

# Pension News

TRUST.  
INTEGRITY.  
STABILITY.

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**2016**  
**Chicago Teachers' Pension Fund**  
**Board of Trustees Election**

▶▶▶ **November 2-3, 2016** ◀◀◀

## BOARD OF TRUSTEES ELECTIONS

CTPF will hold elections for:

- Two (2) Teacher Trustees to serve from November 2016-2019
- One (1) Administrator Trustee to serve from November 2016-2019

### CANDIDATE ELIGIBILITY

#### Teacher Trustee Candidates

Candidates for Teacher Trustee must hold an Illinois State Teaching License (formerly certificate) and have a minimum of 10 years of service with the Chicago Public/Charter Schools.



#### Administrator Trustee Candidates

Candidates for Principal/Administrator Trustee must be active contributors who have a 1) principal or administrator endorsement on their Professional Educator License (formerly type 75), 2) are not on the CPS teachers' salary schedule, and 3) are paid on an administrative payroll.



### Nomination Packets Available

Contact 1.312.604.1400, ext. 215 or email [election@ctpf.org](mailto:election@ctpf.org) to request a packet. Candidate eligibility will be verified before packets are issued. Completed packets must be returned to CTPF by 5:00 p.m., September 30, 2016.



### + More Information

Find election information in the *Election Policies and Procedures Handbook* available on the Election Central page at [www.ctpf.org](http://www.ctpf.org) or upon request. Voting information will be distributed in September.



Executive Director  
Charles A. Burbridge

## CTPF EXECUTIVE DIRECTOR'S MESSAGE

There is a great deal of talk going around today saying pensions are a financial burden on the State and wanting to pin that burden on teachers. The truth is pensions aren't given, they are earned. Teachers have always done their part by going to work every day, teaching students and paying into the pension fund.

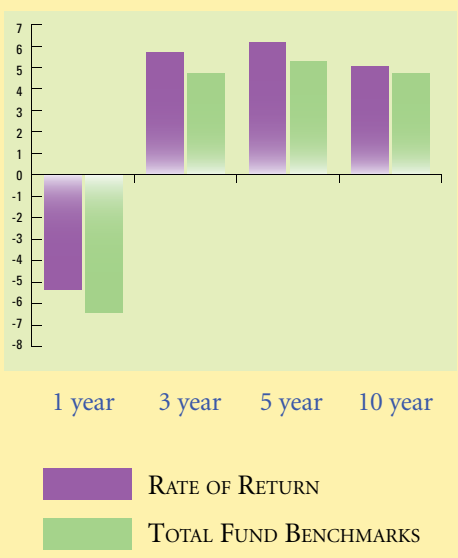
We believe CTPF has done its part by investing the money wisely and making improvements when and where we can. There are several pages in this newsletter highlighting the last fiscal year showing how we performed as a Fund. You can view the full report on our website.

*Continued on page 2*

# CTPF FINANCIAL SNAPSHOT

CTPF RETURN ON INVESTMENTS  
February 29, 2016

	GROSS RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	-5.33%	-6.43%
3 year	5.68%	4.72%
5 year	6.16%	5.30%
10 year	5.03%	4.72%



As of February 29, 2016, the approximate current value of CTPF's investments was \$9.2 billion.



Executive Director Chuck Burbridge covers the mechanics of pension benefits during a recent presentation to a group of active teachers attending a program coordinated by Teach Plus.

There is a third party in the pension funding equation, however – the Employer. The Employer is supposed to set aside the required contribution for every day that you go to work. Those contributions are supposed to be invested and when you decide to retire, those invested contributions are supposed to be there.

If the Employer had made its contributions all these years and CTPF was a \$20 billion Fund as it should be, then the \$1.3 billion paid in pensions each year would come from investment earnings alone. That would create a much different pension picture, and a much different public conversation would be taking place now.

