



Spring 2023 REPORT TO PARTICIPANTS

ABOUT THE FIREMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO

The FABF Fund office is open Monday through Friday 8:00 AM to 4:00 PM excluding holidays. Members and guests are welcome.

Monthly Retirement Board meetings are typically held on the third Wednesday of each month, 8:30 AM at the Fund office. Members and the public are welcome to attend.

ELECTED TRUSTEES

DANIEL A. FORTUNA
Annuitant Trustee, President

ANTHONY MARTIN
Active Trustee, Secretary

ZACHARY PENTEK
Active Trustee

MICHAEL FLISK
Active Trustee

EX-OFFICIO TRUSTEES

ANNA VALENCIA
City Clerk, Vice-President

MELISSA CONYEARS-ERVIN
City Treasurer

RESHMA SONI
City Comptroller

MARY SHERIDAN
First Deputy Fire Commissioner

A MESSAGE FROM THE FUND PRESIDENT:

As Board members, we are committed to prudent oversight of the Fund and ensuring that participants have the necessary information to assist in their transition from active employment to retirement. We also work to inform and educate participants on current issues and developments that potentially impact our Fund and members' benefits. As such, we are resuming our efforts to provide a topical monthly Secretary's report, spring and fall participant reports, as well as semiannual pre-retirement seminars. We have scheduled the Fall Pre-Retirement Seminar for September 23, 2023. If you are approaching retirement, I encourage you to attend.

We are aware that difficult funding decisions have been made in the past, and to resolve our financial challenges the new Mayor and Legislature will likely need to make additional difficult decisions to strengthen the financial integrity of the Fund. We are grateful to the City Administration and the Chicago Firefighters Union Local 2 for their efforts towards identifying additional revenue sources and seeking permanent solutions to address the financial health of the Fund. We ask the new City Administration and the Legislature to continue those efforts. The Board would also like to extend a thank you to the citizens of Chicago for their continued support of our members.

