

**SALIENT FEATURES OF THE
FIREMEN'S ANNUITY & BENEFIT FUND OF CHICAGO**

**20 South Clark, Suite 1400
Chicago, Illinois 60603**

**312-726-5823
Toll Free 1-800-782-7425
<http://www.fabf.org>**

**Anthony Martin
Secretary - Elected Trustee**

The following is presented for general information concerning the provisions and benefits available to participants by ILCS 40, Act 5, Article 6 and as such, should not be relied on as legal interpretation. Questions and responses are provided as general information. The full text of the law governing the Fund may be found in Chapter 40, Act 5 Article 6 of the Illinois Compiled Statutes, formerly Chapter 108 1/2, Article VI of the Illinois Revised Statutes, and supersedes anything stated or implied herein.

The Firemen's Annuity and Benefit Fund of Chicago ("Fund") is administered by a Board of Trustees called the Retirement Board. It is composed of eight members: four ex-officios, the City Treasurer, City Clerk, City Comptroller, and Deputy Fire Commissioner, and four persons who must be members of the Fund; three active and one retired.

The Retirement Board elects one of its own members as President, one as Secretary and one as Vice-President. The Secretary is detailed to the Pension Office by the Fire Commissioner of the City upon the Secretary's election. The Retirement Board is required by law to hold regular meetings each month. These meetings are currently held the third Wednesday of each month.

Among its other duties, the Retirement Board is required to consider and vote on all applications for annuities and benefits; invest the monies of the Fund within certain prescribed parameters; make rules and regulations for the proper conduct of the affairs of the Fund; contract with an independent certified public accounting firm to perform an annual audit and issue a financial opinion; submit a detailed report of the affairs of the Fund to the City Council each year; adopt an annual budget at its regular January meeting and obtain by contract or employment, any necessary professional assistance.

Questions concerning an employee participant's individual benefit rights may be directed to the Fund office by phone or in writing. Answers will be provided as soon as possible.

Upon becoming employees of the Chicago Fire Department, participants shall submit the following documentation:

- Name and birth date of spouse;
- Date of marriage;
- Names and birth dates of all children under age 18;
- Termination of any previous marriages.

CONTRIBUTION RATE

- a.) $7\frac{1}{8}\%$ for the Firefighter's Annuity
- b.) $1\frac{1}{2}\%$ for Spouse's Annuity
- c.) $\frac{3}{8}$ of 1% for the Increment after Retirement (Annuity Increment)
- d.) $\frac{1}{8}$ of 1% for Ordinary Disability Benefits (This is not refundable)

Total contribution percent is currently $9\frac{1}{8}\%$ of salary. Salary throughout this document refers to Career Service Salary. Beginning January 1, 1999, salary includes the additional compensation payable to fireman by virtue of being licensed as an Emergency Medical Technician. Beginning January 16, 2004, and for any prior periods for which contributions have been paid, salary shall include the classified career service rank of Ambulance Commander. Beginning January 16, 2004, and for any prior periods for which contributions have been paid, pensionable salary shall include duty availability pay received by the fireman.

The City collects 1.45% of annual salary for your coverage in Medicare for those hired after April 1, 1986.

As of December 31, 2000, The Chicago Fire Department's Compulsory Retirement Age is 63 for firemen.

PURCHASE OF ELIGIBLE SERVICE CREDITS:

Certain members may purchase service credits within the Firemen's Annuity and Benefit Fund for specific former employment and Military Service.

Military Service prior to employment. Active Members that served in the Armed Forces of the United States prior to employment with the Chicago Fire Department may purchase up to 24 months of service credits for pension purposes. There is no deadline for eligible members to purchase these credits.

Downstate Fire Service. Any active member may transfer up to 10 years of service credit corresponding to former employment with eligible downstate Fire Departments covered under Article 4 of the Illinois State Pension Code. Written requests to transfer these credits must be made by January 1, 2010 and payment to be made within 5 years

Former Paramedic service paid into the Municipal Fund. Active members who had previously worked as paramedics and accumulated service credits in the Municipal Employees Annuity and Benefit Fund of Chicago between 1977 and 1983 may purchase all or a portion of the corresponding service related to that employment. Application and payment must be made by January 1, 2010.

