



PENSION NEWS

Fall 2017 | Active Members Edition

TRUST. INTEGRITY. STABILITY.



2017 TRUSTEE ELECTION

*TEACHER AND PRINCIPAL/ADMINISTRATOR
ELECTIONS CANCELLED AS UNCONTESTED*

FUNDING LEGISLATION SIGNED

STATE WILL MAKE CTPF CONTRIBUTION

MEMBER ID INITIATIVE

*TAKING STEPS TO FURTHER SAFEGUARD
YOUR INFORMATION*

CAREER CONSIDERATIONS

*HOW TO PLAN FOR RETIREMENT
THROUGHOUT YOUR CAREER*

SAVINGS



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

With uncertainties like these on the horizon—a distant horizon, but a horizon nonetheless—the earlier you START PLANNING and SAVING FOR RETIREMENT, the better.

A new school year brings with it new students, new curriculums, and new teachers, many of which are freshly out of college and new to the workforce, and focused on just about anything other than retirement. First stepping into the world of teaching can feel like being swept into a tornado as you continuously try to get a grasp on lesson planning, classroom control, colleague collaboration, and simply learning the names of all your students. But don't let all of that distract you from the important task of planning for your future.

The oldest pension fund in Illinois, CTPF has more 63,000 active and retired members, and we work hard to take care of our members both during and after your years of employment. As soon as you become employed by a Chicago Public/Charter school, you automatically become a member, and CTPF will have contributions made toward your pension, which is a huge hurdle cleared in working toward your retirement years. But will it be enough?

Everyone's retirement plans are different, and when you're early on in your career it can feel next to impossible to predict where you'll be or what you'll want to be doing when

you retire. For example, a recent study in the *Financial Times* points out that many pension payment amounts are determined based on the assumption that the retiree will have their mortgage paid off. But as housing shortages in desirable areas drive up property prices, many people are purchasing homes later in life—if ever—meaning that mortgage and/or rent payments can be a reality for many retirees.

With uncertainties like these on the horizon—a distant horizon, but a horizon nonetheless—the earlier you start planning and saving for retirement, the better. You'll find information in this newsletter about your pension and other retirement savings options that you'll want to take some time to consider. You may also contact CTPF Member Services at memberservices@ctpf.org or 312.641.4464 for more information. Your future self will thank you.



Charles A. Burbridge
Executive Director

CPS 2017 PENSION PAYMENT

The Chicago Board of Education (CPS) was required to make a payment to the Chicago Teachers' Pension Fund (CTPF) of \$733 million for the 2017 fiscal year, ending June 30, 2017. As of August 31, 2017, CTPF received \$483 million from CPS and \$250 million from the property tax levy, bringing CPS's FY 2017 total pension contribution payment to \$733 million for fiscal year 2017. The State restored CPS's power to levy a pension tax in 2016. Proceeds from the tax levy are remitted directly to the Fund.

SCHOOL FUNDING LEGISLATION PROVIDES STATE PENSION CONTRIBUTION

On Thursday, August 31, 2017, Governor Rauner signed Senate Bill 1947 into law. This legislation makes changes to Illinois' school funding formula, and requires the State to pay the long-sought normal cost of Chicago teachers' pensions.



CTPF IMPACT

The legislation has three main components which impact CTPF:

- Beginning with the 2017 tax year, the City of Chicago's Board of Education may impose a dedicated property tax levy of up to 0.567% (the current property tax levy rate is capped at 0.383%). This increase, if implemented, will generate additional revenue which will go directly to the Fund.
- Starting this fiscal year (July 1, 2017-June 30, 2018), the State will pay CTPF the normal cost of Chicago teachers' pensions and a make a contribution toward retiree health insurance costs. Beginning in Fiscal Year 2019, CTPF will provide a certified normal cost to the State on an annual basis which will include the \$65 million authorized for the retiree health insurance subsidy.
- The legislation also provides a continuing appropriation for all amounts contributed by the State to CTPF.

