

**Retirement Board of the
PARK EMPLOYEES' ANNUITY AND BENEFIT FUND**

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January 31, 2014

Employees, Retirees and Beneficiaries:

On January 7, 2014 Governor Quinn signed SB 1523 into law which is now Public Act 098-0622. Accompanying is a summary of the provisions, the first of which take effect January 1, 2015.

This legislation provides sustainable funding that will secure the long-term health of the Fund. It affects all stakeholders; the employer, employees and retirees and is phased in over a five year period. The Fund would have been very likely to run out of money in 2023 if not for the much needed legislation.

In addition to the attached summary of the provisions of Public Act 098-0622, a guide with Frequently Asked Questions will be available in the future.

Please feel free to contact me should you have any questions.

Very truly yours,



Dean J. Nidospial
Executive Director

PARK EMPLOYEES' ANNUITY AND BENEFIT FUND
JANUARY 14, 2014

Summary of Public Act 098-0622

Funding

Employer Contributions –

Previous law: 1.1 times the amount of Employee contributions
two years earlier

Public Act 098-0622: 2015: multiplier increases to 1.7
2017: multiplier increases to 2.3
2019: multiplier increases to 2.9

Supplemental employer contributions:

2015: \$12.5 million
2016: \$12.5 million
2019: \$50 million

2.9 multiplier remains in effect until Fund is 90% funded,
after which time Employer obligation is the lesser of the
2.9 multiplier or the amount necessary to maintain 90%
funding

Employee Contributions –

Previous law: 9.0%

Public Act 098-0622: 2015: 10.0%
2017: 11.0%
2019: 12.0%

Contribution remains at 12.0% until Fund reaches 90%
funding level, at which time it drops to 10.5% as long as
the Fund remains at or above 90%

Other Changes Under Public Act 098-0622

<i>Retirement Age -</i>	Tier 1 employees - minimum retirement age increases from 50 to 58 for those employees younger than 45 on January 1, 2015 Tier 2 employees – age for normal retirement decreases from 67 to 65; age for early retirement decreases from 62 to 60
<i>Automatic Annual Increase -</i>	Effective January 1, 2015, increase is adjusted to the lesser of ½ of CPI-U or 3% simple (currently: 3% simple) Payment of annual increase suspended in years 2015, 2017 and 2019. Both provisions apply to current annuitants (spousal increase remains the same)
<i>Duty Disability -</i>	Decrease from current 75% of salary to 74% in 2015, 73% in 2017 and 72% in 2019
<i>New Benefits -</i>	No new pension benefit to be granted unless a method for funding the benefit is included in the statute creating or extending the new benefit

Miscellaneous Provisions

- **Funding Guarantee:** If the Chicago Park District fails to make any of its required annual contributions, the Fund may seek judicial relief mandating payment.
- **Retiree Health Care:** While the Fund does not currently subsidize retiree health care it will be prohibited from doing so in the future.