Former Non-Pensioned Employment within the Chicago Fire Department. Active members who had previously worked for the Chicago Fire Department between 1970 and 1983 and did not participate in any pension fund subject to this code, may purchase all or a portion of the corresponding service related to that employment. Application and payment must be made by January 1, 2010.

ANNUITIES FOR ELIGIBLE MEMBERS:

An Earned Annuity is based upon the amount the fireman has contributed to the Fund, partial City contributions, interest, and years of service.

This is payable to a fireman who has attained age 50 with at least 10 years of service. If a fireman has 10 years of service and has not yet attained age 50, his earned annuity shall be fixed as of and be computed as if his age were exactly 50 and the benefit will be payable upon his attainment of age 50 and upon proper application and board approval.

Effective January 1, 1990, the minimum earned annuity is \$475.00 a month for all firemen who entered service prior to January 1, 1990 and who are eligible for an annuity.

Minimum Formula (retirement) Annuity is payable to a firemen who has attained age 50 and has at least 20 years service, or after December 31, 1990 a fireman may withdraw with 20 years of service regardless of his age, and receive this annuity upon his attainment of age 50.

The amount of Minimum Formula Annuity is equal to 50% of the average salary for the highest 48 consecutive months of the last 10 years of service, plus an additional 2.5% of such average salary for each year of service or fraction thereof beyond 20 years of service based on the entrance date into the Department. This service is reduced by any lost time at date of withdraw. Minimum Formula Annuity benefits may not exceed 75% of such final average salary.

Effective January 1, 2004, the minimum annuity for those who have retired from service at age 50 or over with 20 or more years of service shall be \$950.00 per month, and effective January 1, 2005 the minimum annuity shall be \$1,050.00.

Effective January 16, 2004, a fireman who is required to withdraw from service due to attainment of compulsory retirement age and has at least 10 but less than 20 years of service credit may elect to receive an annuity equal to 30% of average salary for the first 10 years of service plus 2% of average salary for each completed year of service or fraction thereof in excess of 10 years, but not to exceed a maximum of 50% of average salary (average of the fireman's highest 4 consecutive years of salary within the last 10 years of service). The fireman is entitled to annual increases.

AUTOMATIC ANNUAL INCREASE

Beginning January 1, 2004, those firemen born before January 1, 1955 will receive a 3% increase based on their original annuity continuing for their lifetime, based upon both of the following conditions being met:

- 1) The member must have attained age 55 and,
- 2) he must have been retired at least one year and one month.

Those retiring before age 54 will receive their increment the first month following the attainment of age 55 and again each January 1st thereafter for life.

If a fireman is over 54 when he retires, the increment begins the first of the month following the first anniversary of his retirement and again each January 1st thereafter for life.

At the present time, those born on or after January 1, 1955 receive an increase of 1 1/2% of the original annuity for a maximum of 20 increases or 30%, and is based on the following conditions being met.

- 1) he must have attained age 60 and
- 2) he must have been retired at least one year and one month.

Any fireman born on or after January 1, 1955 and retiring before age 59 will receive their increment the first month following the attainment of age 60 and again each January 1st until a total of 20 increases have been received or 30%.

If a fireman is over 59 when he retires, the increment begins the first of the month following the first anniversary of his retirement and again each January 1st until a total of 20 increases have been received or 30%.

WIDOW'S ANNUITIES

Eligibility for entitlement for Widow's Annuities requires that the spouse be married to the active firefighter member at the date of his death. If a firefighter marries while in receipt of disability benefits or after retirement, the marriage must exist for at least one year prior to the member's death for a widow to become eligible for benefits.

Widow's Compensation Annuity (Duty Death)

If a fireman is killed in the performance of duty, the compensation widow shall receive 75% of the current annual salary attached to his rank and grade, with all future department increases.

If a fireman is in receipt of duty disability benefits and dies and his widow can establish to the Board's satisfaction that he suffered an injury in the performance of duty that prevented him from ever returning to service, his widow is also eligible for this benefit.

Widows of members who die while in active service (non-duty)

If death occurs after 1 1/2 years of service, the widow's annuity shall be the greater of (1) 30% of the salary attached to the rank of first class firefighter (minimum of Step 6), but does not exceed the final step of the first class firefighter pay scale or (2) 50% of the retirement annuity the deceased fireman would have been eligible to receive if he had retired from service on the day before his death and qualified for the minimum formula annuity (age 50 with at least 20 years of service) for her lifetime.