"This legislation offers stable and equitable State funding for CTPF and provides Chicago's Board of Education with additional resources. We appreciate the hard work and cooperation that made this possible," said Charles A. Burbridge, CTPF Executive Director. "The State has paid the normal cost of downstate/suburban teacher pensions, and this legislation ensures that teachers are treated equitably throughout the State. We want to thank our members who have spent more than a decade educating legislators about the importance of fully funding pensions and, as a result, education in Illinois."

Too young to think about retirement? Think again.

PICTURE YOUR FUTURE: NEW TO CTPF

If you're at the beginning of your career or just joined CTPF, it can be hard to imagine what retirement will look like. Your pension is an important part of your future financial picture, and as an employee new to CTPF, it's important to understand your benefits in order to help plan for the future.

FUND BASICS

If you have just joined CTPF, congratulations! You are joining the oldest pension fund in Illinois and the second oldest fund in the country. CTPF paid its first pension in 1896 and has been providing secure retirements for Chicago's teachers for more than 122 years.

WHO PARTICIPATES IN CTPF?

CTPF provides benefits for certified teachers and administrators employed by the Chicago Public/Charter school system. Membership currently includes more than 63,000 active and retired members.

Each time you receive a paycheck, you make a contribution to the Fund, and so does your employer. As an active CTPF member, you are required to contribute 9% of your salary toward retirement. Your employer may choose to make part of the 9% contribution on your behalf, either through a collective bargaining agreement or employment agreement.

Continued on page 4

CALENDAR

OCTOBER

- 19 Board of Trustees meeting | 9:30 a.m.
26 Investment Committee meeting | 9:30 a.m.

NOVEMBER

- 10 Veteran's Day | Office closed
16 Board of Trustees meeting | 9:30 a.m.
23 Thanksgiving Holiday | Office closed
24 Thanksgiving Holiday | Office closed

DECEMBER

- 14 Board of Trustees meeting | 9:30 a.m.
25 Christmas Day | Office closed

JANUARY

- 1 New Year's Day | Office closed
15 Martin Luther King, Jr. Day | Office closed

Board of Trustees and Investment Committee meetings are held in the CTPF office and are open to the public. Confirm meeting times/dates at www.ctpf.org.

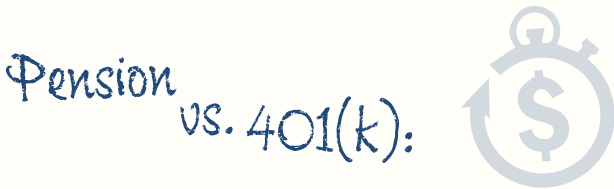
OFFICE/MAILING ADDRESS

Chicago Teachers' Pension Fund
203 North LaSalle Street | Suite 2600
Chicago, Illinois 60601-1231
312.641.4464 | fax: 312.641.7185
www.ctpf.org | memberservices@ctpf.org
Hours: 8:00 a.m. – 5:00 p.m. | M-F

PICTURE YOUR FUTURE: NEW TO CTPF

FUND GOVERNANCE

CTPF provides benefits for CPS employees, but CTPF is a separate entity, governed by Illinois law, and managed by an independent 12-member Board of Trustees. Teachers, administrators, and pensioners elect representatives to the board and the Chicago Board of Education appoints two members. CTPF Trustees have fiduciary responsibility for Fund operations, approve benefit programs, and make investment decisions. Trustee elections are staggered and are held in November.



WHAT'S THE DIFFERENCE?

There are two major types of retirement investments: Defined Benefit plans (pension) and Defined Contribution plans (401 (k)).

In a defined contribution plan (401 (k)), you and your employer contribute to a retirement account on a regular basis. At retirement, your income is based on the contributions made and the investment returns accumulated.

