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

Actuarial Valuation as of December 31, 2014

June 2015

Larry Langer
Principal and Consulting Actuary

Buck Consultants, LLC.
123 North Wacker Drive
Suite 1000
Chicago, IL 60606

larry.langer@xerox.com
tel 312.846.3669
fax 312.846.3502

June 2015

Board of Trustees
Forest Preserve District Employees' Annuity and Benefit Fund of Cook County
Chicago, Illinois

Certification of Actuarial Valuation

Ladies and Gentlemen:

Benefit Fund of Cook County ("FPEABF" or "the Fund") as of December 31, 2014 performed by Buck Consultants, LLC. For purposes of GASB Statement No. 67 and GASB Statement No. 43, we have performed separate actuarial valuations of the pension benefits and retiree health insurance benefits provided by the FPEABF and have prepared actuarial reports based on these valuations. As has been done in past years, we have also performed this combined actuarial valuation of the pension and retiree health insurance benefits provided by the Fund to measure the overall funded status and contribution requirements of the Fund. We believe that such a combined valuation is required under Section 9-199 of the Illinois Pension Code which provides that the Fund shall submit a report each year "containing a detailed statement of the affairs of the Fund, its income and expenditures, and assets and liabilities….". This report is intended to present the results of the combined valuation. For more details on the Plans, readers are encouraged to review the separate GASB 67 and 43 reports. In particular, the separate GASB 43 report values retiree health liabilities at an unfunded 4.50% discount rate and excludes the value of the Retiree Drug Subsidy, while this combined report values retiree health liabilities at the funded discount rate of 7.50% and fully reflects the Retiree Drug Subsidy as an offset to results.

The actuarial valuation is based on audited financial and member data provided by the FPEABF staff summarized in this report. The benefits considered are those delineated in the Plan, the FPEABF was established on July 1, 1931 and is governed by legislation contained in the Illinois Compiled statutes, particularly Chapter 40, as amended and restated effective December 31, 2014. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Certain historical information with respect to costs, liabilities, assets, accounting disclosure information, etc. has been derived from the prior actuary's reports and information provided by the Plan sponsor. That information is presented for comparison purposes and Buck Consultants has not verified the validity of any of those calculations or data. Buck Consultants, LLC is solely responsible for the actuarial data and actuarial results presented in this report, excluding the historical information and data just described. This report fully and fairly discloses the actuarial position of the Plan.

The FPEABF is funded by Employer and Member Contributions. The Forest Preserve levies a tax annually equal to the total amount of contributions made by the members in the calendar year 2 years prior to the year of the levy, multiplied by 1.30. This funding mechanism is insufficient to meet the needs of the FPEABF. We project that the FPEABF will become insolvent in 2036. We recommend that a funding policy be legislated that is sufficient to pay the Normal Costs of active plan members, Plan expenses, and amortize the Unfunded Actuarial Accrued Liability as a level percent of Member Compensation over a period no longer than 30 years.

The actuary for the FPEABF performs an analysis of Plan experience periodically and recommends changes in basic assumptions if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. Many of the assumptions used in this valuation are based on an experience analysis of the FPEABF, over the period 2009 through 2012. This experience study was performed by Buck in January, 2014. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Section 5 beginning on page 49.

The assumptions and methods used to determine the Annual Required Contributions (ARC) of the FPEABF as outlined in this report and all supporting schedules meet the parameters and requirements for disclosure of Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. Based on member data and asset information provided by the Executive Director and staff of the FPEABF, we have prepared the Schedule of Funding Progress and Schedule of Employer Contributions that are included in the Financial Section of the Comprehensive Annual Financial Report.

No one may make any representations or warranties based on any statements or conclusions contained in this report without the written consent of Buck.

The undersigned are Enrolled Actuaries, Associates of the Society of Actuaries and Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all Applicable Actuarial Standards of Practice. They are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.
Respectfully submitted,

BUCK CONSULTANTS, LLC

Daniel A. Levin

Larry Langer, EA, ASA, MAAA, FCA
Principal, Retirement

Daniel A. Levin, FSA, MAAA, FCA, CEBS
Principal, Health and Productivity

cc: Emily Urbaniak

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Executive Summary

Overview

The FPEABF provides pension and ancillary benefit payments to the active, retired and separated employees of the Forest Preserve District. A Retirement Board comprised of retiree, employee, and appointed representatives is responsible for administering the Plan and providing oversight of the investment policy. This report presents the results of the actuarial valuation of the Plan benefits as of the valuation date of December 31, 2014.

Purpose

An actuarial valuation is performed on the Plan annually as of the end of the fiscal year. The main purposes of the actuarial valuation detailed in this report are:

1. To determine the employer contribution necessary to fund the FPEABF in an actuarially sound manner;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To disclose the accounting measures for the Plan required by GASB No. 67 as of the end of the last fiscal year;
4. To review the current funded status of the Plan;
5. To compare actual and expected experience under the Plan during the last fiscal year;
6. And to report trends in contributions, assets, liabilities, and funded status over the last several years.

No one may make any representations or warranties based on any statements or conclusions contained in this report without the written consent of Buck. This actuarial valuation provides a "snapshot" of the funded position of the Plan based on the Plan provisions, membership, assets, and actuarial assumptions as of the valuation date. Actuarial projections are also performed to provide a long-term view of the expected future funding status and contribution patterns.

Membership

Actives: As of December 31, 2014, there were 525 employees in active service (including 3 on disability) covered under the provisions of the Plan. The significant age, service, salary and accumulated contribution information for these employees is summarized below, along with comparative figures from the last actuarial valuation one year earlier.

	December 31, 2014	December 31, 2013
Number of active employees	525	534
Average age	45.4	45.5
Average years of service	9.6	9.6
Total annual valuation salary	$29,811,912	$29,485,857
Average annual salary	$56,785	$55,217
Total accumulated contributions	$26,224,615	$25,778,689
Average accumulated contributions	$49,952	$48,275

The number of active members decreased by 1.7% from the previous valuation date. The average age of the active members decreased by 0.1 years, and the average service was unchanged. The total annual salary increased by 1.1%. The average salary increased by 2.8% from the previous valuation.

Distributions of active members by age, service, and salary are given in Section 4.2 on page 29. The salaries shown for active members are the actual salaries reported.

A schedule of active member data and reconciliation of the active membership from the previous year is shown in Sections 4.3 and 4.4 beginning on page 30.

Disabilities: There were 3 disabled members (included in the active data). There were 3 disabilities in the prior year.

Retirees and Beneficiaries: In addition to the active members, there were 384 retired members and 151 beneficiaries who are receiving monthly benefit payments on the valuation date. The significant age and annual benefit information for these members are summarized below with comparative figures from the last actuarial valuation performed one year earlier.

	December 31, 2014	**December 31, 2013**
Number of members receiving payments		
➢ Retirees	384	378
➢ Beneficiaries	151	153
➢ Total	535	531
Average age	71.2	71
Annual benefit amounts		
➢ Retirees	$12,695,589	$12,130,971
➢ Beneficiaries	$2,217,525	$2,124,150
➢ Total	$14,913,114	$14,255,121
Average annual benefit payments	$27,875	$26,846

The number of retired members and beneficiaries increased by 0.8% from the previous valuation date. The average age of the retired members increased by 0.2 years. The total annual benefit payments for these members increased by 4.6% from the previous valuation date.

Distributions of retired members by age and form of payment are given in Section 4.6 through 4.9 on pages 33 through 36.

Inactives: In addition to the active and retired members, there were 1,186 inactive members who did not elect to receive their accumulated contributions when they left covered employment. The age information for these inactive members is summarized below with comparative figures from the last actuarial valuation one year earlier.

	December 31, 2014	**December 31, 2013**
Number of inactive members	1,186	1,122
Average age	41.5	41.4

The number of inactive members increased by 5.7% from the previous valuation. The average age of the inactive members increased by 0.1 years.

In our opinion, the membership data collected and prepared for use in this actuarial valuation meets the data quality standards required under Actuarial Standards of Practice No. 23.

Plan Assets

The Plan's assets are held in trust and invested for the exclusive benefit of Plan members. The trust is funded by member and employer contributions, and pays benefits directly to eligible members in accordance with Plan provisions. The assets are audited annually and are reported at fair value. On a fair value basis, the Plan has Net Assets Available for Benefits of $201.3 million as of December 31, 2014. This includes an increase of $1.6 million over the Net Assets Available for Benefits of $199.7 million as of December 31, 2013. During the prior year, the fair value of assets experienced an investment rate of return of 7.3% (net of investment expenses), as reported by the investment consultant.

In order to reduce the volatility investment gains and losses can have on the Plan's actuarially required contribution and funded status, the Board has adopted a five-year smoothing method to determine the actuarial value of assets used for funding purposes. This method recognizes gains and losses, i.e. the difference between actual investment return during the year and the expected return based on the valuation interest rate, on a level basis over a five year period. In our opinion, this method complies with Actuarial Standards of Practice No. 44.

As of December 31, 2014, the assets available for benefits on an actuarial value basis were $189.9 million. This includes an increase of $7.3 million over the actuarial value of assets of $182.6 million as of December 31, 2013. During 2014, the actuarial value of assets experienced an actuarial rate of return of 10.2%.

A summary of the assets held for investment, a summary of changes in assets, and the development of the actuarial value of assets is shown in Section 2 beginning on page 16.

Actuarial Experience

Differences between the expected experience based on the actuarial assumptions and the actual experience create changes in the actuarial accrued liability, actuarial value of assets, and the unfunded actuarial accrued liability from one year to the next. These changes create an actuarial gain if the experience is favorable and an actuarial loss if the experience is unfavorable. The Plan experienced a total net actuarial gain of $8.5 million during the prior year. This net gain is about 2.7% of the Plan's prior year actuarial accrued liability. The net gain is a combination of two principal factors, demographic experience and investment performance under actuarial smoothing. Below is a more detailed discussion.

The demographic experience tracks actual changes in the Plan's population compared to the assumptions for decrements such as mortality, turnover, and retirement, as well as pay increases. The Plan experienced a demographic gain of $2.4 million during the year ending December 31, 2014. This gain decreased the unfunded actuarial accrued liability by $2.4 million and increased the funded ratio by 0.4%.

There were 435 active members who were also reported active in the December 31, 2013 actuarial valuation. The total salary for this group increased by 2.5%, which was lower than the 4.2% increase we expected for the group.

Continued tracking of the demographic experience is warranted in order to confirm the appropriateness of the actuarial assumptions. Details of the demographic, economic, and other assumptions used to value the Plan liabilities and normal cost can be found in Section 6. In our opinion, the economic assumptions comply with

Actuarial Standards of Practice No. 27 and the demographic assumptions comply with Actuarial Standards of Practice No. 35.

On the asset side, the Plan experienced a gain on an actuarial value of assets basis. The actual rate of return on the actuarial value of Plan assets for the year ending December 31, 2014 was approximately 10.2% compared to the assumption of 7.5%, resulting in an asset gain of $6.1 million. This gain decreased the unfunded actuarial accrued liability by $6.1 million and increased the funded ratio by 1.9%.

The rate of return on the fair value of assets for the year ending December 31, 2014 was higher than the assumed rate of 7.5%. The actuarial value of the assets recognizes only 20% of the 2014 gain on fair value, delaying the recognition of the remaining 80% over the next four years. Moreover, the actuarial value of assets also recognizes deferred portions of prior years' gains and losses on fair value. The investment gain recognized this year is primarily due to the investment gain in 2013. It should be noted that the Plan's assumed asset return of 7.5% is a long-term rate and short-term performance is not necessarily indicative of expected long-term future returns.

A summary of the actuarial gains and losses experienced during the prior year is shown in Section 1.5 on page 14.

Actuarial Contributions

The current contribution mechanism is not sufficient to fund the FPEABF in an actuarially sound manner. The Forest Preserve levies a tax annually equal to the total amount of contributions made by the members in the calendar year 2 years prior to the year of the levy, multiplied by 1.30. This funding policy is insufficient to meet the needs of the FPEABF. We project that the FPEABF will become insolvent in 2036. **We recommend that a funding policy be legislated that is sufficient to pay the Normal Costs of active plan members, Plan expenses, and amortize the unfunded actuarial accrued liability as a level percent of payroll over a period no longer than 30 years.** We summarize those costs in the next paragraph.

