The Retirement Board of the FIREMEN'S ANNUITY & BENEFIT FUND *of Chicago*

Fall 2025

REPORT TO PARTICIPANTS

A MESSAGE FROM THE FUND PRESIDENT

As we approach the end of another year, I want to take a moment to share a few important developments that have shaped our Fund over the past several months. This fall, we held elections for both the Active Member and Annuitant Member Trustee positions. I'm pleased to report that Secretary Zachary Pentek was affirmed as the winner of the Active Member Trustee Election. I was honored to be re-elected as your Annuitant Member Trustee. Thank you for your continued trust and support.

Two important pieces of legislation were signed into law this summer: Public Act 104-0065 (HB 3657) increases the annual salary cap for Tier 2 members and enhances survivor benefits for eligible spouses and children, and Public Act 104-0248 (HB 3193) designates breast cancer as a presumptive occupational disease for firefighters. These changes mean Tier 2 members will see increased salary caps and enhanced survivor benefits, while firefighters affected by breast cancer will have further disability protections. The Fund issued a summary overview and guidance on these changes, which is available on our website at fabf.org.

Our Fund's financial health remains strong. The Board reviewed and accepted the results of the Annual Audit conducted by Legacy Professionals, LLP, which confirmed the accuracy and integrity of our financial statements for 2024. Additionally, the Actuarial Valuation Report prepared by Segal was reviewed and accepted. Following the acceptance of the Actuarial Valuation Report, the Board passed a resolution for the City's 2026 employer contribution of $443.4 million, payable in 2027. Contrary to recent editorials, no loan was made or has ever been made by the City to the Fund. Any money advanced by the City is money due and owing to the Fund as part of the City's statutorily required annual contribution.

Beginning in 2026, Northern Trust will begin providing monthly annuity disbursements. Members should anticipate no change in the timing of direct deposits. Northern Trust will also offer online access to 1099R forms and monthly statements for the 2026 tax year. The Fund office will continue to provide member services including address, direct deposit, tax deduction changes, etc. Please make sure to keep your address up to date with the Fund! Remember 1009R forms will be mailed to the current address on file.

We're excited to announce that our Spring 2026 Pre-Retirement Seminar will be held at Guaranteed Rate Field (Sox Park) on April 11, 2026. This event will provide valuable guidance for members preparing for retirement. Please register early by emailing seminar@fabf.org.

We extend heartfelt thanks to the Marcella L. Mulhern Trust for the extraordinary donation of $148,690 to the Widows and Children's Fund (EMWQ). This generous gift supports our mission and the families we serve. We salute the firefighters, paramedics, retirees, and community members who continue to give so selflessly.

As we gather with loved ones this Thanksgiving, I encourage everyone to take time to reflect, recharge, and reconnect. Your continued engagement and support make our Fund stronger. On behalf of the Retirement Board, I wish you and your families a joyful and safe holiday season.

Fraternally,
Daniel Fortuna
Annuitant Trustee / Fund President

HAPPY HOLIDAYS

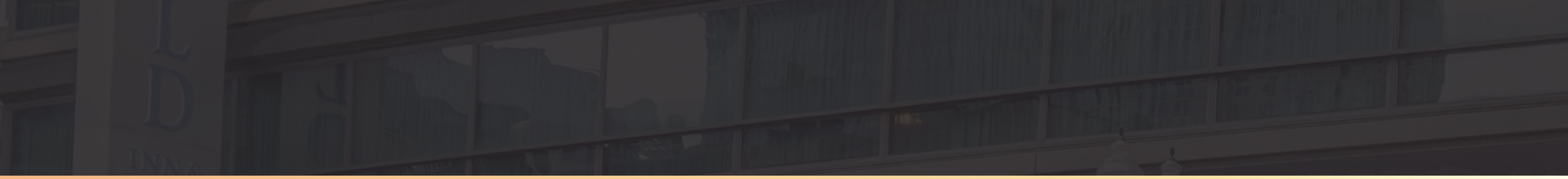
On behalf of the Retirement Board and Staff, we would like to wish all of you and your families a Happy Holiday Season and Happy New Year. Our sincere condolences to those who have become ill or may have lost loved ones in 2025. We are grateful every day for the efforts and sacrifices our members make to keep the citizens of the City of Chicago safe.

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.

Contact Us: info@fabf.org
Web: www.fabf.org



INVESTMENT REVIEW FROM THE INVESTMENT COMMITTEE

The bull market in global equities has continued into 2025. U.S. equities posted robust year-to-date gains through September with the S&P 500 up 14.8%. International markets outpaced the U.S. with the MSCI All Country World Index up 26% through September. Regarding fixed income markets, short-term rates have come down as the fed continued its easing cycle started in December 2024, lowering rates by 0.75% to 3.75%-4.00% through the last cut in October. Longer term rates have come down slightly; however, persistent inflation has kept longer term rates elevated.

