SINGLE SUM DEATH BENEFIT. A lump sum death benefit is payable upon the death of an employee in service. The amount payable is as follows:

- $ 3,000 benefit during the first year of membership
- $ 4,000 benefit during the second year of membership
- $ 5,000 benefit during the third year of membership
- $ 6,000 benefit during the fourth through ninth year of membership
- $10,000 maximum benefit after 10 or more years of service

Upon retirement, the $10,000 maximum benefit is reduced to $6,000 if death occurs during the first year of retirement. Thereafter, it is reduced by $1,500 for each year or fraction of a year while on retirement, but shall not be less than $3,000. Upon retirement with less than 10 years of service the death benefit payable is the amount shown for the years of membership less $1,500 for each year or fraction of a year while on retirement, but shall never be less than $3,000.

The death benefit is payable to a surviving spouse. If there is no surviving spouse, it is payable to a designated beneficiary and if there is neither a surviving spouse nor a designated beneficiary, it is payable to the employee's/annuitant's estate. Please note, by statute, no death benefit is payable unless application for the annuity was made within 60 days from the date of withdrawal from service.

SICK BENEFIT. This benefit is payable to an employee medically certified as disabled after eight (8) consecutive days' absence without pay, who was in actual service or salary status prior to the disability. Payment begins subsequent to the completion of the required form from the first day of sickness. The payment is 45% of salary. In addition, a credit is made to the employee's pension account of an amount equal to the pension contribution the employee would have made while working. The benefit is payable for a period of time not to exceed ¼ of the employee's credited service or 5 years, whichever is less. (Note: An employee who is out of pay status for more than 30 days and reenters service will not qualify for disability benefits for 6 months unless he or she was qualified to receive the benefit for a disability that occurred before he or she left service).

DUTY DISABILITY BENEFIT. A disability benefit is payable upon an injury incurred while on duty with the Park. An employee is entitled to 75% of salary from the first day of absence without pay. In addition, the pension contribution account is credited with the amount the employee would have contributed while at work. The employee shall also receive an additional benefit of $20 per month for each eligible minor child. The combined payments together with the pension credit may not exceed the monthly salary rate at date of disability. This benefit is payable during disability until the employee attains age 65 if disability is incurred before age 60 or for 5 years if disability is incurred at age 60 or older. The total benefit is reduced by any workmen's compensation payments received by the employee. When a worker's compensation lawsuit is filed, the disability benefit payable by the Fund will be suspended. However, the applicable pension contribution will be posted to an employee's contribution account during this period of time. Upon settlement of the lawsuit, all unpaid accrued benefits will be paid to the member if the terms fall outside the Fund's workers' compensation offset provision.

DUTY DISABILITY DEATH BENEFIT. Upon the death of an employee resulting from an accident incurred in the performance of duty, the surviving spouse is entitled to a benefit of 50% of salary and a monthly payment of $100.00 is made for each unmarried minor child under 18. The combined payments to a family may not exceed 75% of the employee's final salary, reduced by Workmen's Compensation payments. Pension credits for the regular pension to a spouse continue to accumulate during the period of payment of the duty disability death benefit.

DISABILITY BENEFITS SALARY LIMITATION. Tier II employees are subject to a salary limitation with respect to the calculation of disability benefits. For purposes of determining disability benefits, annual salary is limited to $106,800.00 in 2011, to increase annually by the lesser of 3% of the prior year's limitation or ½ of the annual unadjusted percentage increase (but not less than zero) in the Consumer Price Index-U.

PENSION CREDIT FOR OTHER RETIREMENT SYSTEMS, MILITARY SERVICE OR FEDERAL GOVERNMENT SERVICE. An employee who has accumulated pension credit with another retirement system covered by the State of Illinois' Reciprocal Act may make use of this credit for pension purposes. Also, an employee may purchase additional pension credit for military service and/or periods of employment by the United States Federal Government. Contact the Pension office for additional information regarding these credits.

QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDER (QILDRO). Effective July 1, 1999, the Fund recognizes QILDRO's that permit an alternate payee to receive a portion of a member's pension benefits. Specific rules must be followed to properly effect a QILDRO. Contact the Pension Office for additional information regarding the processing of a QILDRO.

BEFORE YOU RETIRE, PLEASE CONSIDER:

- Changes in Federal tax laws are continually being made that could affect the taxability of your pension.
- The deferred compensation plan through the Chicago Park District could enhance your final retirement figures.
- Will you be eligible for Social Security? Will you be subjected to the Windfall Elimination and/or Pension Offset provisions?

These and many other issues will impact us when we retire and should be investigated well in advance of retirement. Do not hesitate to contact our office for any questions you might have. The Fund will continue to provide you with accurate information and give you direction to attain the answers you need for your retirement.

PRINCIPAL PROVISIONS of the PARK EMPLOYEES' PENSION PLAN

A summary of the main features of the pension plan in effect for the employees of the Chicago Park District.

The Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") was established by the Illinois Legislature in June of 1919 and has added numerous provisions since its inception.