The normal cost represents the cost of the benefits that accrue during the year for active members under the Entry Age Actuarial Cost Method. It is determined as a level percentage of pay which, if paid from entry age to the assumed retirement age, assuming all the actuarial assumptions are exactly met by experience, would accumulate to a fund sufficient to pay all benefits provided by the Plan. The expected member contributions are subtracted from this amount to determine the employer normal cost. The employer normal cost for 2015 has been determined to be $3.33 million, or 11.20% of pay. This represents a decrease in the employer normal cost rate of 1.28% of pay from last year's employer normal cost rate of 12.48%.

The cost method also determines the actuarial accrued liability which represents the value of all accumulated past normal cost payments. This amount is compared to the actuarial value of assets to determine if the Plan is ahead or behind in funding as of the valuation date. The difference between the total actuarial accrued liability and the actuarial value of assets equals the amount of unfunded actuarial accrued liability or surplus (if negative) on the valuation date. This amount is amortized and added to the employer normal cost to determine the annual actuarially required employer contribution for the year.

The unfunded actuarial accrued liability as of December 31, 2014 is $125.3 million. This represents an increase of $0.9 million in the unfunded actuarial accrued liability from last year's amount of $124.4 million. The annual payment required to amortize the unfunded actuarial accrued liability of $125.3 million as of December 31, 2014 is $9.9 million, or 33.28% of pay.

The annual actuarially required employer contribution for 2015 is $13.2 million, or 44.5% of pay. This represents an increase of $0.1 million in the employer contribution amount of $13.1 million for 2014, or a decrease of 5.3% of pay from last year's employer contribution rate of 49.8%.

The actuarial liabilities and development of the annual actuarial employer contribution is shown in Sections 1.1 and 1.2 beginning on page 10.

In our opinion, the measurement of the benefit obligations and determination of the actuarial cost of the Plan is performed in compliance with Actuarial Standards of Practice No. 4.

Funded Status

The funded status is a measure of the progress that has been made in funding the Plan as of the valuation date. It is determined as a ratio of the actuarial value of assets divided by the total actuarial accrued liability on the valuation date. A ratio of over 100% represents a plan that is ahead in funding, and a ratio of less than 100% represents a plan that is behind in funding on the valuation date.

As of December 31, 2014 the funded ratio of the Plan is 60.3%. This represents an increase of 0.8% from last year's funded ratio of 59.5% as of December 31, 2013.

A history of the unfunded actuarial accrued liability and the funded ratio is shown in Section 1.6 on page 15.

Accounting Information

The Governmental Accounting Standards Board (GASB) issues statements which establish financial reporting standards for defined benefit pension plans and accounting for the pension expenditures and expenses for governmental employers. The required financial reporting information for the Plan and the Employer under GASB No. 67 and GASB No. 43 can be found in separate reports.

Projections

As part of the annual actuarial valuation, a forecast of expected future valuation results is performed over a 30 year period beginning on the valuation date. This analysis provides a dynamic look into the future to identify trends in future employer contributions and funded status. The forecast replaces active members who are assumed to decrement (retire, separate, etc.) during the period with new employees resulting in a stable active membership. The forecast assumes all actuarial assumptions are exactly realized each year during the forecast period. The results of these forecasts can be found in Section 3.

Changes in Plan Provisions

There were no changes in benefits or other plan provisions considered in the pension valuation since the last valuation performed as of December 31, 2013. The following changes in benefits and other plan provisions in the Retiree Health Insurance actuarial valuation have been made since the last valuation performed as of December 31, 2013:

- The United Healthcare Choice HMO and Choice Plus PPO plans replaced the prior BlueCross BlueShield plan options effective January 1, 2015.

Changes in Actuarial Assumptions, Methods, or Procedures

There have been no changes in asset valuation method or actuarial assumptions in the pension valuation since the last actuarial valuation performed as of December 31, 2013. The following changes in the actuarial assumptions or valuation procedures in the Retiree Health Insurance actuarial valuation have been made since the last valuation performed as of December 31, 2013:

- The health care cost trend rate has been revised from an initial rate of 7.0% reducing to 5.0% in 2018 to separate pre- and post-Medicare rates. The initial pre-Medicare rate is 8.00% reducing to 4.75% by 2028. The initial post-Medicare rate is 6.50% reducing to 4.75% by 2022.
- The percentage of terminated vested individuals who retiree with medical coverage has been revised to vary based on age (rather than assuming 100% retire at age 61)

Comparative Summary of Key Actuarial Valuation Results

	Actuarial Valuation as of	
	December 31, 2014	December 31, 2013
Summary of Member Data		
Number of Members Included in the Valuation		
• Active Members	525	534
• Inactive Members	1,186	1,122
• Retirees and Beneficiaries	535	531
• Total	2,246	2,187
Annual Payroll		
• Average (actual)	$56,785	$55,217
Annual Benefit Payments		
• Retirees and Beneficiaries (Average) [1]	$27,875	$26,846
Investment Returns		
Fair Value		
• *Rate of Return (net of investment expenses)*	7.3%	17.5%
Actuarial Value		
• *Rate of Return*	10.2%	12.2%
Summary of Assets and Liabilities		
Total Actuarial Accrued Liability	$315,234,847	$306,919,270
Actuarial Value of Assets	$189,917,999	$182,554,587
Unfunded Actuarial Accrued Liability	$125,316,848	$124,364,683
Funded Ratio	60.25%	59.48%
Employer Actuarial Required Contribution		
Employer Normal Cost	$3,320,754	$3,277,118
Amortization of Unfunded Actuarial Accrued Liability (Surplus)	$9,870,449	$9,795,452
Employer Actuarial Required Contribution	$13,191,203	$13,072,570
Actual/Statutory Contribution	**$3,388,573**	**$3,060,165**
Amount by which employer contributions are expected to fall short of the actuarially determined contribution	$9,802,630	$10,012,405
Required tax multiple for employer contribution to meet actuarially determined contribution	5.06	5.55
Solvency Date	2036	2038

The average annual benefit payments for retirees only is $33,061 as of December 31, 2014 and $32,093 as of December 31, 2013.

Section 1: Actuarial Funding Results

Section 1.1 - Actuarial Liabilities and Normal Cost

Actuarial Liabilities	Totals
1. Present Value of Projected Benefits	
Active Members	
• Retirement Benefits	115,122,977
• Withdrawal Benefits	6,852,540
• Death Benefits	2,999,728
• Retiree Health Insurance	16,094,895
Total	141,070,140
2. Retired Members and Beneficiaries Receiving Pension Benefits	177,169,877
3. Retired Members' Retiree Health Insurance	18,375,245
4. Inactive Members with Deferred Pension Benefits	18,616,948
5. Inactive Members' Retiree Health Insurance	635,022
6. Total Present Value of Projected Benefits (1. + 2. + 3. + 4. + 5.)	355,867,232
7. Present Value of Future Normal Costs	40,632,385
8. Total Actuarial Accrued Liability (6. – 7.)	**315,234,847**

Normal Cost	Totals	% of Pay
1. Active Members		
a. Retirement Benefits	3,769,077	12.71%
b. Withdrawal Benefits	985,491	3.32%
c. Duty Disability Benefits	0	0.00%
d. Ordinary Disability Benefits	78,979	0.27%
e. Death Benefits	140,279	0.47%
f. Retiree Health Insurance	718,815	2.42%
g. Administrative Expenses	149,170	0.50%
2. Total Normal Cost	5,841,811	19.70%
3. Expected Member Contribution	**2,521,057**	**8.50%**
4. Employer Normal Cost (2. - 3.)	**3,320,754**	**11.20%**

Section 1.2 - Actuarial Contributions*

Development of Employer Contribution	Fiscal Year Ending December 31, 2015	Fiscal Year Ending December 31, 2014
1. Valuation Payroll	**29,659,490**	**26,252,071**
2. Total Actuarial Accrued Liability		
a. Active Members		
i. Retirement Benefits	86,115,987	87,410,042
ii. Withdrawal Benefits	2,102,589	1,985,701
iii. Death Benefits	1,955,562	1,986,119
iv. Retiree Health Insurance	10,263,617	10,166,973
v. Total	100,437,755	101,548,835
b. Retired Members and Beneficiaries Receiving Benefits	177,169,877	169,355,865
c. Retired Members' Retiree Health Insurance	18,375,245	18,239,166
d. Inactive Members with Deferred Benefits	18,616,948	16,822,485
e. Inactive Members' Retiree Health Insurance	635,022	952,919
f. Total (2.a.v. + 2.b. + 2.c. + 2.d. + 2.e.)	315,234,847	306,919,270
3. Actuarial Value of Assets	189,917,999	182,554,587
4. Unfunded Actuarial Accrued Liability (UAAL) (2.f - 3.)	125,316,848	124,364,683
5. Funded Ratio (3. / 2.f)	60.25%	59.48%
6. UAAL as a Percent of Annual Payroll (4. / 1.)	422.52%	473.73%
7. Amortization Payment for UAAL		
a. Amount	9,870,449	9,795,452
b. As a % of pay	33.28%	37.31%
8. Employer Normal Cost		
a. Amount	3,320,754	3,277,118
b. As a % of pay	11.20%	12.48%
9. Employer Actuarial Required Contribution		
a. Amount	13,191,203	13,072,570
b. As a % of pay	44.48%	49.79%
10. Actual/Statutory Contribution	3,388,573	3,060,165
11. Required tax multiple for Employer ARC	5.06	5.55
12. Funding Period (years)	30	30

* The contribution rates above are amounts needed to fund the FPEABF in an actuarially responsible manner.

Section 1.3 – Actuarial Balance Sheet

Financial Resources	December 31, 2014
1. Actuarial Value of Assets	189,917,999
2. Present Value of Future Contributions	
(a) Expected Member Contributions	17,535,069
(b) Employer Normal Cost	23,097,318
(c) Total	40,632,387
3. Unfunded Actuarial Accrued Liability/(Reserve)	125,316,848
4. Total Assets [1 + 2(c) + 3]	355,867,234

Benefit Obligations	December 31, 2014
1. Present Value of Future Benefits	
(a) Active Members	141,070,140
(b) Retirees and Beneficiaries	195,545,122
(c) Inactive Members	19,251,970
(d) Total	355,867,232

Section 1.4 – Solvency Test

Valuation Date	Aggregate Accrued Liability For: (1) Active and Inactive Member Contributions	(2) Member Currently Receiving Benefits	(3) Active and Inactive Member Employer Portion	Actuarial Assets	Portion of Accrued Liabilities Covered by Assets (1)	(2)	(3)
December 31, 2005	27,436,728	123,563,142	66,588,428	189,066,378	100.00%	100.00%	57.17%
December 31, 2006	27,929,859	127,792,810	70,858,224	193,511,049	100.00%	100.00%	53.33%
December 31, 2007	29,282,123	127,857,635	76,980,436	203,043,217	100.00%	100.00%	59.63%
December 31, 2008	30,401,379	126,422,220	81,104,031	196,277,679	100.00%	100.00%	48.65%
December 31, 2009	31,830,611	147,429,265	94,772,475	188,396,534	100.00%	100.00%	9.64%
December 31, 2010	32,798,650	152,812,779	96,779,724	184,077,516	100.00%	99.00%	0.00%
December 31, 2011	32,856,582	163,519,080	92,945,412	178,126,063	100.00%	88.84%	0.00%
December 31, 2012	30,638,516	174,477,644	99,334,842	172,566,956	100.00%	81.34%	0.00%
December 31, 2013	29,531,719	187,595,031	89,792,520	182,554,587	100.00%	81.57%	0.00%
December 31, 2014	29,765,059	195,545,122	89,924,666	189,917,999	100.00%	81.90%	0.00%

Section 1.5 – Reconciliation of Change in Unfunded Actuarial Liability

Development of Unfunded Actuarial Liability	Amount
1. Unfunded Actuarial Accrued Liability as of December 31, 2013	124,364,683
2. Employer Contribution Requirement of Normal Cost Plus Interest on Unfunded Liability for Period January 1, 2014 to December 31, 2014	12,850,253
3. Actual Employer Contribution for the Year, Plus Interest	3,252,254
4. Increase in Unfunded Liability Due to Employer Contribution Plus Interest Being Less Than Normal Cost Plus Interest on Unfunded Liability (2. - 3.)	9,597,999
5. Decrease in Unfunded Liability Due to Investment Return Higher Than Assumed	(6,069,280)
6. Decrease in Unfunded Liability Due to Salary Increases Lower Than Assumed	(2,333,548)
7. Increase in Unfunded Liability Due to Other Sources	(243,006)
8. Net Decrease in Unfunded Liability for the Year (4. + 5. + 6. + 7.)	952,165
9. Unfunded Actuarial Liability as of December 31, 2014 (1. + 8.)	125,316,848