The Fund's investment results have been strong in the current market environment thus far in 2025. The year-to-date Fund return as of September was +12.12%*. Long-term 10-year performance of 8.43%, net-of-fees, exceeds the Fund's actuarial assumed rate of return at 6.75%. The returns remain favorable versus peers besting the Callan Public Fund Peer Group median by 0.70% to date and put the FABF in the top 33% of its peers.

In addition to monitoring performance, the Board remains committed to a long-term strategic mix of assets which seeks the highest return on investments within corresponding acceptable levels of investment risk, while meeting liquidity needs. Accordingly, the Board approved several strategic changes to the investment portfolio in 2025. Early in the year, we wrapped up the restructuring of the fixed income portfolio, introducing two new managers to the portfolio offering broader diversification and opportunity for increased returns. In addition to the work done on the fixed income portfolio, we continue to build out the Fund's allocation to infrastructure and private credit, and it is anticipated that we will add up to a 2.5% allocation to non-core real estate in early 2026.

*Returns are preliminary, gross of fees, and as of 9/30/2025. Subject to change

Fraternally,
Daniel Fortuna
Investment Committee Chair

REVIEW OF FIDUCIARY NET POSITION

CONDENSED SCHEDULES OF FIDUCIARY NET POSITION ($ millions)

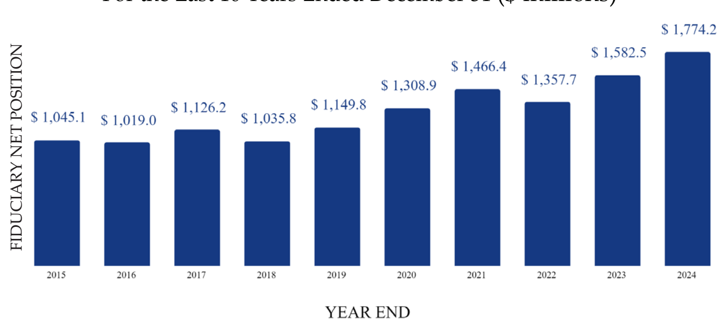
	2024	2023	2022
Total assets	$1,874.1	$1,646.2	$1,456.3
Total liabilities	99.9	63.7	98.6
Ending fiduciary net position	$1,774.2	$1,582.5	$1,357.7

The Fiduciary Net Position equals a year-end snapshot of the difference between Fund total assets over total current liabilities on December 31. The fiduciary net position represents the assets available for future pension benefits. Investments, at 70.5% of total assets, and employer contributions, at 23.8% of total assets as of December 31, 2024, make up the largest portion of Fund's net position.

As of December 31, 2024, FABF has $1.77 billion to pay future pension benefits. The Fund's net position increased by $191.8 million in 2024, due to strong market returns. The Plan recovered strongly from 2022 losses, achieving consecutive positive years in 2023 at 14.5% and 2024 at 9.2%. 2024 return of 9.2% exceeded the long-term expected rate 6.75%, indicating a solid investment year despite declining from 2023.

A DECADE OF GROWTH

For the Last 10 Years Ended December 31 ($ millions)



CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

($ millions)

	2024	2023	2022
Additions:			
Employer contributions	$427.9	$467.8	$399.9
Member contributions	53.2	52.5	53.0
Net investment income	104.6	129.1	-155.9
Other income	0.7	0.4	0.3
Total additions	631.4	649.8	297.3
Deductions:			
Benefit payments	435.0	420.7	401.9
Administrative expenses	3.9	3.6	3.4
Healthcare subsidy and other expenses	0.8	0.7	0.7
Total deductions	439.7	425.0	406.0
Net increase in fiduciary net position	191.7	224.8	-108.7
Beginning of year	1,582.5	1,357.7	1,466.4
End of year	$1,774.2	$1,582.5	$1,357.7

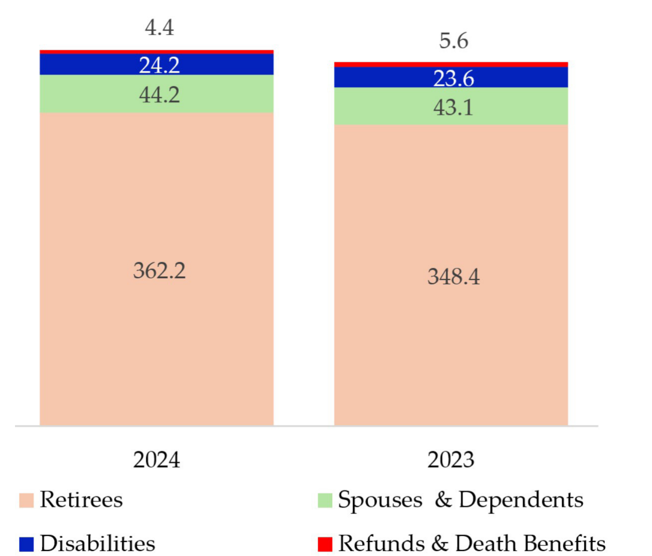
The Changes in Net Fiduciary Net Position presents the results of Fund Operations for a given year.

