



# PENSION NEWS

TRUST. INTEGRITY. STABILITY.

Spring 2018 | Active Member Edition



## 2017 CAFR & PAFR RELEASED

*A LOOK AT CTPF'S ANNUAL FINANCIAL REPORTS*

## 2018 NOTICE OF ELECTION

*NOMINATION PACKETS NOW AVAILABLE*

## CONTACTING MEMBER SERVICES

*GET THE ASSISTANCE YOU NEED  
QUICKLY & EFFICIENTLY*

## RETIRING IN 2018?

*THERE'S STILL TIME TO SCHEDULE AN  
INDIVIDUAL CONSULTATION*

# MISSION STATEMENT

To provide, protect, and enhance the present and future economic well being of members, pensioners and beneficiaries through efficient and effective management of benefit programs, investment practices, and customer service, and to commit to earning and keeping the respect and trust of the participants through quality service and by protecting retirement benefits, in compliance with applicable laws and standards.

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# EXECUTIVE DIRECTOR'S MESSAGE

CTPF's **CURRENT FUNDING** plan puts us at **90% FUNDED BY THE YEAR 2059**, and **WE ARE ON TRACK** to meet that target through CPS and state payments, member contributions, and wise investments.... **THE SYSTEM WORKS WHEN WE ALL WORK TOGETHER.**



Charles A. Burbridge  
Executive Director

As many of you are undoubtedly aware, pensions have been in the news lately and it has many of our members worried about whether CTPF will be able to pay out retirement benefits.

I'd like to reassure you that CTPF has a stable funding plan, and that pensions for CTPF members are guaranteed. In its 122 years of existence, CTPF has never missed a pension payment.

Illinois law specifies that funding for Chicago teachers' pensions shall be a combination of employer contributions, state appropriations, employee contributions, and earnings on investments. A funding crisis at the Chicago Public Schools (CPS) in the mid-1990s fundamentally changed the structure of pension funding. CPS administrators used a series of pension "holidays" to shore up their operating budgets, cutting resources from CTPF, and causing our funded ratio to fall.

Decades of concern from CTPF members and a funded ratio dipping below 50% demonstrated the critical need for change, and improvements began when legislation signed in 2016 (Public Act 99-521) reestablished the CTPF tax levy. Additional legislation signed on August 31, 2017, (Public Act 100-465) reformed the Illinois education funding formula, established the State's obligation to fund the normal cost of Chicago's teacher pensions, and provided funding to offset the cost of retiree health insurance. The legislation also increased the ceiling for the tax levy to 0.567%. All of these changes have helped put CTPF on a path toward full funding for the first time in decades.

We are a transparent organization, accountable to you and the Illinois taxpayers. The recently released *2017 Comprehensive Annual Financial Report (CAFR)* and *Popular Annual Financial Report (PAFR)*—summarized in this newsletter—tell a clear story of where CTPF's funding is currently. Our investments saw a rate of return of 13.6%, compared to 0.5% in the previous year, and we can expect contributions of more than \$784 million from CPS and the State in 2018. We will continue to make all of our financial information readily available, and uphold our reputation of being responsible stewards of public funds.

Concerns have also been voiced about what our pension fund means for Illinois, with many taxpayers wondering if pensions are a drain on the state's economy. The 2018 CTPF Economic Impact Statement shows that just the opposite is true. More than 80% of CTPF members continue to live in Illinois after they retire, contributing close to \$2 billion to the state's economic activity, and helping to support over 14,000 jobs. Additionally, recent research released by the National Institute on Retirement Security (NIRS) finds that pensions cost about half as much as 401(k) plans.

CTPF's current funding plan puts us at 90% funded by the year 2059, and we are on track to meet that target through CPS and state payments, member contributions, and wise investments. Going forward, CTPF has a solid path of diverse, stable, and equitable funding, ensuring that Chicago's educators can retire with dignity and security. The system works when we all work together.

# LOIS NELSON APPOINTED TO FILL PENSIONER TRUSTEE VACANCY

Thursday, March 15, 2018, the Chicago Teachers' Pension Fund Board of Trustees appointed Lois Nelson to serve as a Pensioner Trustee until the Board's November 2018 meeting. Trustee Nelson temporarily fills the vacancy created by Dr. Walter E. Pilditch's passing on December 24, 2017. There will be an election in November to complete the remaining year of Dr. Pilditch's two-year Pensioner Trustee term.