CTPF offers a defined benefit retirement plan (pension). This plan bases your benefit on a pension formula – not investment returns. Your pension is paid for your lifetime and is protected from inflation with an Automatic Annual Increase. When you reach retirement age, your benefit will be calculated based on your service credit and final average salary. Your service credit may be combined with service from other participating systems in a reciprocal pension. CTPF also helps protect your family's financial security with a survivor pension and death benefit.

SOCIAL SECURITY AND MEDICARE

The Chicago Teachers' Pension Fund was established in 1895 – long before the Social Security Act was signed in 1935. CTPF members do not make Social Security contributions, but they do make contributions toward Medicare. You'll need 40 quarters of Medicare contributions to receive premium-free Medicare Part A when you reach age 65. You may

also qualify for premium-free Medicare based on a spouse's or ex-spouse's work history.

WILL MY PENSION BE ENOUGH?

Your pension is designed to provide a stable income in retirement, but a pension should not be your only retirement asset. When you retire, some of your expenses may decrease, but many of your expenses may remain stable or increase. Retirees who are under age 65 and do not yet qualify for Medicare often pay more for health insurance at retirement than they did while they were employed.

Your employer may offer retirement savings options known as a 403(b) or a 457 retirement plan. When you participate in these plans, contributions are deducted from your pay on a pre-tax basis. Investments and gains in the plan are not taxed until distribution. This provides a regular and



“Your pension is designed to provide a stable income in retirement, but a pension should not be your only retirement asset.”

WHAT SHOULD I DO NOW?

1. Complete a CTPF Designation of Beneficiary form and update it as important life events occur (e.g., marriage, civil union, child-birth, divorce, etc.). This form can be found under “Member Forms & Applications” on www.ctpf.org.
2. Keep your employer and CTPF up-to-date with any changes in your demographic information.
3. Stay connected. Register your email address with CTPF. Find a link at www.ctpf.org.
4. Share your voice. Vote in all CTPF's Trustee Elections. Trustees represent your interests.
5. Stay informed. Read Pension News, Pension E-lets, and add us on Facebook or Twitter.



Where Can I Find More Information?

CTPF's website provides additional information about retirement benefits: www.ctpf.org.

Thinking About Retirement in 2018?

While June 2018 might sound like a long way off, it's not too early to start planning for your retirement next year. Watch the mail in January for news of our retirement seminars.

YOU CAN GET A HEAD START NOW BY:



Visiting www.ctpf.org. You'll find information including a pension calculator and checklists to help you prepare to navigate the retirement process.



Requesting a pension estimate and scheduling a personal benefits consultation. Contact Member Services for information, memberservices@ctpf.org or 312.641.4464.



Gathering required documentation, including your vital records. You can find a list of required documents on www.ctpf.org.

$$3x + 5 = 26$$

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$

Spring 2018 Retirement Seminars

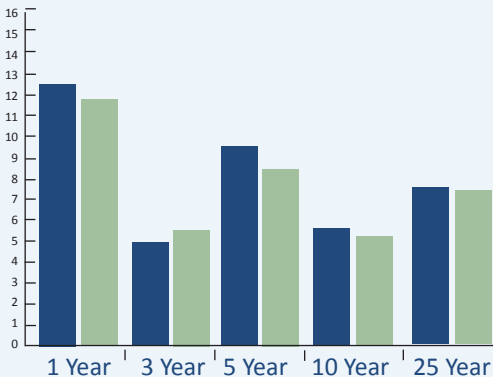
The seminars provide a one-stop-shop for retirement information including a general overview of the CTPF and Chicago Public Schools (CPS) retirement processes. CTPF's Member Services Department, Social Security Administration and CPS will be available to answer individual questions and assist with completing forms. Look out for more information in January 2018.