Instead of talking about pension burdens, we would be talking about education equity. Education funding in Illinois needs to be fixed. It has needed to be fixed for many years. In fact, I have reports in my personal files dating back two decades stating Illinois education funding needs to be fixed and putting forth recommendations.

There is a financial and social impact that results from putting off fixing what needs to be fixed. We know this. It's not a new idea. Sooner or later someone – mostly our children – pay a bigger price when we put off to tomorrow what should have been done yesterday.

This is a very important time for all of us who are members of CTPF to be willing



RTAC President David Peterson is presented with a certificate of recognition on behalf of CTPF and the Board of Trustees during RTAC's 90th Anniversary celebration held May 20, 2016.

to talk about education equity. If we don't talk about the importance of fully funding education (and this includes pensions for the teachers), other people will do the talking in our place.

I encourage you to learn as much as you can about education equity and pension funding. And I promise you we'll do our part to secure the Fund for your retirement. Maybe together, we can encourage others to do their part and fix the problem with education funding because we can't afford to wait another 20 years.

Charles A. Burbridge, executive director

## CTPF RETIREMENT SEMINARS



CTPF hosted four retirement seminars earlier this year. Several hundred members attended the events held at the Hilton Chicago/Oak Lawn in February and in April at the Harold Washington Library in Chicago. These seminars provide a one-stop shop for retirement information including a general overview of the CTPF and CPS retirement processes and the opportunity to meet with Member Services personnel who answer questions and provide assistance filling out forms. **Still thinking about retirement, but need more information?** Find a downloadable retirement application and more information on the CTPF retirement readiness website at [www.members.ctpf.org](http://www.members.ctpf.org).

## 2016 PENSION PAYMENT SCHEDULE

The schedule for mailing checks/direct deposit pay advices and the date for posting direct deposits is listed below.

Month	Check Mailing Date	Direct Deposit Date
July 2016	June 29, 2016	July 1, 2016
August 2016	July 28, 2016	August 1, 2016
September 2016	August 30, 2016	September 1, 2016
October 2016	September 29, 2016	October 3, 2016
November 2016	October 28, 2016	November 1, 2016
December 2016	November 29, 2016	December 1, 2016

## RETIREMENT REMINDERS

### PLAN FOR THE GAP

Members who plan to retire in June should plan for the “gap period” between their last paycheck and their first pension payment. Most June retirees can expect their first retirement payment deposited in September. The first payment will be retroactive to the retirement date and will include any additional refunds or payouts due from CTPF.

### STAY CONNECTED: REGISTER, LIKE, FOLLOW

Your employer-provided email address expires when employment ends. Register an email address with CTPF at [www.ctpf.org](http://www.ctpf.org) to receive email updates and Fund information.

## CTPF CALENDAR

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

### JUNE

23 9:30 a.m., Trustee Meeting

### JULY

4 Independence Day, office closed  
 14 9:30 a.m., Trustee Meeting  
 28 9:30 a.m., Investment Committee Meeting

### AUGUST

18 9:30 a.m., Trustee Meeting; closed session for Trustee training

### SEPTEMBER

5 Labor Day, office closed  
 15 9:30 a.m., Trustee Meeting  
 22 Afternoon, Investment Committee Meeting, see [www.ctpf.org](http://www.ctpf.org) for time.  
 30 5:00 p.m., nominating packets due to CTPF for Teacher Trustee and Administrator Election.

### OCTOBER

10 Columbus Day, office closed  
 20 9:30 a.m., Trustee Meeting  
 27 9:30 a.m., Investment Committee Meeting

### NOVEMBER

2-3 Teacher Trustee and Administrator Elections, see page 1.  
 10 9:30 a.m., Trustee Meeting  
 11 Veterans Day, office closed  
 24-25 Thanksgiving holiday, office closed

### 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



## STUDENT ART CONTEST

The Chicago Teachers' Pension Fund was founded on July 1, 1895, and celebrated its 120th Anniversary on July 1, 2015. The Fund commemorated the occasion by partnering with the After School Matters program to host a Student Fine Arts Contest. The contest encouraged students to think, dream, and create in any form of art medium and to envision the image, spirit, or possibilities of education 120 years in the future. Students were asked to submit artwork based on the theme, "My Vision for Education in the Year 2135."

