

March 20, 2008

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

DOCUMENT IMAGING

The Fund is in the process of a massive project of capturing all member documentation in an imaging program. Staff will be able to utilize the program for current Fund office use and be able to use it for disaster back up purposes. Staff estimates that by the time this project is finished, anywhere from 2.5 to 3 million documents will be processed and stored for retrieval.

Make sure you keep all personal documents up to date including birth, marriage certificates and divorce decrees.

LEGISLATIVE FRONT

The climate in Springfield is very adverse to the addition of new benefits while the question of whether or not the pension systems can sustain the level of benefits currently promised without a massive infusion of new funding. In spite of the challenges, a few of Local 2's items continue to garner the interest of some lawmakers in Springfield. There are four items that the Fund has been contacted on with respect to consideration in the current legislative session.

They are:

1. HB 5523 - The latest revised DROP plan introduced by Local 2.
2. HB 4624 - New Language introduced by Local 2 with respect the city's tax levy for the Fireman's Annuity and Benefit Fund.
3. HB 5522 - Reversionary Annuity introduced by Local 2 allowing participants to elect a reduced annuity at the time of retirement and establish a reversionary annuity payable to a named beneficiary.
4. HB 562 - This proposal encourages pension funds to pursue investment opportunities tied to economic development within the State of Illinois.

The Fund at the request of both Local 2 and House leadership has provided cost analysis on the new DROP proposal and will continue to monitor legislation that would impact the benefits of our participants and operations of our Fund.

INVESTMENT FRONT

As anyone who watches TV, listens to the radio or reads the newspaper knows, the financial markets are experiencing significant turmoil. With the dark clouds of \$110 barrels of oil, \$1,000+ ounces of gold, escalating mortgage foreclosures, falling residential real estate values, the collapsing value of the dollar and tumbling global stock markets, many wonder if this could be the “perfect financial storm.”

While no one can accurately forecast future financial markets, your Fund’s investment portfolio has been built to weather and ride out such a storm. By diversifying our assets to include stocks, bonds, international holdings, private equity, real estate and commodities, your Fund’s portfolio increased 12.2% in 2007 while the broader stock market, represented by the S&P 500, only gained 5.5%.

The extreme turbulence now taking place in early 2008 has caused nearly every investment class except government bonds and commodities to lose value. However, by owning government bonds and commodities, your Fund has not sustained losses to the same extent as most of the financial benchmarks. Be assured that your Trustees and staff are not merely waiting for the clouds of the current market environment to clear, but are actively pursuing the investment opportunities which are often created by volatile markets such as these.

Thank you.



Anthony R. Martin
Fund Secretary