



# City of Chicago



R2015-653

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	9/24/2015
<b>Sponsor(s):</b>	Dept./Agency
<b>Type:</b>	Resolution
<b>Title:</b>	Tax Levy requirement for Policemen's Annuity and Benefit Fund of Chicago for Year 2016
<b>Committee(s) Assignment:</b>	Committee on Finance

Members of the Board  
Representing the Public  
Juan C. Avila  
Carole L. Brown  
Carol L. Hamburger  
Kurt A. Summers, Jr.

Representing the Active Police  
and Disability Beneficiaries  
Michael K. Lappe  
James P. Maloney, Recording Secretary  
Brian E. Wright, Vice-President  
  
Representing the Annuity  
Kenneth A. Hauser, President

**The Retirement Board**  
of the  
**Policemen's Annuity and Benefit Fund**  
**City of Chicago**

221 North LaSalle Street-Room 1626  
Chicago, Illinois 60601  
(312) 744-3891  
Outside Chicago: 1-800-656-6606  
[www.chipabf.org](http://www.chipabf.org)



Regina Tuczak, CPA  
Executive Director

James A. Dollard, CPA  
Comptroller

Pacifico Panaligan, CPA  
Assistant Comptroller

Peter Orris, M.D.  
Physician

David R. Kugler  
Attorney for the Board

Address Communications  
to the Retirement Board

August 31, 2015

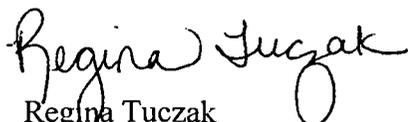
Ms. Susana A. Mendoza  
City Clerk of Chicago  
City Hall (Room 107)  
121 N. LaSalle Street  
Chicago, IL 60602

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 \$675,825,755 for the 2016 tax levy. In addition to the financing requirements of the Illinois Statutes, attached is a copy of the 2015 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 30, 2015.

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,

  
Regina Tuczak  
Executive Director

Encl.

RECEIVED  
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2015 SEP -3 AM 10:36  
OFFICE OF THE  
CITY CLERK  
PR/ST

**2015 REQUIRED FUNDING RESOLUTION FOR THE YEAR 2016**

**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

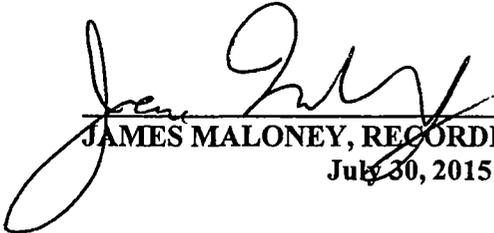
**WHEREAS**, pursuant to that statutory direction, and the further requirements of 40 ILCS, Act 5, Article 5-168, and all other applicable provisions, as amended by PA 1495 eff. January 1, 2011, the Board has prepared its estimate of the total amount of funding required under 40 ILCS, Act 5, Article 5 for the year 2016 based on the Fund's actuarial valuation dated December 31, 2014; 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 of fiscal 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 \$675,825,755.*

**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 2016, payment due in 2017, 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 **\$675,825,755**; 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**

  
\_\_\_\_\_  
**JAMES MALONEY, RECORDING SECRETARY**  
July 30, 2015



July 9, 2015

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, 2014

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, 2014. This valuation has been performed to measure the funding status of the Fund as of December 31, 2014, and determine the annual contribution requirements for tax levy year 2016. In addition, it provides 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. 27 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<sup>a</sup>. 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 2016, and the funded status as of December 31, 2014, as determined in the December 31, 2014, actuarial valuation are shown below:

Employer Contribution for Tax Levy Year 2016	\$675,825,755
Actuarial Accrued Liability as of 12/31/2014	\$11,048,192,187
Actuarial Value of Assets as of 12/31/2014 <sup>a</sup>	\$2,954,318,954
Unfunded Actuarial Accrued Liability as of 12/31/2014	\$8,093,873,233
Funded Ratio as of 12/31/2014	26.74%

<sup>a</sup> 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 statutory contribution for tax levy year 2016 because the contribution depends on the projected funded ratio at plan year end 2040.