

## Reduced Rates for Medicare

### New Insurance Rates

If you have a premium deduction withheld from your pension check, you have already received notice from the City's Benefits Management Office that the rates for the Blue Cross/Blue Shield PPO Plan are changing effective July 1, 2009.

Please review the chart to determine your new rate, which shall be **deducted from your June 2009 annuity payment**. If you do not find your status or status combination on the chart, you may view the complete rate chart on our website at [.chipabf.org](http://.chipabf.org)

Retiree	Spouse	Child(ren)	Retired before 8/23/89	Retired after 8/23/89	Retired after 7/1/05 w/20 yrs service	Retired after 7/1/05 less than 20 yrs
Med			62.00 (was 72.00)	62.00 (was 72.00)	77.00 (was 88.00)	Visit
Non			62.00	255.00	294.00	Website
Med	Med		184.00 (Was 203.00)	184.00 (was 203.00)	211.00 (was 233.00)	For
Med	Non		184.00	406.00	458.00	Rates
Non	Med		184.00	376.00	428.00	
Non	Non		184.00	590.00	666.00	
Med	Med	Child(ren)	279.00	279.00	317.00	
Med	Non	Child(ren)	279.00	493.00	555.00	
Non	Med	Child(ren)	279.00	463.00	525.00	
Non	Non	Child(ren)	279.00	677.00	763.00	

## RETIREES & WIDOWS

The annual Signature Verification Affidavits have been mailed! The signing and returning of the affidavit is for your protection. This insures that we have your current signature on file. Each year you are required to sign and have your signature witnessed, *not notarized*, only **witnessed**.

The affidavit should be completed and signed by you and witnessed by another. If you do not return your signed and *witnessed* affidavit, we may suspend payment of your monthly annuity until it is received.

## STIMULUS BILL

The American Recovery and Reinvestment Act of 2009 may have affected some of your annuity payments. Due to the President's Stimulus Bill the IRS tax tables have been re-issued, which reduces the amount of taxes withheld from your pension payment. However, retirees who have a fixed amount withheld each month, the tax withholding will not be adjusted.

## STATUS CHANGES

Keep in mind, the Pension Fund should Be notified of any life changes, including but not limited to, marriage, births, deaths, etc. Keeping your file current is in the best interest of your beneficiaries.



## TRUSTEES' CORNER

### Memorial Information

by **Ken Hauser, Annuitant Trustee**

The Chicago Police Memorial Foundation is looking for the partners of officers' killed in the line of duty who would like to read the name of the fallen officer at the September 17, 2009 candlelight vigil.

If you were the partner at the time of an officer's death please contact Kimberly LeFebvre @ 312 499-8899 or [@gmail.com](mailto:lefebvre@gmail.com) (subject: Partner)

I would like to wish you and your family a warm and wonderful summer with lots of travel and BBQ's or to some of us, just many hours of relaxation on the deck.

Happy Summer!



### Pension Insight

By **Lt. James Maloney**

The markets have begun to recover over the last few months; we all certainly hope that this trend continues throughout the rest of the year and into the future. When investments are made, the Fund relies upon the advice of our Pension Consultant-Ennis-Knupp, our Real Estate Consultant-Courtland Partners and our Chief Investment Officer (CIO), who we hired a little over a year ago. The volatility in the markets during the past year have effected all of

us. The current Presidential Administration has proposed and also introduced many economic stimulus plans. We are all hopeful that these plans will help the economy and also the equity markets recover in the short and long term. Thank you for your support.



**The Korshak Lawsuit . . .  
Twenty-two years later  
by Sgt. Michael Lazzaro, Trustee**

In 1987, the four city pension funds filed the Korshak lawsuit that prevented the City of Chicago from terminating health care coverage for retired employees. This case will continue until the existing Korshak plan for annuitants terminates in June 30, 2013. There have been many changes in Korshak; I will touch upon the reconciliation of 2003 and the commission that will monitor and hopefully improve retiree health care. In September of 2003, reconciliation in the Korshak Lawsuit was made to determine the cost of monthly premiums. Since 2004, your healthcare premium is based on a formula that attempts to project health care costs. Every year, in the spring, the City's Benefits Management and actuaries set the premiums for the year. This year, the rates will change in your June annuity payment (please remember your insurance premiums are paid one month in advance, so your June payment covers your premium for July). While non-Medicare rates have been going up, in 2008 and 2009, the monthly

premiums for retirees on the Medicare plan have gone down. In April, the City selected the six individuals that will serve on the Retiree Health Care Commission ("RHBC"). In the future this committee will independently review and make recommendations concerning retiree health care. The City may only make changes to the Health Care plan only with the approval of a majority of the members of the RHBC, "who will be objective and fair-minded as to the interests of both retirees and taxpayers."

The six members of the RHBC:

- City Representative:  
Steve Lux, City of Chicago Comptroller
- Pension Funds' Representative:  
James Capasso, Executive Director to Laborers' Pension Fund

Health Care Experts from Private Industry:

- Howard Bolnick, Adjunct Professor, at Northwestern University  
Consultant on health care insurance risk and design of systems, procedures and solution to said problems.
- William Boreland, J.D. (Health Law)  
Involved in the day to day management of insurers and third party administrators, assisting in administration, development, and marketing of life, disability, and health plans.
- Dan Pikelny, MBA, Director for Navistar, responsible for benefits

management for 80,000 employees and retirees.

