



Visit Our Website!
www.MEABF.org

MESSAGE

From the Executive Director

On behalf of the Board of Trustees and the entire staff of the Municipal Employees' Annuity and Benefit Fund of Chicago, we wish you and your families a safe and happy holiday season and a peaceful New Year.

Recently, there have been a series of news articles detailing issues currently affecting Chicago pension funds. We have posted a response on our website and include it in this newsletter

to insure our membership has a balanced view of the challenges facing our Fund. We have also included excerpts from responses written by the various investment managers who were cited in the articles.

Please take a moment to read our response and those of our investment managers. We feel they provide a balanced view of the Trustees' roles and the necessity of various types of utilized investments.

Statements from Our Investment Managers

Hispania Capital Partners, November 19, 2010

"We are deeply disappointed by the gross inaccuracies stated in yesterday's article... we found your comments on the economics of private equity to be dangerously uninformed..."

Victor Maruri, Managing Partner
Carlos L. Signoret, Managing Partner

Muller & Monroe, November 30, 2010

"The article failed to address critical features of private equity investing and general investment principles... There was a glaring hole in the article in its failure to address the important benefits of diversification... Adhering to prudent time-honored investment strategies including diversification into a variety of asset classes still makes sense."

Andre Rice, President

SB Partners, November 30, 2010

"Reading it brought to mind the late Senator Patrick Moynihan's line: "You are entitled to your own opinions; you are not entitled to your own facts.""

Dave Shryock, General Partner

Hopewell Ventures, December 1, 2010

"We are making a difference in the region, building strong companies that are creating good, new jobs and generating strong returns for our investors."

Craig Overmyer

Please visit our website, www.MEABF.org for the full text of these responses.

A Note from the Fund

Recent articles have been published that focus on the pension plans of the City of Chicago. The articles addressed the level of unfunded pension liabilities faced by the plans and the appropriateness of investments in private equity. We briefly address each of these topics.

Unfunded Pension Liabilities

First and foremost, MEABF has been in existence for almost ninety-years and has never missed a monthly benefit payment. We do not foresee that spotless record changing.

MEABF faces **long-term funding challenges** that must be addressed by the Illinois State Legislature, the City of Chicago, and the collective bargaining units of employees of the City of Chicago and the Chicago Public Schools. We commend their actions, but note that more needs to be done. In 2010, the Legislature changed pension benefits for future employees. In 2011, funding issues should be addressed. We believe that increases in employer and employee contributions will be an inevitable part of any solution the General Assembly may enact. MEABF stands ready to assist all concerned in finding appropriate solutions to critical funding challenges that lay ahead.

As of this writing, the State Legislature has passed Pension Reform for sworn personnel of the City of Chicago which provides the funding mechanism to correct long-term funding imbalances without increasing employee contributions. We are currently studying the provisions.

Private Equity Investments

Institutional investors like MEABF employ multiple asset classes to diversify their portfolios and reduce market risk during tough market cycles. Most of our investments are made in publicly traded securities, generally domestic equities and bonds. A smaller portion of our investments are made in higher risk, higher return asset classes that tend to perform better than publicly traded securities over time. As such, private equity (higher risk, higher return) makes up a very small portion of our investments. As of September 30, 2010, MEABF's private equity investments represented 3% of the portfolio.

MEABF has been investing in private equity for twenty-five years. Over that time it has met its objective outperforming both domestic large and small company index returns after expenses.

We hope that this brief response helps answer some questions you may have. If not, do not hesitate to contact us either by telephone or by electronic mail.

WE ARE MOVING!

After over 45 years in our present location, MEABF has decided to relocate!

Effective Tuesday, March 1, 2011, MEABF will be located at 321 North Clark Street, Room 700. You may know this building as the "Quaker Oats" building.

Located on the north side of the river, on the east side of Clark Street, this space offers several important enhancements. It is equipped with state-of-the-art life/safety equipment that will insure the best possible protection for our members and staff in the event of an emergency. The relatively young age of this building means that the interior systems (heating, cooling, water, etc.) are more efficiently delivered at less cost to the tenants. The space is effectively designed so that a smaller office will house the staff. Finally, a higher emphasis on security and access has been established by the building to keep everyone safe.



So, what does this mean for our visitors?

Effective March 2011, members wishing to visit the Fund offices will require an appointment. Walk-ins cannot be accommodated due to the security restrictions in place at 321 North Clark Street. However, if you have made arrangements to pick up a check, we will provide your name to the security desk.

EVERY VISITOR MUST HAVE A PICTURE ID.

Parking at 321 North Clark is available at daily rates for pre-approved tenant visitors. A word of caution: All downtown parking is expensive. Parking for more than 2 hours can be about \$25. So, you may want to consider public transportation.

How Do I Get There?

The closest CTA train stops near 321 North Clark are located at the Merchandise Mart, Clark and Lake, and State and Lake. Bus routes that exit at or near the building are the 2, 6, 10, 22, 24, 29, 36, 62, 124, 135, 136, 144, 146 and 156.