Section 1.6 - History of UAAL and Funded Ratio

Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Funded Ratio (AVA as a % of AAL)	Unfunded Actuarial Accrued Liability (UAAL)
December 31, 2005	**217,588,298**	**189,066,378**	**86.89%**	**28,521,920**
December 31, 2006	**226,580,893**	**193,511,049**	**85.40%**	**33,069,844**
December 31, 2007	**234,120,194**	**203,043,217**	**86.73%**	**31,076,977**
December 31, 2008	**237,927,630**	**196,277,679**	**82.49%**	**41,649,951**
December 31, 2009	**274,032,351**	**188,396,534**	**68.75%**	**85,635,817**
December 31, 2010	**282,391,153**	**184,077,516**	**65.19%**	**98,313,637**
December 31, 2011	**289,321,074**	**178,126,063**	**61.57%**	**111,195,011**
December 31, 2012	**304,451,002**	**172,566,956**	**56.68%**	**131,884,046**
December 31, 2013	**306,919,270**	**182,554,587**	**59.48%**	**124,364,683**
December 31, 2014	**315,234,847**	**189,917,999**	**60.25%**	**125,316,848**

Section 2: Plan Assets

Section 2.1 - Summary of Fair Value of Assets

Asset Category	Fair Value as of December 31, 2014		Fair Value as of December 31, 2013	
	Amount	%	Amount	%
1. Short-Term Investments	$2,209,864	1.04%	$5,934,727	2.78%
2. Investments at Fair Value				
a. U.S. and International Equities	$104,512,209	49.11%	$106,966,096	50.06%
b. U.S. Government and Government Agency Obligations	11,237,365	5.28%	10,117,517	4.73%
c. Corporate Bonds	5,583,643	2.62%	5,518,643	2.58%
d. Collective International Equity Fund	11,097,933	5.21%	11,072,021	5.18%
e. Commingled Fixed Income Fund	26,112,720	12.27%	24,620,947	11.52%
f. Exchange Traded Funds	5,945,592	2.79%	4,851,827	2.27%
g. Hedge Funds	19,255,350	9.05%	17,881,172	8.37%
h. Real Estate	7,684,241	3.61%	10,768,305	5.04%
i. Total	$191,429,053	89.94%	$191,796,528	89.76%
3. Collateral Held for Securities Lending	$19,192,658	9.02%	$15,956,754	7.47%
4. Total Assets (1. + 2.i. + 3.)	$212,831,575	100.00%	$213,688,009	100.00%
5. Receivables				
a. Interest and Dividends	$263,808		$302,387	
b. Investments Sold	5,514,847		2,972,080	
c. Other Receivables	3,114,179		2,970,179	
d. Total	$8,892,834		$6,244,646	
6. Payables				
a. Investments Purchased	$292,089		$3,436,058	
b. Securities Lending Collateral	19,192,658		15,956,754	
c. Other Payables	$930,488		$799,101	
d. Total	$20,415,235		$20,191,913	
7. Net Assets for Pension Benefits [4. + 5.d. – 6.d.]	**$201,309,174**		**$199,740,742**	

Section 2.2 - Changes in Fair Value of Assets

Transactions	December 31, 2014	December 31, 2013
Additions		
1. Contributions		
a. Contributions from Employers	$3,136,752	$2,863,145
b. Contributions from Plan Members	2,645,164	2,687,211
c. Total	$5,781,916	$5,550,356
2. Net Investment Income		
a. Interest and Dividends	$3,404,013	$4,207,734
b. Net Appreciation (Depreciation)	10,686,264	26,667,376
c. Net Securities Lending Income	48,926	60,565
d. Total	14,139,203	30,935,675
e. Less Investment Expense	613,597	552,163
f. Net Investment Income	$13,525,606	$30,383,512
g. Miscellaneous	204,853	159,383
3. Total Additions	**$19,512,375**	**$36,093,251**
Deductions		
4. Benefits and Expenses		
a. Retirement Benefits	$16,664,869	$15,668,207
b. Refund of Contributions	961,637	958,707
c. Employee Transfers	175,370	(106,012)
d. Administrative Expenses	142,067	119,019
5. Total Deductions	**$17,943,943**	**$16,639,921**
6. Net Increase (Decrease)	**$1,568,432**	**$19,453,330**
7. Net Assets Held in Trust for Pension Benefits		
a. Beginning of Year	**$199,740,742**	**$180,287,412**
b. End of Year	**$201,309,174**	**$199,740,742**

Section 2.3 - Actuarial Value of Assets

Development of Actuarial Value of Assets	Amount
1. Actuarial Value of Assets as of December 31, 2013	182,554,587
2. Unrecognized Return as of December 31, 2013	17,186,155
3. Fair Value of Assets as of December 31, 2013 (1. + 2.)	199,740,742
4. Contributions	
a. Member (includes purchased service)	2,645,164
b. Employer	3,136,752
c. Miscellaneous contributions	204,853
d. Total	5,986,769
5. Distributions	
a. Benefit payments	16,664,869
b. Refund of contributions	1,137,007
c. Administrative expenses	142,067
d. Total	17,943,943
6. Expected Return at 7.50% on	
a. Item 1	13,691,594
b. Item 2	1,288,962
c. Item 4.d.	220,445
d. Item 5.c.	660,733
e. Total [a. + b. + c. – d.]	14,540,268
7. Actual Return on Fair Value for Fiscal Year, Net of Investment Expenses	13,525,606
8. Return to be Spread for Fiscal Year (7. – 6.e)	(1,014,662)
9. Total Fair Value of Assets as of December 31, 2014	201,309,174
10. Return to be Spread	

Fiscal Year	Return to be Spread	Unrecognized Percent	Unrecognized Return
2014	(1,014,662)	80%	(811,730)
2013	17,264,428	60%	10,358,657
2012	9,975,383	40%	3,990,153
2011	(10,729,527)	20%	(2,145,905)
2010	8,405,968	0%	0
		Total	11,391,175

11. Actuarial Value of Assets (9. – 10.)	**189,917,999**
12. Recognized Rate of Return for the Year on Actuarial Value of Assets	**10.17%**
13. Rate of Return for the Year on Market Value of Assets (reported by investment consultant - net of inv. exp.)	**7.31%**

Section 3: Projections

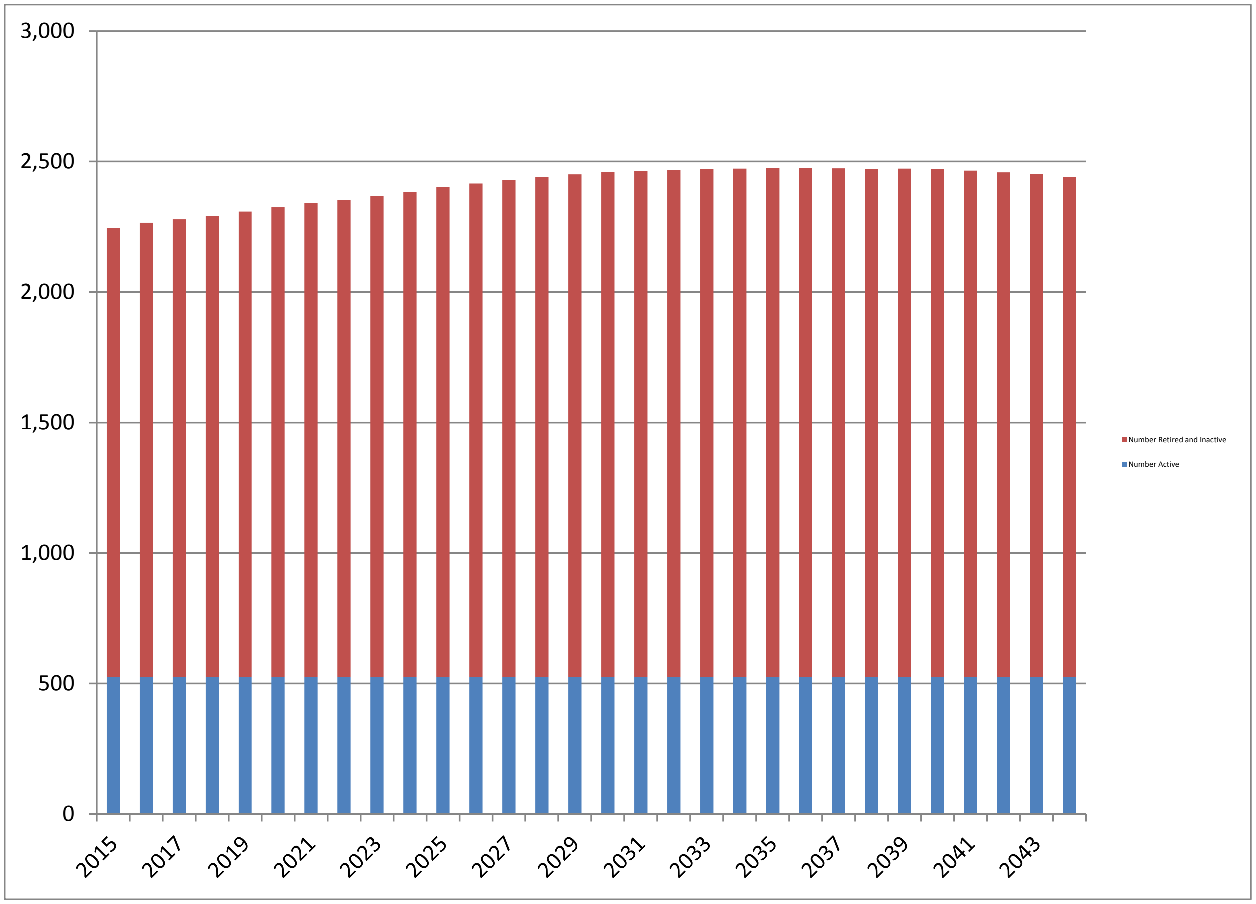
Section 3.1 – Projection Assumptions and Methods

Actuarial assumptions:

- Projected Salary Increases for New Hires	3.75%
- Projected Returns	7.50%
- Contributions Based on the Current Levy	N/A