- During 2024, the Fund's total additions (revenues) of $631.4 million were principally comprised of investment income and the contributions received from the City of Chicago and active members. Compared to fiscal year 2023's total additions of $649.8 million, there was a decrease of $18.4 million. The decrease was due to the rate of return was not as strong for 2024 at 9.2% compared to 14.5% in 2023. Employer contributions increased in the last three fiscal years as a direct result of P.A. 99-0506. Plus, the City of

Chicago started to make voluntary additional contributions to pay down future liabilities of the Fund beginning in 2023.

- Fund deductions (expenditures) totaling $439.7 million were primarily payments to our members and beneficiaries. Nearly 99 cents of every dollar spent is used to pay benefits. Total deductions increased $14.7 million from 2023 to 2024 due to increased retirement benefit payments. This increase in benefit payments is due mainly to the annual cost of living increase and to new annuitants being added at higher benefit amounts than the annuitants removed from the benefit rolls.

BENEFIT PAYMENTS ($ millions)



FUNDED RATIO ($ BILLIONS)

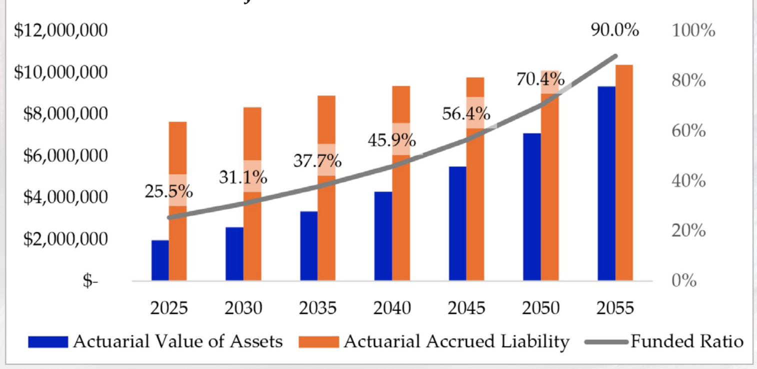
	2024	2023	2022
Actuarial Value of Assets	$1,826.9	$1,668.6	$1,498.8
Actuarial Accrued Liability	$7,487.6	$7,318.8	$7,216.4
Funded Ratio	24.4%	22.8%	20.8%

The primary measure of the health of a pension fund is its funded ratio, which represents the available Fund's assets as a percentage of benefits the Fund is obligated to pay. Funding a pension fund is a long-term commitment, and it's important to keep in mind that all benefits are not due and payable immediately. Future benefit payments owed to current and future retirees, disabled recipients, and beneficiaries are estimated and referred to as the "actuarial accrued liability". The funds accumulated to meet these future benefit payments is called the "actuarial value of assets".

FABF retains an independent actuary to perform, on an annual basis, a valuation to determine our funded ratio, actuarial accrued liability, actuarial value of assets and the required employer contributions required under Public Act 99-0506. This act requires that the City's funding contribution be calculated on an actuarial basis that will be sufficient to produce a funding level of 90% by December 31, 2055. 2021 was the first year that the required City contribution received by FABF was based on P.A 99-0506 resulting in a 51% increase in these contributions for that year from the prior year's contribution.

Despite the increase in contributions, the FABF's current funded ratio, 24.4%, continues to be low because the Fund has not been historically funded on an actuarially sound basis dating back to 1931. Public Act 99-0506 will now increase employer contributions, and correspondingly lead to better funded ratios until the Fund reaches its target of 90% funded by 2055. Funding has been and will continue to be a critical issue confronted by the Fund for many years to come.

PROJECTED FUNDED RATIO



MEMBERSHIP AT A GLANCE

The average active member:

- Is presently 43.6 years old
- Has 12.9 years of service
- Receives a salary of $110,804

The average retiree who retired in 2024:

- Is presently 60.2 years old
- Receives an annual benefit of $85,394
- Earned a final average salary of $126,011
- 27.2 years of creditable service

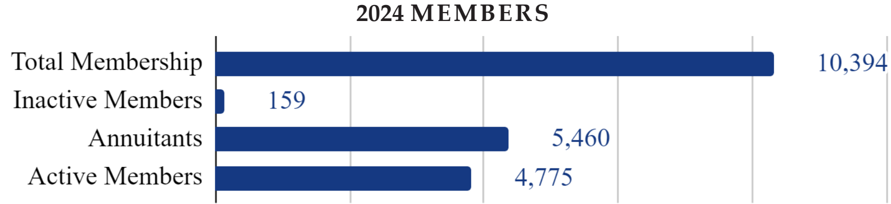
The average retiree:

