

July 23, 2007

In addition to the benefits granted to members and spouses each month, the Secretary will also be presenting, for informational purposes only, items of interest that may affect our members.

Questions regarding any member's specific situation should be addressed directly to the Fund Office.

MONTHLY NEWS AND INFORMATION FROM THE FUND SECRETARY

Annual Financial Reports

All of the Fund's audited financial reports for the year ended December 31, 2006 have been finalized. The annual filing with the State of Illinois is completed. All Fund participants will receive a copy of the audited statement in the very near future. All participants should review this important document to develop an informed opinion on the operation of the Fireman's Annuity and Benefit Fund of Chicago. As Secretary of the Fund, I would welcome any invitation to your firehouse and/or battalion to discuss any information or answer questions about information contained in these reports.

In addition to the financial reports, the Fund will be providing all active and disabled members with their statement of accumulated contributions to the Fund as well as updated member information sheet. Going forward, The Fund intends to provide the updated member information sheet to all members in this annual mailing. Please review the information for accuracy and provide any updates as required.

Funding

As is evidenced by the Fund's annual statements, the Fund is significantly underfunded. Your Trustees continue to seek additional funding. On July 10, Trustee Fabrizio, Executive Director Ken Kaczmarz, Fund Comptroller Jaclyn McAllister, Fund Legal Counsel and myself met with representatives of the City Administration and discussed funding needs.

Pension Protection Act

As reported to our retirees in June, the Fund has received confirmation that the PPA health care tax deduction of up to \$3,000 for public safety employees who participate in a self funded health care plan will be allowed. The Fund has received further information on the appropriate method for eligible public safety officers to take advantage of this benefit. This may alter the methods

developed by the Fund to assist our participants in taking advantage of this benefit. Fund staff is following up with the IRS to ensure that we provide the most current information. Stay tuned.

We will notify each individual retired member of the proper means in utilizing these premiums to reduce their taxable income.