Effective January 16, 2004, the widow's annuity payable to the widow of a fireman who dies on or after July 1, 1997 while an active fireman with at least 10 years creditable service shall be no less than 50% of the retirement annuity that the deceased fireman would have been eligible to receive if he had attained age 50 and 20 years of service on the day before his death and retired on that day.

Widows of members that have withdrawn from service and death prior to age 50

If a fireman who has resigned from service prior to age 50, but had at least 10 years of service, his widow would be entitled to an earned annuity or the minimum widow's annuity allowed by the Statute; \$1,000.00 per month, for her lifetime at December 2009. These annuities cease upon the widow's death.

Widows of members that die after Retirement

The widow is entitled to receive 50% of his annuity at the time of his death or the minimum widow's annuity allowed by the Statute; \$1,000.00 per month for her lifetime at December 2009. These annuities cease upon the widow's death.

Eligibility for Widow's Annuity: Marriage on Disability or Retirement

Beginning on January 16, 2004, the limitation on marriage after retirement and the limitation on marriage during disability no longer apply to a widow who was married to the deceased fireman for at least one year immediately preceding the date of death.

The widow of a fireman who received a refund of contributions for widow's annuity is not eligible for widows benefits unless the refund is repaid to the Fund, with interest at the rate of 4% per year compounded annually, from the date of the refund to the date of repayment.

If the widow of a fireman who died prior to January 16, 2004 becomes eligible for a widow's annuity because of this change, the annuity shall begin to accrue on the date of application for the annuity.

Widow's Remarriage - And Resumption of Benefits

Effective January 16, 2004, a widow's annuity shall no longer be subject to termination or suspension due to remarriage.

Any widow's annuity that was previously suspended by reason of remarriage prior to January 16, 2004 shall, upon application, be resumed, as of the date of the application. This resumption shall not be retroactive.

CHILD'S ANNUITY

Minor children of members that die while in active service, on disability or while receiving an annuity are eligible for children's annuity benefits. The amount is equal to 10% of the current annual maximum salary attached to the position of first class firefighter, for each child. If there is no surviving parent, full orphan benefits amount to 15% of the same.

The benefit terminates upon the attainment of age 18, prior marriage or death. Total family benefits cannot exceed 60% of the maximum current first class firefighter salary or 100%, if a duty death.

If a child is handicapped, upon proper application and documentation, benefits are available in the same manner as child's annuity benefits and are payable until the earlier of death, the handicap ceases or until marriage.

PARENT'S ANNUITY

Natural parent or parents of a fireman who dies while in active service, on disability or while receiving a minimum formula annuity are eligible for parent's annuity benefits provided, that at the time of the fireman's death: 1) No widow or unmarried child under the age of 18 years of age are entitled to an annuity under other provisions of the Code; 2) and that satisfactory proof shall be presented to the board that the fireman was contributing to the support of his parent or parents.

The benefit is equal to 18% of the fireman's current annual salary at the time of death or his retirement per living dependant parent.

DISABILITY BENEFITS

Duty Disability Benefits relate solely to a fireman who becomes disabled as the result of a specific injury, or of cumulative injuries, or a specific sickness incurred in or resulting from an act or acts of duty.

Duty disability benefits are equal to 75% of the member's salary on the date of removal from the payroll. The fireman's children are also entitled to child's disability benefits in the amount of \$30.00 per month per child under age 18. If the child is handicapped, the \$30.00 is payable until the fireman is removed from his disability status. The total amount of this benefit is not to exceed 100% of salary at the time of the grant. This benefit is fixed at the time the fireman leaves the Fire Department Payroll and is payable until the earlier of death or retirement, (but not beyond compulsory retirement age,) or returns to active duty. However, beginning January 1, 1994, no duty disability benefit that has been payable for at least 10 years shall be less than 50% of the current salary attached from time to time to the rank and grade held by the fireman at the time of his removal from the Department payroll, regardless of whether that removal occurred before the effective date.