Currently, a public transportation round trip fare is less than \$5 with a pre-paid fare card. Call the CTA at 888-YOURCTA (888-968-7282) for more information, and the RTA at 312-913-3110 if you need more information on visiting from the suburbs.

Our office change will not affect our hours of operation or any of the services we offer. We will still be open from 8:00 am – 4:30 p.m., Monday through Friday.

The Fund Offices will be closed on the following holidays in 2011:

New Year's Day	December 31, 2010, Friday
Birthday of Dr. Martin Luther King, Jr.	January 17, 2011, Monday
Lincoln's Birthday	February 11, 2011, Friday
Washington's Birthday	February 21, 2011, Monday
Pulaski Day	March 7, 2011, Monday
Memorial Day	May 30, 2011, Monday
Independence Day	July 4, 2011, Monday
Labor Day	September 5, 2011, Monday
Columbus Day	October 10, 2011, Monday
Veteran's Day	November 11, 2011, Friday
Thanksgiving Day	November 24, 2011, Thursday
Day After Thanksgiving	November 25, 2011, Friday
Christmas Day	December 26, 2011, Monday

Striving to provide the highest quality, most effective service to our members every day.

Visit www.MEABF.org for more information.

DISABILITY – WHAT YOU NEED TO KNOW

MEABF provides disability benefits to active members who become disabled and are unable to perform their normal job duties.

There are two types of disability benefits.

Ordinary Disability is provided for employees who become disabled as the result of any cause other than an accidental injury incurred while in the performance of an act of duty.

Duty Disability relates solely to disablement resulting from an accidental injury incurred while in the performance of an act of duty.

In all cases, it is necessary for a disabled employee to make application to the Retirement Board for disability benefits prior to the date on which he or she recovers. Application must be made within one year after the date of disablement. Disability benefits cannot be paid for any period of time more than one year prior to the date the application is received by the fund. So, submit required documentation in a timely manner.

Ordinary Disability:	50% of the employee's annual salary
	Payable after the first 30 calendar days of disablement provided the employee is no longer receiving salary
	Pension credit continues to accrue
	Limited to ¼ of total paid service, but not to exceed 5 years

Members on ordinary disability must pay for their health and other insurance. Please contact your employer's insurance department for more information.

Duty Disability:	75% of the employee's annual salary
	Payable starting the first regular and normal work date for which the employee fails to receive salary
	Pension credit continues to accrue
	Payable until age 65, for disablement beginning prior to age 60; or payable for up to 5 years for disablement beginning after age 60.

Any settlements of workers compensation claims will offset disability payments. Notify the Fund immediately if you receive any settlement for your injury.

At the time of application for disability and throughout the disability period the employee will be required to provide proof of a current medical leave of absence from the employer.

You must immediately notify the Fund upon your return to work.

For more information, please call the Fund at 312.236.4700, ext 4 and speak to a disability representative.

Visit www.MEABF.org for more information.

WHAT'S NEW ON OUR WEBSITE?

Our website has new content that you should know about!

Are you interested in finding out the decisions of the **Board of Trustees**? Check out our new section under **Board of Trustees**. Board Minutes detail the decisions of the Board and are published on a monthly basis following the regularly scheduled Board Meetings.

Information on Pension Reform, including the findings of Mayor Daley's Commission to Strengthen Chicago's Pension Funds and Senate Bill 1946 (PA 96-0006) are located under the **Pension Reform** tab.

In compliance with the Illinois Freedom of Information Act (FOIA), the Fund maintains a database of requests from various citizens and news organizations. Interested in getting information under FOIA? Check out the **FOIA** tab.

We strive to place timely information on our website and provide links to sites that are of interest to our Members. We look forward to enhancing our services with technology to better serve you.

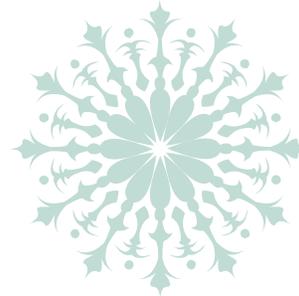
Let us know if you have any suggestions. Use the **CONTACT US** tab to send them to us.

Beginning in the fall of 2011, Pension Matters will be available online.

HELPFUL HINTS WHEN PLANNING YOUR RETIREMENT:

1. Begin early – we recommend requesting an estimate at least 6 months in advance.
2. Purchase any unpaid service credit you may have to qualify for the highest benefit package possible.
3. Gather documentation.
4. Request retiree health insurance information from your employer and/or Medicare. Check out any other health insurance options you may have.
5. Make sure you can afford retirement; prepare a budget.
6. Retire to something, not from something – you will have a lot of time to fill.
7. Submit your application and give notice to your employer.

Call 312.236.4700, extension 0 for more information.



2010 Trustee Elections

Congratulations to Trustees Timothy G. Guest and Joseph M. Malatesta! They were elected to terms expiring in 2011 and 2013, respectively.

