



Municipal Employees' Annuity and Benefit Fund

A Pension Trust Fund of the City of Chicago
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PENSION BENEFIT OVERVIEW

TAKING CARE OF THE PEOPLE WHO TAKE CARE OF CHICAGO



PENSION BENEFIT OVERVIEW FROM YOUR PENSION FUND

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

Purpose

- A. The MEABF has created this overview to help you understand a few of the benefits administered by the Funds.
- B. Upon resigning from your position, you may qualify for either an annuity benefit or for a refund of contributions depending on your age and years of service. You should understand the difference before resigning.
- C. Each person's situation is unique, and this overview only provides some general information about your rights to benefits from the Funds. Therefore, it is important that you contact your respective Fund prior to resignation to obtain information regarding all the options available to you. Please note that you may need to call first to make an appointment for an office consultation.

Refunds of Employee Contributions vs. Annuity Benefits

- A. Upon resignation, refunds and annuity benefits are not automatic; you must apply. You must contact your respective Fund for the proper application materials and procedures. In general, an application must be submitted along with required supporting documents. Upon approval by the respective Fund's board of trustees, either a refund of member contributions or an annuity benefit may be granted.
 1. A **Refund of Employee Contributions** is a one-time payment provided to an employee who resigns from their position and who does not meet the age and service requirements necessary to receive an annuity.
 - a. Only people who are no longer employed by their employer are eligible for a refund of their contributions.
 - b. Only contributions that you made to the Fund, in addition to any statutory interest earnings accrued to your account, are refundable. Employer contributions as well as any contributions made on your behalf while you were on disability are not refundable.
 2. An **Annuity** is a monthly payment that is normally payable for life. Each payment is normally made on the 1st business day of every month. The most common annuity payable is a *Minimum Formula Annuity* (see attached exhibits) which is calculated by utilizing a combination of service credit, age and salary as follows:

Basic annuity formula (does not account for age discounts and reciprocal service):

Annual Annuity = (Years of Service) x (2.4%) x (Final Average Salary)

The total service used in the calculation is capped at 33¹/₂ years, therefore limiting the annuity to a maximum of 80% of your Final Average Salary. Your eligibility and final average salary are determined based upon your Tier status.

- a. Minimum Formula Annuity – **Tier 1** (First became a member of a Fund or another qualifying reciprocal pension fund or retirement system prior to 1/1/2011)
 - i. Final Average Salary is highest average annual salary for any 4 consecutive years within the last 10 years of service
 - ii. Eligibility:
 - i. Age 50 with at least 30 years of service credit, or
 - ii. Age 55 with at least 25 years of service credit, or
 - iii. Age 55 with at least 20 years of service credit (benefit is reduced by $\frac{1}{4}$ of 1% for each month that the employee is under age 60), or
 - iv. Age 60 with at least 10 years of service credit

- b. Minimum Formula Annuity – **Tier 2** (First became a member of a Fund or another qualifying reciprocal pension fund or retirement system on or after 1/1/2011 but prior to 7/6/2017).
 - i. Final Average Salary is highest average annual salary for any 8 consecutive years within the last 10 years of service
 - ii. Eligibility:
 - 1. Age 67 with at least 10 years of service credit, or
 - 2. Age 62 with at least 10 years of service (benefit is reduced by $\frac{1}{2}$ of 1% percent each month that the employee is under age 67)

- c. Minimum Formula Annuity – **Tier 3** (First became a member of a Fund or another qualifying reciprocal pension fund or retirement system on or after 7/6/2017, or a former Tier 2 member who elected Tier 3 status)
 - i. Final Average Salary is highest average annual salary for any 8 consecutive years within the last 10 years of service
 - ii. Eligibility:
 - 1. Age 65 with at least 10 years of service credit, or
 - 2. Age 60 with at least 10 years of service (benefit is reduced by $\frac{1}{2}$ of 1% each month that the employee is under age 65)

Although the *Minimum Formula Annuity* is most commonly the best option available to members, other options are sometimes applicable, so please contact your Fund for more information.

Important Notes

- A. It is important to note that upon resignation, annuity and refund payments are taxable; you may wish to discuss this with a tax consultant. If you need to pay for any previously unpaid service or previously refunded service, payments may only be accepted while you are still an employee.
- B. The Funds do not provide any continuation of health benefits.
- C. You may approximate your annual minimum formula annuity by reviewing the attached tables. These tables have been rounded to a whole age and whole years of service and have been provided for estimation purposes only.
- D. In the event of any conflict between this summary and the provisions of the Illinois Pension Code(40 ILCS 5/1-101 *et seq.*), the Illinois Pension Code shall prevail.

