$ 447,109,007	$ 406,441,204
(b) Surviving Spouse's Annuities	33,216,512	30,699,418
(c) Children's Annuities	628,468	683,087
(d) Ordinary Disability Benefits	6,824,370	7,975,420
(e) Duty Disability Benefits	77,189	110,144
(f) Total Annual Benefit Payments	$ 487,885,546	$ 445,909,273

An age and service distribution for active members is provided in Exhibit 2.

Exhibit 2

Age and Service Distribution of Active Members

Year 2011

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

	Years of Service									
Age	**<1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35+**	**Total**
under 25	60	50	1							111
	$40,562	$44,259	$43,817							$42,257
25-29	312	702	189	10						1,213
	$42,923	$48,666	$51,250	$45,657						$47,567
30-34	192	733	941	249	7					2,122
	$55,137	$56,527	$60,028	$54,527	$50,575					$57,699
35-39	125	443	818	899	283	19				2,587
	$63,091	$67,548	$66,744	$64,579	$60,394	$59,251				$65,203
40-44	97	314	641	851	962	403	16			3,284
	$58,164	$62,611	$70,294	$68,260	$68,906	$62,689	$62,392			$67,296
45-49	83	278	465	624	825	933	282	17		3,507
	$58,516	$60,190	$65,916	$70,345	$71,733	$69,809	$64,908	$67,861		$68,407
50-54	70	230	374	570	711	808	632	159	2	3,556
	$61,785	$64,825	$64,062	$68,641	$72,072	$73,822	$74,099	$62,607	$71,560	$70,343
55-59	47	192	319	427	596	601	469	212	19	2,882
	$81,852	$68,203	$60,833	$70,471	$69,770	$73,152	$79,096	$73,023	$58,597	$71,366
60-64	26	97	255	316	353	307	173	78	41	1,646
	$95,084	$80,863	$64,784	$65,698	$66,726	$68,504	$69,025	$70,715	$62,327	$68,162
65-69	7	29	98	153	164	166	68	30	21	736
	$122,054	$91,750	$63,359	$68,049	$65,048	$61,436	$65,553	$73,795	$71,633	$66,818
70+	17	8	40	66	88	83	36	24	31	393
	$59,069	$98,888	$76,166	$57,144	$61,822	$62,636	$55,440	$60,721	$69,061	$63,223
Number	1,036	3,076	4,141	4,165	3,989	3,320	1,676	520	114	22,037
Salary	$55,309	$59,632	$64,154	$66,803	$69,040	$69,747	$72,568	$68,800	$65,413	$66,091

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, 2011. The actuarial value of assets was determined by smoothing unexpected gains or losses over a period of 5 years. The resulting actuarial value of assets is $7,897,102,116. The development of this actuarial value of assets is outlined in Exhibit 3. The market value of assets as of December 31, 2011amounted to $7,441,243,250.

Exhibit 3

Actuarial Value of Assets

A. Development of Investment Gain (Loss) for 2011

1. Market Value of Assets as of 12/31/2010		$7,574,653,612
2. Employer and Miscellaneous Contributions		212,951,937
3. Employee Contributions		127,577,473
4. Benefits and Expenses		556,640,805
5. Expected Market Value (Based on 7.5% assumed rate of return)		7,918,683,569
6. Actual Market Value		7,441,243,250
7. Investment Gain (Loss) (6 – 5)		(477,440,319)

B. Development of Actuarial Value of Assets as of 12/31/11

8. Market Value of Assets as of December 31, 2011		$7,441,243,250
9. Investment Gain/(Loss) for 2008	(2,458,448,408)	
10. 20% of Gain/(Loss) for 2008		(491,689,681)
11. Investment Gain/(Loss) for 2009	564,068,096	
12. 40% of Gain/(Loss) for 2009		225,627,238
13. Investment Gain/(Loss) for 2010	320,259,720	
14. 60% of Gain/(Loss) for 2010		192,155,832
15. Investment Gain/(Loss) for 2011	(477,440,319)	
16. 80% of Gain/(Loss) for 2011		(381,952,255)
17. Actuarial Value of Assets as of December 31, 2011 (8 – 10 – 12– 14 – 16)		$ 7,897,106,116

C. Fund Provisions

Our valuation was based on the provisions of the Fund in effect as of December 31, 2011 as provided in Article 9 of the Illinois Pension Code. Senate Bill 1946, which was signed into law on April 14, 2010 as Public Act 96-0889, created a "second tier" of benefits for employees who first became participants under the Fund on or after January 1, 2011. 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

We have used the same actuarial assumptions for the December 31, 2011 actuarial valuation as were used for the December 31, 2010 valuation. These actuarial assumptions are based on an experience analysis of the Fund over the period of 2005 through 2008.

The actuarial assumptions used for the December 31, 2011 valuation are outlined in Appendix 1. In our opinion, the actuarial assumptions used for the valuation are reasonable, 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, 2011 valuation, with costs allocated on the basis of earnings. This is the same actuarial cost method that was used for the December 31, 2010 valuation.

E. Actuarial Liability

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 4. 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, 2011, the total actuarial liability is $12,628,274,561, the actuarial value of assets is $7,897,102,116 and the unfunded actuarial liability is $4,731,172,445. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 62.5%.

Exhibit 4

Actuarial Liability and Funded Status

	Year Ending December 31	
	2011	2010
1. Actuarial Liability For Active Members		
(a) Basic Retirement Annuity	$ 3,804,245,568	$ 3,828,137,890
(b) Automatic Increase in Retirement Annuity	1,157,228,670	1,161,328,844
(c) Additional Benefits Under Optional Plan	208,511,805	234,682,617
(d) Post-retirement Survivor's Annuity	421,954,403	402,528,524
(e) Pre-retirement Survivor's Annuity	114,350,973	115,746,084
(f) Lump Sum Payments and Refunds	192,707,593	197,552,750
(g) Total	$ 5,898,999,012	$ 5,939,976,709
2. Actuarial Liability For Members Receiving Benefits		
(a) Retirement Annuities	$ 3,941,954,679	$ 3,587,423,273
(b) Automatic Increase in Retirement Annuities	1,141,486,330	1,039,888,474
(c) Survivor Annuities to Survivors of Current Retirees	474,548,419	427,611,021
(d) Survivor Annuities to Current Survivors	339,735,879	314,026,356
(e) Lump Sum Death Benefits	5,054,457	4,841,463
(h) Total	$ 5,902,779,764	$ 5,373,790,587
3. Actuarial Liability For Inactive Members	826,495,785	709,455,589
4. Total Actuarial Liability	$12,628,274,561	$12,023,222,885
5. Actuarial Value of Assets	7,897,102,116	7,982,368,659
6. Unfunded Actuarial Liability	$ 4,731,172,445	$ 4,040,854,226
7. Funded Ratio	62.5%	66.4%

F. Employer's Normal Cost

The employer's share of the normal cost for the year beginning January 1, 2012 is developed in Exhibit 5. The total normal cost is $279,083,788, employee contributions are estimated to be $123,987,010, resulting in the employer's share of the normal cost of $155,096,778.

