



Office of the City Clerk

City Hall
121 N. LaSalle St.
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Chicago, IL 60602
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Legislation Details (With Text)

File #: R2014-778
Type: Resolution
Status: Failed to Pass
File created: 11/5/2014
In control: City Council
Final action: 5/20/2015
Title: Tax levy requirement for Policemen's Annuity and Benefit Fund of Chicago for Year 2015
Sponsors: Misc. Transmittal
Indexes: Policemen's Annuity and Benefit Fund of Chicago
Attachments: 1. R2014-778.pdf

Date	Ver.	Action By	Action	Result
5/20/2015	1	City Council	Failed to Pass	Fail
11/5/2014	1	City Council	Referred	

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Representing the Active Police and Disability Beneficiaries **Michael K. Lappe**

James P. Maloney, Recording Secretary Brian E. Wright

Representing the Annuitants **Kenneth A. Hauser, President**

The Retirement Board

of the

Policemen's Annuity and Benefit Fund City of Chicago

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-800-656-6606 www.cfipabf.org <<http://www.cfipabf.org>>)*

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Physician

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Attorney for the Board

Samuel Kunz

Chief Investment Officer

Address Communications to the Retirement Board

September 30, 2014

Ms. Susana A.
Mendoza City Clerk of
Chicago City Hall
(Room 107) 121 N.
LaSalle Street
Chicago, IL 60602

Dear Ms. Mendoza:

In accordance with Chapter 40, Act 5, Article 5, Section 168-Financing, the Policemen's Annuity and Benefit Fund of Chicago (the Fund) is hereby requesting \$592,863,325 for the 2015 tax levy. In addition to the financing requirements of the Illinois Statutes, attached is a copy of the 2014 Funding Resolution adopted by the Retirement Board of the Policemen's Annuity and Benefit Fund of the City of Chicago at their meeting held July 24, 2014.

Also enclosed is a copy of the letter provided to the Board of Trustees of the Fund, by the Fund's actuary, Gabriel Roeder Smith & Company, which certifies the contribution amount cited in the funding resolution.

Sincerely,

2014 REQUIRED FUNDING RESOLUTION FOR THE YEAR 2015

WHEREAS, pursuant to 40 ILCS, Act 5, Section 5-168, and all other applicable provisions, of the Illinois Pension Code, the Retirement Board of the Policemen's Annuity and Benefit Fund of Chicago (the "Board") is required to estimate the amounts required each year to be contributed by the City of Chicago ("City") for all annuities, benefits and administrative expenses authorized to be paid by the City under Article 5; and

WHEREAS, pursuant to that statutory direction, and the further requirements of 40 ILCS, Act 5, Article 5-168, and all other applicable provisions, as amended by PA 1495 eff. January 1, 2011, the Board has prepared its estimate of the total amount of funding required under 40 ILCS, Act 5, Article 5 for the year 2015 based on the Fund's actuarial valuation dated December 31, 2013; and

WHEREAS, the estimated amount required, prepared in accordance with the language of 40 ILCS, Act 5, Article 5-et sq, on an actuarial basis to provide an amount that is equal to (1) the normal cost to the Fund, plus (2) an annual amount sufficient to bring the total assets of the Fund up to 90% of the total actuarial liabilities of the Fund by the end offiscal year 2040, as annually updated and determined by an enrolled actuary employed by the Illinois Department of Insurance or by an enrolled actuary retained by the Fund or the city is \$592,863,325.

NOW THEREFORE BE IT RESOLVED: that pursuant to the provisions of an Act of the General Assembly of Illinois effective January 1, 1922, entitled "An Act to Provide for the Creation, Setting Apart, Maintenance and Administration of a Policemen's Annuity and Benefit Fund in Cities Having a Population Exceeding Five Hundred Thousand Inhabitants," as amended and codified, the Retirement Board of the Policemen's Annuity and Benefit Fund of the City of Chicago hereby certifies to the City Council of the City of Chicago that the sum which will be required to be contributed by the City for purposes of the Policemen's Annuity and Benefit Fund of Chicago for the year 2015, payment due in 2016, in accordance with the provisions of Section 5-168 of the aforesaid Article 5 of the Illinois Pension Code for the purpose of providing revenue for this Annuity & Benefit Fund is \$592,863,325; and

BE IT FURTHER RESOLVED: that the Secretary of the Policemen's Annuity and Benefit Fund of Chicago should be instructed to submit a copy of this resolution to the said City Council.