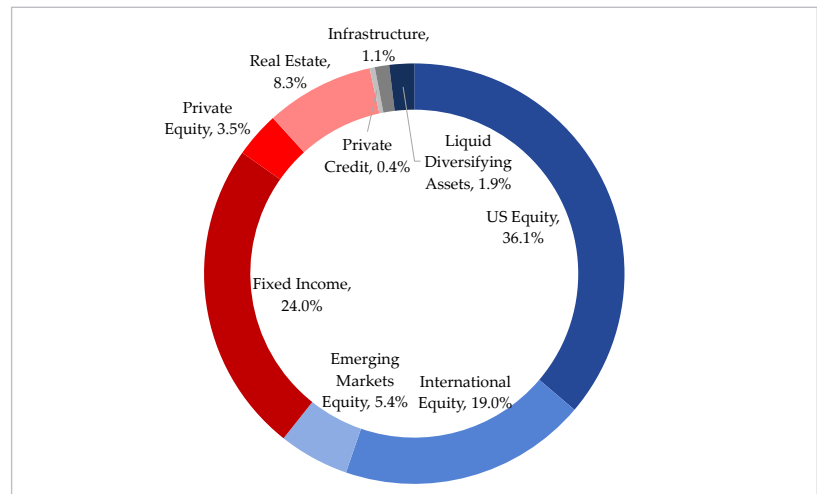
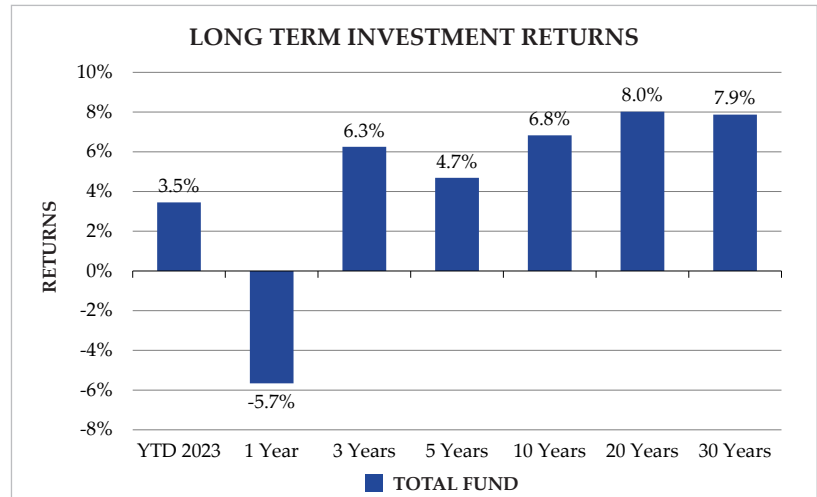
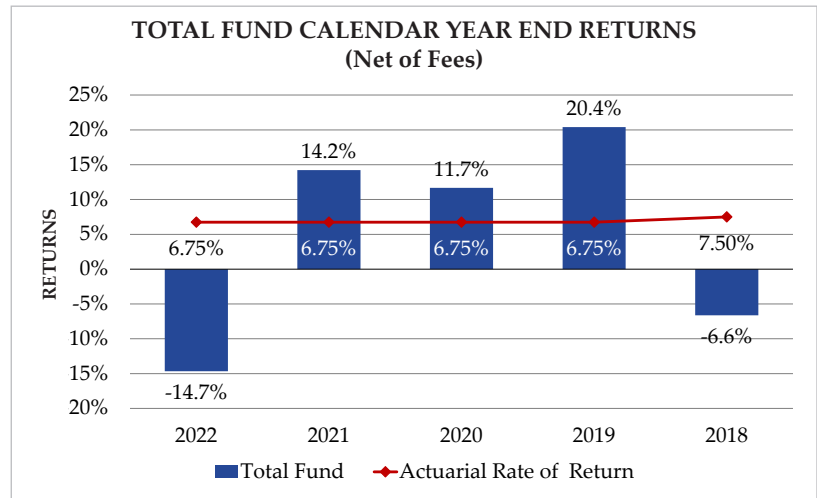
On the morning of April 4th, we lost Firefighter Jermaine Pelt, who died in the line of duty battling a predawn house fire on the city's South Side. On the morning of April 5th, we lost another firefighter in the line of duty, Lieutenant Jan Tchoryk, battling a high-rise fire uptown. On behalf of the entire Board, we extend our condolences to the families and companies for their loss and recognize the selfless courage each displayed. I, personally, see many of my colleagues in the memorial section in this report, which reminds me of the courage and sacrifice each of us make over a career with the Chicago Fire Department. In memory of all members who have passed, those daily sacrifices and routine acts of courage are not forgotten.

Fraternally,
Daniel Fortuna, President

Please consider a donation to EWWQ. Your support through a payroll deduction, annuity deduction, or direct contribution by check, or on-line goes directly to provide financial assistance to qualifying minor children upon death of an active member, and annually to the neediest widows and orphans of the members of the Chicago Fire Department. Our website is widowsandchildren.org, all donations are appreciated.

INVESTMENT REVIEW

- For 2022, the Firemen's Annuity and Benefit Fund ("Fund") ended the year down -14.7%. The year 2022 was unique as record levels of inflation caused central banks to react aggressively and to rapidly raise interest rates, leading to recession fears and elevated volatility in equity and fixed income markets. 2022 will be remembered as a year that diversification didn't work as both equity and fixed income markets declined together. Although 2022 was a challenging year, it is helpful to remember that the Fund earned strong returns in the preceding years, as illustrated in the chart. The Retirement Board ("Board") has weathered periods of challenging returns in the past and maintains a long-term perspective in managing the Fund's investments.
- Turning to 2023, the Fund is up 3.5% for the year-to-date period ending February 28, 2023. This initial positive return reflects hope that central banks will slow the interest rate increases that challenged financial markets in 2022. But, looking ahead, financial markets are expected to be turbulent as businesses and households adjust to higher costs due to inflation and higher interest rates. No one knows exactly how 2023 will evolve, but it is important to remain invested and focused on the long-term. Looking at the Fund's long-term returns, over the 10-year, 20-year and 30-year time horizons, the Fund's investments remain solidly in positive territory, exceeding the current actuarially required rate of return of 6.75%.
- The Fund's returns are primarily driven by allocations to a variety of asset classes such as equities, fixed income, real estate, etc. This mix of asset classes is known as the Fund's Policy Target and is set by the Board in consultation with its investment consultant. The Fund's Policy Target is the mix of assets that targets the highest return possible while incorporating risk, Fund liquidity needs, and funding legislation. The Fund's asset class weights as of February 28, 2023 are shown to the right.
- With the support of its investment consultant and its Chief Investment Officer, the Board periodically reviews the Policy Target, focused on identifying potential opportunities to enhance the Fund's future returns and improve diversification. During 2022, the Board completed two investment manager searches to find investment managers to manage an infrastructure portfolio and a private credit portfolio. As a result of successful searches, the Board will be adding four new investment managers to the portfolio in 2023.