- Barbara Smith, Attorney recently retired from CTA, vast experience in health and pension benefit issues, including litigation, involved in drafting the Korshak Settlement Agreement.

Reminder- if you're retired, and have health care with the City of Chicago, you are allowed a \$3000 maximum deduction for health care premiums.

I need feedback! The Fund is considering having a meeting for all active and retired members to answer any questions about anything (example: Korshak) you may have concerning our pension. The tentative date is in the first half in October, in the morning (10A.M.). We are considering having the meeting at Plumber's hall (1400 W. Washington) or downtown at the Northern Trust 50 S. LaSalle (by Monroe). The Northern Trust is the Fund's custodial bank, and is in a stately old building with a grand room we could use for the meeting. Please contact me 312 744-389 e-mail: [@chipabf.org](mailto:@chipabf.org) if you are interested in attending and let me know what topics you would like to be addressed at the meeting.



## Credit for other Service vs. Pension Portability by P.O. Michael Shields

A recent Appellate Court decision championed by retired Circuit Court Judge Michael Bolan has changed the landscape of the Credit for Other Services benefit under section 214(c) of our pension code. The decision in the case *Rosario v. The Chicago Policemen's Annuity & Benefit Fund* has allowed officers with prior service as sworn County Law Enforcement to apply for this benefit. This is a departure from the Board's previous interpretation of section 214 (c), that the officer must be "on leave of absence from the department of police." Officers that do not fit the criteria for section 214 may still be eligible for pension portability. Pension portability means a service purchase of prior service time. However, Senate Bill 2520 mandates that the pension fund must not be impacted. Therefore, under Senate Bill 2520, an officer is required to pay his contribution, the city's contribution and the unfunded liability. Compare this with section 214, in which the city is responsible to pay its own contribution and the officer is responsible only for his own contribution, plus three percent compounded interest. In all instances, benefit requests must be heard by the board at a scheduled pension board meeting. Recently submitted hearing requests may take several months before they are placed on the agenda. During such time, please be patient with the pension board staff as they are working diligently to accommodate each officer's individual hearing request.

## ACTIVE OFFICERS

If you are planning on retiring, it is important to make sure your **Personnel Action Request (PAR) Form** and **Exit Interview** are completed correctly. Example; the retirement date on the PAR Form should read: **15 July 09 COB** (or Close of Business). The effective date would be **16 July 09**. Your retirement date should match the Last Day on Payroll date on the Exit Interview. Example, if your last day *‘working’* is July 12, but your last day on the *payroll* is July 15, you will need to place both dates on the Exit Interview.

If you are mandatorily retiring at Age 63, your birthday will be your retirement date. Even if you don't have to work on your 63<sup>rd</sup> birthday, you still get paid for the day. Therefore, if your birthday is July 17, your PAR Form should read: **17 July 09 COB**, and the Effective date would be **18 July 09**.

If you have any questions concerning the completion of your PAR Form and/or Exit Interview, please contact our office. To insure a smooth transition to retirement, both of these documents are required to retire and need to be correct.

## CORRECTION CORNER

In an effort to respond to certain rumors and misstatements, the Fund would offer the following brief comments.

- With regards to insurance rates and coverage, which are subject to change, there is no pending procedure which would seek to do away with employee/retiree health benefits
- Contrary to the oral or written comments of others the Fund has, and will continue in the interest of transparency and full disclosure, to respond to all proper Freedom of Information requests or subpoenas; the DV Urban investment, currently being discussed in the media, being no exception. The refusal to comply with an inspector general subpoena addressed the question of authority and did not have anything to do with refusal to supply information properly sought.
- The recently cited to appellate court decision does not provide prior service credit to all applicant police officers. The officers seeking prior service credit should discuss the facts of their particular prior services claim with an attorney of their choosing to determine if the Rosario decision is applicable to their claim.
- The Fund Trustees continue to discuss with the Chicago Police Department and the FOP matters intended to make an officer's application for a disability claim more streamlined and efficient. Efforts in this regard have currently shortened the time period from application to hearing.

**POLICEMEN'S ANNUITY AND BENEFIT FUND  
PENSION ADVISOR  
221 North LaSalle Street - Suite 1626  
Chicago, IL 60601**

221 N. LaSalle St.  
Suite 1626  
Chicago, Il. 60601  
Telephone: 312-744-3891  
(outside 312)  
1-800-656-6606

OFFICE HOURS:  
8:30 A.M. - 4:30 P.M.  
MONDAY – FRIDAY

Visit our website at: [chipabf.org](http://chipabf.org)

**John J. Gallagher, Jr.**  
Executive Director

**Samuel Kunz**  
Chief Investment  
Officer

**Charles McLaughlin**  
Comptroller

**Sonny Panaligan**  
Assistant Comptroller

**RETIREMENT BOARD**

**Robert F. Reusche**, President  
(Appointed Member)

**Kenneth Hauser**, Vice-  
President (Elected Member)

**Michael Lazzaro**, Recording  
Secretary  
(Elected Member)

**Stephanie D. Neely**,  
Trustee  
**City Treasurer**,  
(Appointed Member)

**Gene Saffold**, Trustee  
City Chief Financial  
Officer  
(Appointed Member)

**Steven J. Lux**, Trustee,  
City Comptroller  
(Appointed Member)

**James P. Maloney**, Trustee  
(Elected Member)

**Michael K. Shields**,  
Trustee  
(Elected Member)