Lois Nelson

Trustee Nelson earned a BS in Education from Chicago State University and an MS in Education from Governors State University. She was a teacher at Earle Elementary School for more than 40 years and retired in 2011. She served the CTPF Board as a Teacher Trustee from 2005-2010, including spending parts of her tenure as Financial Secretary and Vice President. Trustee Nelson has been an active member of several groups and organizations, including the Chicago Teachers Union Retiree Functional Group, Caucus of Rank and File Educators (CORE), and AFT Black Caucus Chicago Chapter.

"We appreciate Ms. Nelson's previous service to CTPF and welcome her back to the Board of Trustees representing our pensioners," said Charles A. Burbridge, CTPF Executive Director. "We value the experience and dedication that she brings to the Board and look forward to working with her in the months ahead."

Based on the Vacancies section of CTPF's bylaws, following the declaration of the vacancy on the Board, a Vacancy Committee was appointed to evaluate candidates and to recommend an individual to the Board to fill the vacancy. Seven retired members applied for the position. The committee met to evaluate applications and to interview finalists and made a formal recommendation which the Board accepted on March 15, 2018.

## CTPF RETIREMENT SEMINARS



Retirement-eligible members at the seminar.

CTPF recently hosted four retirement seminars in February and March, attracting more than 300 members preparing for the retirement process. The seminars featured presentations from CTPF staff and the opportunity to meet with representatives from CTPF, CPS, and the Social Security Administration.

Members interested in retiring in 2018 who have not yet started the process can download an application on [www.ctpf.org](http://www.ctpf.org) and should schedule an individual benefits consultation with CTPF Member Services as soon as possible; call 312.641.4464 to schedule your appointment.



### CONTACT MEMBER SERVICES

Call: 312.641.4464

Email: [MemberServices@ctpf.org](mailto:MemberServices@ctpf.org)

Visit us online: [www.ctpf.org](http://www.ctpf.org)

**NEED RETIREMENT COUNSELING?**

Members can schedule an individual retirement counseling appointment Monday-Friday from 8:00 a.m. - 4:00 p.m.



## CALENDAR

### MAY

- 10 Finance/Audit Committee Meeting | 5:00 p.m.
- 17 Board of Trustees Meeting | 9:30 a.m.
- 28 Memorial Day | Office Closed

### JUNE

- 14 Investment Committee Meeting | 9:30 a.m.
- 14 Finance/Audit Committee Meeting | 4:45 p.m.
- 21 Board of Trustees Meeting | 9:30 a.m.

### JULY

- 4 Independence Day | Office closed
- 12 Investment Committee Meeting | 9:30 a.m.
- 19 Board of Trustees Meeting | 9:30 a.m.

### AUGUST

- 16 Board of Trustees Meeting | 9:30 a.m.
- 23 Investment Committee Meeting | 9:30 a.m.

### SEPTEMBER

- 3 Labor Day | Office closed
- 20 Board of Trustees Meeting | 9:30 a.m.

### OCTOBER

- 1 Election Nomination Packets Due | 5:00 p.m.
- 18 Board of Trustees Meeting | 9:30 a.m.
- 25 Investment Committee Meeting | 9:30 a.m.

*Board of Trustees and Committee meetings are held in the CTPF office and are open to the public. Confirm meeting times/dates at [www.ctpf.org](http://www.ctpf.org).*

### OFFICE/MAILING ADDRESS

Chicago Teachers' Pension Fund  
 203 North LaSalle Street | Suite 2600  
 Chicago, Illinois 60601-1231  
 312.641.4464 | Fax: 312.641.7185  
[www.ctpf.org](http://www.ctpf.org) | [MemberServices@ctpf.org](mailto:MemberServices@ctpf.org)  
 Hours: 8:00 a.m. - 5:00 p.m. | M-F

# 2017 CAFR & PAFR RELEASED

Each year, CTPF documents its financial position in the form of a *Comprehensive Annual Financial Report* (CAFR), which includes an overview and analysis of CTPF's financial activities. CTPF also produces a *Popular Annual Financial Report* (PAFR) offering a consolidated view of the CAFR.

The complete 2017 CAFR and PAFR documents can be found on [www.ctpf.org](http://www.ctpf.org).