Based on a payroll of $1,456,444,123 as of December 31, 2011, the employer's share of the normal cost can be expressed as 10.65% of payroll.

Exhibit 5

Employer's Normal Cost for Year Beginning January 1, 2012

	Dollar Amount	Percent of Payroll
1. Basic Retirement Annuity	$ 136,346,109	9.36%
2. Automatic Increase in Retirement Annuity	42,312,257	2.91
3. Additional Benefits Under Optional Plan	6,321,027	0.43
4. Post-retirement Survivor's Annuity	14,948,290	1.03
5. Pre-retirement Survivor's Annuity	7,031,570	0.48
6. Lump Sum Benefits and Refunds	60,311,723	4.14
7. Duty Disability Benefits	77,189	0.01
8. Ordinary Disability Benefits	6,824,370	0.47
9. Children's Benefits	628,468	0.04
10. Administrative Expenses	4,282,785	0.29
11. Total Normal Cost	$279,083,788	19.16%
12. Employee Contributions	123,987,010	8.51
13. Employer's Share of Normal Cost	$155,096,778	10.65%

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 $1,456,444,123 as of December 31, 2011.

G. Annual Required Contribution for GASB Statement No. 25

GASB Statement No. 25 requires the disclosure of the annual required employer contribution (ARC), calculated in line within certain parameters. Pursuant to GASB Statement No. 25, we have calculated the annual required contribution for the year beginning January 1, 2012 as the employer's normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. Therefore, the annual required contribution (ARC) for the year beginning January 1, 2012 for purposes of GASB Statement No. 25 is as follows:

1. Employer's normal cost	$155,096,778
2. Annual amount to amortize the unfunded liability over 30 years as a level dollar amount	385,121,509
3. Annual required contribution (1 + 2)	$540,218,287

H. GASB Disclosure Information

Governmental Accounting Standards Board (GASB) Statement No. 25 established financial reporting standards for defined benefit pension plans of governmental employers. The statement requires a presentation of "actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due." The information, covering a minimum of six years, is to be provided in two schedules of historical trend information, as follows:

1. The Schedule of Funding Progress provides information about the actuarially determined funded status from a long-term ongoing plan perspective and the progress made toward accumulating sufficient assets, and

2. The Schedule of Employer Contributions provides information about the annual required contribution (ARC) and percent of the ARC actually contributed by the employer.

Based on the results of the December 31, 2011 actuarial valuation as well as the results of previous actuarial valuations, we have prepared a Schedule of Funding Progress and a Schedule of Employer Contributions, which are included in Exhibits 6 and 7.

We have also made calculations to determine the Net Pension Obligation (NPO) as of December 31, 2011. Our calculations have been based on the parameters prescribed in Governmental Accounting Standards Board (GASB) Statement No. 27 for calculating the NPO. According to GASB Statement No. 27, an employer's NPO is equal to the cumulative difference between the annual pension cost and the employer's contribution.

The Net Pension Obligation as of December 31, 2011 is determined in Exhibit 8.

Based on the results of the December 31, 2011 actuarial valuation, we have also prepared a Reconciliation of Change in Unfunded Actuarial Liability. This reconciliation shows the results of several kinds of gains and losses. This financial effect of the most significant gains and losses is illustrated in Exhibit 9.

The following information is applicable to the calculations of the information shown in Exhibits 6, 7, 8 and 9:

Valuation Date	December 31, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	5 year smoothed market value
Actuarial Assumptions	
Investment return rate	7.5% per year
Projected salary increases	5.0% per year
Inflation rate	3.0% per year
Postretirement benefit increase	3.0% compound per year for Tier 1 employees 1.5% simple per year for Tier 2 employees

Exhibit 6

Schedule of Funding Progress

Fiscal Year	Total Actuarial Liability	Actuarial Value of Assets	Assets as a % of Actuarial Liability	Unfunded Liability	Active Member Payroll	UAL as a % of Active Member Payroll
2002	$ 7,846,307,991	$ 5,861,233,506	74.70%	$ 1,985,074,485	$1,330,456,896	149.20%
2003	8,780,969,704	5,929,201,142	67.52%	2,851,768,562	1,307,079,312	218.18%
2004	9,450,784,086	6,700,845,111	70.90%	2,749,938,975	1,371,540,481	200.50%
2005	9,269,944,133	7,027,508,138	75.81%	2,242,435,995	1,387,459,142	161.62%
2006	8,826,581,465 [1]	7,462,683,122	84.55%	1,363,898,343 [1]	1,412,878,627	96.53% [1]
2007	9,386,287,797 [1]	8,059,879,804	85.87%	1,326,407,993 [1]	1,370,844,734	96.76% [1]
2008	10,097,027,865 [1]	8,036,074,797	79.59%	2,060,953,068 [1]	1,463,372,408	140.84% [1]
2009	11,489,081,298 [1]	7,945,567,096	69.16%	3,543,514,202 [1]	1,498,161,713	236.52% [1]
2010	12,023,222,885 [1]	7,982,368,659	66.39%	4,040,854,226 [1]	1,494,093,569	270.46% [1]
2011	12,628,274,561 [1]	7,897,102,116	62.54%	4,731,172,445 [1]	1,456,444,123	324.84% [1]

[1]Pension benefits only.

Exhibit 7

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Employer Contribution	Employer Contribution as a Percent of ARC
2002	$253,942,375	$178,410,973	70.26%
2003	364,658,305	185,608,032	50.90%
2004	457,427,014	201,957,937	44.15%
2005	428,971,126	218,292,478	50.89%
2006	282,223,686 [1]	198,619,984 [1]	70.38%
2007	287,061,532 [1]	230,114,335 [1]	80.16%
2008	283,892,734 [1]	150,227,360 [1]	52.92%
2009	352,850,988 [1]	152,506,089 [1]	43.22%
2010	454,327,461 [1]	144,539,577 [1]	31.81%
2011	493,724,370 [1]	160,652,118 [1]	32.54%

[1]Pension benefits only.

