

Pension Fund Overview Report:

Municipal Employees' Annuity and Benefit Fund of Chicago ("MEABF") & Laborers' Annuity and Benefit Fund of Chicago ("LABF")

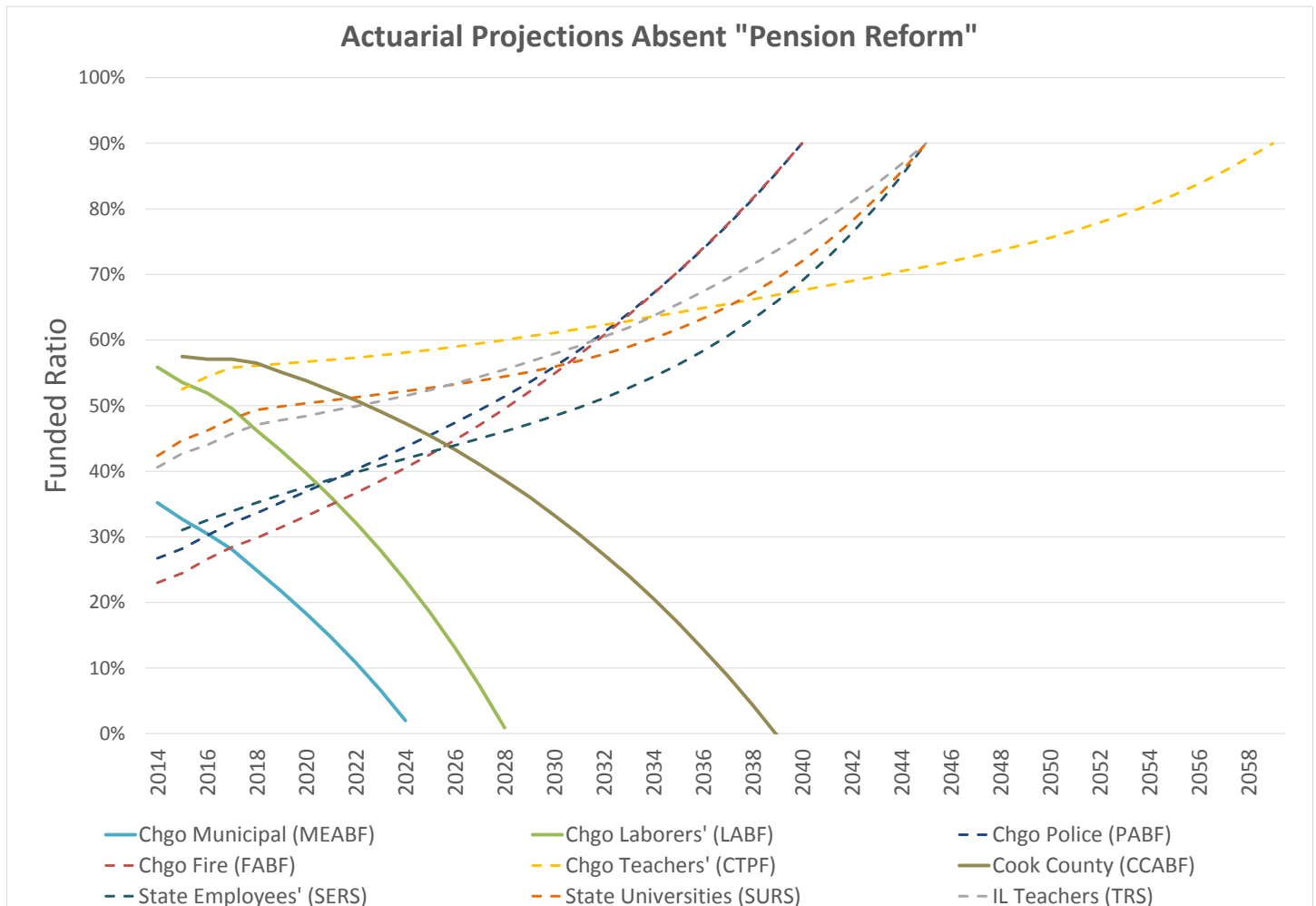
October 7, 2015

OVERVIEW:

- Combined, the MEABF and LABF have approximately 79,000 members made up of current and former City of Chicago and Chicago Board of Education employees
- Active employees pay 8.5% of their gross salary toward their pension
- Members do not receive credits toward a Social Security benefit; therefore, most rely heavily on the MEABF and LABF to provide retirement security
- Average annuity is \$34,548 for MEABF and \$45,968 for LABF