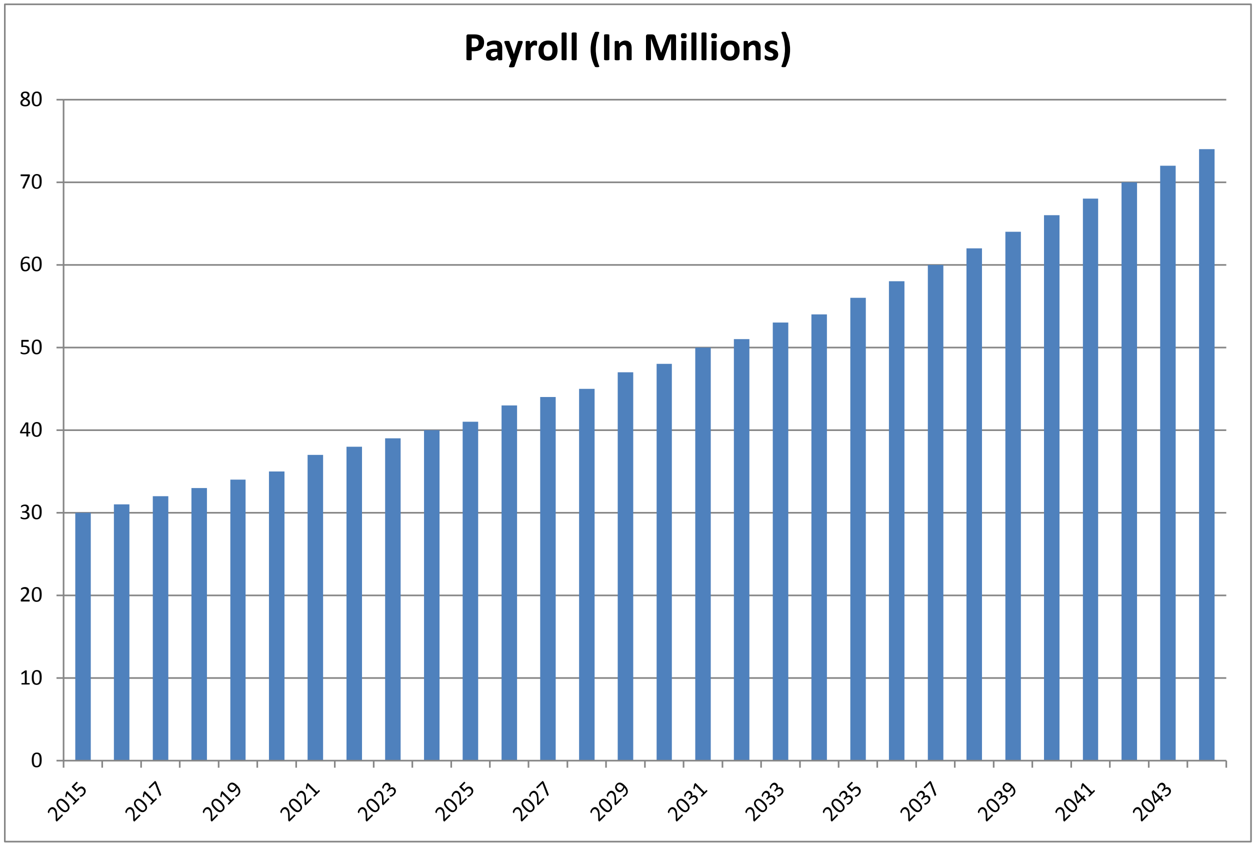
Section 3.2 – Membership Projection

Projected Member Count

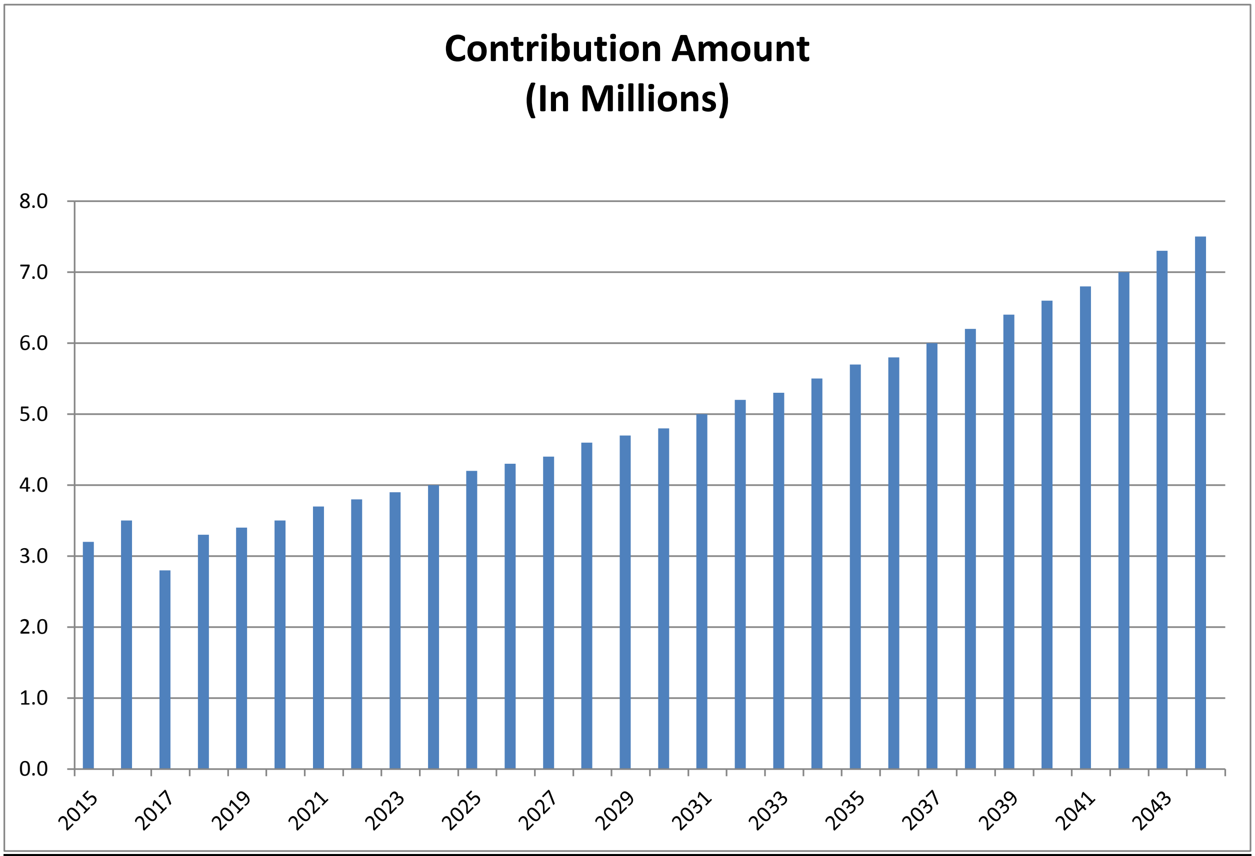


Section 3.2 – Membership Projection

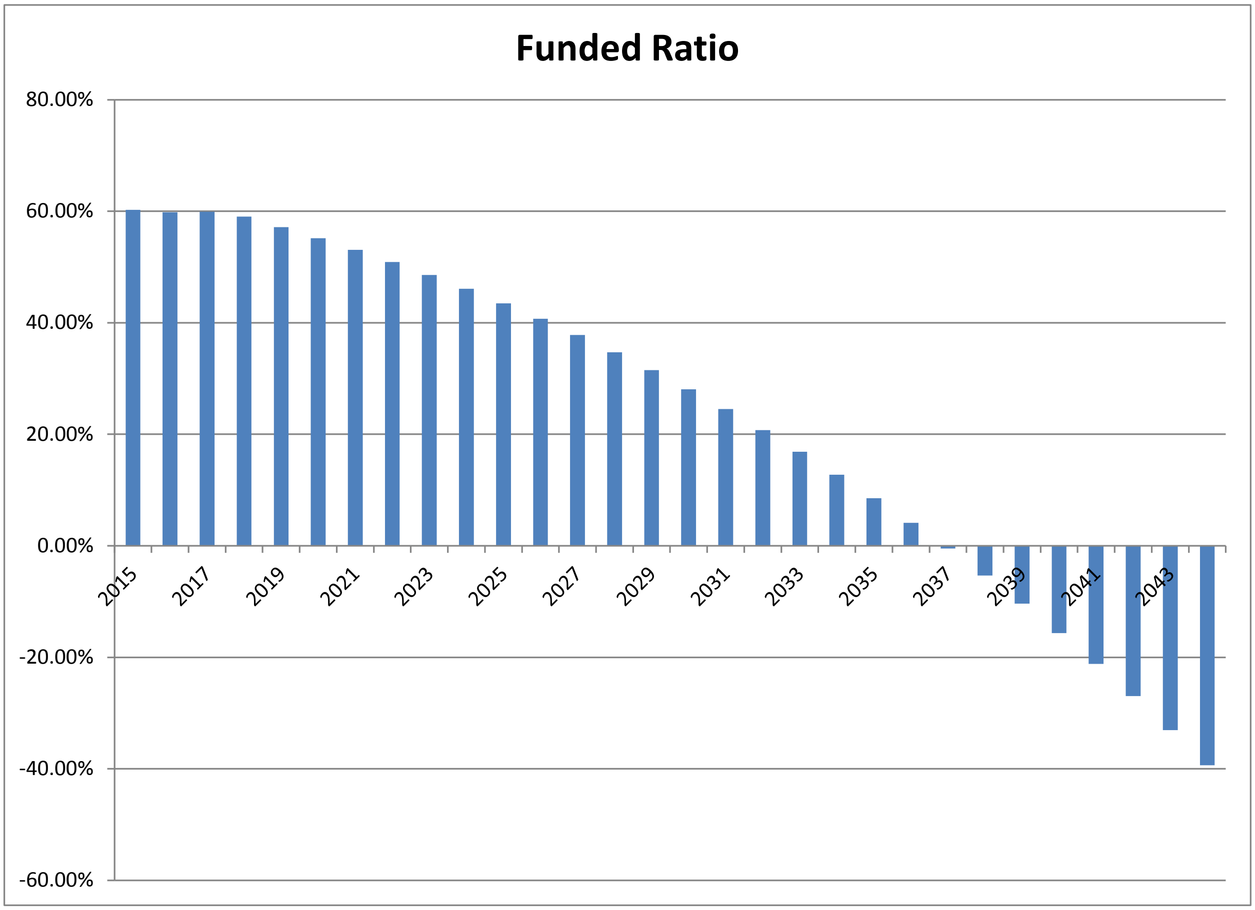
Projected Current and New Member Payroll



Section 3.3 – Projection of Employer Contribution Amounts



Section 3.4 – Projection of Funded Status



Section 3.5 – Table of Projected Actuarial Results

Fiscal Year	Payroll	Total Payout	Employee Contributions	Employer Contributions Based on Tax Levy	Employer Contributions as a % of payroll	Total Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio	Assumed Return
2015	29.7	18.4	2.4	3.2	10.77%	315.2	189.9	125.3	60.2%	7.50%
2016	30.8	19.3	2.6	3.5	11.36%	325.7	194.8	130.9	59.8%	7.50%
2017	31.9	20.1	2.7	2.8	8.78%	336.5	201.6	134.9	59.9%	7.50%
2018	33.0	21.0	2.8	3.3	10.00%	347.5	205.1	142.4	59.0%	7.50%
2019	34.2	22.0	2.9	3.4	9.94%	358.5	204.8	153.7	57.1%	7.50%
2020	35.3	22.9	3.0	3.5	9.92%	369.6	203.9	165.7	55.2%	7.50%
2021	36.4	24.0	3.1	3.7	10.16%	380.8	202.2	178.6	53.1%	7.50%
2022	37.7	24.9	3.2	3.8	10.08%	392.1	199.5	192.6	50.9%	7.50%
2023	38.9	26.0	3.3	3.9	10.03%	403.4	195.9	207.5	48.6%	7.50%
2024	40.0	26.9	3.4	4.0	10.00%	414.7	191.1	223.6	46.1%	7.50%
2025	41.2	27.9	3.5	4.2	10.19%	426.0	185.2	240.8	43.5%	7.50%
2026	42.5	28.9	3.6	4.3	10.12%	437.5	178.2	259.3	40.7%	7.50%
2027	43.8	29.8	3.7	4.4	10.05%	449.1	169.8	279.3	37.8%	7.50%
2028	45.1	30.7	3.8	4.6	10.20%	460.8	160.0	300.8	34.7%	7.50%
2029	46.6	31.7	4.0	4.7	10.09%	472.8	148.9	323.9	31.5%	7.50%
2030	48.0	32.6	4.1	4.8	10.00%	484.9	136.2	348.7	28.1%	7.50%
2031	49.6	33.4	4.2	5.0	10.08%	497.3	121.9	375.4	24.5%	7.50%
2032	51.1	34.3	4.3	5.2	10.18%	510.0	105.9	404.1	20.8%	7.50%
2033	52.7	35.1	4.5	5.3	10.06%	523.0	88.1	434.9	16.8%	7.50%
2034	54.4	35.9	4.6	5.5	10.11%	536.4	68.5	467.9	12.8%	7.50%
2035	56.1	36.7	4.8	5.7	10.16%	550.3	46.9	503.4	8.5%	7.50%
2036	57.9	37.6	4.9	5.8	10.02%	564.6	23.3	541.3	4.1%	7.50%
2037	59.7	38.6	5.1	6.0	10.05%	579.4	-2.9	582.3	-0.5%	7.50%
2038	61.6	39.6	5.2	6.2	10.06%	594.7	-31.6	626.3	-5.3%	7.50%
2039	63.5	40.8	5.4	6.4	10.08%	610.3	-63.2	673.5	-10.4%	7.50%
2040	65.5	41.9	5.6	6.6	10.08%	626.3	-98.0	724.3	-15.6%	7.50%
2041	67.6	42.9	5.8	6.8	10.06%	642.6	-136.2	778.8	-21.2%	7.50%
2042	69.7	44.2	5.9	7.0	10.04%	659.5	-177.8	837.3	-27.0%	7.50%
2043	72.0	45.3	6.1	7.3	10.14%	676.7	-223.6	900.3	-33.0%	7.50%
2044	74.3	46.5	6.3	7.5	10.09%	694.5	-273.4	967.9	-39.4%	7.50%
2045	76.7	47.5	6.5	7.7	10.04%	712.8	-327.8	1,040.6	-46.0%	7.50%
2046	79.1	48.8	6.7	8.0	10.11%	731.8	-387.0	1,118.8	-52.9%	7.50%
2047	81.6	49.9	6.9	8.2	10.05%	751.4	-451.3	1,202.7	-60.1%	7.50%
2048	84.1	51.1	7.2	8.5	10.11%	771.7	-521.3	1,293.0	-67.6%	7.50%
2049	86.7	52.4	7.4	8.8	10.15%	792.8	-597.1	1,389.9	-75.3%	7.50%
2050	89.2	53.6	7.6	9.0	10.09%	814.6	-679.4	1,494.0	-83.4%	7.50%
2051	91.8	55.2	7.8	9.3	10.13%	837.3	-768.7	1,606.0	-91.8%	7.50%
2052	94.3	56.7	8.0	9.6	10.18%	860.5	-865.8	1,726.3	-100.6%	7.50%
2053	96.8	58.2	8.2	9.9	10.23%	884.4	-971.3	1,855.7	-109.8%	7.50%
2054	99.3	59.9	8.5	10.1	10.17%	909.1	-1,085.8	1,994.9	-119.4%	7.50%

