



PENSION Matters

Winter 2013/14 v44

The Municipal Employees' Annuity and Benefit Fund of Chicago
A Pension Trust Fund of the City of Chicago

RETIREMENT BOARD

Timothy G. Guest
Local 399
Department of Water
Management
President, Elected
Term 2011-2014

Erin Keane
Acting City Comptroller
City of Chicago
Vice President,
Ex-Officio Member

Stephanie D. Neely
City Treasurer
City of Chicago
Treasurer,
Ex-Officio Member

Anthony C. Clancy
Local 143
George Armstrong School
Chicago Public Schools
Recording Secretary, Elected
Term 2012—2015

Thomas J. McMahon
Local 150
Department of Water
Management
Trustee, Elected
Appointed Term 2013—2014

EXECUTIVE STAFF

Jim Mohler, Executive Director
Michael Walsh, CIO
Tess James, Comptroller
Jane Tessaro, Benefits Manager

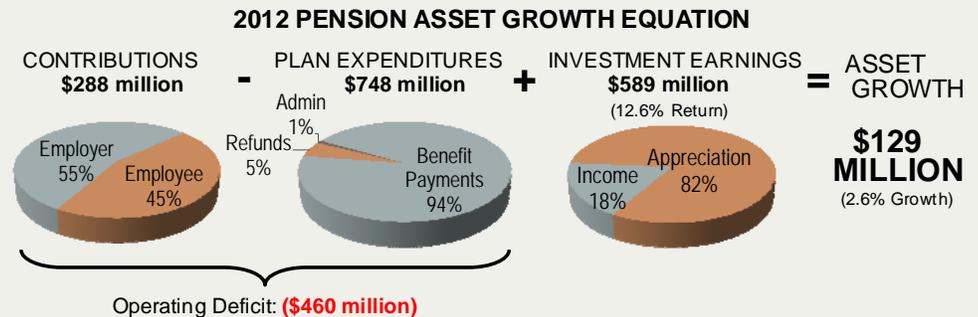
Visit our website!
www.meabf.org

FROM THE FUND

On behalf of the Retirement Board, we would like to reiterate a point that was made in the MEABF's 2012 Annual Report, published in July of this year. It concerns the financial wellbeing of the Fund:

We are very grateful that the Fund's investments have generated impressive returns over these past several years. In fact, the Fund's investment portfolio has averaged double-digit annual returns since the market bottomed in March of 2009. Unfortunately, the growth of the Fund's assets has been unable to keep pace with investment returns due to the ongoing cash flow challenges the Fund faces. To illustrate our point, let's look at 2012. **Of the nearly \$589 million in investment earnings in 2012, approximately \$460 million, or 78%, had to be used to make up the difference between contributions made to the Fund and total Fund expenditures.**

This means that although the Fund generated an investment return of 12.6%, Fund assets grew by only 2.6%.



On an actuarial basis, the Fund's funding ratio dropped from 44.6% in 2011 to 37.2% in 2012.

Though some of the drop can be attributed to the Board's decision to utilize more conservative assumptions, it is very apparent that the funding situation is worsening. Even with strong market returns, the funding levels of MEABF will continue to decline if legislation ensuring the long-term solvency of MEABF is not addressed. We are one of three pension funds in the State of Illinois where structural deficiencies in the pension code put the long-term solvency of the pension fund in question. Our sincere hope is that these inequities are addressed sooner rather than later, as the significant annual depletion of MEABF assets results in the unsustainability of the Fund.

More detailed financial information, including the Funds Comprehensive Annual Financial Report, the Fund's Annual Actuarial Report as well as the Fund's Annual Financial Report can be obtained on the Fund's website at www.meabf.org.

