

FROM THE FUND

RETIREMENT BOARD

Martin J. Durkan
*Hoisting Engineer,
Department of Streets
and Sanitation
President,
Elected Trustee*

Amer Ahmad
*City Comptroller
Vice President,
Ex-Officio Trustee*

**The Honorable
Stephanie D. Neely**
*Treasurer, City of
Chicago
Treasurer, Ex-Officio
Trustee*

Timothy G. Guest
*Operating Engineer
Group A, Department of
Water Management
Recording Secretary,
Elected Trustee*

Anthony C. Clancy
*Operating Engineer
Senn High School
Elected Trustee*

Visit Our Website!
www.MEABF.org



Dear MEABF Members,

Hello to everyone and I hope this issue of Pension Matters finds you and your family in good health. On behalf of the Retirement Board, I take this opportunity to update you on some important topics that will affect Fund members.

City of Chicago Retiree Health Care

The City of Chicago currently offers a retiree health care program for eligible City retirees. This offering will sunset on June 30, 2013. If you currently participate in this program, please read the letter included in this mailing. This same information is available on the Fund's website at www.meabf.org. We strongly recommend that affected City retirees keep themselves educated on this topic and research alternative programs in case the City concludes that they will not provide retiree health care after the current program sunsets. We encourage you to visit our website at www.meabf.org as we will provide more information as we become aware.

City Council Hearings on the State of the City Pension Funds

The Fund and its Actuary were asked to testify before the City Council's Committee on Workforce Development and Audit regarding the state of the City's pension funds. We take this opportunity to thank Chairman O'Connor and the committee for the opportunity to discuss this very important topic. The long term solvency of the Fund is of utmost importance and the Retirement Board and Fund staff will assist in whatever way possible to help all stakeholders establish a sensible plan to properly finance the Fund over time. To obtain more information about the hearings, please visit our website at www.meabf.org to view the City Council Resolution and the Fund's presentation materials.

Legislative Initiatives

Long-term solvency of the Fund can only occur through an act of the State Legislature. We encourage all members to visit the State Legislature website (www.ilga.gov) regarding pending legislation, as well as the Fund's website

www.meabf.org as we will attempt to keep you abreast of pending legislation.

New Elected Trustee

Let me take this opportunity to welcome Anthony Clancy to the Retirement Board. He was appointed to replace John Gibson who retired in June 2012. Subsequently, Tony was elected to a three-year term beginning December 1, 2012. Tony is an Operating Engineer for CPS at Senn High School and is a member of Local 143. We look forward to Tony's input.



Farewell is Not Good-bye

The Retirement Board and staff wish a fond farewell to John Gibson. John was a trustee of the Fund for over fifteen years. After 38 years with the Chicago Public Schools, most recently as the Chief Operating Engineer at Senn High School, John decided it was time to begin his hard-earned retirement. John was a selfless steward of the Fund over the years and a great mentor to his fellow Board members. Enjoy a long healthy retirement John and don't be a stranger.

Pension Verification Update

Pension Verification forms were mailed to annuitants in May 2012. The Fund regularly undertakes this project to ensure the validity of pension payment recipients. If you have not returned a notarized, signed form, your benefit payment has been suspended. Please contact our Annuitant Services section at 312-236-4700 Ext. 2.

Comprehensive Annual Financial Report (CAFR) – Award Recipient

We are pleased to announce that the Fund is the recipient of its 23rd consecutive award for excellence in financial reporting. The CAFR award is presented by the Government Finance Officers Association to organizations that excel in providing exceptional, accurate financial reports for the public. Thanks go to our Comptroller Tess Toledo, her staff, and all the Fund staff who assisted in preparing an award-winning report.

Sincerely,
Martin J. Durkan, President

INVESTMENTS

In our last Pension Matters publication, we reported to you that the year was off to a good start. Since then, the financial markets have taken a crooked path, but we are happy to report that MEABF's portfolio is up approximately 10%, net of fees, through the end of the third quarter. This exceeds our long-term annual return assumption of 8%. So far this year, all areas of the portfolio have contributed positively toward returns. The table below shows unaudited returns for our public market investments through the end of September.