The official plan document that legally governs the operation of the Fund is found in the Illinois Compiled Statutes, Act 5 of Chapter 40, Article 12. A copy of the law is on file in the Fund office. If there is any variance between Article 12 and this summary, Article 12 will control.

SEPTEMBER 1, 2011

PARK EMPLOYEES' ANNUITY AND BENEFIT FUND

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PRINCIPAL PROVISIONS OF THE
PARK EMPLOYEES' PENSION PLAN

MEMBERSHIP. Any person who becomes an employee of the Chicago Park District ("Park") is required to be a member of the Fund as a condition of employment provided they are hired for a position, which is filled 6 months or more. An employee hired before January 1, 1992 may contribute for the waiting period after 10 years of service or after attaining age 60, whichever first occurs. In 2010 the Illinois Legislature created a 2 Tier Benefit System. Employees hired prior to January 1, 2011 are Tier I employees. Employees hired on or after January 1, 2011, AND HAVE NOT BEEN A CONTRIBUTING MEMBER PRIOR TO JANUARY 1, 2011, IN THIS FUND OR ANY RECIPROCAL FUND IN ILLINOIS, are Tier II Employees.

CONTRIBUTIONS BY EMPLOYEES. A contribution of 9% is deducted from a participant's gross salary. 7% is allocated to an employee for retirement pension; 1% for the surviving spouse's pension; 1% for the post retirement increase in the retirement pension. A deduction of $3.60 per month is also taken for the Single Sum Death Benefit. Tier II employees have a salary limitation that is in accordance with the Consumer Price Index-U, up to which contributions are taken. The current salary limitation is $106,800.00. The 9% contributions are excluded from the employee's gross taxable income. Federal income tax is deferred until the employee receives retirement benefits, obtains a refund after withdrawal from service or upon the death of an employee or an annuitant. Retirement and surviving spouse's pensions are not currently subject to Illinois state income tax.

CONTRIBUTIONS BY EMPLOYER. The contributions by the public for the financing of the Fund are related to employees' contributions and are provided by a separate tax levy. The tax revenues along with employee contributions and income from investments are used to cover the total cost of the prescribed benefits.

REFUND OF CONTRIBUTIONS. An employee who terminates Park employment before qualifying for a pension is entitled to a refund of employee contributions only, without interest. The refund is payable to an employee who withdraws before age 55, regardless of length of service. It is also payable to an employee who withdraws after age 55 and before age 60 with less than 10 years of service and to an employee who withdraws at age 60 or over with less than 5 years of service. An employee not meeting these conditions has no right to a refund and must accept a pension. When an employee elects to receive a refund of contributions, as opposed to a rollover to an IRA or another qualified plan, the taxable portion is subject to 20% federal tax withholding and is to be treated as ordinary income in the year received. Furthermore, if the recipient is under age 59½ the refund can be subject to a 10% penalty. If an employee elects a rollover of the taxable portion to an IRA or another qualified plan, the refund is not subject to 20% withholding and tax liability is deferred until a later date. Employer contributions and interest are not refundable. An employee who is unmarried at the date of retirement is entitled to a refund of the full amount contributed for the spouse's pension, without interest, and is subject to the above mentioned elections and conditions.

MEMBERSHIP RECORD. Each participant must file with the Fund a membership record showing date and place of birth, marital status and family information, such as name of spouse and names and dates of births of children. This is a basic membership record and must contain accurate information.

BENEFICIARY. A participant should name a beneficiary or beneficiaries to receive a refund of the employee's pension contributions and the Single Sum Death Benefit in the event of death. A Designation of Beneficiary form is attached to the Membership Record. This form may be obtained from the office of the Fund or the Fund's website. If a participant is married at the date of death, by law, the surviving spouse is entitled to a spouse's pension and the Single Sum Death Benefit. If there is no surviving spouse or designated beneficiary, payment will be made to the employee's estate. PLEASE UPDATE YOUR DECISION IN THE EVENT OF YOUR MARRIAGE, DIVORCE, OR THE DEATH OF YOUR BENEFICIARY.

COMPUTATION OF PENSION CREDIT. Generally, under the pension law, 9 months or more of service during a fiscal year (July 1 to June 30) are counted as one year of service; 6 to 8 months inclusive, ¾ of a year; 3 to 5 months inclusive, ½ of a year; less than 3 months, ¼ of a year; with 15 days or more during a month counted as a month of service.

RETIREMENT PENSION. An employee must make an application for pension with the Fund in order to receive any benefits. An employee who was a participant before July 1, 1971, is entitled to a retirement pension which is based upon the larger of the two methods shown below:

MONEY PURCHASE PLAN. Takes into consideration the employee and employer contributions improved with interest to the date of retirement, and then divided by an actuarial life expectancy factor.

FIXED BENEFIT FORMULA. The current percentage rate that applies to all credited years of service is 2.4. This applies to all retirements (or termination from service) on or after Dec. 31, 2003. The 2.4% will be multiplied by the member's years of service to formulate an overall pension rate (the maximum being 80% with 33.5 years of service). This total percentage (years of service multiplied by 2.4) will be applied to the "final average salary".