Occupational Disease Disability Benefits are payable to participants who are disabled from heart disease, tuberculosis, any disease of the lungs or respiratory tract, AIDS, hepatitis C, stroke, or cancer that develops while employed by the Department. (In order to receive this occupational disease disability benefit, the cancer involved must be a type which may be caused by exposure to heat, radiation or a known carcinogen as defined by the Internal Agency for Research on Cancer.) A fireman becomes eligible to apply for Occupational Disease Disability Benefits after 7 years of service.

Occupational disease disability benefits are equal to 65% of the member's salary on the date of removal from the payroll. The fireman's children are also entitled to child's disability benefits in the amount of \$30.00 per month per child under age 18. If the child is handicapped the \$30.00 is payable until the fireman is removed from his disability status. The total amount of this benefit is not to exceed 75% of salary at the time of the grant. This benefit is fixed at the time the fireman leaves the Fire Department Payroll and is payable until the earlier of death or retirement, (but not beyond compulsory retirement age,) or a return to active duty. However, beginning January 1, 1994, no occupational disease disability benefit that has been payable for at least 10 years shall be less than 50% of the current salary attached from time to time to the rank and grade held by the fireman at the

time of his removal from the Department payroll, regardless of whether that removal occurred before the effective date.

Ordinary Disability Benefits are provided for a fireman who becomes disabled as the result of any cause other than duty or occupational disease disabilities and are equal to 50% less 9% (for pension deductions) for a total of 41% of salary on the date of removal from the payroll.

Ordinary Disability Benefits are payable for a period of half the fireman's service, limited to a maximum of five years. Ordinary Disability Benefits terminate when the disability ceases or the fireman becomes eligible for minimum formula annuity. No children's benefits are payable.

HEALTH INSURANCE

The City of Chicago currently provides Health care benefits for its Active and Retired employees and their dependents through two separate programs. The City of Chicago Health care program for Active Employees and the City of Chicago Health care program for Annuitants. Your age, years of service and circumstances of your separation from service will dictate which of these programs you may be eligible to participate in.

Children under age 19 or through age 21, being a full time student (12 college credit hours), may be covered for additional monthly amounts.

The current provisions of the contract between the City of Chicago and Local Two provides that members in receipt of Duty Disability, Occupational Disease Disability and Widow's Compensation beneficiaries are covered in the City of Chicago Health Care Program for Active Employees at no cost. Ordinary disability beneficiaries must pay monthly premiums determined by the City of Chicago.

Widow's receiving an annuity (Non-Duty) are eligible to participate in the City of Chicago Health Care Program for Annuitants provided their deceased spouse was a participant in such plan prior to death.

ORDINARY DEATH BENEFIT

The Fund pays an ordinary death benefit to the designated beneficiary or beneficiaries of deceased firemen. For active firemen age 49 and under, the death benefit amounts to \$12,000.00 and is reduced \$400.00 for each year over age 49 to a minimum of \$6,000.00. A fireman on disability is treated as though he were in active service in this regard. Eligible beneficiaries for firemen retired after January 1, 1962, in receipt of retirement benefits, and whose separation from service (active duty) was effective on or after the fireman's attainment of age 50, and application for such annuity was made within 60 days after separation from service (active duty), receive \$6,000.00.

REFUNDS OF CONTRIBUTIONS

A fireman who resigns or is discharged from service shall be entitled to a refund of his contributions for annuity and spouse's annuity plus interest and the increment increase, provided he is under age 50 (with any length of service) or he is less than age 57 if he has under 10 years of service. The $\frac{1}{8}$ of 1% contributions for ordinary disability benefits are non refundable.

A fireman who is unmarried at the time of retirement is entitled to a refund of contributions for widow's annuity purposes.

Any fireman that receives a refund and subsequently re-enters service, is not eligible to receive benefits, nor is any member of his family eligible to receive benefits unless he repays the refund, in full, within (2) two years after the date of re-entry into service or by January 1, 2011, whichever is later, with interest at the actuarially assumed rate, compounded annually, from the date the refund was received to the date of repayment.

QUESTIONS YOU MAY HAVE REGARDING THE FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO AND YOUR ELIGIBILITY FOR BENEFITS.

The process of retirement marks a great change in your life. The decision to retire requires a great deal of thought and planning involving both you and your spouse and should begin at least 5 years prior to the actual date of retirement. If you have any questions regarding your benefits from this Fund, please call the Fund office at 312-726-5823.