MEABF's Year-to-Date (YTD) Returns through 9/30/2012:

Asset Class:	YTD Return:
Bonds	6.3%
U.S. Stocks	14.6%
International Stocks	12.8%
Hedge Funds	7.5%

Since our last newsletter, a number of important economic events have transpired. One of the most notable is that we continue to see central banks around the world taking action they believe will spur economic growth and job creation. In the U.S., the Federal Reserve has begun a third round of quantitative easing, often referred to as "QE3", in an effort to keep interest rates low. The thought is that by convincing companies that interest rates will remain low for an extended period of time, these companies will have the confidence to begin investing in their businesses, which should lead to job creation. By implementing QE3, the Federal Reserve is also hoping to keep mortgage rates low, which should further strengthen the housing market which has continued to show signs of improvement throughout the year.

In light of the upcoming U.S. elections and the looming "fiscal cliff", which is marked by the end of the Bush-era tax cuts and a reduction in government spending, the fourth quarter of the year will be very interesting, and likely somewhat volatile. We are hopeful that the good fortunes we have had through the first three quarters of the year will continue.

SENIOR STAFF

Jim Mohler
Executive Director

Michael Walsh
Chief Investment Officer

Teresita Toledo
Comptroller

Jane Tessaro
Benefits Manager

Main Number:
312.236.4700

For appointments
press ext. 7329

For information
regarding disability
payments, if your last
name begins with
the letter
A-K, press ext. 2123
L-Z, press ext. 2131

For insurance questions,
if your last name
begins with the letter
A-K, press ext. 2109
L-Z, press ext. 2108

For questions about
annuity payments,
if your last name
begins with the letter
A-H, press ext. 2136
I-N, press ext. 2126
O-Z, press ext. 2128

Please call to make an
appointment with the
MEABF or if you are
dropping-off or picking
up documents.
We do not honor walk-in
appointments.

2013 Office Holidays

January 1st (New Year's Day)
January 21st (Dr. Martin Luther King, Jr.'s Bday)
February 18th (President's Day)
May 27th (Memorial Day)
July 4th (Independence Day)
September 2nd (Labor Day)
October 14th (Columbus Day)
November 11th (Veteran's Day)
November 28th and 29th (Thanksgiving)
December 24th and 25th (Christmas Eve and Christmas)
December 31st (New Year's Eve)

2013 Direct Deposit Dates

January 2nd
February 1st
March 1st
April 1st
May 1st
June 3rd
July 1st
August 1st
September 3rd
October 1st
November 1st
December 2nd

Direct deposit payments are transferred on the first business day of the month.

MEABF Offices are open on Lincoln's Birthday (February 12) and Casimir Pulaski Day (March 4) in order to better serve our membership. These dates are used later in the year (Christmas Eve and New Year's Eve) when we have a lower demand for appointments.

Visit www.MEABF.org for more information.



**Municipal Employees' Annuity and
Benefit Fund of Chicago**

321 North Clark Street, Suite 700, Chicago, Illinois 60654

Telephone: 312-236-4700 Fax: 312-527-3168

www.meabf.org

Jim Mohler, Executive Director

Dear Retired and Widowed City of Chicago members:

As you know, retiree healthcare services have been provided to City of Chicago retirees (and their dependents) through the City of Chicago self-insured health plans on a cost sharing basis pursuant to the terms of a series of settlement agreements arising from a lawsuit captioned City of Chicago v. Marshall Korshak. **Pursuant to the terms of the current 2003 ten-year Settlement Agreement, healthcare services will terminate on June 30, 2013 for current and future retirees.**

THE RETIREE HEALTHCARE BENEFITS COMMISSION

A material provision of the 2003 Settlement Agreement provides that a Retiree Health Benefits Commission ("RHBC") be established by the City. One of the purposes of the RHBC is to make recommendations as to the plan design of retiree health care benefits, costs regarding same and all other issues relating to the provision of retiree health care after June 30, 2013.

As of this date, we are unable to report to you: (i) what recommendations the RHBC will make to the City regarding the provision of post June 30, 2013 healthcare plan services and funding of same; or (ii) what the City will do when and if such recommendations from the RHBC are forthcoming.