Exhibit 8

Net Pension Obligation as of December 31, 2011

1. NPO as of 12-31-2010	$1,506,834,673
2. Annual Required Contribution (ARC)	493,724,370
3. Interest on NPO	113,012,600
4. Adjustment to ARC	(122,657,643)
5. Annual Pension Cost for 2011 (2 + 3 + 4)	484,079,327
6. Total Employer Contribution for 2011	160,652,118
7. NPO as of 12-31-2011 (1 + 5 - 6)	$1,830,261,882

Exhibit 9

Reconciliation of Change in Unfunded Actuarial Liability

Over the Period January 1, 2011 to December 31, 2011
Pension Benefit Only for GASB Statement No. 25

1. Unfunded Actuarial Liability as of 01/01/11	$4,040,854,226
2. Employer Contribution Requirement of Normal Cost Plus Interest on Unfunded Liability for Period 01/01/11 to 12/31/11	463,164,406
3. Actual Employer Contribution for the Year, Plus Interest	166,567,661
4. Increase in Unfunded Liability Due to Employer Contribution Plus Interest Being Less Than Normal Cost Plus Interest on Unfunded Liability (2 – 3)	296,596,745
5. Increase in Unfunded Liability Due to Investment Return Lower Than Assumed	459,875,129
6. Decrease in Unfunded Liability Due to Salary Increases Lower Than Assumed	(138,554,686)
7. Increase in Unfunded Liability Due to Other Sources	72,401,031
8. Net Increase in Unfunded Liability for theYear (4 + 5 + 6 + 7)	690,318,219
9. Unfunded Actuarial Liability as of December 31, 2011 (1 + 8)	$4,731,172,445

Actuary's Report - Health Insurance

A. Purpose and Summary

We have performed an actuarial valuation as of December 31, 2011 of the retiree health insurance benefits provided by the County Employees' Annuity and Benefit Fund of Cook County. The purpose of the valuation was to determine the total actuarial liability and annual required contribution for retiree health insurance benefits provided by the Fund for financial reporting purposes pursuant to GASB Statement No. 43. GASB Statement No. 43 does not apply to the funding of retiree health insurance benefits and valuations for funding purposes may differ significantly from the results presented here.

This report is intended to present the results of the valuation of the retiree health insurance benefits provided by the Fund for purposes of GASB Statement No. 43. The results of the valuation are summarized below:

1. Total Actuarial Liability	$1,678,571,388
2. Actuarial Value of Assets	0
3. Unfunded Actuarial Liability	1,678,571,388
4. Annual Required Contribution	
For Year Beginning January 1, 2012	156,700,388

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, 2011, on which the valuation was based, is summarized in Exhibit 1. It can be seen that there were 22,037 active employees, 7,925 annuitants currently receiving benefits, and 1,520 terminated employees entitled to benefits but not yet receiving them.

Exhibit 1

Summary of Membership Data

	Year Ending December 31, 2011	2010
1. Annuitants Currently Receiving Benefits	7,925	7,554
2. Terminated Employees Entitled To Benefits But Not Yet Receiving Them	1,520	1,284
3. Active Employees	22,037	23,165
4. Total Number of Members	31,482	32,003

Assets. Assets are not being accumulated in advance for the payment of retiree health insurance benefits. The benefits are paid out of current year employer contributions. According to the Fund's financial statements, as of December 31, 2011, net assets of the postemployment healthcare plan were $0.

C. Program Provisions

Our valuation was based on the provisions of the Fund in effect as of December 31, 2011 as provided in Articles 9 of the Illinois Pension Code.

The Fund pays a portion of the premium for health insurance on behalf of each annuitant who participates in any of the Fund's health care plans. Currently, the Fund is paying 55% of the total premiums for retiree annuitants, including the cost of any family coverage, and 70% of the premiums for survivor annuitants, including the cost of any family coverage.

An employee who withdraws from service with 10 or more years of service is entitled to a retirement annuity upon attainment of age 50. The surviving spouse of an employee who dies in service or of retiree in receipt of a retirement annuity is entitled to a surviving spouse's annuity.

D. Actuarial Assumptions and Cost Method

In performing the actuarial valuation of the retiree health insurance program for purposes of GASB Statement No. 43, we used such parameters and assumptions as are prescribed in GASB Statement No. 43 for actuarial valuations of retiree health insurance benefits. These parameters and assumptions are described below:

Under GASB Statement No. 43, if no assets have been accumulated under a retiree health insurance program, the interest rate assumption is to be based on the investments of the employer. As governmental employers are able to invest only in short term, fixed income securities, we have used an interest rate assumption of 4.5% per year in performing the actuarial valuation of the retiree health insurance program.

One of the most important assumptions is the medical trend rate assumption used to increase per member medical costs in future years. The medical trend rate assumption that we have used starts at 8.0% in 2013 and gradually declines to 5.0% by the year 2019 as follows:

Year	Medical Trend
2013	8.0%
2014	7.5%
2015	7.0%
2016	6.5%
2017	6.0%
2018	5.5%
2019 and later	5.0%

D. Actuarial Assumptions and Cost Method (continued)

Per Member Costs

Current Pensioners - We have been provided with information regarding premium rates as of January 1, 2012 for each pensioner currently participating in the retiree health insurance program. We applied the Fund's current reimbursement rates to these premiums to determine the per member cost to the Fund for pensioners currently participating in the retiree health insurance program.

Currently Active Employees - We have been provided with information regarding premium rates as of January 1, 2012 for each of the health insurance plans available to retirees and the number of retirees participating in each plan.

Based on this information, we developed average per member total costs to be used for currently active employees. We developed average per member total costs separately for the following categories:

	Average Total Monthly Cost Per Retiree
1. Employee retirees under age 65	$1,339.60
2. Spouse retirees under age 65	$ 1,173.49
3. Employee retirees over age 65	$ 594.90
4. Spouse retirees over age 65	$ 391.42

GASB Statement No. 43 provides projection of future retiree health care benefits should be based on actuarial standards issued by the Actuarial Standards Board. Actuarial Standards of Practice No. 6 provides that actuaries should consider the variation of health care costs by age and should use appropriate age bands if the costs vary significantly.

We have therefore developed age-adjusted costs per retiree that are equivalent to the above average costs per retiree by using the Aging Curve for Health Care Costs that is included in Table 4 of the study Aging Curves for Health Care Costs in Retirement, by Jeffrey P. Petertil, published in the July 2005 issue of the *North American Actuarial Journal*.

The percent increases in health care costs by age that are shown in Table 4 of the above paper are as follows:

Age Band	Representative One Year Aging Factor
50-54	3.3%
55-59	3.6%
60-64	4.2%
65-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90 and over	0.0%

D. Actuarial Assumptions and Cost Method (continued)

Applying the previous rates of increases in health care costs by age, we developed costs per retiree by five-year age groups that were equivalent to the above average costs per retiree. This was done separately for the under age 65 costs per retiree and the over age 65 costs per retiree, for both employee retirees and spouse retirees. The cost per retiree by five-year age groups were developed so the total of the age-adjusted costs was equal to the total of the level average costs.