Financial Snapshot

RETURN ON INVESTMENTS

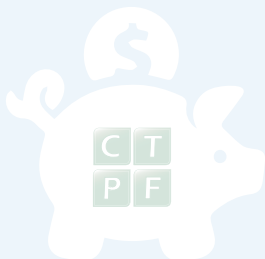
As of August 31, 2017

	NET RATE OF RETURN	TOTAL FUND BENCHMARKS
1 Year	12.59%	11.99%
3 Year	5.99%	5.74%
5 Year	9.28%	8.86%
10 Year	5.30%	5.29%
25 Year	8.09%	7.72%



RATE OF RETURN
 TOTAL FUND BENCHMARKS

As of August 31, 2017, the approximate current value of CTPF's investments was \$10.76 billion.



CTPF TRUSTEES ADOPT RESOLUTION

September 21, 2017, the Chicago Teachers' Pension Fund Board of Trustees adopted a resolution affirming its commitment to US infrastructure investment. The resolution recognized that US infrastructure investments safeguard the health and safety of our collective society and are in the best interest of the Fund and its members. The full resolution is available on www.ctpf.org.



TEACHER & PRINCIPAL/ADMINISTRATOR ELECTIONS CANCELLED AS UNCONTESTED

The CTPF Board elections for two Teacher Trustee positions and one Principal/Administrator Trustee position have been cancelled as uncontested. *(Those elections were previously scheduled to take place, respectively, from November 1-7, 2017, and from October 20-November 7, 2017.)*

Two candidates submitted petitions for the Teacher Trustee positions and one candidate submitted petitions for the Principal/Administrator Trustee position. Since the number of candidates did not exceed the number of open positions, the remaining Teacher and Principal/Administrator election procedures have been cancelled.

Tina Padilla and Gregory Redfeairn have been certified as nominees for Teacher Trustee, and Jerry Travlos has been certified as a nominee for Principal/Administrator Trustee. The Canvassing Board will meet by November 8, 2017, to officially certify the results for these uncontested elections. Additional election information can be found on www.ctpf.org.

2017 NOMINATED TRUSTEES

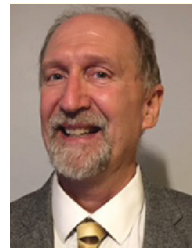
For more information about the candidates, please visit the Election Central Page at www.ctpf.org.



Teacher Trustee Candidates



Tina Padilla



Gregory Redfeairn

Principal/Administrator Trustee Candidate



Jerry Travlos

CTPF will still hold an election for three Pensioner Trustee positions. Election materials and online voting will open for the Pensioner Trustee election on October 20, 2017, and will close at 5:00 p.m. on November 7, 2017.

CTPF ANTITRUST LAWSUIT CLEARS MAJOR HURDLE

The Chicago Teachers' Pension Fund's ongoing antitrust litigation involving the world's largest banks cleared a major hurdle on July 28, 2017, when Judge Paul Engelmayer of the US District Court for the Southern District of New York ruled that the suit could proceed. The Fund's lawsuit, filed in November 2015, alleges that the world's largest investment banks conspired to engineer and maintain a collusive and anti-competitive stranglehold over the market for interest rate swaps (IRS), in violation of federal antitrust laws. Such alleged actions harm investors in one of the world's largest financial markets. CTPF is represented by Cohen Milstein Sellers & Toll and Quinn Emanuel Urquhart & Sullivan, LLP.

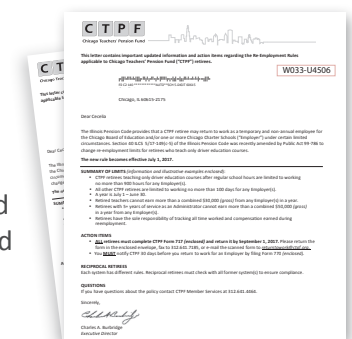
"We are pleased to see that the court has recognized the legitimacy and importance of this action," said Jay C. Rehak, President of the CTPF Board of Trustees. "We have taken this stand against the world's largest investment banks because a conspiracy of this scale cannot go unchecked. As consumers of financial products, we must trust that the institutions at the heart of our financial system act responsibly and transparently. We look forward to holding the banks accountable for their egregious behavior." The suit seeks an injunction to put an end to this anti-competitive arrangement, and damages for the injuries suffered. Find more information at www.ctpf.org.