## FINANCIAL OVERVIEW

In 2017, CTPF paid members \$1.4 billion in service retirement, disability, refunds, and survivor benefits, and an additional \$48.5 million for health care benefits. CTPF received total contributions of \$935.4 million from the newly reinstated tax levy, the employer, and other sources, and realized \$1.2 billion in net investment income.

Years of underfunding have taken their toll on the Fund, and in spite of strong financial performance, the funded ratio for pension benefits, based on the actuarial value of assets, decreased to 50.10% as of June 30, 2017, from 52.51% at the end of the previous year.

## CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2017, with comparative totals for 2016

	2017	2016
Contributions	\$ 934,378,787	\$ 891,952,430
Investment income	1,233,003,939	(27,987,163)
Miscellaneous	214,119	1,463,050
<b>Total additions</b>	<b>2,167,596,845</b>	<b>865,428,317</b>
Pension benefits	1,389,448,172	1,346,533,282
Refunds	31,428,981	32,134,384
2.2 Legislative refunds	780,389	1,441,215
Refund of insurance premiums	48,451,055	66,104,598
Death benefits	3,280,642	4,717,517
Administrative and miscellaneous expenses	14,330,989	12,867,490
<b>Total deductions</b>	<b>1,487,720,228</b>	<b>1,463,798,486</b>
<b>Net increase (decrease)</b>	<b>679,876,617</b>	<b>(598,370,169)</b>
Net assets held in trust for benefits:		
Beginning of year	10,113,297,310	10,711,667,479
<b>End of year</b>	<b>\$ 10,793,173,927</b>	<b>\$ 10,113,297,310</b>

## MEMBERSHIP

Established by the State of Illinois on July 1, 1895, CTPF manages members' assets and administers pensions and other benefits. CTPF serves nearly 86,000 members. During fiscal year 2017, CTPF paid more than \$100 million per month in pension and health insurance benefits, totaling \$1.4 billion annually to 28,439 beneficiaries. CTPF also serves 28,855 active contributing members, 6,062 vested terminated members who are eligible for but are not yet receiving benefits, and an additional 22,570 inactive, unvested members only eligible for a return of contributions.

## INVESTMENT OVERVIEW

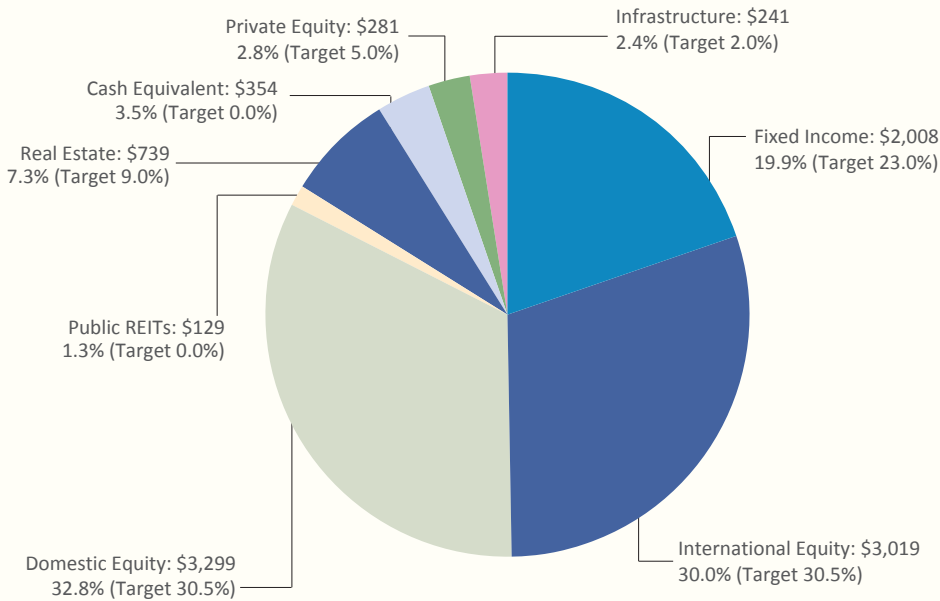
The Fund invests for a "lifetime," maintaining a diverse mix of assets with an acceptable level of risk appropriate for a large public employee retirement system. CTPF enjoyed strong investment returns in 2017, with a 13.6% (benchmark of 13.1%) return compared to 2016's return of 0.5% and fiscal year 2015's return of 3.5%.