The age adjusted retiree monthly costs that we developed using the above approach are as follows:

Age Band	Age Adjusted Monthly Cost Per Employee Retiree	Age Adjusted Monthly Cost Per Spouse Retiree
50-54	$ 1,003.14	$ 929.21
55-59	$ 1,188.53	$ 1,100.94
60-64	$ 1,439.06	$ 1,333.00
65-69	$ 499.71	$ 306.39
70-74	$ 572.30	$ 350.90
75-79	$ 639.63	$ 392.18
80-84	$ 689.03	$ 422.47
85-89	$ 715.24	$ 438.54

In determining the costs to the Fund, we took into account that the Fund pays 55% of the total premiums for retirees and 70% of the total premiums for survivors.

Participation Rates - Based on current participation data, we have assumed future participation rates in the retiree health insurance program to be as follows:

Category	Participation Rate
Employee retirees under age 65	61%
Spouse retirees under age 65	33%
Employee retirees over age 65	53%
Spouse retirees over age 65	53%

Other Actuarial Assumptions - The other actuarial assumptions that we used in performing the actuarial valuation of the retiree health insurance benefits provided by the Fund are similar to the actuarial assumptions that we use in the actuarial valuation of pension benefits. These assumptions are outlined in Appendix 1.

The entry age actuarial cost method was used for the December 31, 2011 valuation. This is the same actuarial cost method that we use for the actuarial valuation of pension benefits provided by the Fund.

E. Actuarial Liability

The actuarial liability as determined under the valuation for the various classes of members is summarized in Exhibit 2. 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, 2011, the total actuarial liability for retiree health insurance benefits provided by the Fund is $1,678,571,388, the actuarial value of assets is $0 and the unfunded actuarial liability is $1,678,571,388.

Exhibit 2

Actuarial Liability and Funded Status

	Year Ending December 31,	
	2011	2010
1. Actuarial Liability For Active Members	$1,073,195,985	$1,117,801,252
2. Actuarial Liability For Members Receiving Benefits	605,375,403	606,821,210
3. Total Actuarial Liability	$1,678,571,388	$1,724,622,462
4. Actuarial Value of Assets	0	0
5. Unfunded Actuarial Liability	$1,678,571,388	$1,724,622,462

F. Normal Cost

The normal cost for the year beginning January 1, 2012 is shown below. The total normal cost is $56,086,276. Based on a payroll of $1,456,444,123 as of December 31, 2011, the total normal cost can be expressed as 3.85% of payroll.

Normal Cost for Year Beginning January 1, 2012

	Dollar Amount	Percent of Payroll
Total Normal Cost	$56,086,278	3.85%

G. Annual Required Contribution for GASB Statement No. 43

Pursuant to GASB Statement No. 43, we have calculated the annual required contribution for the year beginning January 1, 2012 as the normal cost plus a 30-year level-dollar amortization of the unfunded actuarial liability. Therefore, the annual required contribution (ARC) for the year beginning January 1, 2012 for purposes of GASB Statement No. 43 is as follows:

	Year Ending December 31, 2011
1. Total Normal Cost	$ 56,086,278
2. Annual amount to amortize the unfunded liability over 30 years as a level dollar amount	100,614,110
3. Annual required contribution (1 + 2)	$156,700,388

H. GASB Disclosure Information

Governmental Accounting Standards Board (GASB) Statement No. 43 established financial reporting standards for retiree health insurance plans of governmental employers. The statement requires a presentation of "actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due." The information, covering a minimum of three years, is to be provided in two schedules of historical trend information, as follows:

1. The Schedule of Funding Progress provides information about the actuarially determined funded status from a long-term ongoing plan perspective and the progress made toward accumulating sufficient assets, and

2. The Schedule of Employer Contributions provides information about the annual required contribution (ARC) and percent of the ARC actually contributed by the employer.

Based on the results of the December 31, 2011 actuarial valuation as well as the results of previous actuarial valuations, we have prepared a Schedule of Funding Progress and a Schedule of Employer Contributions, which are included in Exhibits 3 and 4.

We have also made calculations to determine the Net OPEB Obligation (NOO) as of December 31, 2011. Our calculations have been based on the parameters prescribed in Governmental Accounting Standards Board (GASB) Statement No. 45 for calculating the NOO. According to GASB Statement No. 45, an employer's NOO is equal to the cumulative difference between the annual OPEB cost and the employer's contribution.

H. GASB Disclosure Information (continued)

The Net OPEB Obligation as of December 31, 2011 is determined in Exhibit 5.

Based on the results of the December 31, 2011 actuarial valuation, we have also prepared a Reconciliation of Change in Unfunded Actuarial Liability. This reconciliation shows the results of several kinds of gains and losses. This financial effect of the most significant gains and losses is illustrated in Exhibit 6.

The following information is applicable to the calculations of the information shown in Exhibits 3, 4, 5 and 6:

Valuation Date	December 31, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Actuarial Assumptions	
Investment return rate	4.5% per year
Inflation rate	3.0% per year
Increases in Postretirement health care costs	
2013	8.0%
2014	7.5%
2015	7.0%
2016	6.5%
2017	6.0%
2018	5.5%
2019 and later	5.0%

Actuary's Report - Health Insurance (continued)

Exhibit 3

Fiscal Year	Total Actuarial Liability	Actuarial Value of Assets	Assets as a % of Actuarial Liability	Unfunded Liability	Active Member Payroll	UAL as a % of Active Member Payroll
2006	$1,506,821,967	$ -	0.00%	$1,506,821,967	$1,412,878,627	106.65%
2007	1,554,123,496	-	0.00%	1,554,123,496	1,370,844,734	113.37%
2008	1,448,828,756	-	0.00%	1,448,828,756	1,463,372,408	99.01%
2009	1,686,872,018	-	0.00%	1,686,872,018	1,498,161,713	112.60%
2010	1,724,622,462	-	0.00%	1,724,622,462	1,494,093,569	115.43%
2011	1,678,571,388	-	0.00%	1,678,571,388	1,456,444,123	115.25%

Exhibit 4

Fiscal Year	Annual Required Contribution (ARC)	Employer Contribution	Employer Contribution as a Percent of ARC
2006	$166,070,688	$26,818,379	16.15%
2007	169,154,664	31,420,216	18.57%
2008	169,823,905	37,781,310	22.25%
2009	157,964,519	35,779,228	22.65%
2010	163,823,488	40,183,057	24.53%
2011	165,176,771	38,185,306	23.12%