QUESTIONS CONCERNING THE PROCESS OF APPLYING FOR RETIREMENT BENEFITS:

When should I contact the Pension Fund if I'm planning on retiring?

As soon as you are planning or thinking of retirement, please contact the Pension Fund office at 312-726-5823 and ask for an estimate of retirement benefits.

After having received an estimate of your retirement benefits based upon a fixed date of retirement, you should contact The Chicago Fire Department Personnel division at 312-746-6964 for an appointment to complete all necessary paperwork, including a formal resignation from the Chicago Fire Department. Upon completion of your formal resignation, contact the Fund office at 312-726-5823 for an appointment to complete a formal application for retirement benefits.

Is there anything I need to bring to the appointment?

Yes. If you are retiring from active employment, you must bring the Pink copy of the Exit Interview form that you will receive from Chicago Fire Department personnel at the time of your resignation.

When can I expect to receive my first payment of retirement benefits?

Normally, at the end of the month after the month you actually leave active service. The Fund cannot calculate your benefit until your last payroll data is received. This in turn must be presented to the Board, which only meets once a month, for a formal grant of benefits.

QUESTIONS CONCERNING THE CALCULATION OF RETIREMENT BENEFITS:

Can I purchase lost time that affects my pension contributions and service credit during my career in the Fire Department?

Yes, under certain circumstances. If the time lost is eligible for purchase under governing pension statutes, you may purchase the credits associated with time loss. Upon request, Fund staff will advise you of the amount of eligible service and the required contributions and applicable interest necessary. Credits eligible for purchase include military service, the 23 days in 1980 which reflects strike time, periods of suspension from duty not to exceed a total of one year during the total period of service and previously unpaid refunds of contributions within certain timeframes.

If I was in the Chicago Police Pension Fund prior to the Fire Fund, can I purchase those prior service credits?

Yes, please contact our office and we will explain the procedure.

POST-RETIREMENT QUESTIONS:

Is my retirement annuity benefit subject to state income tax?

If you are an Illinois resident, your pension income is currently non-taxable. If you are a resident of another state, check with that State's Department of Revenue.

Are my retirement annuity benefits subject to federal income tax?

Pension contributions made prior to January 1, 1982 (Investment in the contract) were taxed at the time you received that payroll, therefore those contributions are non taxable and each year a portion of your retirement income will be non taxable until those contributions are exhausted. You will receive a 1099R in January stating the amount of your taxable benefit.

If I paid into social security, am I entitled to receive social security benefits when I am in receipt of my pension benefit?

Social Security benefits may be reduced for Individuals entitled to receive pensions from State and Municipal pension plans. Please contact the social security administration at 800-772-1213 to determine what benefits you may be entitled to.

What if I become mentally or physically disabled and cannot handle my affairs while in receipt of a benefit?

If you should become mentally or physically disabled, the Retirement Board has the ability to approve payment of your benefit to the person caring for you. This usually can be done with a power of attorney and a doctor's letter stating your disability.

What happens when my ordinary disability benefit terminates and I am still disabled?

A fireman who continues to be disabled beyond the maximum period of eligibility for ordinary disability and who withdraws while still so disabled and before age 50, may be eligible for an annuity provided from the amounts accumulated to his credit from salary deductions and contributions by the city for his retirement annuity.

Can I move out of state, while in receipt of a disability benefit?

Yes, with the permission of the Retirement Board. Put your request in writing and forward to the fund office. The Board will review your request at the next scheduled board meeting and advise you of their decision.

QUESTIONS CONCERNING CONTRIBUTIONS MADE TO THE FUND:

Are pension deductions taken on all wages I earn?

No. Pension deductions are taken only on the annual salary attached to the permanent career service rank held by the fireman, or the salary attached to the exempt rank position held by the fireman.

As an active participant are my pension contributions earning interest?

During your years of service, your contributions are improved with 3% interest.

Does the City match my contributions?

Through the annual tax levy, the City is required to contribute 2.26 times the amount contributed by active members to the Fund each year. Because the Fund is a Defined Benefit Plan, the City contribution is not a pure matching contribution as referred to in a 401(k) type retirement plan.

Can I take a loan out against my contributions?

No. This plan does not permit loans or a partial withdrawal.

Are the contributions the City makes on my behalf refundable?

No. Only the amount you contributed while you are active less the 1/8th of 1% you contributed for ordinary disability benefits is refundable to you.