Section 4: Member Data

Section 4.1 - Summary of Members Included

As of December 31	**2014**	**2013**
Active Members (includes 3 disabled in 2013 and 7 in 2012)		
(1) Number	525	534
(2) Average Age	45.4	45.5
(3) Average Credited Service	9.6	9.6
(4) Average Annual Earnings	$56,785	$55,217
Retirees and Beneficiaries		
(1) Number	535	531
(2) Average Age	71.2	71
(3) Average Monthly Pension Benefit	$2,323	$2,237
Inactive Members (not refunded contributions or commenced benefits)		
(1) Number	1,186	1,122
(2) Average Age	41.5	41.4
Total Number of Members	**2,246**	**2,187**

Section 4.2 - Age and Service Distribution of Active Members As of December 31, 2014

Attained Age		Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	Number	22	0	0	0	0	0	0	0	0	22
	Average Salary	27,727	0	0	0	0	0	0	0	0	27,727
25-29	Number	50	2	1	0	0	0	0	0	0	53
	Average Salary	43,100	54,600	48,485	0	0	0	0	0	0	43,636
30-34	Number	37	25	3	1	0	0	0	0	0	66
	Average Salary	50,084	54,101	64,222	62,259	0	0	0	0	0	52,433
35-39	Number	33	16	4	0	0	0	0	0	0	53
	Average Salary	49,488	57,322	57,641	0	0	0	0	0	0	52,468
40-44	Number	19	10	3	5	5	1	0	0	0	43
	Average Salary	62,225	55,067	57,932	65,520	70,187	43,139	0	0	0	61,126
45-49	Number	20	26	7	3	14	5	0	0	0	75
	Average Salary	70,500	59,586	59,266	53,714	70,966	57,056	0	0	0	64,187
50-54	Number	19	14	11	5	7	16	3	0	0	75
	Average Salary	63,669	57,531	55,763	66,368	61,969	65,909	69,387	0	0	62,091
55-59	Number	17	11	3	7	12	10	4	4	0	68
	Average Salary	69,381	47,592	65,960	69,101	71,704	52,752	53,583	60,273	0	62,176
60-64	Number	12	6	3	4	10	9	3	1	1	49
	Average Salary	63,498	55,667	56,514	75,005	72,937	51,917	58,623	76,868	52,270	62,595
65-69	Number	2	2	3	1	3	3	0	1	0	15
	Average Salary	37,690	36,660	61,949	46,862	60,468	71,623	0	46,862	0	54,969
70 & Up	Number	2	1	0	0	2	0	0	0	1	6
	Average Salary	76,127	31,450	0	0	71,728	0	0	0	101,712	71,479
TOTAL	Number	233	113	38	26	53	44	10	6	2	525
	Average Salary	52,456	55,279	58,606	65,901	69,678	58,923	59,836	60,804	76,991	$56,785

Section 4.3 - Age and Salary Distribution of Active Members as of December 31, 2014

Age	Number	Annual Salaries	Average Annual Salary
Male			
Under 20	3	$62,400	$20,800
20-24	8	227,240	28,405
25-29	44	1,882,363	42,781
30-34	49	2,576,494	52,582
35-39	34	1,796,190	52,829
40-44	23	1,421,150	61,789
45-49	49	3,273,526	66,807
50-54	55	3,409,516	61,991
55-59	51	3,086,420	60,518
60-64	40	2,423,841	60,596
65-69	15	948,796	63,253
70 and over	6	442,391	73,732
Total Male	**377**	**$21,550,327**	**$57,163**
Female			
Under 20	4	$83,200	$20,800
20-24	1	31,450	31,450
25-29	9	339,398	37,711
30-34	19	1,020,592	53,715
35-39	20	910,716	45,536
40-44	19	1,172,032	61,686
45-49	24	1,421,603	59,233
50-54	16	1,042,105	65,132
55-59	24	1,550,320	64,597
60-64	8	529,239	66,155
65-69	3	129,480	43,160
70 and over	1	31,450	31,450
Total Female	**148**	**$8,261,585**	**$55,822**
Male and Female	**525**	**$29,811,912**	**$56,785**

Section 4.4 - Member Data Reconciliation

	Active Members	Retired Members	Beneficiaries	Inactive Members	Total
As of 12/31/2013	**534**	**378**	**153**	**1,122**	**2,187**
Retirements	(20)	29		(9)	0
Deaths With Beneficiary	(1)	(5)	6		0
Terminations	(55)			55	0
Rehires	14			(14)	0
Miscellaneous	(23)	(18)	(8)	32	(17)
Net Change	**(85)**	**6**	**(2)**	**64**	**(17)**
New Entrants During the Year	76				
As of 12/31/2014	**525**	**384**	**151**	**1,186**	**2,246**

Section 4.5 – Schedule of Active Member Data

Valuation Date	Number	Annual Earnings	Annual Average Earnings	Percent Increase/ (Decrease) in Average Earnings
December 31, 2010	448	$24,397,376	$54,458	
December 31, 2011	408	22,678,566	55,585	2.1%
December 31, 2012	467	26,252,071	56,214	1.1%
December 31, 2013	534	29,485,857	55,217	-1.8%
December 31, 2014	525	29,811,912	56,785	2.8%

Section 4.6 - Schedule of Retired Member Data

Valuation Date	Number	Annual Benefit Payments	Average Annual Benefit Payments
December 31, 2010	514	$11,569,228	$22,508
December 31, 2011	508	12,240,307	24,095
December 31, 2012	511	13,032,318	25,504
December 31, 2013	531	14,255,121	26,846
December 31, 2014	535	14,913,114	27,875

Section 4.7 - Schedule of Retired Member by Type of Benefit and Option Elected

Amount of Monthly Pension Benefit				Number of Recipients	Type of Pension Benefit 1	2	Option Selected 1	2	3
$	1	–	$ 300	39	19	20	21	11	7
	301	–	600	63	29	34	42	19	2
	601	–	900	42	18	24	29	13	0
	901	–	1,200	37	19	18	28	9	0
	1,201	–	1,500	35	26	9	21	14	0
	1,501	–	1,800	35	29	6	17	18	0
	1,801	–	2,100	36	23	13	24	12	0
	2,101	–	2,400	21	17	4	11	10	0
	2,401	–	2,700	30	25	5	19	11	0
	2,701	–	3,000	35	27	8	21	14	0
	3,001	–	3,300	25	21	4	11	14	0
	3,301	–	3,600	20	18	2	5	15	0
	3,601	–	3,900	18	17	1	7	11	0
	3,901	–	4,200	8	8	0	3	5	0
	4,201	–	4,500	20	18	2	6	14	0
	4,501	–	4,800	9	8	1	3	6	0
	4,801	–	5,100	10	10	0	2	8	0
	5,101	–	5,400	15	15	0	2	13	0
	5,401	–	5,700	15	15	0	3	12	0
	5,701	–	6,000	4	4	0	2	2	0
	6,001	–	6,300	5	5	0	0	5	0
	6,301	–	6,600	5	5	0	1	4	0
	6,601	–	6,900	3	3	0	0	3	0
	6,901	–	7,200	1	1	0	0	1	0
	7,201	–	7,500	1	1	0	0	1	0
	7,501	–	7,800	1	1	0	0	1	0
	7,801	–	8,100	1	1	0	0	1	0
	8,101	–	8,400	0	0	0	0	0	0
	8,401	–	8,700	0	0	0	0	0	0
	8,701	–	9,000	0	0	0	0	0	0
Over $9,000				1	1	0	0	1	0
Totals				535	384	151	278	248	9

Type of Pension Benefit
1. *Regular retirement*
2. *Survivor payment*

Option Selected
1. *Whole Life Annuity*
2. 65% Joint and Contingent Annuity
3. Temporary Annuity

Section 4.8 - Schedule of Retired Members and Beneficiaries

As of December 31	2014	2013
Service		
(1) Number, Fiscal Year Start	378	355
(2) Net Change	6	23
(3) Number, Fiscal Year End	384	378
(4) Average Current Age	70.8	70.8
(5) Average Monthly Pension Benefit	$2,755	$2,674
Surviving Spouse's Benefits		
(1) Number, Fiscal Year Start	153	156
(2) Net Change	(2)	(3)
(3) Number, Fiscal Year End	151	153
(4) Average Current Age	72.2	71.7
(5) Average Monthly Pension Benefit	$1,224	$1,157
Total		
(1) Number, Fiscal Year Start	531	511
(2) Net Change	4	20
(3) Number, Fiscal Year End	535	531
(4) Average Current Age	71.2	71.0
(5) Average Monthly Pension Benefit	$2,323	$2,237

Section 4.9 - Schedule of Benefit Payments

Attained Ages	Number	Annual Payments
< 30	8	$25,569
30-34	0	0
35-39	0	0
40-44	3	12,686
45-49	3	21,011
50-54	13	431,506
55-59	37	1,312,593
60-64	78	2,469,899
65-69	90	3,016,356
70-74	109	3,060,883
75	22	593,307
76	13	324,482
77	19	491,898
78	17	318,334
79	11	369,862
80	10	222,175
81	11	288,943
82	13	369,395
83	8	127,978
84	7	179,958
85	8	157,265
86	10	135,264
87	14	355,197
88	3	100,224
89	4	71,665
90	4	174,561
91	5	80,871
92	3	17,842
93	4	72,969
94	1	1,356
95	2	3,128
96	3	79,052
97	2	26,885
98	0	0
Total	535	$14,913,114

Section 5: Basis of the Actuarial Valuation

Section 5.1A - Brief Summary of Benefit Provisions

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

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

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

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

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

Retirement Annuity - Amount

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

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

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

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

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

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

Surviving Spouse's Annuity - Death in Service

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Group Health Benefits. The Fund may pay all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Fund's health care plans. As of January 1. 2006, 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 $150.00 per month, such employee or spouse annuitant may elect a refund of the employee's accumulated contributions in lieu of a monthly annuity.

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

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

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

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

Employer Pick-up of Employee Contributions. Since April 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.

Persons Who First Become Participants On or After January 1, 2011

The following changes to the aforementioned provisions apply to persons who first become 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

3. Consumer Price Index-U for the 12 months ending in September.
4. 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.
5. 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 of 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.
6. 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.
7. 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.

Section 5.1B – Summary of Substantive Plan Provisions for Retiree Health Care

Eligibility

Tier 1 retirement (hired before January 1, 2011)

- Age 50 and 10 years of service

Tier 2 retirement (hired on or after January 1, 2011)

- Age 62 and 10 years of service

All active employee members who separate with 10 or more years of service can receive postretirement health benefits under the Plan upon receipt of annuity benefits, provided that if they elect to retire under the Illinois Reciprocal Act, FPEABF is their final retirement system.

Surviving dependents of actively employed members and surviving dependents of covered annuitants are eligible for postretirement health benefits under the Plan upon receipt of annuity benefits.

Eligible annuitants may cover their spouses and dependent children under the age of 26 and all disabled children (no age limitation).

Medical Plans

Non-Medicare retirees can choose from:

- United Healthcare Choice HMO
- United Healthcare Choice Plus PPO

Medicare eligible retirees can choose from:

- United Healthcare Choice HMO
- United Healthcare Choice Plus PPO

All Medicare plans are supplemental to Medicare Part A & B benefits.
A retail and mail pharmacy benefit through CVS/Caremark is included with the election of any medical plan.