Exhibit 5

1. NOO as of 12-31-2010	$ 372,126,785
2. Annual Required Contribution (ARC)	165,176,771
3. Interest on NOO	16,745,705
4. Adjustment to ARC	(22,305,400)
5. Annual OPEB Cost for 2011 (2 + 3 + 4)	159,617,076
6. Total Employer Contribution for 2011	38,185,306
7. NOO as of 12-31-2011 (1 + 5 - 6)	$493,558,555

Exhibit 6

Reconciliation of Change in Unfunded Actuarial Liability

Over the Period January 1, 2011 to December 31, 2011
Retiree Health Insurance Only for GASB Statement No. 43

1.	Unfunded Actuarial Liability as of 01/01/11	$ 1,724,622,462
2.	Employer Contribution Requirement of Normal Cost Plus Interest on Unfunded Liability for Period 01/01/11 to 12/31/11	139,096,233
3.	Actual Employer Contribution for the Year, Plus Interest	39,035,021
4.	Increase in Unfunded Liability Due to Employer Contribution Plus Interest Being Less Than Normal Cost Plus Interest on Unfunded Liability (2 – 3)	100,061,212
5.	Decrease in Unfunded Liability Due to Increases In Premiums Lower Than Assumed	(144,178,438)
6.	Decrease in Unfunded Liability Due to Other Sources	(1,933,848)
7.	Net Increase (Decrease) in Unfunded Liability for the Year (4 + 5 + 6)	(46,051,074)
8.	Unfunded Actuarial Liability as of December 31, 2011 (1 + 7)	$ 1,678,571,388

Additional Actuarial Tables

TABLE I

Schedule of Active Member Valuation Data-
Pension Fund

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
12/31/06	25,555	$1,412,878,627	$55,288	2.5%
12/31/07	23,456	1,370,844,734	58,443	5.7%
12/31/08	23,436	1,463,372,408	62,441	6.8%
12/31/09	23,570	1,498,161,713	63,562	1.8%
12/31/10	23,165	1,494,093,569	64,498	1.5%
12/31/11	22,037	1,456,444,123	66,091	2.5%

TABLE II

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls-
Pension Fund

	Added to Rolls		Removed from Rolls		Rolls-End-of Year			
Year Ended	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	% Increase in Average Annual Benefit
2006	689	$21,223,721	424	$8,871,159	13,710	$321,741,205	$23,468	2.0%
2007	910	37,609,335	602	9,344,686	14,018	350,005,854	24,968	6.4%
2008	791	32,064,586	517	8,641,406	14,292	373,429,034	26,129	4.6%
2009	693	43,524,587	510	9,455,204	14,475	407,498,417	28,152	7.7%
2010	917	40,259,064	538	10,616,859	14,854	437,140,622	29,429	4.5%
2011	1,158	55,308,088	580	12,124,191	15,432	480,324,519	31,125	5.8%

TABLE III

Schedule of Retirees and Beneficiaries Added To and Removed From Rolls-
Health Insurance

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ended	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Average Annual Benefit	% Increase in Average Annual Benefit
2006	382	$2,582,104	288	$2,606,859	7,094	$30,642,245	$4,319	N/A
2007	544	9,141,503	422	2,503,304	7,216	37,280,444	5,166	19.6%
2008	446	6,154,754	362	2,954,855	7,300	40,480,343	5,545	7.3%
2009	428	4,633,172	361	3,680,293	7,367	41,433,222	5,624	1.4%
2010	539	6,120,411	352	2,652,832	7,554	44,900,801	5,944	5.7%
2011	752	4,513,262	381	2,509,723	7,925	46,904,340	5,919	-0.4%

N/A - Not Available

TABLE IV

Solvency Test-
Pension Fund

	Accrued Liabilities for						
	(1)	(2)	(3)				
Fiscal Year Ended	Active and Inactive Members Accumulated Contributions	Members Currently Receiving Benefits	Active and Inactive Member Employer Portion	Actuarial Value of Assets	Percent of Accrued Liabilities Covered by Assets (1)	(2)	(3)
2006	$1,496,918,427	$3,738,360,199	$3,591,302,839	$7,462,683,122	100%	100%	62%
2007	1,569,401,144	4,035,560,084	3,781,326,569	8,059,879,804	100%	100%	65%
2008	1,650,186,209	4,258,683,439	4,188,158,217	8,036,074,797	100%	100%	51%
2009	1,749,058,834	5,043,516,963	4,696,505,501	7,945,567,096	100%	100%	25%
2010	1,824,472,753	5,373,790,587	4,824,959,545	7,982,368,659	100%	100%	16%
2011	1,662,273,117	5,902,779,764	5,063,221,680	7,897,102,116	100%	100%	7%

TABLE V

Solvency Test-
Health Insurance

	Accrued Liabilities for						
	(1)	(2)	(3)				
Fiscal Year Ended	Active and Inactive Members Accumulated Contributions	Members Currently Receiving Benefits	Active and Inactive Member Employer Portion	Actuarial Value of Assets	Percent of Accrued Liabilities Covered by Assets (1)	(2)	(3)
2006	$ -	$517,545,292	$ 989,276,675	$ -	0%	0%	0%
2007	-	573,053,947	981,069,549	-	0%	0%	0%
2008	-	513,723,492	935,105,264	-	0%	0%	0%
2009	-	588,250,913	1,098,621,105	-	0%	0%	0%
2010	-	606,821,210	1,117,801,252	-	0%	0%	0%
2011	-	605,375,403	1,073,195,985	-	0%	0%	0%

Additional Information

Appendix 1: Summary of Actuarial Assumptions and Actuarial Cost Method

The actuarial assumptions used for the December 31, 2011 actuarial valuation are summarized below. These assumptions are based on an experience analysis of the Fund over the period 2005 through 2008. The assumptions were adopted by the Board as of December 31, 2009 based on the recommendation of the actuary.

Mortality Rates. The UP-1994 Mortality Table for Males, rated down 2 years, and the UP-1994 Mortality Table for Females, rated down 1 year.