**POLICEMEN'S ANNUITY & BENEFIT FUND OF
CHICAGO**

Gabriel Roedcr Smith & Company Consultants & Actuaries

20 North Clark Street Suite 2400
Chicago, IL 60602-5111

9800 phone
9801 fax www.gabrielroedcr.com <<http://www.gabrielroedcr.com>>

June 13, 2014

Retirement Board of the
Policemen's Annuity and Benefit Fund of Chicago 221 N.
LaSalle Street, Suite 1626 Chicago, IL 60601-1404

Re: Actuarial Certification of Valuation as of December 31, 2013 Dear

Members of the Board:

At your request, we have performed an actuarial valuation of the Policemen's Annuity and Benefit Fund of Chicago (the "Fund") as of December 31, 2013. This valuation has been performed to measure the funding status of the Fund as of December 31, 2013, and determine the annual contribution requirements for tax levy year 2015. In addition, it includes disclosure information required under applicable Government Accounting Standards Board ("GASB") Statements.

The assumptions and methods used were recommended by the actuary (or prescribed under Public ' Act 96 -1495) and approved by the Board. The assumptions satisfy the parameters set for the disclosure presented in the financial section by Government Accounting Standards Board (GASB) Statement Nos. 25 and 43.

These actuarial valuations of the Fund are performed annually.

Public Act 96-1495, effective as of January 1, 2011, requires that the City finance plan benefits on an actuarial basis commencing with tax levy year 2015. The funding policy requires that the sum of future employer contributions, employee contributions and other fund income is projected to produce 90 percent funding by fiscal year end 2040. The contribution projections are based on an open group, level percent of pay financing and the Projected Unit Credit cost method. Also in accordance with Public Act 96-1495, the actuarial value of assets was retroactively marked to the market value of assets in plan year 2011^a. Gains and losses for each year ending after December 31, 2011, are smoothed over a five-year period.

The required statutory contribution amount applicable to tax levy year 2015, and the funded status as of December 31, 2013, as determined in the December 31, 2013, actuarial valuation are shown below:

Employer Contribution for Tax Levy Year 2015	\$592,863,325
Actuarial Accrued Liability as of 12/31/2013	\$10,080,605,544
Actuarial Value of Assets as of 12/31/2013 ^a	\$3,053,881,777
Unfunded Actuarial Accrued Liability as of 12/31/2013	\$7,026,723,767
Funded Ratio as of 12/31/2013	30.29%

" The actuarial value of assets was retroactively marked to the market value of assets as of December 31, 2011. Marking the actuarial value of assets at either March 30, 2011, or December 31, 2011, produced the exact same statatoiy contribution for tax levy year 2015 because the contribution depends on the projected funded ratio at plan year end 2040.

Retirement Board ofthe Policemen's Annuity and Benefit Fund of Chicago Page 2

The liabilities have been valued based on financial and employee data, which is supplied by the administrative staff ofthe Fund. We did not audit this data, but have reviewed the statistical support and concluded that the data is reasonable and consistent with the prior year's data.

For the actuarial valuation as of December 31, 2013, the assumed rate of return used to discount liabilities and project assets was 7.75 percent per annum for pensions and 4.50 percent for OPEB.

In our opinion, the actuarial valuation calculations comply with the requirements of Illinois state law and, where applicable, the Internal Revenue Code, ERISA and the Statements of the Governmental Accounting Standards Board. All of our work also conforms with generally accepted actuarial principles and practices, and to the Actuarial Standards of Practice issued by the Actuarial Standards Board.

This actuarial certification is provided to the Retirement Board in conjunction with the actuarial valuation as of December 31, 2013, of the Policemen's Annuity and Benefit Fund of Chicago. Additional information and details regarding actuarial assumptions and methods, and important additional disclosures are provided in the full actuarial valuation report as of December 31, 2013, which is an integral part of this certification. We certify that the information presented herein is accurate and fairly portrays the actuarial position ofthe Fund as of December 31, 2013.

The undersigned are Members ofthe American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Alex Rivera, FSA, EA, MAAA, FCA Senior Consultant

Gabriel Rocder Smith &. Company