## ACTUARIAL OVERVIEW

Every year, an actuarial valuation is performed in order to determine the amount of required contributions from the Board of Education and the State of Illinois in accordance with the Illinois Compiled Statutes (Public Act 89-0015). This year CTPF employed a new actuary—Gabriel, Roeder, Smith & Company Holdings, Inc.—which produced the 2017 actuarial valuation. The actuary has determined that total required contributions for 2018 will be \$551.4 million from the Board of Education and \$233 million from the State of Illinois.

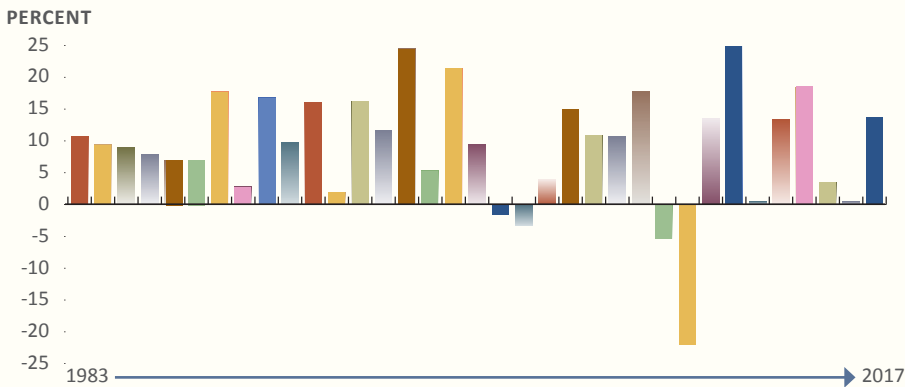
## ASSET ALLOCATION SUMMARY AS OF JUNE 30, 2017

In Millions of Dollars\*



\*Note: Percentage indicates actual category weight as a percentage of the entire portfolio.

## CTPF ANNUALIZED RATE OF RETURN 1983-2017 35-YEAR COMPOUND ANNUAL GROWTH RATE 8.70%



The complete 2017 CAFR and PAFR documents can be found on [www.ctpf.org](http://www.ctpf.org).



## 28,855 ACTIVE MEMBERS CONTRIBUTE TO THE FUND

Active members include teachers, administrators, other certified individuals, and CTPF staff.

- 76% of CTPF members are women.
- The averages for active members: age 41.8, 10.6 years of service, and annual salary of \$70,358 for 2017.
- Active members contribute 9% of their salary to the pension fund every pay period during employment.

## ADDITIONAL MEMBERS

- 6,062 vested terminated members
- 22,570 unvested terminated members

## 28,439 BENEFICIARIES RECEIVE CTPF PENSIONS

24,837 Retirees  
3,135 Survivors  
467 Disability

- CTPF members do not make contributions to Social Security during employment.
- CTPF paid out \$1.4 billion in pension benefits in 2017.
- The average annual benefit in 2017 was \$49,368.
- During the past 10 years, the number of retirees has increased about 20%.
- The average age for retirees was 73.7 in 2017. The most senior member reached age 109 in 2017.

## HEALTH INSURANCE

CTPF offers group health insurance coverage for members who must pay for health insurance when they retire.

- CTPF offers a subsidy to help pay for the cost of retiree health insurance. The subsidy was 50% in 2017.

## FUNDED RATIO

- CTPF's actuarial funded ratio as of June 30, 2017, was 50.1%. The ratio was nearly 100% in 2002.

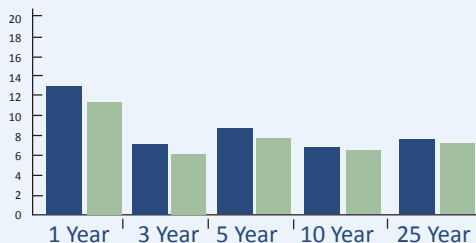


# Financial Snapshot

## RETURN ON INVESTMENTS

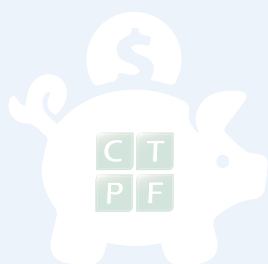
As of March 31, 2018

	NET RATE OF RETURN	TOTAL FUND BENCHMARKS
1 Year	12.28%	11.05%
3 Year	7.26%	6.90%
5 Year	8.36%	7.97%
10 Year	6.27%	6.21%
25 Year	7.89%	7.59%



RATE OF RETURN  
 TOTAL FUND BENCHMARKS

As of March 31, 2018, the approximate current value of CTPF's investments was \$10.9 billion.