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	Males			Females		
Age	27	32	37	27	32	37
27	.145			.183		
32	.116	.165		.117	.165	
37	.030	.105	.141	.030	.093	.114
42	.030	.030	.085	.030	.030	.060
47	.030	.030	.030	.030	.030	.030

Retirement Rates. For persons who became participants prior to January 1, 2011, rates of retirement for each age from 50 to 75 based on the recent experience of the Fund. The following are samples of the rates of retirement used:

Less Than 30 Years of Service at Retirement

	Rates of Retirement	
Age	Males	Females
50	.010	.012
55	.060	.072
60	.250	.216
65	.150	120
70	.250	.200
75	1.000	1.000

Appendix 1: Summary of Actuarial Assumptions and Actuarial Cost Method (continued)

30 or More Years of Service at Retirement

	Rates of Retirement	
Age	Males	Females
50	.150	.128
55	.300	.213
60	.375	.230
65	.270	.120
70	.450	.200
75	1.000	1.000

Retirement Rates for Deputy Sheriffs Who Are Members of the Cook County Police Department With 20 or More Years of Service at Retirement

	Rates of Retirement	
Age	Males	Females
50	.211	.211
55	.169	.169
60	.382	.382
65	1.000	1.000

Retirement Rates. For persons who became or will become participants on or after January 1, 2011, rates of retirement for each age from 62 to 75 were used. The following are samples of the rates of retirement that were used.

	Rates of Retirement	
Age	Males	Females
62	.400	.350
64	.225	.150
67	.400	.350
70	.450	.200
75	1.000	1.000

Salary Progression. 5.0% per year, compounded annually.

Interest Rate. For the Pension Fund valuation, 7.5% per year, compounded annually. For the Health Insurance valuation, 4.5% per year, compounded annually.

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.

Appendix 2: Summary of Principal Provisions

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 and are amortized over an open 30-year period.

Participant. A person employed by the County whose salary or wages is paid in whole or in part by the County. 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 County 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.

Appendix 2: Summary of Principal Provisions (continued)

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.

Alternate Annuity for County Officers. An alternate annuity is available for County Officers elected on or before January 1, 2008. The amount of this alternate annuity is equal to 3% of final salary for the first 8 years of service, 4% for the next 4 years of service, and 5% thereafter, subject to a maximum of 80% of final salary. The elected County Officer is required to contribute an additional 3% of salary to be eligible for the alternate annuity. The alternate survivor's annuity for survivors of elected County Officers is 66 2/3% of the amount of the elected County Officer's earned retirement annuity on the date of death, subject to a minimum payment of 10% of salary.

Annuities for Members of the Cook County Police Department. In lieu of the regular of minimum retirement annuity, a deputy sheriff who is a member of the County Police Department may be entitled to the following annuity:

Upon withdrawal from service after having attained age 50 in service with 20 or more years of service credit as a police officer, the officer shall be entitled to an annuity computed as follows: 50% of final average salary, plus 2% of final average salary for each year of service in excess of 20 years, subject to a maximum of 80% of final average salary.

Surviving Spouse's Annuity – Death in Service

Money Purchase Annuity. The amount of annuity based on the accumulated salary deductions and County 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. 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.

Appendix 2: Summary of Principal Provisions (continued)

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 a 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% (9% for County Police) 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% (9% for County Police) 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) ¼ 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.

Appendix 2: Summary of Principal Provisions (continued)

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 Fund's health care plans. Currently, the Fund is paying 55% of the premiums for retiree annuitants and 70% of the premiums for survivor annuitants.

Refund to Employee Upon Withdrawal From Service. Upon withdrawal from service, an employee under the age of 55, or anyone with less than 10 years of service is eligible for a refund. 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 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% (9% for County Police) of salary to the Fund, 6.5% (7% for County Police) 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 County 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 1.54.

Employer Pick-up of Employee Contributions. Since April 15, 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 2: Summary of Principal Provisions (continued)

Persons Who First Become Participants On or After January 1, 2011. The following changes to the aforementioned provisions apply to persons who first became participants on or after January 1, 2011:

1. The highest salary for annuity purposes is equal to the average monthly salary obtained by dividing the participant's total salary during the 96 consecutive months of service within the last 120 months of service in which the total compensation was the highest by the number of months in that period.

2. For 2011, the annual salary is limited to the Social Security wage base of $106,800. Limitations for future years shall automatically be increased by the lesser of 3% or one-half of percentage change in the Consumer Price Index-U for the 12 months ending in September.

3. A participant is eligible to retire with unreduced benefits at age 67 with at least 10 years of service credit. However, a participant may elect to retire at age 62 with at least 10 years of service credit and receive a retirement annuity reduced by one-half of 1% for each month that his or her age is under 67.

4. The initial survivor's annuity is equal to 66 2/3% of the participant's earned retirement annuity at the date of death. subject to automatic annual increases of the lesser 3% or one-half of the increase in the Consumer Price Index-U for the 12 months ending in September, based on the originally granted survivor's annuity.

5. Automatic annual increases in the retirement annuity then being paid are equal to the lesser of 3% or one-half the annual change in the Consumer Price Index-U, whichever is less, based on the originally granted retirement annuity.

6. Refund upon withdrawal from service. Upon withdrawal from service, an employee who withdraws from service before age 62 regardless of length of service or withdraws with less than 10 years of service regardless of age is entitled to a refund of total contributions made by the employee without interest.

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.

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Statistical Section

This section contains additional schedules that are designed to supplement the information in the Comprehensive Annual Financial Report:

Statements of Changes in Plan Net Assets – Pension and Postemployment Healthcare *provides details on the specific sources and uses of funds.*

Schedules of Retired Members by Benefit Type – Pension and Postemployment Healthcare *provides details on the monthly pension amounts for retirement and survivor members, including those with postemployment healthcare.*

Schedule of Average Benefit Payments – Pension and Postemployment Healthcare *provides details on years of credited service, average monthly pension, average monthly final average salary and the number of new retirees, including those with postemployment healthcare.*

Schedule of Principal Participating Employers – Pension and Postemployment Healthcare *provides details on employers who participate in the Plan.*

Statement of Changes in Plan Net Assets - Pension

For year ended December 31, 2011, with comparative totals for 9 years

	2011	2010	2009	2008	2007
Additions:					
Employer contributions	$ 162,667,160	$ 141,326,266	$ 147,934,643	$ 146,134,911	$ 226,721,014
Employee contributions	127,577,473	129,449,866	127,795,881	123,776,705	123,047,516
Net investment and net securities lending income (loss)	82,701,033	832,882,639	1,013,615,250	(1,858,853,846)	476,910,124
Other	3,380,437	8,248,307	6,087,899	4,382,353	4,142,324
Total additions	376,326,103	1,111,907,078	1,295,433,673	(1,584,559,877)	830,820,978
Deductions:					
Benefits					
Retirement	429,527,599	393,525,707	369,226,987	347,922,288	324,724,997
Survivors	33,003,057	30,307,794	27,837,079	25,815,860	23,645,235
Disability	13,961,631	13,789,106	13,510,567	13,234,974	13,038,555
Refunds					
Death	3,036,462	5,569,966	3,424,156	3,565,245	3,997,807
Separation	15,813,775	12,704,374	11,582,869	15,322,631	56,013,958
Other	10,315,098	6,767,478	5,397,886	5,836,226	6,611,592
Net adminstrative and miscellaneous expenses	4,078,843	4,074,955	4,248,287	4,172,536	3,866,188
Total deductions	509,736,465	466,739,380	435,227,831	415,869,760	431,898,332
Net increase (decrease)	(133,410,362)	645,167,698	860,205,842	(2,000,429,637)	398,922,646
Net assets held in trust for benefits:					
Beginning of period	7,574,653,612	6,929,485,914	6,069,280,072	8,069,709,709	7,670,787,063
End of period	$7,441,243,250	$7,574,653,612	$6,929,485,914	$6,069,280,072	$8,069,709,709