- Historically, the Fund has faced considerable challenges given its underfunded status. The funding challenges have been alleviated with the passage of Public Act 99-0506 which requires employer contributions to be based on actuarial calculations with a goal to be 90% funded by 2055. Contributions under this legislation should result in a small but steady improvement in funded status in the coming decades. Meanwhile, the Board will continue to adhere to the long-term investment objectives as stated in the Fund's Statement of Investment Policy: to obtain the highest return possible, while at the same time managing risk. The Board's commitment to a long-term investment strategy has resulted in significant investment gains over the years and served to counter the headwind generated by inadequate funding. The Board will continue to ensure that contributions are received as required and will prudently manage the investments to ensure the benefits that are earned by participants are paid.

2022 IN MEMORIAL

NAME, DATE OF DEATH

SCOTT R. ACHEL, 2/27/2022	KEVIN J. DOHERTY, 6/4/2022	GREGORY OLEJNICZAK, 5/12/2022
KEVIN J. ALLEN, 4/7/2022	THEODORE DOLIBOIS JR, 11/11/2022	DANIEL R. ORSESKE, 11/9/2022
RICHARD D. ANDERSON, 10/3/2022	JOSEPH FELICICCHIA, 3/20/2022	HAROLD PENMAN, 12/9/2022
ROBERT B. ANDERSON, 7/22/2022	KEVIN A. FITZPATRICK, 5/30/2022	GEORGE S. POLSON, 1/20/2022
THOMAS P. ANDERSON, 8/21/2022	THOMAS J. FLAHITE, 8/2/2022	DONALD R. RANOS, 4/8/2022
NADA A. AUGLE, 7/29/2022	FRANCIS P. FOLEY, 7/19/2022	DONALD L. REYES, 12/1/2022
LOUIS W. AUMANN, 6/11/2022	GREGORY S. FOX, 1/16/2022	RAYMOND C. RIORDAN, 4/22/2022
JOHN BAHWELL, 6/18/2022	EDWARD F. FREEMON, 11/15/2022	NICHOLAS RUSSELL, 7/29/2022
CHARLES C. BAILEY, 2/27/2022	WILLIAM H. GADE, 2/6/2022	JOHN J. RZONCA, 2/21/2022
ARTHUR J. BARNINGS, 5/30/2022	EDWIN W. GIBBONS JR, 8/7/2022	FRANK SAITTA, 2/17/2022
GEORGE W. BEARY, 7/30/2022	NANCY T. GILL, 9/1/2022	DONALD B. SALZMAN, 11/20/2022
ANTHONY R. BEDALOW, 12/1/2022	MICHAEL W. GOEWY, 6/24/2022	MARK SANCHEZ, 11/9/2022
TIMOTHY A. BIEL, 5/4/2022	ANTHONY P. GUSICH, 1/11/2022	JOSEPH A. SCHEIBENREIF, 4/17/2022
PETER S. BIONDO, 7/31/2022	LAWRENCE GUZICK, 1/28/2022	EDWARD J. SCHUBERT, 9/8/2022
ALBERT C. BLISSITT, 1/24/2022	KARLA N. HARKNESS, 3/5/2022	JOHN J. SEBESTA, 5/22/2022
CHARLES P. BOYD, 1/26/2022	LEONARD C. HAWKINSON, 11/23/2022	MICHAEL J. SHEEHAN, 1/20/2022
WILLIAM D. BOYLE, 9/30/2022	LAWRENCE A. HAYNES, 1/11/2022	JOHN R. STAIB, 2/23/2022