Joe has been an elected trustee on the MEABF Retirement Board since 1997, and currently serves as the President.

Timothy G. Guest is a native Chicagoan. He has been a member of the Local 399 Union of Operating Engineers for twenty years, and an employee of the City of Chicago Department of Water since February 1991 at the Jardine Water Purification Plant. Tim is looking forward to working with the other board members to serve you and manage the Fund. He lives in the Beverly neighborhood on the southwest side of Chicago with his wife and four children.

Pension Verification Update

99.99% of those who received a Pension Verification Request have completed and returned the requested information to our office.

Thank you for helping us! We are dedicated to protecting you and your money from theft. Our Pension Verification project is key to this process.

Visit www.MEABF.org for more information.

RETIRED MEMBERS ARE YOU MEDICARE ELIGIBLE?

Once you reach age 65, you may be eligible for Medicare. However, Medicare benefits are not automatic; you must apply for them. It is to your benefit to apply for both Medicare Part A (hospital coverage) and Medicare Part B (major medical). If you are eligible for Medicare, your cost for medical coverage is substantially less.

Even if you don't qualify for Medicare from your work record, you may be eligible through your spouse's work record or a former spouse's work record. If you qualify through a younger spouse, you may be eligible for Medicare benefits when your spouse reaches age 62.

It's advisable that you make the inquiry in January of the year that your spouse will reach age 62 to assure timely enrollment in Medicare Part A and Part B. Contact your local Social Security office for more information and to determine if you are eligible through your spouse's or former spouse's record.

When you become eligible for Medicare Part A (Hospital Benefits),

it is to your advantage to enroll for the optional Medicare Part B (Medical Benefits). The monthly premium for Medicare Part B coverage will be deducted from your monthly Social Security payments. If you are not eligible for a Social Security payment, Social Security will bill you quarterly for your Part B premium. Part B will pay up to 80% of approved physicians' charges and other outpatient medical services after satisfying an annual deductible.

An Annuitant who elects not to enroll and pay for Medicare Part B coverage will face a substantial financial burden. The City and Board of Education Annuitant Plans will pay as though the Annuitant has Part B coverage. We encourage you to sign up for Part B.

Enrollment for Medicare Part B is open 3 months before and after you reach age 65. General enrollment periods are held each year, from January 1 through March 31. Medicare coverage would begin the following July 1.

Medicare imposes a penalty for late enrollment. For more information, call Social Security Administration at 1-800-772-1213.

RETIREES' HEALTH INSURANCE

You MUST notify the Fund immediately when any one of the following events occur:

Medicare eligibility:

The annuitant must notify the Fund within 60 days of the date of Medicare eligibility.

Death of a spouse or dependent/divorce:

The annuitant must notify the Fund within 90 days of the date of the event.

Dependent reaches the age limitation of the Plan:

The annuitant must notify the Fund within 90 days of the date of the event.

Coverage cancellation for any annuitant and/or family member:

The annuitant must submit the request in writing to the Fund 30 days prior to the cancellation date.

A surviving spouse coverage ends at the time of his or her remarriage or death.

The annuitant must submit the request in writing to the Fund within 30 days of the date of the event.

Note: If notifications are made outside of these time limits, refunds are calculated from the date of notification, not the date of the event. Furthermore, **refunds will not be issued if services have been provided and paid for after the date of the event (i.e. Medicare eligibility, divorce, coverage cancellations, remarriage)**. The annuitant will be billed for services/premiums paid for an ineligible dependent.

Visit www.MEABF.org for more information.



Important Telephone Numbers

Health Insurance Retirees	City of Chicago Retirees	Chicago Public Schools Retirees
Medicare information www.ssa.gov	800-772-1213	800-772-1213
Questions about healthcare benefits or claims	Benefits 312-747-8660 Hospital / Major Medical 800-772-6895	Benefits 800-331-8032 Hospital / Major Medical 800-331-8032
*Medical benefits advisor *Pre-certification for hospitalization and second opinions (Non-Medicare eligible annuitants and dependents)	encompassonline.com 800-373-3727	bcbsil.com 800-247-9204
Prescription drugs program	866-748-0028 caremark.com City Retirees Administered by Caremark (retail and/or long-term medication)	800-423-1973 bcbsil.com CPS Retirees Administered by Prime Therapeutics (retail and/or long-term medication)

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

221 N. LaSalle Street, Room 500
Chicago, Illinois 60601-1294
T: 312-236-4700

TERRANCE R. STEFANSKI, Executive Director

RETIREMENT BOARD

JOSEPH M. MALATESTA, President
Elective Member

STEVE LUX, Vice President
City Comptroller, Ex-Officio Member

STEPHANIE D. NEELY, Treasurer
City Treasurer, Ex-Officio Member

JOHN K. GIBSON, Recording Secretary
Elective Member

TIMOTHY GUEST, Trustee
Elective Member

Visit Our Website!
www.MEABF.org

OFFICE HOURS
8AM – 4:30PM MON – FRI