Tier 1 - Minimum Formula Percentage Table

Tier 1 membership includes employees who first became a member of the Fund or another qualifying Reciprocal Fund prior to 1/1/2011.

You may approximate your annual annuity by finding the percentage that pertains to your years of service and age, and multiplying it by your final average salary.

| | Age 50 | Age 51 | Age 52 | Age 53 | Age 54 | Age 55 | Age 56 | Age 57 | Age 58 | Age 59 | Age 60+ |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 9 years or less | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 10 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 24.00% |
| 11 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 26.40% |
| 12 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 28.80% |
| 13 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 31.20% |
| 14 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 33.60% |
| 15 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 36.00% |
| 16 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 38.40% |
| 17 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 40.80% |
| 18 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 43.20% |
| 19 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 45.60% |
| 20 | N/A | N/A | N/A | N/A | N/A | 40.80% | 42.24% | 43.68% | 45.12% | 46.56% | 48.00% |
| 21 | N/A | N/A | N/A | N/A | N/A | 42.84% | 44.35% | 45.86% | 47.38% | 48.89% | 50.40% |
| 22 | N/A | N/A | N/A | N/A | N/A | 44.88% | 46.46% | 48.05% | 49.63% | 51.22% | 52.80% |
| 23 | N/A | N/A | N/A | N/A | N/A | 46.92% | 48.58% | 50.23% | 51.89% | 53.54% | 55.20% |
| 24 | N/A | N/A | N/A | N/A | N/A | 48.96% | 50.69% | 52.42% | 54.14% | 55.87% | 57.60% |
| 25 | N/A | N/A | N/A | N/A | N/A | 60.00% | 60.00% | 60.00% | 60.00% | 60.00% | 60.00% |
| 26 | N/A | N/A | N/A | N/A | N/A | 62.40% | 62.40% | 62.40% | 62.40% | 62.40% | 62.40% |
| 27 | N/A | N/A | N/A | N/A | N/A | 64.80% | 64.80% | 64.80% | 64.80% | 64.80% | 64.80% |
| 28 | N/A | N/A | N/A | N/A | N/A | 67.20% | 67.20% | 67.20% | 67.20% | 67.20% | 67.20% |
| 29 | N/A | N/A | N/A | N/A | N/A | 69.60% | 69.60% | 69.60% | 69.60% | 69.60% | 69.60% |
| 30 | 72.00% | 72.00% | 72.00% | 72.00% | 72.00% | 72.00% | 72.00% | 72.00% | 72.00% | 72.00% | 72.00% |
| 31 | 74.40% | 74.40% | 74.40% | 74.40% | 74.40% | 74.40% | 74.40% | 74.40% | 74.40% | 74.40% | 74.40% |
| 32 | 76.80% | 76.80% | 76.80% | 76.80% | 76.80% | 76.80% | 76.80% | 76.80% | 76.80% | 76.80% | 76.80% |
| 33 | 79.20% | 79.20% | 79.20% | 79.20% | 79.20% | 79.20% | 79.20% | 79.20% | 79.20% | 79.20% | 79.20% |
| 33.5 years or more | 80% Max | 80% Max | 80% Max | 80% Max | 80% Max | 80% Max | 80% Max | 80% Max | 80% Max | 80% Max | 80% Max |

This table is for illustration purposes only and has been rounded to a whole age and whole years of service for estimate purposes only. Other service that you may have is not included in this table.

