

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

**20 South Clark, Suite 1400
Chicago, Illinois 60602**

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

**Anthony Martin
Secretary - Elected Trustee**

The 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 asked by contacting this office by phone or in writing. Answers will be provided as soon as possible.

**Upon becoming members of the Fund, proof of the following
MUST be submitted at once:**

- 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 1/8% for the Firefighter's Annuity
- b) 1 1/2% for Spouse's Annuity

- c) 3/8 of 1% for the Increment After Retirement (Annuity Increment)
- d) 1/8 of 1% for Ordinary Disability Benefits (This is not refundable)

Total Contribution percent currently is 9 1/8% of Salary. Salary throughout this document is Career Service Salary. Beginning January 1, 1999 salary includes the additional compensation payable to the 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 salary shall include duty availability pay received by the fireman.**

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

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

DISABILITIES

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. A fireman is eligible his first day on the job to receive duty disability benefits.

The amount of duty disability benefit is equal to 75% of 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 suffer 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 after 7 years of service.**

The amount of occupational disease disability benefit is equal to 65% of 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 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 disabilities.

The amount of ordinary disability benefit is equal to 50% less 9% (for pension deductions) for a total of 41% of salary on the date of removal from the payroll.

It is payable for the period of half the fireman's service, but not beyond a total of 5 years. It also terminates when the disability ceases or the fireman becomes eligible for minimum formula annuity. No children's benefits are payable.

ANNUITIES

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 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 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,** any lost time and date of withdraw. This amount may not exceed 75% of such average salary.

In some cases, a fireman with long service may be entitled to the higher percentage under the old 53/23 law.

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 \$1050.00.

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

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

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.

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 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

Widow's Compensation Annuity

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.

Ordinary Death in Service

Effective January 1, 2005, if a fireman dies with less than 1 1/2 years of service his widow is entitled to **\$1000.00** a month for her lifetime.

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.

Withdrawal from service and death prior to age 50

If a firemen 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 current minimum of \$1000.00 per month for her lifetime.

Death after Retirement

The widow is entitled to receive 50% of his annuity at the time of his death or the current minimum of \$1000.00 per month. These annuities cease upon the widow's death.

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.

This does not apply to the widow of a fireman who received a refund of contributions for widow's annuity 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 a fireman who dies 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% per parent of the fireman's current annual salary at the time of death or his retirement.

HEALTH INSURANCE

All retirees (who are in receipt of their annuity) are eligible currently for the City of Chicago Health Care Plan at current premiums. Children under age 19 or through age 21, being a full time student (12 college credit hours), may be covered for additional monthly amounts.

Duty disability, occupational disease disability and widow's compensation/supplemental beneficiaries are covered by hospitalization benefits which are paid for by the City. Ordinary disability beneficiaries must pay monthly premiums determined by the City of Chicago.

Widow's receiving an annuity are eligible to participate in the group coverage plan 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 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

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 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 receiving a refund and subsequently re-enters service, no benefits will be granted to him or his beneficiaries unless he repays the refund, in full, within (2) two years after the date of re-entry into service or by January 1, 2000, whichever is later, with interest at 4% per annum compounded annually from the date the refund was received to the date of repayment.

GENERAL DISCLOSURE

This report is not intended to contain, and does not contain a synopsis of all provisions of the law governing the Firemen's Annuity and Benefit Fund of Chicago. There may be exceptions and modifications in the case of statements, explanations and answers given herein. A detailed and complete coverage of all applicable law would defeat the purpose of this intended general outline. 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.

Anthony Martin
Secretary of the Fund

Revised June 2006
F:\word\meeting\s133.jan2004.doc