PLAN FEATURES	UNITED HEALTHCARE		
	CHOICE HMO	CHOICE PLUS PPO IN-NETWORK	CHOICE PLUS PPO OUT-OF-NETWORK
Annual Deductible	$0	$300 Individual/$600 Family	$600 Individual/$1200 Family
Out-of-Pocket Maximum	$1,500 Individual/ $3,000 Family	$1,500 Individual/ $3,000 Family	$5,000 Individual/ $10,000 Family
Annual Maximum	None	$1,250,000	$1,250,000
Doctors and Specialists			
Primary Care Visit	$15 Copay	15% after deductible	40% after deductible
Specialist Visit	$25 Copay	15% after deductible	40% after deductible
Urgent Care	$40 Copay	15% after deductible	40% after deductible
Physician Services			
Immunizations	$15 Copay	15% after deductible	40% after deductible
Preventive Care	Covered in full	15% after deductible	40% after deductible
Hospital Services			
Inpatient Care	Covered in full	15% after deductible	40% after deductible
Room & Board	$100 Copay (per admission)	15% after deductible	40% after deductible
Outpatient Services			
Outpatient Surgery	$100 Copay	15% after deductible	40% after deductible
Diagnostic Tests and X-rays	Covered in full	15% after deducible	40% after deductible
Chemotherapy / Radiation Therapy	Covered in full	15% after deducible	40% after deductible
Speech, Physical & Occupational Therapy	$25 Copay (60 visit combined limit/calendar year)	15% after deductible	40% after deductible
Chiropractor	$25 Copay (30 visit limit)	15% after deductible (30 visit limit)	40% after deductible (30 visit limit)
Behavioral Health Services			
Mental Health – Outpatient	$15 Copay	15% after deductible	40% after deductible
Mental Health – Inpatient	$100 Copay	15% after deductible	40% after deductible
Substance Abuse – Outpatient	$15 Copay	15% after deductible	40% after deductible
Substance Abuse – Inpatient	$100 Copay	15% after deductible	40% after deductible

	UNITED HEALTHCARE		
PLAN FEATURES	CHOICE HMO	CHOICE PLUS PPO IN-NETWORK	CHOICE PLUS PPO OUT-OF-NETWORK
Emergency Services			
Emergency Room	$100 Copay (waived if admitted)	$100 Copay (waived if admitted)	$100 Copay (waived if admitted)
Ambulance	Covered in full	15% after deductible	40% after deductible
Urgent Care Facility	$40 Copay (in-network only)	15% after deductible	40% after deductible
Hospital Alternatives			
Skilled Nursing Facility	Covered in full	15% after deductible (90 days per calendar year)	15% (90 days per calendar year)[1]
Home Health Care	Covered in full	15% after deductible	15% after deductible
Other Services			
Durable Medical Equipment	Covered in full	15% after deductible	15% after deductible
Wigs	$300 allowance (every 12 months if submitted with diagnostic code)	$300 allowance (every 12 months if submitted with diagnostic code)	$300 allowance (every 12 months if submitted with diagnostic code)
Routine Hearing Care	$15 Copay	15% after deductible if submitted w/ diagnostic code	15% after deductible if submitted w/ diagnostic code
Hearing Aids	$2,500 per ear (every 3 years)	15% after deductible; $2,500 per ear (every 3 years)	40% after deductible; $2,500 per ear (every 3 years)
Vision Screening and Exams	$15 Copay (one every 12 months)	One every 12 months	One every 12 months
Eyeglasses and Contacts	$75 allowance (every 24 months)	$75 allowance (every 24 months)	$75 allowance (every 24 months)
Prescription Plan (same for all):	30 Day Supply at Retail: $10 Generic/$35 Preferred Brand/$50 Non-Preferred Brand – 90 Day Supply at CVS or Caremark Mail: $20 Generic / $55 Preferred Brand / $90 Non-Preferred Brand		

[1] 50% coverage with Medicare supplement (90 days per calendar year).

Coverage is identical between non-Medicare and Medicare supplement plans except where noted.

Contributions

FPEABF pays 52% of the total premium for retiree annuitants, including the cost of family coverage, and 67% of the total premium for survivor annuitants, including the cost of family coverage.

The following are the annual working rates effective January 1, 2015. These rates represent an estimated cost of self-insured coverage and include administrative expenses.

The working rates below reflect expected RDS payments. It was assumed that in the absence of RDS, the working rates would increase by the assumed value of the subsidy.

	Choice HMO	Choice Plus PPO
Single w/o Medicare	$11,268	$15,672
Two w/o Medicare	$22,524	$31,332
Single w/ Medicare	$4,872	$4,236
Two w/ Medicare	$9,756	$8,472

Section 5.2A - Description of Actuarial Methods and Valuation Procedures

A. Actuarial Cost Method

Liabilities and contributions shown in this report are computed using the **Entry Age Actuarial Cost Method** of funding.

Sometimes called a “funding method,” this is a particular technique used by actuaries for establishing the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily the annual contribution to the Plan is comprised of (1) the normal cost and (2) an amortization payment on the unfunded actuarial accrued liability.

Under the Entry Age Actuarial Cost Method, the **Normal Cost** is computed as the level percentage of pay which, if paid from the earliest time each Member would have been eligible to join the Plan if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the Plan.

The Normal Cost for the Plan is determined by summing individual results for each active Member and determining an average normal cost rate by dividing the summed individual normal costs by the total payroll of Members before assumed retirement age.

The **Actuarial Accrued Liability** under this method at any point in time is the theoretical amount of the fund that would have accumulated had annual contributions equal to the Normal Cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date.)

The **Unfunded Actuarial Accrued Liability** is the excess of the Actuarial Accrued Liability over the Actuarial Value of Plan Assets actually on hand on the valuation date. The Unfunded Actuarial Accrued Liability is amortized as a level dollar over an open 30-year period.

Under this method experience gains or losses, i.e. decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the Unfunded Actuarial Accrued Liability.

B. Asset Valuation Method

The actuarial value of assets is based on a five-year smoothing method and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Fair Value of assets at the valuation date is reduced by the sum of the following:

(i) 80% of the return to be spread during the first year preceding the valuation date,

(ii) 60% of the return to be spread during the second year preceding the valuation date,

(iii) 40% of the return to be spread during the third year preceding the valuation date, and

(iv) 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on Fair Value and (2) the expected return on Fair Value.

C. Valuation Procedures

No actuarial liability is included for members who terminated non-vested prior to the valuation date, except those due a refund of contributions.

The compensation amounts used in the projection of benefits and liabilities were December 31, 2014, rates of pay provided by staff of the FPEABF.

No termination or retirement benefits were projected to be greater than the dollar limitation required by the Internal Revenue Code Section 415 for governmental plans.

Annual increases in salary were limited to the dollar amount defined under Internal Revenue Code Section 401(a)(17) for affected members.

Section 5.3A - Summary of Actuarial Assumptions and Changes in Assumptions

The actuarial assumptions used for the December 31, 2014 actuarial valuation are summarized below. Consistent with past practice, the mortality rate, termination rate, retirement rate, and salary assumptions are based on an experience analysis of FPEABF, over the period 2009 through 2012. These assumptions were adopted by the Board as of December 31, 2013, based on the recommendation from the actuary.

Mortality Rates. RP-2000 Blue Collar Mortality Table, base year 2000,fully generational based on Scale BB.

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

Rates of Termination
Age at Entrance

Attained Age	Males				Females			
	22	27	32	37	22	27	32	37
22	.225				.200			
27	.128	.145			.115	.183		
32	.030	.116	.165		.030	.117	.165	
37	.030	.030	.105	.141	.030	.030	.093	.114
42	.030	.030	.030	.085	.030	.030	.030	.060
47	.030	.030	.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

Age	Rates of Retirement	
	Males	Females
50-54	.040	.040
55-58	.080	.060
59	.150	.100
60	.150	.150
61-64	.125	.145
65-69	.225	.200
70	.250	.200
71	.300	.240
72	.350	.280
73	.400	.320
74	.450	.360
75	1.000	1.000

30 or More Years of Service at Retirement

Age	Rates of Retirement	
	Males	Females
50-54	.350	.300
55-59	.275	.200
60	.225	.400
61-64	.225	.250
65-69	.270	.200
70	.450	.200
71	.540	.240
72	.630	.280
73	.720	.320
74	.810	.360
75	1.000	1.000

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

Age	Rates of Retirement	
	Males	Females
50-59	.100	.100
60-64	.200	.200
65	1.000	1.000

<u>Retirement Rates.</u> 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:

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

<u>Interest Rate.</u> 7.5% per year, compounded annually.

<u>Inflation Rate.</u> 3.25% per year, compounded annually.

<u>Salary Rate (net of inflation):</u>

Age	Rate
25	.0375
30	.0275
35	.0175
40	.0075
45+	.0050

<u>Loading For Reciprocal Benefits.</u> 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.

<u>Marital Status.</u> 85% of participants were assumed to be married.

<u>Spouse's Age.</u> 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.

<u>Inactives.</u> Benefits were estimated based on service and pay and valued as deferred to 55 annuities.

Section 5.3B - Summary of Actuarial Assumptions and Methods for Retiree Health Care

The actuarial assumptions used for the December 31, 2014 actuarial valuation are summarized below. The mortality rate, termination rate, retirement rate and salary assumptions are based on an experience analysis of FPEABF, over the period 2009 through 2012. These assumptions were adopted by the Board on January 9, 2014.

Valuation Date December 31, 2014

Discount Rate 7.50%

Salary Scale

Age	Inflation	Merit	Total
<21	3.25%	4.75%	8.00%
21	3.25%	4.55%	7.80%
22	3.25%	4.35%	7.60%
23	3.25%	4.15%	7.40%
24	3.25%	3.95%	7.20%
25	3.25%	3.75%	7.00%
26	3.25%	3.55%	6.80%
27	3.25%	3.35%	6.60%
28	3.25%	3.15%	6.40%
29	3.25%	2.95%	6.20%
30	3.25%	2.75%	6.00%
31	3.25%	2.55%	5.80%
32	3.25%	2.35%	5.60%
33	3.25%	2.15%	5.40%
34	3.25%	1.95%	5.20%
35	3.25%	1.75%	5.00%
36	3.25%	1.55%	4.80%
37	3.25%	1.35%	4.60%
38	3.25%	1.15%	4.40%
39	3.25%	0.95%	4.20%
40	3.25%	0.75%	4.00%
41	3.25%	0.55%	3.80%
42+	3.25%	0.50%	3.75%

Termination Rates

The following is a sample of the termination rates used.

Attained Age	Age at Entrance					
	Males			Females		
	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 other members who became participants prior to January 1, 2011 (Tier 1):

Svc at Ret	< 30 Years		>= 30 Years	
Age	Male	Female	Male	Female
50	.040	.040	.350	.300
55	.080	.060	.275	.200
60	.150	.150	.225	.400
65	.225	.200	.270	.200
70	.250	.200	.450	.200
75	1.000	1.000	1.000	1.000

For members who became participants on or after January 1, 2011 (Tier 2):

Age	Male	Female
62	.400	.350
64	.225	.150
67	.400	.350
70	.450	.200
75	1.000	1.000

Mortality Rates

The RP-2000 Blue Collar table, base year 2000, fully generational based on scale BB.

Disability Rates

Included in termination and retirement rates.

Anticipated Plan Participation
70% of eligible employees are assumed to elect retiree medical benefits.

30% of vested terminated employees are assumed to elect retiree medical benefits upon retirement, and are assume to retire according to the rates below:

Age	% Who Elect
55-59	6%
60-61	20%
62-64	5%
65-69	20%
70-74	25%
75+	15%

Based on recent experience, future annuitants are assumed to elect from among the available plans as follows:

% Who Elect	Choice HMO	Choice Plus PPO
Pre-Medicare	80%	20%
Post-Medicare	55%	45%

.
Current annuitants who elect coverage are assumed to remain in coverage. Current annuitants who have waived or deferred coverage are not assumed to participate in the future.

Dependent Coverage
40% of future annuitants are assumed to cover a dependent. 40% of surviving dependents are assumed to elect coverage upon the death of an actively employed member and are assumed to commence benefits when the actively employed member would have reached age 61. Males are assumed to be 4 years older than females. Actual ages were used for dependents of current annuitants.

Per Capita Health Plan Costs

Estimated net annual per capita incurred claim costs per covered adult for fiscal 2015 at age 65, reflecting administrative expenses, drug rebates and the Retiree Drug Subsidy.

	Choice HMO	Choice Plus PPO
Not Medicare eligible	$12,789	$17,108
Medicare eligible	$3,980	$3,217

Per capita medical costs were developed from the medical working rate provided by the Fund for calendar year 2015, adjusting for age morbidity. The working rates reflect expected RDS payments. Since GASB 43/45 requires AAL and ARC to be calculated without reduction for RDS payments, the above per capita costs were adjusted upward to include the assumed value of RDS payments, an average of $597 per eligible individual, for fiscal 2015. The valuation relies on the accuracy of the rate calculations. We understand that the rates represent medical benefit costs only for annuitants under the Fund.