**IMPORTANT
PHONE NUMBERS**

Main Number
(312) 236-4700

For appointments ext. 7392

For information regarding disability payments, if your last name begins with the letter

A—K, ext. 2123
L—Z, ext. 2131

For insurance questions, if your last name begins with the letter

A—K, ext. 2109
L—Z, ext. 2108

For questions about annuity payments, if your last name begins with the letter

A—H, ext. 2136
I—N, ext. 2126
O—Z, ext. 2128

The MEABF of Chicago does not honor walk-in counseling appointments. If you need to access our offices, please call ahead to the numbers listed above.

MEABF

C H I C A G O

Visit our website at
www.meabf.org

Fund Updates

***Marty Durkan,
Elected Trustee***

The Trustees of the Retirement Board and MEABF staff want to acknowledge the hard work of our departing elected Trustee, Marty Durkan. Marty was appointed to the Fund in July of 2011, and immediately became actively involved in furthering his knowledge of the duties of a Trustee and helping create better communication between the staff and Fund members.

Recently, Marty has accepted an opportunity to work outside of the City of Chicago. We will miss his presence at our regular meetings, but wish him the best in all his future endeavors.

***Thomas J. McMahon
Appointed Trustee***

Thomas J. McMahon was appointed to the MEABF Board of Trustees on November 1, 2013. Mr. McMahon is a General Foreman of Hoisting Engineers with the City's Department of Water Management. Tom began his career with the City in 1980.

We look forward to working with Tom and the insights and experience he will bring to the Fund.

***Public Act 097-0651—Let's Talk
About Fraud***

The Illinois State Legislature passed Public Act 097-0651 in January 2012. Included in the content of this Act are new requirements compelling Fund employees to report suspected statements of fraud to the Retirement Board. If the Board feels there is reasonable suspicion that a fraudulent act occurred, the matter will be forwarded to the State's Attorney for review.

Membership Records

Benefits, such as disability payments and annuity payments, cannot be made unless members have a Membership Record on file. This record contains important information, including the identity of your chosen beneficiary.

Are you unsure if you have a Membership Record on file? Has your beneficiary information changed? Are you widowed, divorced or have you had children?

If you are not sure your record is complete, call the Fund at (312) 236-4700, ext. 2149 and we will confirm your information or send you an application to fill out and return.

***Unable to Handle Your
Business Affairs Because of
Health Problems?***

If you are unable to handle your business affairs because of health problems, a relative or friend can be named as your agent. Please submit a Durable Power of Attorney or Court-Appointed Guardianship to our office. If you are the agent for one of our members, please contact our Annuitant Services Department at (312) 236-4700, press 2 when you hear the prompt, to find out details.

***Healthcare and Retirement—What
You Should Know***

Annuitants who were employed by the Chicago Public Schools (CPS), we have been informed by CPS that current benefit levels will continue to be offered through the existing carrier, Blue Cross Blue Shield of Illinois through 2014. However, CPS will not offer a retiree health insurance plan to employees who retired after August 31, 2013. Please see our website at www.meabf.org to read the letter received by CPS. Any questions regarding this letter should be directed to the CPS's Benefit Office at (773) 553-4748.

Annuitants of the City of Chicago,

Changes to the City of Chicago's retiree healthcare benefits are being implemented starting 2014. The City will continue to provide relevant updates regarding health insurance matters going forward. For information about plan changes/eligibility, you should call the City's Benefit Services Center at (877) 299-5111.

2013 PORTFOLIO UPDATE

Despite the threat of a “Fiscal Cliff”, a debt crisis in the tiny Mediterranean island of Cyprus, uncertainty regarding the future of the Federal Reserve and its policies that aim to keep interest rates low, questions regarding possible U.S. intervention with respect to the Syrian conflict, U.S. budget deadlock and the debt ceiling crisis, the financial markets have proven to be resilient this year. The U.S. stock market has performed particularly well and continues to reach new all-time highs. For example, the S&P 500, a well-known proxy for the U.S. stock market, was up 19.8% for the year as of September 30, 2013. If you are an investor, chances are you have benefited and the same can be said for our pension fund.