PRUDENCE CONCERNING POST 2013 HEALTHCARE SERVICES

The 2003 Settlement Agreement governing your current health care plan expires on June 30, 2013. Please note that without a further agreement being entered into between the parties or some legislative action being taken, the provision of retiree healthcare services on the basis of shared funding will be lost. In this regard, the retirees have always contended that based upon past practices, the City is required to provide a healthcare plan to retirees and to contribute to the annuitants' health benefits. The City, on its part, has always maintained that it is not by statute or ordinance obligated to provide annuitant health benefits.

Each retiree should, therefore, take whatever steps he or she deems prudent to prepare for the possibility that after June 30, 2013 the City will not provide a health care plan for retirees or, alternatively, that the terms and costs of any future health care plan for retirees may differ significantly from the health care plan now in existence.

To the extent the Funds receive information in the future regarding any RHBC recommendations, we will provide notice of such recommendations.

Visit www.MEABF.org for more information.

RETIRED MEMBERS: ARE YOU MEDICARE ELIGIBLE?

Please be advised that Open Enrollment for Medicare occurs annually from January through March. The next open enrollment begins in January 2013.

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 based on your work record, you may be eligible based on 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 based on 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 of Chicago 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.

MEMBERSHIP RECORDS

Members of the MEABF cannot receive updated benefit information, benefit estimates or disability benefits if there is not a membership record on file. If necessary please see the Fund's website at www.meabf.org/Forms to download and complete a membership record.

RETIREES MUST DO – 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. If you have any further questions, please contact the Fund.

Visit www.MEABF.org for more information.

HOUSE JOINT RESOLUTION CONSTITUTIONAL AMENDMENT 49

On the November ballot, you were asked to vote for or against House Joint Resolution Constitutional Amendment 49 (HJRCA 49).

You may have heard that HJRCA 49 will have an effect on the “pension clause” in the Illinois Constitution. The pension clause provides that benefits for active members cannot be reduced. We don’t believe HJRCA 49 will have any impact on the current constitutional protection.

HJRCA 49 would:

- Change the minimum number of votes needed to pass any pension-related legislation that increases retirement benefits for public sector employees in the General Assembly from 51% (“simple majority”) to a three-fifths majority (“super majority”).
 - A review of pension-related legislation approved by the General Assembly over the previous 10 to 15 years has shown that all of them have passed with many more votes than a 51% majority.
- Change the minimum number of votes needed to override the Governor’s veto of a bill providing a retirement benefit increase from the currently required three-fifths majority to a two-thirds majority vote of the General Assembly.
- Change the minimum number of votes needed to pass any change by a local government that increases pension benefits (excluding salary increases) from 51% to a three-fifths majority.
 - Although the definition of local government includes pension funds, a pension fund has very little ability to increase pension benefits. Illinois pension funds are governed by the Illinois Pension Code. The Pension Code can be changed only by legislation passed by the General Assembly and signed into law by the Governor.

HJRCA 49 does not expressly affect the Municipal Employees’ Annuity and Benefit Fund of Chicago (MEABF) benefits or limit what pension-related legislation can be introduced. The MEABF Board of Trustees has not taken a position on this proposal.

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	Benefits 800.331.8032
	Hospital / Major Medical 800.772.6895	Hospital / Major Medical 800-331-8032
*Medical benefits advisor *Pre-certification for hospitalization and second opinions (Non-Medicare eligible annuitants and dependents)	https://telligen.qualitrac.com 800.373.3727	bcbsil.com 800.247.9204
Prescription drugs program	866.748.0028 caremark.com	800.423.1973 bcbsil.com
	City Retirees Administered by Caremark (retail and/or long-term medication)	CPS Retirees Administered by Prime Therapeutics (retail and/or long-term medication)

IMPORTANT INSURANCE NOTICE ENCLOSED FOR CITY OF CHICAGO ANNUITANTS

IMPORTANT INFORMATION ENCLOSED

MEABF Municipal Employees' Annuity and Benefit Fund of Chicago
 321 N. Clark Street, Suite 700
 Chicago, Illinois 60654-4767
www.MEABF.org