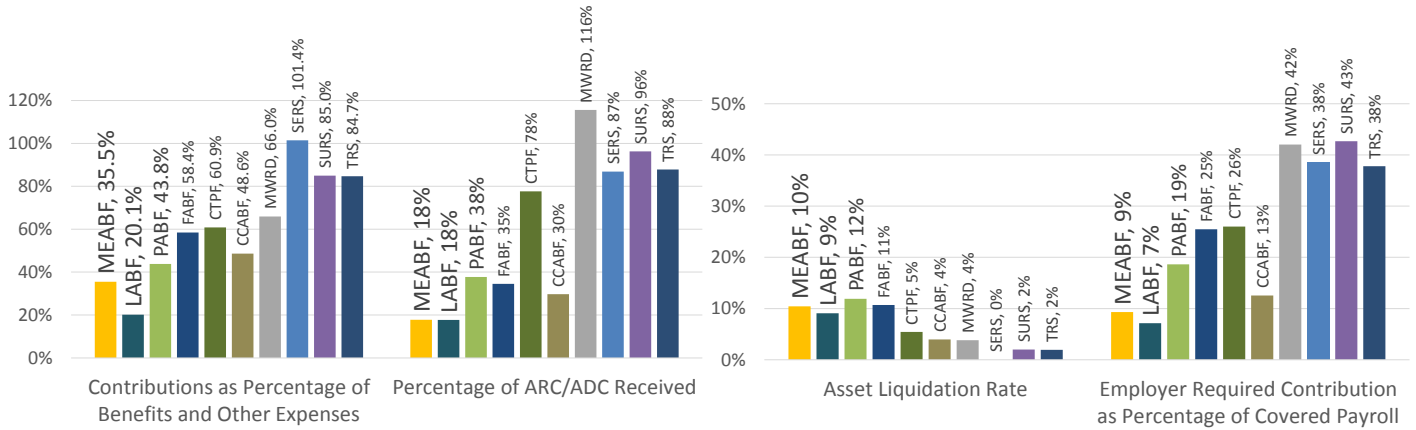
THE ISSUE:

All the public pension funds depicted in the chart below have recently been the subject of "pension reform" that has either been overturned by the courts or not yet become law. However, "pension reform" has a very different meaning for MEABF and LABF. Even without "pension reform", most public pension funds in the State will eventually achieve solvency, yet **the MEABF and LABF are certain to fail!**



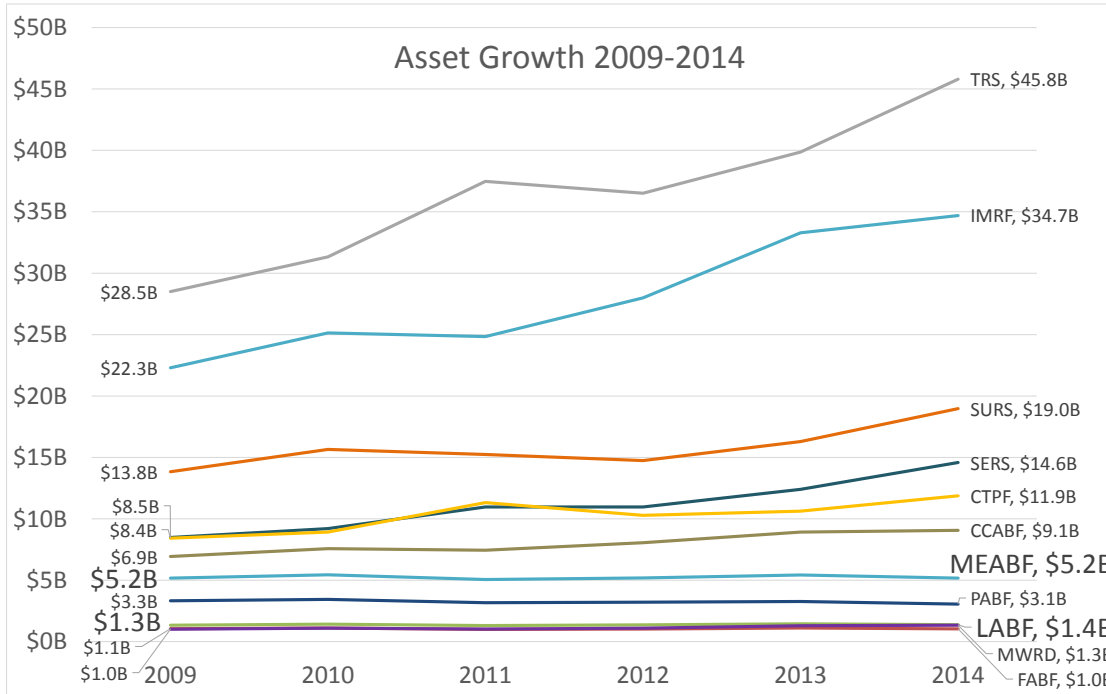
FACTORS:

- The MEABF and LABF have been severely underfunded due to inadequate statutory contributions
- Most public pension funds in the State now have actuarial-based funding mechanisms that tie contribution levels to the financial conditions of the funds; both MEABF and LABF have static contribution multiples (1.25x for MEABF and 1x for LABF)



LOST OPPORTUNITY COST:

- Underfunding forces the MEABF and LABF to liquidate assets to supplement benefit payments; the MEABF and LABF liquidate approximately 10% and 9%, respectively, to pay benefits and meet other operating needs
- This means that the MEABF and LABF must generate double-digit rates of investment return just to break even in term of asset growth each year



Fund	5-yr Growth
SERS	72.0%
TRS	60.7%
IMRF	55.6%
CTPF	40.9%
SURS	37.2%
MWRD	31.8%
CCABF	30.9%
LABF	4.1%
MEABF	0.3%
FABF	-1.5%
PABF	-7.9%
S&P 500	105.2%
Bonds	24.3%

The MEABF and LABF need parity relative to other public pension funds in the State that are on a path toward long-term solvency.