TIER 2 – TIER 3 BENEFIT COMPARISON

| | Tier 2 Illinois Public Act 96-0889 Enacted April 14, 2010 | Tier 3 Illinois Public Act 100-0023 Enacted July 6, 2017 |
|--|---|---|
| Members Impacted | Any person who first became a contributing member under any Designated Reciprocal Fund ¹ on or after January 1, 2011, but prior to July 6, 2017 | Any person who first becomes a contributing member under any Designated Reciprocal Fund on or after July 6, 2017 |
| Benefits | <p><u>Eligibility for Employee Annuity</u></p> <p>Member is eligible for unreduced minimum formula annuity at age 67 with 10 years of service</p> <p>Member is eligible for reduced minimum formula annuity at age 62 with 10 years of service; reduction for early retirement equal to ½ of 1% per month for each full month below age 67</p> | <p><u>Eligibility for Employee Annuity</u></p> <p>Member is eligible for unreduced minimum formula annuity at age 65 with 10 years of service</p> <p>Member is eligible for reduced minimum formula annuity at age 60 with 10 years of service; reduction for early retirement equal to ½ of 1% per month for each full month below age 65</p> |
| | <p><u>Employee Annuity Amount</u></p> <p>Annuity is 2.4% for each year of service multiplied by final average salary</p> <p>Final average salary is based on an 8-year average salary which is capped at \$112,408.42 in 2017, increased annually at the lesser of 3% or 50% of CPIU for the 12 months ending with the September preceding each November 1</p> <p>Annual increase in annuity (commonly referred to as the “COLA”) is to be determined by statute (not compounded)</p> | <p><u>Employee Annuity Amount</u></p> <p>Same as Tier 2</p> |
| | <p><u>Eligibility for Annual Increase in Employee Annuity</u> Annual increase in employee annuity starts on the January 1 occurring on or after the later of:</p> <ul style="list-style-type: none"> attainment of age 67, or the first anniversary of the annuity start date | <p><u>Eligibility for Annual Increase in Employee Annuity</u> Annual increase in employee annuity starts on the January 1 occurring on or after the later of:</p> <ul style="list-style-type: none"> attainment of age 65, or the first anniversary of the annuity start date |
| | <p><u>Survivor Annuity Amounts (subject to eligibility):</u></p> <p>Spouse annuity</p> <ul style="list-style-type: none"> Annuity is equal to 66⅔% of member’s earned annuity at time of death Annual increase in annuity (commonly referred to as the “COLA”) is to be determined by statute (not compounded)² Child Annuity or Annuity is \$220 per month if a spouse annuity is payable or \$250 per month if no spouse annuity is payable. This benefit is payable until the child turns age 18. | <p><u>Survivor Annuity Amounts (subject to eligibility):</u></p> <p>Same as Tier 2</p> |
| Employee Contributions (as percentage of capped salary) | 8.5% | <p>11.5%</p> <p>Note: When 90% funded status is reached, employee contributions drop from 11.5% to 7.5% and remain at 7.5% unless the funded ratio falls below 75%</p> |

¹ **Designated Reciprocal Fund** shall refer to any of the following pension funds or retirement systems: (1) Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago, (2) Municipal Employees’ Annuity and Benefit Fund of Chicago, (3) Illinois Municipal Retirement Fund, (4) County Employees’ and Officers’ Annuity and Benefit Fund, (5) Forest Preserve District Employees’ Annuity and Benefit Fund, (6) Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund, (7) Metropolitan Water Reclamation District Retirement Fund, (8) State Employees’ Retirement System of Illinois, (9) State Universities Retirement System, (10) Teachers Retirement System of the State of Illinois, and (11) Public School Teachers’ Pension and Retirement Fund of Chicago

² The Statutory increase is the lesser of 3% or 50% of CPI-U for the 12 months ending each preceding September applied to the original annuity amount.

Tier 2 - Minimum Formula Percentage Table

Tier 2 membership includes employees who first became a member of the Fund or another qualifying Reciprocal Fund on or after 1/1/2011 but prior to 7/6/2017.

You may approximate your annual annuity by finding the percentage that pertains to your years of service and age, and multiplying it by your final average salary.