Age-based Morbidity

Per capita costs are adjusted to reflect expected cost increases related to age. The increase in the net incurred claims was assumed to be:

Age	Annual Increase	Age	Annual Increase
49 and below	2.5%	70-74	2.5%
50-54	3.3%	75-79	2.0%
55-59	3.6%	80-84	1.0%
60-64	4.2%	85-89	0.5%
65-69	3.0%	90 and over	0.0%

Health Care Cost Trend Rates

Health care cost trend rates apply to expected claims, premiums and retiree contributions:

Year	Pre-Medicare	Post-Medicare
2015	8.00%	6.50%
2016	7.75%	6.25%
2017	7.50%	6.00%
2018	7.25%	5.75%
2019	7.00%	5.50%
2020	6.75%	5.25%
2021	6.50%	5.00%
2022	6.25%	4.75%
2023	6.00%	4.75%
2024	5.75%	4.75%
2025	5.50%	4.75%
2026	5.25%	4.75%
2027	5.00%	4.75%
2028+	4.75%	4.75%

Census Data

The active, deferred vested and retiree census were provided by the Fund.

Actuarial Cost Method

The entry age actuarial cost as a percentage of earnings was used.

Amortization Method

30 years open, level dollar.

Assets

The valuation assumes FPEABF or the District has not set aside any assets to prefund its retiree medical liabilities.

Medicare Coordination

Medicare is assumed to remain the primary payer for current and future retirees and spouses who are at least age 65 and who are currently on Medicare. Medicare is assumed to become primary for 95% of retirees and spouses who retired before January 1, 2014 and who are not yet age 65, when they attain that age. For all other retirees and spouses, Medicare is assumed to be the primary payer at the time they reach age 65.

IBNR

The calculations do not include any explicit amount for incurred but not reported claims (IBNR).

Retiree Drug Subsidy

The value of the Retiree Drug Subsidy under Medicare Part D is not directly reflected in the valuation, in accordance with GASB Technical Bulletin No. 2006-1 Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D, on this issue. An estimate of the value of the subsidy has been reflected in projecting the value of the Excise Tax on High-Cost Employer Plans (see next section).

Miscellaneous

The valuation was prepared on an on-going plan basis. This assumption does not imply that an obligation to continue the plan actually exists.

Considerations of the Patient Protection and Affordable Care Act (PPACA)

Summary of Effects of Selected Provisions

Early Retiree Reinsurance Program – Effective 6/1/2010: Due to the short-term nature of the payments expected to be received under this program, it is assumed to have no future impact on FPEABF.

Removal of Lifetime/Annual Maximum: The plan is not subject to the requirement to eliminate lifetime maximums, since it is a retiree only plan.

Expansion of Child Coverage to Age 26: The impact of covering retiree children to age 26 is assumed to have already been reflected in the working rates provided.

Medicare Part D Retiree Drug Subsidy: RDS payments are not reflected as an ongoing offsetting item in GASB 43 valuations, and so no direct impact is reflected. The valuation does reflect the RDS in estimating the future impact of the Excise Tax on High-Cost Employer Health Plan.

Excise Tax on High-Cost Employer Health Plans (aka "Cadillac Tax") - Effective 1/1/2018. We performed a projection of the calculation on the Plan using a CPI of 3.25%, blending non-Medicare and Medicare retiree coverage for testing purposes. The tax amount expected is based on projected net employer costs for Medicare retirees after RDS, as this is the way we expect costs to be determined for tax purposes. The projection indicates that the overall increase in liability would be approximately 0.54% and we have adjusted the results accordingly. Additional commentary on this issue can be found on the following page.

Other Revenue Raisers: The PPACA legislation includes a variety of other revenue raisers that involve additional costs on employers, providers (such as medical device manufacturers) and insurers. We considered these factors when developing the trend assumption used.

Other: We have not identified any other specific provision of the PPACA legislation that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will continue to monitor any potential impacts.

High-Cost Plan Excise Tax: The PPACA legislation added a new High-Cost Plan Excise Tax (also known as the "Cadillac Tax") starting in calendar year 2018. For valuation purposes, we assumed that the value of the tax will be passed back to the Plan in higher premium rates.

Based on our understanding of the tax, we think it is clear that the tax does not apply directly to FPEABF. Rather, the tax applies to the administrator of the benefits, UnitedHealthcare, which in turn is then expected to pass the additional cost along to FPEABF.

The tax is 40% of the excess of a) the cost of coverage over b) the limit. We modeled the cost of the tax by calculating "a" (the cost of coverage) using the working rates projected with trend. We calculated "b" (the limit) starting with the statutory limits ($10,200 single and $27,500 family), adjusted for the following:

- Limits will increase from 2018 to 2019 by 4.25% (CPI plus 1%);
- Limits will increase after 2019 by 3.25% (CPI); and
- For retirees over age 55 but not on Medicare, the limit is increased by an additional dollar amount of $1,650 for single coverage, $3,450 for family coverage[1].

We also examined the possibility that the limits would be increased due to excess trend. An estimate of trend for the period from 2010 through 2018 for the federal standard Blue Cross Blue Shield option (using actual increase rates from 2010 to 2014 and the valuation trend from 2014 to the valuation 2018) is compared to the statutory "assumed" 55% trend, with trend in excess of 55% applied on the base amount before the additional amount for "early" retirees. However, it appears due to favorable experience in the federal benchmark Blue Cross Blue Shield plan that there will not be any excess trend.

[1] These additional amounts are available at other ages for plans sponsored by an employer where the majority of employees are engaged in high risk professions including law enforcement officers and fire fighters. Since only a minority of the retirees included in this valuation is police and fire, we are assuming that this exception would not apply.

Glossary of Terms

Actuarial Accrued Liability	Total accumulated cost to fund pension or Other Postemployment Benefits (OPEB) arising from service in all prior years.
Actuarial Cost Method	Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension or OPEB plan for a group of plan members to the years of service that give rise to that cost.
Actuarial Present Value of Future Benefits	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
Actuarial Valuation	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
Actuary	Person who performs mathematical calculations pertaining to pension or OPEB and insurance benefits based on specific procedures and assumptions.
Annual Required Contribution	Disclosure measure of annual pension or OPEB cost.
GASB 67	Governmental Accounting Standards Board Statement Number 67
GASB 43	Governmental Accounting Standards Board Statement Number 43 which specifies how the Annual Required Contribution (ARC) is to be calculated and disclosure requirement for CEABF.
GASB 45	Governmental Accounting Standards Board Statement Number 45 which specifies how to calculate the Annual OPEB Cost that the employer recognizes.
Maturity Ratio	The ratio of the actuarial accrued liability for members who are no longer active to the total actuarial accrued liability. A ratio of over 50% indicates a mature plan. The higher the maturity ratio, the more volatile the contribution rate will be from year to year given actuarial gains and losses.
Normal Cost	That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the Plan as a whole.
Unfunded Actuarial Accrued Liability (UAAL)	The portion of the actuarial accrued liability not offset by plan assets.
Vested Benefits	Benefits which are unconditionally guaranteed regardless of employment status.

Summary of Legislative Changes

1982 Session

SB 1147

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

SB 1452

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

SB 1579

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

HB 2286

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

1983 Session

SB 22

- Delegation of investment authority restrictions.

HB 514

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

HB 637

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

1984 Session

- No legislative changes.

1985 Session
HB 17

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

1986 Session
HB 2630

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

HB 2715

- For withdrawals after January 1, 1988, and for employees with at least 10 years of service and age 50, the minimum formula annuity is increased to 2.2% of the Final Average Salary for each of the first 20 years of service and 2.4% for each year thereafter, not to exceed the maximum of 80% of Final Average Salary. For retirement between age 50 (new minimum retirement age) and age 60, the annuity thus computed will be reduced 0.5% for each month the employee is under age 60 unless the employee has 30 or more years of service in which case no reduction will apply.
- The surviving spouse of an employee who retires on or after January 1. 1988, with at least 10 years of service is entitled to 50% of the annuity including increases that the deceased annuitant was receiving as of his or her date of death. Such annuity to be reduced 0.5% for each month the surviving spouse is under age 60 at the date of the annuitant's death.

- Effective January 1, 1988, any child's annuity being paid shall be increased from $140 per month to 10% of the employee's salary at the date of death provided that the increased annuity would be greater than $140 per month, subject to Statutory maximums.
- Effective January 1, 1987, the maximum age conditions for any disability are removed for employees whose disability continued past that date.
- A Deputy Sheriff with at least 15 years of service as a Deputy Sheriff can receive credit under the Police formula for other Cook County service by electing to pay an additional contribution prior to retirement. In addition, any Police Officer who has rendered at least 20 years of service and who separates from service prior to age 50 and does not withdraw his or her contributions can apply for pension benefits at age 50 without returning to duty.
- Effective July 1, 1988, all employee and surviving spouse annuitants will receive a one-time increase. Such increase to be an additional 1% for each full year that the annuitant has received benefits as of July 1. 1988.
- An alternative plan for elected officials of 3% of the Final Average Salary for the first 8 years, 4% for the next 4 years and 5% thereafter, subject to the maximum of 80%, is available. The elected official must contribute an additional 3% of salary to receive these benefits.
- Effective December 1, 1988, the Retirement Board will be increased from 5 to 7 Trustees. One annuitant Trustee to be elected for a 3 year term by those persons receiving annuity or disability benefits and 1 Forest Preserve District Trustee to be elected by the Forest Preserve District contributors for a term of 3 years beginning December 1, 1988.

1988 Session

- No legislative changes

1989 Session

SB 95

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

SB 1096

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

HB 332

- Signed August 23, 1989.
- Eliminated age-related discriminatory provisions as required by Federal law or regulations.
- Provided for age discrimination changes effective January 1, 1988 to eliminate age 65 requirements for marriage in service and children's benefits, provided contributions after age 65 for spouse benefits, provided employee accumulation annuities be computed after age 70. provided employee and spouse accumulation annuities not be "fixed" at age 65, provided no age 70 restriction on disability benefits, provided for active members over age 65 that their accounts be "unfixed" and accumulate interest until the date of withdrawal, and provided that there be no age 70 membership limitation and removed the permitted "no spouse" refund at age 65.

- Provides that for employees retiring after January 1, 1988, but before age 55, Section 20-131 shall not apply; therefore, they are not entitled to the alternative formula set forth in Section 20-122 repealed in 1975.

HB 158

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

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

1990 Session

SB 1951

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

SB 136

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

1991 Session

HB 971

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

Other Changes

- Provides that the 3% annuity increase will begin on January 1st following the first anniversary of retirement for employees who retired with 30 or more years of service and were under age 60 at retirement.
- Extends the Optional Plan of Benefits for an additional 5 years to July 1, 1997.
- Allows for an employee to make contributions and receive service credit for any unused accumulated sick leave up to 180 days, at retirement.
- Employees may now discontinue making contributions to the Pension Fund after 35 (previously 42) years of contributing service upon notification to the Retirement Board at least 60 days before the deductions cease.
- For widow(er)s of employees or annuitants who die after November 19, 1991, the maximum limit on the spouse annuity is removed provided that the employee was at least 60 with at least 20 years of service or also if retirement occurred on or after January 1, 1982, at age 65 or over with at least 10 years of service for retirements.
- For widow(er)s of employees who retired on or after January 1, 1984, but before July 1. 1985. with at least 30 years of service, the annuity is 50% of the employee's annuity as of the date of retirement with no discount for under age 60.
- Beginning with retirements or deaths on January 1, 1992, with at least 10 years of service, the age discount for a widow(er)'s annuity will be 0.5% for each month the widow(er) is under age 55 at the date of the employee's death. This is reduced from age 60 for prior deaths or retirements.
- Beginning on November 19, 1991, provides for a $1,000.00 death benefit payable upon the death of employee or annuitant to the employee's designated beneficiary, or to the employee's estate if no beneficiary has been named.
- Beginning December 1, 1991, the Fund may pay, on behalf of each of the Fund's annuitants who choose to participate in any of the Forest Preserve District's health care plans, all or any portion of the total health care premium (including coverage for other family members) due from each such annuitant.
- Allows the annuitant to authorize the withholding of dues from annuity checks for certain labor organizations.
- Allows participation for all employees with at least one month of service.
- Provides for a repayment of contributions and transfer of service from the General Assembly and for former members of the General Assembly through February 1, 1993.
- Grants the authority to rent or lease office space to the Board of Trustees when deemed desirable for the purposes of the Fund.

- Allows the Pension Fund to withhold contributions to a labor organization from annuity checks provided that at least 100 annuitants authorize withholdings from their checks.
- Provides for the repayment of contributions by former members of the Forest Preserve District Police who were the head of an employee association, to include both the employee and employer shares.