ROBERT J. BROWN, 3/19/2022	WILLIAM J. HOWE, 10/19/2022	CHARLES J. STEWART, 10/25/2022
PIERCE J. BUCKLEY, 7/16/2022	JOHN J. HUGHES, 3/10/2022	RICHARD J. STURM, 1/30/2022
RICHARD W. BUESCHEL, 8/24/2022	THOMAS E. HUGHES, 7/8/2022	MICHAEL J. SULLIVAN, 11/21/2022
DENNIS M. BURNS, 2/24/2022	THOMAS J. JACQUES, 2/5/2022	FRANK V. SUPERGAN, 2/23/2022
ROBERT F. BYRNES, 7/27/2022	JOSEPH R. JAMEN, 10/2/2022	GARY J. TAYLOR, 8/11/2022
MICHAEL J. CAHILL, 12/24/2022	LESTER A. JOHNSON, 1/12/2022	CHARLES N. TAYLOR, 3/3/2022
DENNIS J. CAHILL, 9/15/2022	JAMES M. KEATING, 12/14/2022	NICHOLAS A. TRAGOS, 6/28/2022
MICHAEL A. CARBONE, 11/13/2022	JOHN R. KUNGIS, 10/2/2022	F. A. VANDORPE, 11/5/2022
FRANCIS J. CASEY, 8/4/2022	DONALD LEIGH JR, 9/22/2022	RICHARD J. VANOVERMEIREN, 8/21/2022
ROBERT CAVANAUGH, 8/27/2022	DAVID J. LOZEAU, 7/5/2022	FREDERICK A. VIVERITO, 11/26/2022
DONALD A. CHABALA, 11/2/2022	JACK A. LUMSDEN, 12/30/2022	ROBERT C. WALSH, 3/14/2022
FRANCIS J. CHAMBERS, 9/8/2022	WILLIAM P. LYNCH, 4/6/2022	RICHARD J. WALSH, 7/29/2022
BOYCE R. COLEMAN II, 2/2/2022	LAWRENCE W. MAHLER, 8/8/2022	DAVID L. WALTON, 10/20/2022
MICHAEL E. CONCANNON, 12/25/2022	WILLIAM G. MINOGUE, 4/27/2022	JESSE E. WARFIELD, 11/27/2022
CHARLES CONRAD, 2/21/2022	HENRY R. MORAN, 7/7/2022	SCOTT WHITE, 6/25/2022
PATRICIA R. CONWAY, 10/3/2022	QAE-DAH MUHAMMAD, 8/7/2022	PATRICK WIETLISPACH, 10/20/2022
FRANK T. COPPOLILLO, 6/24/2022	PATRICK MULLAGHY, 3/8/2022	EDWARD WILBUR, 11/9/2022
JAMES B. CUMMINGS, 2/18/2022	ROBERT J. NEGOSKI, 1/18/2022	ALLEN M. WILLIAMS, 10/26/2022
THOMAS J. CUNNANE, 4/9/2022	LOUIS NISIVACO, 7/3/2022	ROBERT E. WOOD, 4/16/2022
JOSEPH R. DANDREA, 12/13/2022	JACK R. NOE, 12/13/2022	STEVEN M. ZAMBELLO, 9/3/2022
LAWRENCE H. DANIELS, 4/17/2022	JAMES R. O'BRIEN, 10/31/2022	ROBERT P. ZEUTSCHEL, 6/22/2022
HAROLD G. DENIS, 2/28/2022	CHARLES W. O'CONNELL, 9/9/2022	
WILLIAM R. DILLON JR, 1/6/2022	THOMAS F. O'HARA, 4/25/2022	



The Retirement Board of
the Firemen's Annuity &
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CHANGE OF ADDRESS

All retired participants that move, even temporarily over winter or summer, are required to complete a change of address form. The required forms can be located on our website at FABF Print Forms or you can call the Fund Office at 312-726- 5823 and a form will be mailed to you. In addition, you can now elect to complete the form digitally through the Adobe Sign and ID.me verification process, please click the link FABF Electronic Forms at fabf.org to learn more.