Statement of Changes in Plan Net Assets - Pension (continued)

For year ended December 31, 2011, with comparative totals for 9 years

	2006	2005	2004	2003	2002
Additions:					
Employer contributions	$ 194,367,840	$ 186,540,579	$ 161,453,318	$ 148,663,398	$ 151,080,434
Employee contributions	121,672,773	174,213,741	148,991,804	140,073,582	147,031,109
Net investment and net securities lending income (loss)	749,245,001	324,731,939	571,265,643	883,619,351	(382,116,211)
Other	5,433,125	6,977,513	6,162,602	4,566,060	3,744,422
Total additions	1,070,718,739	692,463,772	887,873,367	1,176,922,391	(80,260,246)
Deductions:					
Benefits					
Retirement	301,803,116	289,176,133	279,822,990	258,423,996	176,814,563
Survivors	21,459,472	19,473,853	17,403,574	15,019,947	13,330,158
Disability	11,722,480	11,359,918	10,748,121	9,993,939	11,178,485
Refunds					
Death	4,101,200	2,862,768	N/A	2,999,393	3,175,669
Separation	17,564,604	17,289,173	N/A	14,008,994	15,069,268
Other	3,256,405	2,889,802	18,049,094 *	27,201,566	2,009,599
Net adminstrative and miscellaneous expenses	3,979,155	4,398,437	6,780,941	7,255,667	6,394,921
Total deductions	363,886,432	347,450,084	332,804,720	334,903,502	227,972,663
Net increase (decrease)	706,832,307	345,013,688	555,068,647	842,018,889	(308,232,909)
Net assets held in trust for benefits:					
Beginning of period	6,963,954,756	6,618,941,068	6,063,872,421	5,221,853,532	5,530,086,441
End of period	$7,670,787,063	$6,963,954,756	$6,618,941,068	$6,063,872,421	$5,221,853,532

* Refund breakout for 2004 is unavailable due to the transition to a new actuary.

Statement of Changes in Plan Net Assets - Postemployment Healthcare

For year ended December 31, 2011, with comparative totals for 9 years

	2011	2010	2009	2008	2007
Additions:					
Employer contributions	$32,670,461	$40,183,057	$35,779,227	$37,781,310	$31,420,216
Other	14,233,879	4,717,744	5,653,995	2,699,033	5,860,228
Total additions	46,904,340	44,900,801	41,433,222	40,480,343	37,280,444
Deductions:					
Healthcare Benefits	46,904,340	44,900,801	41,433,222	40,480,343	37,280,444
Net increase (decrease)	-	-	-	-	-
Net assets held in trust for benefits:					
Beginning of period	-	-	-	-	-
End of period	$ -	$ -	$ -	$ -	$ -

Statement of Changes in Plan Net Assets - Postemployment Healthcare (continued)

For year ended December 31, 2011, with comparative totals for 9 years

	2006	2005	2004	2003	2002
Additions:					
Employer contributions	$26,818,379	$28,308,863	$36,663,724	$32,378,575	$23,919,030
Other	3,823,866	-	-	-	-
Total additions	30,642,245	28,308,863	36,663,724	32,378,575	23,919,030
Deductions:					
Healthcare Benefits	30,642,245	28,308,863	36,663,724	32,378,575	23,919,030
Net increase (decrease)	-	-	-	-	-
Net assets held in trust for benefits:					
Beginning of period	-	-	-	-	-
End of period	$ -	$ -	$ -	$ -	$ -

Schedule of Retired Members by Benefit Type - Pension

As of December 31, 2011

	Retirement		Survivor		Total	
Monthly Pension Amount	Males	Females	Males	Females	Males	Females
$ 0 - 499	445	1,079	137	569	582	1,648
$ 500 - 999	437	899	171	517	608	1,416
$ 1,000 - 1,499	396	859	92	260	488	1,119
$ 1,500 - 1,999	388	799	44	186	432	985
$ 2,000 - 2,499	405	805	24	130	429	935
$ 2,500 - 2,999	384	620	20	111	404	731
$ 3,000 - 3,499	373	611	7	55	380	666
$ 3,500 - 3,999	386	453	7	34	393	487
$ 4,000 - 4,499	455	320	3	19	458	339
$ 4,500 - 4,999	399	296	0	5	399	301
$ 5,000 - 5,499	368	252	0	4	368	256
$ 5,500 - 5,999	288	300	0	1	288	301
$ 6,000 - 6,499	160	142	1	0	161	142
$ 6,500 - 6,999	131	89	0	1	131	90
$ 7,000 - 7,499	82	65	0	2	82	67
$ 7,500 - 7,999	41	31	0	1	41	32
$ 8,000 - 8,499	22	8	0	2	22	10
$ 8,500 - 8,999	16	7	1	1	17	8
$ 9,000 +	150	62	1	3	151	65
Total	5,326	7,697	508	1,901	5,834	9,598

Schedule of Retired Members by Benefit Type - Postemployment Healthcare

As of December 31, 2011

	Retirement		Survivor		Total	
Monthly Pension Amount	Males	Females	Males	Females	Males	Females
$ 0 - 499	15	48	21	138	36	186
$ 500 - 999	71	190	50	244	121	434
$ 1,000 - 1,499	126	353	48	161	174	514
$ 1,500 - 1,999	166	465	18	123	184	588
$ 2,000 - 2,499	225	545	12	91	237	636
$ 2,500 - 2,999	221	427	15	85	236	512
$ 3,000 - 3,499	232	462	3	46	235	508
$ 3,500 - 3,999	255	333	5	26	260	359
$ 4,000 - 4,499	302	233	3	16	305	249
$ 4,500 - 4,999	270	226	0	4	270	230
$ 5,000 - 5,499	260	194	0	4	260	198
$ 5,500 - 5,999	201	243	0	1	201	244
$ 6,000 - 6,499	112	112	1	0	113	112
$ 6,500 - 6,999	101	75	0	1	101	76
$ 7,000 - 7,499	56	54	0	2	56	56
$ 7,500 - 7,999	27	20	0	1	27	21
$ 8,000 - 8,499	13	5	0	2	13	7
$ 8,500 - 8,999	13	4	1	1	14	5
$ 9,000 +	99	46	0	2	99	48
Total	2,765	4,035	177	948	2,942	4,983