| | Age 61 and younger | Age 62 | Age 63 | Age 64 | Age 65 | Age 66 | Age 67+ |
|---------------------------|--------------------|--------|--------|--------|--------|--------|---------|
| 9 years or less | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 10 | N/A | 16.80% | 18.24% | 19.68% | 21.12% | 22.56% | 24.00% |
| 11 | N/A | 18.48% | 20.06% | 21.65% | 23.23% | 24.82% | 26.40% |
| 12 | N/A | 20.16% | 21.89% | 23.62% | 25.34% | 27.07% | 28.80% |
| 13 | N/A | 21.84% | 23.71% | 25.58% | 27.46% | 29.33% | 31.20% |
| 14 | N/A | 23.52% | 25.54% | 27.55% | 29.57% | 31.58% | 33.60% |
| 15 | N/A | 25.20% | 27.36% | 29.52% | 31.68% | 33.84% | 36.00% |
| 16 | N/A | 26.88% | 29.18% | 31.49% | 33.79% | 36.10% | 38.40% |
| 17 | N/A | 28.56% | 31.01% | 33.46% | 35.90% | 38.35% | 40.80% |
| 18 | N/A | 30.24% | 32.83% | 35.42% | 38.02% | 40.61% | 43.20% |
| 19 | N/A | 31.92% | 34.66% | 37.39% | 40.13% | 42.86% | 45.60% |
| 20 | N/A | 33.60% | 36.48% | 39.36% | 42.24% | 45.12% | 48.00% |
| 21 | N/A | 35.28% | 38.30% | 41.33% | 44.35% | 47.38% | 50.40% |
| 22 | N/A | 36.96% | 40.13% | 43.30% | 46.46% | 49.63% | 52.80% |
| 23 | N/A | 38.64% | 41.95% | 45.26% | 48.58% | 51.89% | 55.20% |
| 24 | N/A | 40.32% | 43.78% | 47.23% | 50.69% | 54.14% | 57.60% |
| 25 | N/A | 42.00% | 45.60% | 49.20% | 52.80% | 56.40% | 60.00% |
| 26 | N/A | 43.68% | 47.42% | 51.17% | 54.91% | 58.66% | 62.40% |
| 27 | N/A | 45.36% | 49.25% | 53.14% | 57.02% | 60.91% | 64.80% |
| 28 | N/A | 47.04% | 51.07% | 55.10% | 59.14% | 63.17% | 67.20% |
| 29 | N/A | 48.72% | 52.90% | 57.07% | 61.25% | 65.42% | 69.60% |
| 30 | N/A | 50.40% | 54.72% | 59.04% | 63.36% | 67.68% | 72.00% |
| 31 | N/A | 52.08% | 56.54% | 61.01% | 65.47% | 69.94% | 74.40% |
| 32 | N/A | 53.76% | 58.37% | 62.98% | 67.58% | 72.19% | 76.80% |
| 33 | N/A | 55.44% | 60.19% | 64.94% | 69.70% | 74.45% | 79.20% |
| 33.5 years or more | N/A | 56.00% | 60.80% | 65.60% | 70.40% | 75.20% | 80% Max |

This table is for illustration purposes only and has been rounded to a whole age and whole years of service for estimate purposes only. Other service that you may have is not included in this table.

Tier 3 - Minimum Formula Percentage Table

Tier 3 membership includes employees who first became a member of the Fund or another qualifying Reciprocal Fund on or after 7/6/2017, or a former Tier 2 member who elected Tier 3 status.

You may approximate your annual annuity by finding the percentage that pertains to your years of service and age, and multiplying it by your final average salary.

| | Age 59 and younger | Age 60 | Age 61 | Age 62 | Age 63 | Age 64 | Age 65 |
|---------------------------|--------------------|--------|--------|--------|--------|--------|---------|
| 9 years or less | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 10 | N/A | 16.80% | 18.24% | 19.68% | 21.12% | 22.56% | 24.00% |
| 11 | N/A | 18.48% | 20.06% | 21.65% | 23.23% | 24.82% | 26.40% |
| 12 | N/A | 20.16% | 21.89% | 23.62% | 25.34% | 27.07% | 28.80% |
| 13 | N/A | 21.84% | 23.71% | 25.58% | 27.46% | 29.33% | 31.20% |
| 14 | N/A | 23.52% | 25.54% | 27.55% | 29.57% | 31.58% | 33.60% |
| 15 | N/A | 25.20% | 27.36% | 29.52% | 31.68% | 33.84% | 36.00% |
| 16 | N/A | 26.88% | 29.18% | 31.49% | 33.79% | 36.10% | 38.40% |
| 17 | N/A | 28.56% | 31.01% | 33.46% | 35.90% | 38.35% | 40.80% |
| 18 | N/A | 30.24% | 32.83% | 35.42% | 38.02% | 40.61% | 43.20% |
| 19 | N/A | 31.92% | 34.66% | 37.39% | 40.13% | 42.86% | 45.60% |
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| 25 | N/A | 42.00% | 45.60% | 49.20% | 52.80% | 56.40% | 60.00% |
| 26 | N/A | 43.68% | 47.42% | 51.17% | 54.91% | 58.66% | 62.40% |
| 27 | N/A | 45.36% | 49.25% | 53.14% | 57.02% | 60.91% | 64.80% |
| 28 | N/A | 47.04% | 51.07% | 55.10% | 59.14% | 63.17% | 67.20% |
| 29 | N/A | 48.72% | 52.90% | 57.07% | 61.25% | 65.42% | 69.60% |
| 30 | N/A | 50.40% | 54.72% | 59.04% | 63.36% | 67.68% | 72.00% |
| 31 | N/A | 52.08% | 56.54% | 61.01% | 65.47% | 69.94% | 74.40% |
| 32 | N/A | 53.76% | 58.37% | 62.98% | 67.58% | 72.19% | 76.80% |
| 33 | N/A | 55.44% | 60.19% | 64.94% | 69.70% | 74.45% | 79.20% |
| 33.5 years or more | N/A | 56.00% | 60.80% | 65.60% | 70.40% | 75.20% | 80% Max |

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