The following illustrates the specific pension requirements:

	Tier I	Tier II
Retirement Eligibility -Minimal	10 years of service and 50 years of age.	62 years of age with 10 years of service (Discount applies regardless of years of service if under age 67).
	5 years of service and 60 years of age.	
	Mandatory pension benefit applies if over age 55 with 10 or more years of service (Discounted if under age 60).	
-Full	Age 60 or over with 10 years of service, or age 50 or over with 30 years of service.	Age 67 or over, with 10 years of service.
	Maximum pension being 80% of average salary.	Maximum pension being 80% of average salary.

	Tier I	Tier II
Average Salary Computation	Based on the highest 48 consecutive months over the last 10 years of service.	Based on the highest 96 consecutive months over the last 10 years of service.
Computation of Discount	If retiree is under age 60 with less than 30 years of service, a discount of 1/4 of 1% for each month retiree is under age 60.	If retiree is under age 67 a discount of 1/2 of 1% for each month retiree is under age 67.
Salary Limitations	Total gross salary received, exclusive of overtime or F-time or V-time are used in the computation of average salary.	The earnings for pension calculation purposes are limited to $106,800 in 2011, to increase annually by the lesser of 3% of the above amount or 1/2 of the annual unadjusted percentage increase in the Consumer Price Index-U (calculated yearly).

An illustration of the formula for certain periods of service follows, and can be used to calculate a pension benefit for Tier I or Tier II employees:

Years of Service and Monthly Rates of Pension

Final Average Salary Monthly	10 yrs 24.0%	15 yrs 36.0%	20 yrs 48.0%	25 yrs 60.0%	30 yrs 72.0%	33.5 yrs or more 80.0%
$1,000	$ 240	$ 360	$ 480	$ 600	$ 720	$ 800
1,500	360	540	720	900	1,080	1,200
2,000	480	720	960	1,200	1,440	1,600
2,500	600	900	1,200	1,500	1,800	2,000
3,000	720	1,080	1,440	1,800	2,160	2,400
3,500	840	1,260	1,680	2,100	2,520	2,800
4,000	960	1,440	1,920	2,400	2,880	3,200
5,000	1,200	1,800	2,400	3,000	3,600	4,000
6,000	1,440	2,160	2,880	3,600	4,320	4,800
7,000	1,680	2,520	3,360	4,200	5,040	5,600
8,000	1,920	2,880	3,840	4,800	5,760	6,400

MINIMUM RETIREMENT PENSION. The minimum monthly pension payable is $100.00. This minimum is payable for a temporary period depending upon the total contribution credits from the employee's contributions plus those made by the employer, and the age of the employee at retirement. This does not apply to reciprocal annuities.

POST RETIREMENT INCREASE IN RETIREMENT PENSION. Any employee receiving a lifetime benefit will be entitled to an annual increase based on the annuity granted at the time of retirement. Based on the Tier of a participant, the specifics of post retirement increases are as follows:

	Tier I	Tier II
Eligibility for Annual Increase	Age 60 or over.	Age 67 or over.
	Age 60 with at least 30 years of service.	
Requirement	Payable following the first 12 months of benefits on either the next January or July.	Payable following the first 12 months of benefits on the next January.
Rate	3% of granted annuity (fixed).	Not to exceed 3% of granted annuity and subject to 1/2 of the unadjusted percentage increase in the Consumer Price Index-U (calculated yearly)

SURVIVING SPOUSE'S PENSION. A surviving spouse is the husband, wife, or any party to a civil union of an employee on the date of retirement and/or death, if death occurs prior to retirement. The surviving spouse is entitled to a pension upon the death of an employee while in service or on retirement. Based on the Tier of a participant/annuitant, the specifics of the surviving spousal pension are as follows:

	Tier I	Tier II
Passing of Annuitant - Less than 20 years of service	Spouse is entitled to the lesser of: • A money purchase calculation. • 50% of highest salary. • 75% of granted pension.	66 2/3% of the benefit being received by the participant/annuitant at date of death.
- 20 or more years of service	The greater of the above computed entitlement or 50% of the annuitant's benefit at time of death.	
Passing of employee	See computation for "Passing of Annuitant", with possible reductions due to age of surviving spouse.	66 2/3 of the annuity earned by the member at date of death, without a reduction due age of surviving spouse.
Annual increases	3% compounded increase at each January, subsequent to one full year after the date of death of the participant or annuitant.	The lesser of 3% or 1/2 of the annual unadjusted percentage increase in the Consumer Price Index-U (not less than zero)

CHILDREN'S PENSIONS. Unmarried children under the age of 18 of a deceased employee having at least 2 years of service are entitled to a pension. If one parent is living, the pension is $100.00 per month. If no parent survives, the pension for each child is $150.00 per month. The total amount payable to a surviving spouse and/or children may not exceed 60% of the employee's final salary except where the employee's death resulted from death on duty.