1992 Session

SB 1770

- Signed September 16, 1992.
- Early Retirement Incentive
    - Provides an extra 1% per year of Forest Preserve District service, up to 10 maximum, times the final four year average salary for those eligible employees. There is no cost to the employee. The age discount from age 55 to 60 is eliminated if eligible.
    - Eligible if a contributing member on May 1, 1992 and:
        - Retires on or after December 1, 1992 and on or before May 29. 1993;
        - Attains age 55 or more on or before the date of retirement; and
        - Has at least 10 years of creditable service.

1993 Session

SB 1650

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

1994 Session

- No legislative changes.

1995 Session

SB 114

- Approved July 14, 1995.
- The amount of earnings that may be taken into account by any retirement system is limited to the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code, except for persons who became participants before 1996.
- Allows for active participants employed be the Cook County State's Attorney's office on January 1, 1995 to transfer to this Fund credits accumulated under a pension fund established under Article 5 of this Code and to transfer said credits from said fund to the Cook County fund upon payment of both employee and employer contributions with 6% interest to the Forest Preserve District Employees' Annuity and Benefit Fund.
- The Fund is authorized to make certain involuntary distributions required by Section 401(a)(9) of the Internal Revenue Code.

SB 424

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

1996 Session

SB 1456

- Approved August 9, 1996.
- Any chief of the Forest Preserve District Police Department or undersheriff of the Forest Preserve District Sheriffs Department may elect to be included as a deputy sheriff.

1997 Session

HB 313

- Signed June 27, 1997.
- Change Forest Preserve District size necessary for fund creation to 3,000,000 from the previously required 500.000.
- As of January 1, 1998 the automatic annual increase for employee and spouse annuitants changed to 3% compounded for all past, current, and future annuitants, regardless of the effective date of the annuity. Term annuities are not eligible for the automatic annual increase.
- Early Retirement Incentive
  - Provides an extra 1% per year of Forest Preserve District service, up to 10 maximum, times the final four year average salary for those eligible employees. There is no cost to the employee. The age discount from age 55 to 60 is eliminated if eligible.
  - Eligible if a contributing member on May 1. 1997 and:
    - Retires on or after September 1. 1997 and on or before February 28, 1998;
    - Attains age 55 or more on or before the date or retirement; and
    - Has at least 10 years of creditable service.

- Effective January 1, 1998 all widow(er) annuitants will have their annuities increased by 3% and will receive the automatic increase of 3% compounded annually. Those widow(er) annuitants receiving a Term annuity will not be eligible for the automatic annual increase.
- Extends the Optional Plan of benefits to July 1,2002.
- Allows members of the Cook County police department to transfer their service into the Policemen's fund until July 1, 1998. and to reinstate service credit terminated by a refund by paying 6% compounded annually.
- Allows members of the fund with at least 20 years of service credit to make contributions, until June 1, 1998, into the fund based on CTA compensation and creditable service is granted for this period for up to 10 years of service credit.

1998 Session

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

1999 Session

- No legislative changes.

2000 Session

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

2001 Session

- No legislative changes.

2002 Session

HB 5168

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

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

2003 Session

- No legislative changes.

2004 Session

- No legislative changes.

2005 Session

SB 1446

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

2006 Session

- No legislative changes.

2007 Session

HB 49

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

HB 3578

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

HB 5168

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

SB 1380

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

2008 Session

SB 2520

- Public Act 95-1036, effective February 17. 2009.
- Provides that duty disability and child's disability benefits shall not be allowed unless application therefor is made while the disability exists; except that this limitation does not apply if the Board finds that there was reasonable cause for delay in filing the application while the disability existed. Provides that this is intended to be a restatement and clarification of existing law and does not imply that application for a duty disability benefit made after the disability had ceased, without a finding of reasonable cause, was previously allowed under this Article.
- Provides that (i) before any action may be taken by the Board of Trustees on an application for duty disability benefit or widow's compensation or supplemental benefit, the related applicant must file a timely claim under the Workers' Compensation Act or the Workers' Occupational Diseases Act, as applicable, to establish that the disability or death resulted from an injury incurred in the performance of an act or acts of

duty, and the applicant must receive compensation or payment from the claim or the claim must otherwise be finally adjudicated and (ii) with respect to duty disability', satisfactory proof must be provided to the Board that the final adjudication of the claim established that the disability or death resulted from an injury incurred in the performance of an act or acts of duty.

- Amends the Cook County Forest Preserve Article of the Illinois Pension Code. Adds a provision imposing forfeiture of benefits upon conviction of a felony arising out of or in connection with the member's employment.

2009 Session
SB 0364

- Public Act 96-0006 effective April 3, 2009.
- Requires Board members to file a verified written statement of economic interest annually with the office of the Clerk of Cook County.
- Requires the Board to adopt a policy that sets quantifiable utilization goals for the management of assets in specific asset classes for emerging investment managers. Goals shall be separated by minority ownership, female ownership, and person with a disability ownership.
- Requires that if at least one emerging firm meets criteria of search process, at least one shall be invited to present to the Board for final consideration.
- Requires the Board to adopt a policy that sets forth goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff.
- Requires the Board to adopt a policy that sets forth goals for utilization of WMDBE firms for all contracts and services, based on the percentage of total dollar amounts of all contracts let.
- Requires the Board to adopt a policy that sets forth goals for increasing the utilization of minority broker-dealers.
- Requires an annual report to the Governor and General Assembly on the utilization of "emerging firms" as defined by Article 1 of the Pension Code.
- Requires the Board to award all contracts for investment services using a competitive process that is substantially similar to the process required for the procurement of professional services under Article 35 of the Illinois Procurement Code. Requires the Board to adopt a procurement policy which will be posted on the Fund's website and filed with the Illinois Procurement Policy Board.
- Provides that a person may not act as a consultant or investment adviser unless that person is registered as an investment adviser or bank under the federal Investment Advisers Act of 1940.
- Requires investment contracts between the Retirement Board and investment service providers to include certain required information.
- Provides consultant contracts cannot exceed five years in duration; however, incumbent consultants may compete for new contracts.
- Requires investment consultants and advisers to disclose all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment consultant or adviser in connection with the services provided.
- Requires that a description of every contract let for investment services be posted on the website, including name of entity awarded the contract, amount of contract, total fees paid, and disclosure describing the factors that contributed to the selection.

- Requires the Fund to maintain a website that shall include standard investment reporting, a copy of relevant Board policies, a listing of investment consultants and managers, a notification of any requests for investment services, and the names and e-mail addressed of Board members, Fund directors, and senior staff.
- Requires Board members to attend at least eight hours of ethics training per year and requires each Board to annually certify its member's compliance and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation.
- Prohibits any Fund trustee or employee or their spouses or immediate family living with them to intentionally solicit or accept any gift from any prohibited source as prescribed in Article 10 of the State Officials and Employees Ethics Act, including educational materials and missions and travel expenses for discussing Fund business.
- Provides that any person who knowingly makes any false statement or falsifies or permits falsifying any record of the pension fund in an attempt to defraud is guilty of a Class 3 felony.
- Provides that no person or entity shall retain a person or entity to influence the outcome of an investment decision or the procurement of investment advice to a pension fund for compensation, contingent upon the decision of the Board.
- Requires approval for travel or education mission expense of a Trustee by a majority of the Board prior to mission.

SB 0189

- Public Act 96-0542 effective August 17, 2009.
- Amends the Open Meetings Act and the Freedom of Information Act.

2010 Session

SB 1946 and SB 550

- Public Acts 96-0889, effective April 14, 2010, added 5/1-160 and Public Act 96-1490, effective December 30, 2010, made technical changes 5/1-160. These acts created a 2^{nd} Tier of benefits for all reciprocal systems of the Pension Code.
- Members first participating in any reciprocal fund, except Judges and GARS, on or after January 1, 2011 will be Tier 2 members.
- Tier 2 members will have their salary capped at $106,800 for all purposes. The amount of the cap is subject to increase annually at the lesser of 1/2 of the change in CPI-U or 3%. If the change in CPI-U is zero or negative, the cap will not change.
- Tier 2 member's Final Average Salary (FAS) used in annuity benefit calculations will be based on the highest consecutive 96 months in the last 10 years.
- Tier 2 members will not be able to receive an unreduced retirement annuity until age 67 and the earliest they can receive any retirement annuity is age 62. Annuities payable before age 67 are reduced 1/2$_2$% for each full month under 67 regardless of service. Tier 2 members must have at least 10 years of service to qualify for a retirement annuity.
- Tier 2 members will not be able to receive a COLA until the January 1 following their 67^{th} birthday or following the 1 year anniversary of retirement, whichever is later. The COLA will not be compounded and will be the lesser of 1/2 the change in CPI-U or 3%. If the change in CPI-U is zero or negative, there will be no increase.

- The Tier 2 surviving spouse annuity will be 66-2/3% of the member's retirement annuity at death. If the member is not retired, it is 66-2/3% of the member's earned retirement annuity.
- The Tier 2 COLA for a surviving spouse annuity will begin the January 1 following the member's death if the member was retired. If the member was not retired it will begin on the January 1 following the 1 year anniversary of the member's death. The COLA will not be compounded and will be the lesser of the 1/2 change in CPI-U or 3%. If the change in CPI-U is zero or negative, there will be no increase.
- Tier 2 members receiving a retirement annuity will have their annuity suspended if they go to work on a full time basis with any reciprocal fund except Judges and GARS.
- There was no change in the member's benefit accrual percentage (2.4% per year) or the employee or employer contributions.

HB 4644

- Public Act 96-0961 effective July 2, 2010 added 5/9-128.2 allows elected officials to establish earnings credit for the amount of stipend that was not received.
- Member must pay employee contributions and employer's normal cost on the stipend not received and actuarially assumed interest. Payment must be received by January 2, 2011.

2011 Session

SB 1716

- Public Act 96-1513 effective June 1, 2011 allows 2 unmarried people to enter into a Civil Union. Partners of a Civil Union are to be treated the same as a spouse in the State of Illinois.
- The Fund will now grant spouse annuity benefits to a partner of a Civil Union and annuitants can cover their Civil Union partners under the Fund's Health Benefit plan. A Civil Union certificate will be treated as the equivalent to a Marriage certificate.

SB 1672

- Public Act 97-0530 effective August 23. 2011 requires all Funds to comply with the Federal H.E.A.R.T. Act of 2008.
- Public Act 97-0609 effective January 1, 2012 amends 5/1-160(h) stating members that first become participants on or after the effective date will have their retirement annuity suspended if they return to work for the employer on a contractual basis.
- The member is required to notify the Fund prior to accepting the contractual employment.

HB 1670

- Public Act 97-0504 effective January 1, 2012 amends the Open Meetings Act to require elected or appointed members of public bodies to take electronic training by the Attorney General's Public Access Counselor. Training must be completed by the end of 2012. Members that are elected or appointed after January 1, 2012 must complete the training within 90 days of taking the oath or assuming the responsibilities of the position.

HB 3813

- Public Act 97-0651 effective January 5, 2012 amends Article 1 in regards to Fraud and Fiduciary Liability.
- Requires fiduciaries to report reasonable suspicion of false statements. The Board of Trustees must report reasonable suspicion of false statements to the State's Attorney.

- The Act also amends 5/9-219 requiring sheriff police and correction officers that purchase service while on approved leave to represent a labor organization to remain in sworn status during the leave to be eligible to purchase service credit.

2012 Session

HB 3969

- Public Act 97-0967 effective August 16, 2012 amends Article 1 adding 5/1-166 which requires an employer to pay GARS for any additional liability created from a reciprocal retirement if the retiree's FAS is higher than their highest GARS salary, and they were employed by the non-GARS agency for 2 years or less since leaving GARS.

2013 Session

SB 1921

- Public Act 98-0551 effective August 27, 2013 amends Article 9 adds 5/9-119.1, which defines "earned annuity" to clarify how the Fund should administer Tier 2 Spouse Annuity benefits.
- Adds 5/9-202.1 to allow images to be treated as original records.
- Amends 5/9-112 to simplify the definition of salary and spells out how salary is defined for determining Ordinary Disability benefits.

SB 1

- Public Act 98-0599 effective June 1, 2014 amends Article 9 sections 219 and 220 so that new employees starting on or after June 1, 2014 shall not receive credit for lump sum vacation time paid and will not be allowed to purchase unused sick time.

2014 Session

SB 2809

- Public Act 98-1137 effective June 1, 2015 amends Article 5/1-115 to allow the Attorney General to bring a civil action to enjoin the payment of benefits to any person who is convicted of any felony relating to or arising out of or in connection with that person's service as an employee under the Code.