- Is presently 69.8 years old
- Receives an annual benefit of $94,584
- Lives in Illinois

CHANGE IN THE NUMBER OF RETIREES AND BENEFICIARIES BY TYPE OVER THE LAST DECADE

	Retiree	Spouse	Disability	Dependent	Total
2024	3,897	1,212	272	79	5,460
2015	3,044	1,286	322	80	4,732
Increase (Decrease)	853	(74)	(50)	(1)	728
% Increase (Decrease)	28.0%	(5.8%)	(15.5%)	(1.3%)	15.4%

2024 MEMBERS



The Retirement Board of the Firemen's Annuity & Benefit Fund of Chicago

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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 Electronic 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 this link FABF Electronic Forms to learn more.

A MESSAGE FROM THE EXECUTIVE DIRECTOR

FABF Retirement Board Update

As the final quarter of 2025 begins, the Firemen's Annuity and Benefit Fund of Chicago (FABF) remains committed to transparency, member service, and sound financial management. This summary provides key updates and Fund Office announcements.

The Fund employs 15 full-time and 2 part-time staff, supporting 10,394 members: 4,775 active, 159 inactive, 272 disabled, 3,897 retirees, and 1,291 survivors/dependents. In 2024, the Fund processed 164 service retirements, 3 ordinary disabilities, 8 occupational disabilities, 15 duty disabilities, and 88 beneficiary annuities.

Two elections were held this fall: Firefighter Zachary Pentek was the sole candidate for Active Member Trustee; Daniel Fortuna was elected Annuitant Member Trustee with 88% of votes. Both terms extend through December 1, 2028. Certified results are available on the Fund's website. Congratulations to Secretary Pentek and President Fortuna.

Recent legislation affecting FABF members includes PA 104-0065, which raises the Tier 2 salary cap and improves survivor benefits; PA 104-0248 recognizes breast cancer as a presumptive occupational disease for firefighters. A Benefit Summary Overview is available on the Fund's website.

The Board will distribute 2025 1099-R Statements by January 23, 2026, ahead of the IRS deadline. Statements will be mailed to the address on file. Beginning in 2026, Northern Trust will manage monthly annuity disbursements and provide online access to 2026 1099-Rs and statements via a new members only on-line portal.

Effective January 1, 2026, the Fund will discontinue premium deductions for plans outside BCBS and Aetna Group Plans. Impacted members have been notified. Under the SECURE 2.0 Act, retirees may pay premiums directly and retain tax exclusions.

Two Pre-Retirement Seminars are scheduled for April 11 and October 3 at Guaranteed Rate Field, covering the application process, healthcare, Social Security, estate planning, deferred compensation, long-term care, and wellness. Registration is required; seating is limited to 120. For details, contact seminar@fabf.org.

Members are encouraged to stay informed, participate in events, and update their contact information. Our best wishes for a pleasant Thanksgiving and joyful holiday season.

Respectfully,
Kelly Weller
Executive Director

FUND UPDATE ON LOCAL 2 CONTRACT RATIFICATION

The Union and City have ratified the Collective Bargaining Agreement (July 1, 2021–July 1, 2027) (the "Agreement"). The City is expected to process retroactive payments in the next few weeks. Once the City processes the retroactive payments, the City will need approximately 4–6 weeks to finalize pension deductions, finalize payroll records, and distribute the deductions to the Fund.The Fund is reviewing the Agreement and once it has received the required information from the City will recalculate benefits in accordance with the Illinois Pension Code and the Agreement.

Retirees or those disabled after January 1, 2022, will have their payments adjusted per the new salary schedule. Assuming timely pension deductions, new retirements and amended annuity adjustments are expected to begin in February 2026, with retroactive payments expected to be distributed in April 2026. Affected members will be contacted directly by the Fund; no action is required now.

REGISTER YOUR EMAIL ADDRESS WITH THE FUND

Our progress towards member enhancement through technology begins with eliminating the need to send physical mail. Please consider registering your email by completing this form: Email Authorization Form. We will not use this information for any purpose other than member communications. We are legally prevented from sharing your email with any third party, other than a labor organization.

EMWQ

Please consider donating to EMWQ. Your support—whether through payroll deductions, annuity deductions, or direct contributions via check or online—goes directly to providing financial assistance to minor children in the event of an active member's death. Additionally, we offer annual support to the minimum widows of Chicago Fire Department members. For more information, please visit our website at widowsandchildren.org. All donations are greatly appreciated.

The Ende, Menzer, Walsh & Quinn Retirees', Widows' and Children's Assistance Fund is a tax exempt 501 (c)(3) Charitable Organization