FUND OPERATIONS UPDATE FROM THE SECRETARY:

The Board Secretary's responsibility includes acting as the Board's liaison with the Fund regarding staffing and benefit operations. The Fund currently budgets for 16 full-time professionals with 3 part-time or contract support positions. Currently, we have two full-time positions open; job descriptions for those two open positions are available on our website. Please encourage anyone you know that may be interested and qualified to submit their resume.

Our Fund supports the retirement security of over 10,000 members: 4,759 active, 143 inactive, and 5,300 retirees and beneficiaries. Noted in the Fund Summary for December of 2022, there were 167 service retirements, 1 ordinary disability, 8 occupational disabilities, 25 duty disabilities, and 73 widow and child annuities granted in 2022. Our regular meetings, typically the third Wednesday of the month, are open for all to attend. Check our website to review the posted Agenda for upcoming meetings, and the Summary which is provided for each past meeting.

Some members have expressed concerns about their retirement security. The historical problem of relying on a multiplier for Employer Contributions was addressed in 2010, with statutory mandated actuarial funding agreed to and a subsequent funding schedule being passed into law and implemented in 2016. Since the enactment of this change, Employer Contributions have increased from approximately \$100 million to \$430 million by 2024. Even with the increase in contributions required by the actuarial based funding change, the city has paid the statutory required contributions in a timely manner.

While a low funding ratio may indicate a red flag or cause for concern, the most impactful solution of actuarial funding has been implemented. As we move closer to 2055, our targeted 90% funded date, we should continue to see improvements in the financial health of the Fund. For those that remain skeptical, Article XIII - Section 5, of the Illinois Constitution protecting public pensions and all the legal battles enshrined in Illinois case law, demonstrate the historical resolve on the part of the judiciary to uphold the Illinois Constitution and protect benefits. We will remain vigilant with the new Administration to continue the path of statutorily required funding to secure our earned benefits.

As your Board Secretary, I and Fund staff are available to address questions or concerns you may have about Fund operations or any future Fund service enhancements you would like considered.

Fraternally,
Anthony Martin
Secretary and Active Firefighter Trustee

FUND OVERVIEW

The Firemen's Annuity and Benefit Fund of Chicago (the Fund or FABF) was established in 1887 and since 1931 has been governed by the Illinois Pension Code. The Illinois Legislature is the only entity that can amend the Fund's structure. The Fund was created for the purpose of providing retirement, disability, death, and survivor benefits for employees of the City of Chicago (City) employed under the provisions of the Municipal Personnel Ordinance as fire service and for the dependents of such employees. Employees that pay into the Fund under their covered employment are exempt from Social Security. Employees hired after 1986 are covered by Medicare. The Fund does not provide healthcare benefits. Chicago Firefighters Union, Local 2, provides a retiree advocate to support healthcare questions for members approaching and in retirement.

The Fund has statutorily defined contribution minimums that come from two sources. Covered employees contribute 9.125% of their salary to the Fund, and the City of Chicago makes annual contributions based on a statutorily prescribed actuarial basis sufficient to produce a funding level of 90% by the year ended December 31, 2055. The City's contribution amount for payment year 2023 is \$399,860,000, and for payment year 2024, \$429,101,178. All contributions due and owing from the City for payment year 2022, \$368,401,000, have been collected by the Fund. The City contributed in January of 2023 an additional payment of \$38.72 million allocated from the 2023 budget year and is separate from, and in addition to, the City's statutorily required contribution due and owing from the City in payment year 2023.