What if my spouse dies or I divorce after I retire, can I receive a refund of the contributions made for spousal annuity?

No. If your spouse pre-deceases you, or should you and your spouse divorce after you retire, the contributions made on the spouse's behalf are not refundable.

What if I don't collect an annuity long enough to recover all my pension contributions? What happens to the money?

Generally, an employee will collect back all their contributions in the form of a monthly retirement annuity after two years of retirement. Any accumulated contributions that were not paid out, in either the form of an annuity for an employee, spouse or children, are refunded to the employee's estate as named either in a Will, Small Estate Affidavit or Letters of Office. Please consult with your personnel attorney to discuss this issue.

What is the difference of a Small Estate Affidavit and Letters of Office (Administration)?

When the total value of an Illinois decedent's estate is less than \$100,000.00 AND the estate does not own any real estate, a small estate affidavit may be able to be used. If the estate is \$100,000.00 and greater the executor will have to go to Court and get Letters of Office (Administration) naming an administrator of the estate.

If I took a refund of my contributions, can I use my deferred compensation funds to pay back my refund within the allowed timeframe?

Yes. Current federal law allows the transfer or rollover of your 457 deferred compensation plan assets to this Fund in order to pay back your refund.

Can I use my deferred compensation funds to purchase these prior service credits from the Chicago Police Pension Fund?

Yes. Current federal law allows the transfer or rollover of your 457 deferred compensation plan assets to this Fund to purchase these service credits.

If I divorce, is my ex-spouse entitled to any benefits?

The Fund does not provide legal advice about proper division of marital and retirement assets. However, this Fund is subject to legislation that created the Qualified Illinois Domestic Relations Order (QILDRO). A QILDRO may require this Fund to pay all or a portion of your retirement benefits to an "alternate payee". An alternate payee is usually a member's former spouse, but may also be a current spouse, child or other dependent of the member.

Any employee who has questions about a QILDRO should discuss it with his or her attorney. This Fund has an information booklet and required forms available upon request. You should contact us well in advance of any property settlement or court date.

QUESTIONS CONCERNING POST RETIREMENT HEALTH INSURANCE:

After I retire, will I be covered by a health insurance plan?

In the formal settlement agreement in the Korshak lawsuit, The City of Chicago is required to provide its retirees healthcare coverage through June 30, 2013. The City of Chicago and this Fund share in the cost of healthcare thereby reducing the premium for the individual retiree.

The Korshak lawsuit also requires the City to establish a Health Care Advisory Board. If any Nationalized program becomes available, it will allow the City to re-open negotiations pertaining to retiree health care prior to 2013.

QUESTIONS CONCERNING REQUIRED LEGAL DOCUMENTATION:

Does the Fund require any of my personal documents identifying my wife and children?

For the protection of your family it is very important for you to submit your original marriage certificate, your children's birth certificates (if under age 18 or handicapped) the divorce decrees or death certificates which may have terminated a previous marriage by you or your spouse. Upon your request, this Fund will make copies and return the originals to you. If you need to obtain copies of these certificates the following agencies can assist you:

If I need to obtain a birth, death, or marriage certificate on file in Cook County, who would I contact?

You can contact the Cook County Clerk's Office at 312-603-7795, www.cookctyclerk.com. Birth and death certificates may also be obtained, for an additional fee, at most local currency exchanges.

If I need to obtain a copy of a divorce decree, who would I contact?

You can contact the Cook County Clerk of the Court at 312-603-6300, www.cookcountyclerkofcourt.org.

CONCLUSION

This information provided herein is intended to provide a general outline of the provisions of The Firemen's Annuity and Benefit Fund of Chicago, 40 ILCS, Act 5 Article 6 and to make your understanding of the law easier. It is not intended to give a complete synopsis of the Act. There may be exceptions and modifications in the case of statements, explanations and answers given herein. The full text of the law may be found in Chapter 40 Act 5 Article 6 of the Illinois Compiled Statutes.

If you have any questions regarding any matter pertaining to the Fund or to your eligibility for benefits with the Fund, please contact us at;

**The Firemen's Annuity and Benefit Fund of Chicago
20 S. Clark Street Suite 1400
Chicago, Illinois 60603
312-726-5823**

Revised 10/09