## NOTICE OF ELECTION

CTPF is governed by a 12-member Board of Trustees: six elected by active members, three elected by pensioners, one elected by the principals/administrators, and two appointed by the Board of Education.

### TEACHER TRUSTEE ELECTION\*

November 7, 2018, CTPF will hold an election for Two (2) Teacher Trustees to serve three-year terms from November 2018-2021.

### ELIGIBILITY

Candidates for Teacher Trustee must be a member, other than a Principal/Administrator, as defined in 40 ILCS5/17-106. A candidate must be nominated by a petition signed by at least 200 contributors who are not Principals/Administrators, as provided in 40 ILCS 5/17- 139(1) and have been assigned on a regular certificate for at least 10 years in the Chicago Public Schools or charter schools within District 299 as of October 1, 2018.

### NOMINATION PACKETS AVAILABLE

Individuals who meet the criteria listed above can request a nomination packet from the Chicago Teachers' Pension Fund office. Call Gail Davis at 312.604.1400, ext. 402, or email [elections@ctpf.org](mailto:elections@ctpf.org) to request a packet. Completed petitions and candidate resumes must be submitted to the Chicago Teachers' Pension Fund office, 203 North LaSalle Street, Suite 2600, Chicago, Illinois 60601-1231, on or before the close of business at 5:00 p.m. (CDT), Monday, October 1, 2018.

### SCHEDULE OF ELECTION EVENTS

February 15, 2018	Nomination packets available.
October 1, 2018	Nomination packets due to CTPF by 5:00 p.m.
November 1-7, 2018	Election materials distributed in schools and online voting available for Teacher Trustee election.
November 7, 2018	Voting closes for election at 5:00 p.m.

\*Elections for one (1) Pensioner Trustee will also be held on November 7, 2018. Find the CTPF Election Policy and additional information on the Election Central page at [www.ctpf.org](http://www.ctpf.org).

## MIDA INVESTORS DELEGATION TO AFRICA

Mobilizing Institutional Investors to Develop Africa's Infrastructure (MiDA), a NASP-USAID investment partnership that provides opportunities to co-invest in Africa's infrastructure, hosted its second annual investors delegation in Cape Town and Johannesburg on March 4-10, preceded by US-Africa infrastructure workshops and an investors retreat in Dakar, Senegal, from February 28-March 4. CTPF Chief Investment Officer Angela Miller-May attended the workshops and retreat, which presented information and tours on infrastructure investment opportunities with the Dakar-Diamniadio new toll highway,

Umoya Wind Farm, and a Contourglobal power plant, among others.



Miller-May participated on a panel discussion to share CTPF's experience and perspective on investing in private equity, and was joined by CTPF Executive Director Charles A. Burbridge for the investors delegation, where he spoke about investment policies and market trends for co-investments. Learn more about MiDA and the investment opportunities they provide on [www.mida-infra.org](http://www.mida-infra.org).

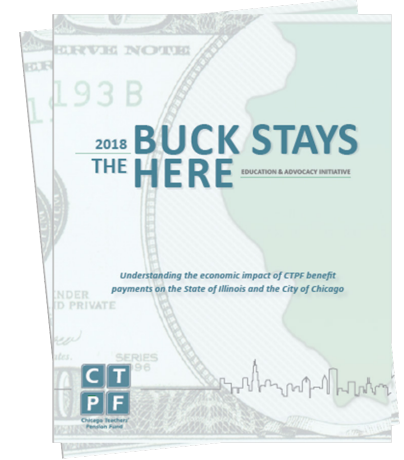
# 2018 ECONOMIC IMPACT STATEMENT

On April 25, 2018, the Chicago Teachers' Pension Fund (CTPF) announced the release of its 2018 Economic Impact Statement. CTPF made \$1.3 billion in direct payments to annuitants living in Illinois in 2017. Those payments had a \$1.9 billion impact on the Illinois economy, supporting 14,704 jobs in the state. *The Buck Stays Here: Understanding the Economic Impact of CTPF Benefit Payments on the State of Illinois and the City of Chicago* is produced annually and details CTPF's impact on the State of Illinois and the City of Chicago. The 2018 edition breaks out economic impact by Chicago Ward for the first time.