The Fund’s portfolio continues to perform well and generate impressive returns in recent years. Year-to-date through September 30, 2013, the MEABF’s portfolio has returned approximately 10.3% on a net-of-fees basis. Over long periods of time, the goal of the Fund is to outperform the Fund’s return assumption of 7.5%. With one more quarter left in the year, the Fund is currently outperforming the annual return target by 2.8%. In fact, over the past 4 years, roughly the time period since the end of the “Great Recession”, the Fund has returned 10.2% on an annual basis. Unfortunately, as is the case with most investors, the effects of the last recession continue to weigh heavily on MEABF’s longer-term returns. Over the ten-year period ending September 30, 2013, the Fund has generated an annual return of approximately 6.4%. Though this is below the Fund’s 7.5% annual target return, it is certainly in line with what most investors experienced over the same period. Our hope is that the portfolio’s continued strength will bring those long-term averages up.

2014 MEABF OFFICE CALENDAR

The following is the holiday schedule for the office for 2014. Please note that the Fund is open for business on Lincoln’s Birthday (February 12) and Casimir Pulaski Day (March 3) in order to assist members who are able to utilize these holidays to meet with staff. In lieu of being open these dates, the Fund will be closed on Christmas Eve and New Year’s Eve. Office hours are 8:00 a.m.—4:30 p.m.

Wednesday, January 1	New Year’s Eve
Monday, January 20	Martin Luther King Jr.’s Birthday
Monday, February 17	President’s Day
Monday, May 26	Memorial Day
Friday, July 4	Independence Day
Monday, September 1	Labor Day
Monday, October 13	Columbus Day
Tuesday, November 11	Veterans’ Day
Thursday, November 27	Thanksgiving Day
Friday, November 28	Day After Thanksgiving
Wednesday, December 24	Christmas Eve
Thursday, December 25	Christmas Day
Wednesday, December 31	New Year’s Eve

2014 RETIREMENT BOARD MEETING DATES

The Retirement Board of the MEABF meets monthly on the following dates:

Thursday, January 23	(Regular) - 9:00 a.m.
Thursday, February 20	
Thursday, March 13	(Investment)* - 9:00 a.m.
Thursday, March 20	
Thursday, April 17	
Thursday, May 22	
Thursday, June 19	
Thursday, July 17	
Thursday, August 21	
Thursday, September 11	(Investment)* - 9:00 a.m.
Thursday, September 18	
Thursday, October 23	
Thursday, November 20	
Thursday, December 18	

Meetings begin at 8:30 a.m. unless indicated. Dates and start times may change. Changes will be reflected on our website.

2014 DIRECT DEPOSIT DATES

Annuity payment direct deposits are made on the **first business day** of each month. This day is not always the first day of the month.

January	Thursday, January 2
February	Monday, February 3
March	Monday, March 3
April	Tuesday, April 1
May	Thursday, May 1
June	Monday, June 2
July	Tuesday, July 1
August	Friday, August 1
September	Tuesday, September 2
October	Wednesday, October 1
November	Monday, November 3
December	Monday, December 1

Please be aware of these dates if you utilize automated payments from your direct deposit accounts.

2014 ANNUAL ADVICE

Your earning statement of annual advice will be mailed out by mid-January.

Effective January 2015, the ANNUAL ADVICE will be mailed only to annuitants eligible for an automatic increase in annuity for that year. While monthly benefit payments will continue, annuitants NOT eligible for an annual automatic increase in annuity, such as spouse, children and certain employee annuitants will no longer receive ANNUAL ADVICE beginning January 2015.



RETIREE HEALTHCARE

The MEABF of Chicago endeavors to update its members of any changes to the landscape of retiree healthcare plans provided by their previous employers. At this time, due to recent changes to those plans, we recommend that you direct phone calls directly to those entities.

City of Chicago retirees, please direct inquiries to the Benefits Service Center at (877) 299-5111.

CPS retirees, please direct inquiries to their Benefits office at (773) 553-4748.

HEALTH INSURANCE

You **MUST NOTIFY** the Fund immediately when any 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 limit 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 further questions, please contact the Fund.