Schedule of Average Benefit Payments-Pension

		Years of Credited Service						
		0-4	5-9	10-14	15-19	20-24	25-29	30+
2002	Average Monthly Pension	320	711	1,240	1,728	2,843	3,278	3,512
	Average Monthly Final Average Salary	N/A	N/A	3,795	3,863	6,366	5,151	4,898
	Number of New Retirees	113	59	76	41	21	29	71
2003	Average Monthly Pension	269	727	1,395	2,437	3,606	4,010	3,757
	Average Monthly Final Average Salary	N/A	N/A	4,222	4,667	4,999	5,461	4,999
	Number of New Retirees	287	100	154	132	908	647	391
2004	Average Monthly Pension	293	771	1,514	1,983	3,409	3,638	3,595
	Average Monthly Final Average Salary	N/A	N/A	4,562	4,579	4,475	5,236	5,181
	Number of New Retirees	123	63	139	82	42	27	52
2005	Average Monthly Pension	342	1,071	1,529	2,362	2,768	4,188	3,708
	Average Monthly Final Average Salary	N/A	N/A	4,265	4,608	4,699	5,464	5,166
	Number of New Retirees	110	50	112	84	41	25	43
2006	Average Monthly Pension	363	1,280	1,821	2,248	2,843	3,689	4,094
	Average Monthly Final Average Salary	N/A	N/A	5,052	4,516	4,880	6,252	4,946
	Number of New Retirees	80	55	110	111	68	39	46
2007	Average Monthly Pension	355	1,016	1,921	2,543	3,404	4,034	4,477
	Average Monthly Final Average Salary	N/A	N/A	5,435	5,138	5,506	5,421	5,907
	Number of New Retirees	71	65	156	158	127	59	119
2008	Average Monthly Pension	382	1,368	1,871	2,751	3,394	4,441	4,575
	Average Monthly Final Average Salary	N/A	N/A	5,719	5,540	5,682	6,219	6,048
	Number of New Retirees	69	43	121	128	121	76	91
2009	Average Monthly Pension	302	1,311	2,055	2,671	3,682	3,854	4,491
	Average Monthly Final Average Salary	N/A	N/A	6,649	5,778	6,095	5,931	5,992
	Number of New Retirees	58	30	77	96	100	59	120
2010	Average Monthly Pension	335	1,144	1,855	2,598	3,349	3,968	4,278
	Average Monthly Final Average Salary	5,927	6,780	5,616	5,512	5,319	5,466	5,408
	Number of New Retirees	74	38	92	122	153	72	176
2011	Average Monthly Pension	439	955	1,931	2,705	3,686	4,316	4,537
	Average Monthly Final Average Salary	6,747	6,114	6,090	5,667	5,948	6,123	5,712
	Number of New Retirees	74	30	138	157	212	131	267

N/A - Not Available

Schedule of Average Benefit Payments-Postemployment Healthcare

		Years of Credited Service						
		0-4	5-9	10-14	15-19	20-24	25-29	30+
2002	Average Monthly Pension	150	1,197	1,344	1,787	2,353	3,254	3,619
	Average Monthly Final Average Salary	N/A	N/A	3,877	4,174	4,140	5,217	5,107
	Number of New Retirees	2	4	45	27	10	23	55
2003	Average Monthly Pension	476	739	1,517	2,478	3,543	3,963	3,770
	Average Monthly Final Average Salary	N/A	N/A	4,233	4,617	5,479	5,442	4,959
	Number of New Retirees	3	9	86	85	529	489	304
2004	Average Monthly Pension	0	491	1,702	1,974	2,596	3,673	3,534
	Average Monthly Final Average Salary	0	N/A	5,162	4,559	8,492	5,193	5,144
	Number of New Retirees	0	5	65	52	25	19	45
2005	Average Monthly Pension	828	2,245	1,685	2,453	2,794	3,771	3,727
	Average Monthly Final Average Salary	N/A	N/A	4,482	4,812	4,884	5,317	5,178
	Number of New Retirees	2	6	58	59	24	17	36
2006	Average Monthly Pension	412	1,329	1,923	2,342	2,985	5,291	4,269
	Average Monthly Final Average Salary	N/A	N/A	5,117	4,696	5,014	6,508	5,023
	Number of New Retirees	3	17	57	70	44	26	32
2007	Average Monthly Pension	380	1,467	2,153	2,601	3,530	4,117	4,630
	Average Monthly Final Average Salary	N/A	N/A	5,721	5,121	5,486	5,600	6,056
	Number of New Retirees	3	13	77	109	87	37	82
2008	Average Monthly Pension	150	1,238	1,830	3,046	3,418	4,317	4,585
	Average Monthly Final Average Salary	N/A	N/A	5,050	5,941	6,128	5,920	6,016
	Number of New Retirees	1	10	62	76	70	47	72
2009	Average Monthly Pension	399	0	2,031	2,672	3,434	3,906	4,398
	Average Monthly Final Average Salary	N/A	0	6,679	5,804	6,652	5,994	6,031
	Number of New Retirees	4	0	31	64	46	41	88
2010	Average Monthly Pension	199	1,468	1,931	2,784	3,273	4,141	4,239
	Average Monthly Final Average Salary	2,747	7,743	5,740	5,673	5,151	5,639	5,361
	Number of New Retirees	1	5	41	72	110	58	118
2011	Average Monthly Pension	239	783	1,839	2,852	3,787	4,056	4,574
	Average Monthly Final Average Salary	4,669	5,044	5,376	5,729	5,991	5,710	5,750
	Number of New Retirees	2	7	58	89	144	96	196

N/A - Not Available

Schedule of Principal Participating Employers - Pension and Postemployment Healthcare

As of December 31, 2011 and 2002

	2011		2002	
Participating Employer	Covered Employees	Percentage of Total Covered Employees	Covered Employees	Percentage of Total Covered Employees
Cook County	22,037	99.87%	26,571	99.92%
County Employees' and Officers' Annuity and Benefit Fund of Cook County	29	0.13%	21	0.08%
Total	22,066	100.00%	26,592	100.00%

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COUNTY EMPLOYEES' AND OFFICERS'
ANNUITY AND BENEFIT FUND OF COOK COUNTY
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