"A majority of our members stay in Illinois after retirement, and the pensions they have earned are spent close to home, supporting local and regional economies. This spending across the state, and specifically in the City of Chicago, contributes to overall community vibrancy," said Charles A. Burbridge, CTPF Executive Director. "CTPF pensions provide a sustainable retirement for 24,440 Illinois residents

who continue to give back to their communities in countless ways." The report found that 84 percent of CTPF's annuitants who collect a pension stay in the State of Illinois, with nearly half of that number continuing to call Chicago home. The beneficiaries residing in Chicago are responsible for approximately \$1.0 billion in total economic impact and support 7,500 jobs across the city.

The study used standard economic multipliers from the U.S. Department of Commerce Bureau of Economic Analysis to assess the economic impact of spending. The report was mailed to all Illinois legislators and Chicago Aldermen. Visit [www.ctpf.org](http://www.ctpf.org) to view the full report.



**CTPF Pensions help support 14,704 jobs in the State of Illinois including 7,500 in the City of Chicago.**



**\$1.3 Billion** made in direct pension payments to annuitants living in Illinois

**\$687 Million** in direct pension payments made to annuitants living in Chicago



## WHAT TO EXPECT WHEN CONTACTING MEMBER SERVICES

The CTPF Member Services office is always happy to assist all members—actives, inactive, and retirees—with any questions or concerns regarding pensions, retirement benefits, preparing for retirement, and all other CTPF-related matters. Below are some tips and information to help you get the assistance you need as quickly and smoothly as possible when contacting Member Services.

### OFFICE HOURS & LOCATION:

The Member Services office is open Monday-Friday, 8:00 a.m. - 5:00 p.m., and is located at 203 North LaSalle Street, Suite 2600, Chicago, IL, 60601.

### CONTACT INFORMATION:

To contact Member Services by phone, please call 312.641.4464. Phone calls are answered in the order in which they are received, and the average wait time is 2-3 minutes (sometimes longer on Mondays and the day after a holiday). To contact Member Services via email, please send all communications to [MemberServices@ctpf.org](mailto:MemberServices@ctpf.org). Emails and voicemails are typically answered within 24-48 hours (excluding weekends and holidays).



### OFFICE APPOINTMENTS:

If you would like to meet with a Member Services representative in person, it is highly recommended that you make an appointment. Walk-ins are welcome, but will have an unpredictable wait time. Appointments can be scheduled between 8:00 a.m. - 4:00 p.m., and walk-ins are accepted from 9:00 a.m. - 3:00 p.m., Monday-Friday. To make an appointment, please call 312.641.4464.

**HAVE INFORMATION READY:** When calling or visiting Member Services, the representative you speak with will first need to verify your identity. Having your Member ID ready is the fastest method of verifying your identity; otherwise you will need to provide your Social Security number and answer a series of security questions. Please also have any CTPF letters and/or literature relevant to your question(s) with you when calling or visiting the office (e.g., statement of estimated contribution and benefits, open enrollment letter, pay advice, specific forms, etc.).

**All Member Services representatives have the knowledge and experience to help you with any CTPF business, and we encourage all members to reach out with their questions, small or large.**



Chicago Teachers' Pension Fund

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EMAIL UPDATES:  
[www.ctpf.org](http://www.ctpf.org)

## DOES YOUR SCHOOL SHINE?

What is your school doing to be creative, innovative, and to make a difference for students and faculty?



Email your story about how your school stands out to [socialmedia@ctpf.org](mailto:socialmedia@ctpf.org) and we may contact you for a School Spotlight feature.

## LAUNCH OF NEW CTPF WEBSITE

*Yes, that's right!* A new and improved CTPF website is underway. The Fund's website has served its members for more than a decade, and we are gearing up for the re-launch. Be on the lookout over the next few months for more info about a new and improved [www.ctpf.org](http://www.ctpf.org).



## BOARD OF TRUSTEES

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Lois W. Ashford  
*Vice President*

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