MEMBER ID INITIATIVE

CTPF is committed to protecting our members' data, and in an effort to improve the security of your personal information, the Fund is eliminating the use of social security numbers throughout our outbound correspondence where possible.

Instead, you will soon begin seeing your new Member ID number on all CTPF correspondence and documents, starting with your Statement of Estimated Contribution and Benefits that is scheduled to be sent in November. You will still have the option of using the last four digits of your social security number when communicating with CTPF in writing or your full social security number when contacting our office via phone (*when calling Member Services*), but we will eliminate it from outbound documents and correspondence.

This improvement adds an additional layer of security and helps eliminate any threat of identity theft, fraud, or unintentional transfer of personal information. Between now and November, you will receive additional communications from CTPF regarding the new Member ID initiative.



NEW STAFF AT CTPF

CAVALLARO PROMOTED TO DEPUTY EXECUTIVE DIRECTOR



Mary Cavallaro, RN, GBA, has been promoted to Deputy Executive Director. Cavallaro joined the Fund in March 2009 as the Health Benefits Manager, a newly created position, and her responsibilities increased over time until she was elevated to Chief Benefits Officer (CBO) in 2015. As CBO she has had primary responsibility for pension administration, disability processing, retiree health insurance, employer reporting, member records, and member services, all with a goal of continuous process improvement. As Deputy Executive Director, Cavallaro will take on new responsibilities, including coordinating Fund operations, working with the Board of Trustees to establish operational priorities, and providing leadership and direction in the development of short and long-range plans for the organization. A search is currently underway to fill the Chief Benefits Officer position.

CTPF WELCOMES CHIEF LEGAL OFFICER



John Schomberg joined the Fund in May 2017 as Chief Legal Officer. Schomberg previously served as General Counsel for the State of Illinois under Governor Pat Quinn, led Clark Hill's Government & Public Affairs practice group in Chicago, and worked as the liaison to the US Attorney's Office. He also practiced constitutional and commercial litigation for the City of Chicago. He began his legal career at Mayer Brown in Chicago, where he was a litigator working on securities, commercial, and internal investigation matters. Schomberg holds a BA from the The College of William and Mary and a JD from New York University School of Law.



Chicago Teachers' Pension Fund

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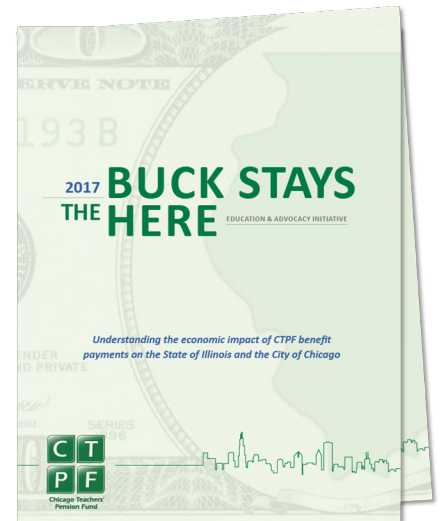


Register for email updates:
www.ctpf.org

PENSION DOLLARS SUPPORT THE ILLINOIS ECONOMY

The Chicago Teachers' Pension Fund (CTPF) released its 2017 Economic Impact Statement, *The Buck Stays Here*, which details the important impact pensions have on the economy of the State of Illinois and the City of Chicago. CTPF made \$1.2 billion in direct payments to annuitants living in Illinois in 2017. Those payments had a \$1.8 billion impact on the Illinois economy, supporting 13,723 jobs in the state.

This year's document also includes information about the collective impact of Illinois' eight largest public pension funds, detailing the \$11.6 billion in direct payments which contribute to \$16.9 billion in economic activity, supporting 126,212 jobs in the state. To view the full report, visit www.ctpf.org.



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