The Fund received excellent work ranging from oils to mosaics and written essays. The first place winner is pictured at right and was featured on the cover of the *2015 Comprehensive Annual Financial Report*. Thank you to all the student artists who participated in the contest and shared their exceptional work to help us capture the spirit of education in the next century.

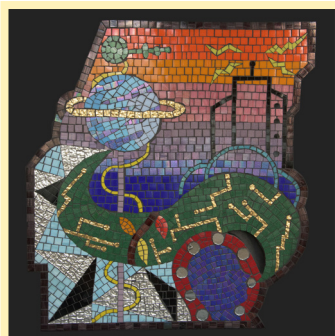
### 1st Place Overall Winner



**Title:** *Personal Connection*

**Artists:** Kevin Arce, Israel Garcia, Leslie Hurtado, Waleed Khan, Michelle Kwoh, Denisse Reyes, and Vivian Soto

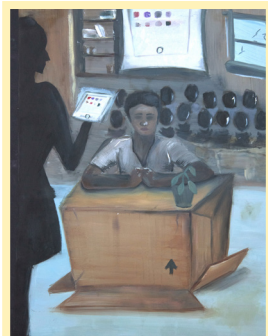
**Medium:** Venetian glass mosaic



**Title:** *Cosmic Transmissions*

**Artists:** Deysi Flores, Rebecca Karpen-King, Katherine Lacroix, Jessie Ornelas, Ricki Ornelas, Daniela Roldan, Jessica Steiner, and Alondra Vazquez

**Medium:** Venetian glass mosaic



**Title:** *The Race into the Void*

**Artist:** Xin Mei

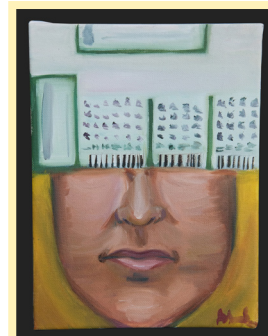
**Medium:** Oil paint on mylar



**Title:** *Technology Dependency*

**Artist:** Meitan Aaron

**Medium:** Acrylic paint and collage on plaster



**Title:** *I am Just a Number*

**Artist:** Annabelle Sigmond

**Medium:** Oil paint



**Title:** *Move Towards the Future*

**Artist:** Molly Bryson

**Medium:** Print making painting

## STAFF UPDATE

### CTPF ANNOUNCES A NEW DIRECTORSHIP IN THE AREA OF COMMUNICATIONS FOR THE FUND.

Susan Rice joined the Fund in January 2016 as Director of Communications. She is responsible for the overall direction of communications including print, website and social media. The addition of a staff member dedicated to internal and external communication reflects the Boards commitment to finding ways to best serve CTPF members.



*Susan Rice*

Prior to joining CTPF, Rice worked in school communications and the healthcare field. She has more than 15 years of experience in public relations, journalism, fund development and graphic design. Her previous experiences also include time as a high school journalism teacher, an adjunct professor and a communications consultant with her own firm. Rice holds a master's degree in education from Eastern Illinois University and a bachelor's degree in communications and English from the University of Iowa.



*Trustees met with the student winners for "Personal Connection," and their teachers. Pictured, back row, left to right: Trustee Jeffery Blackwell, After School Matters Instructor Alex Goldin, Waleed Khan, Trustee Raymond Wohl, Kevin Arce, and Board President Jay C. Rehak. Second row, right to left: Trustee Bernice Eshoo, Denisse Reyes, Vivian Soto, Michelle Kwoh, and Trustee Mary Sharon Reilly. Front row, left to right: Rebecca Karpen-King, After School Matters Instructor Mirtes Zwierzynski and Leslie Hurtado.*

# 2015 FINANCIAL SUMMARY

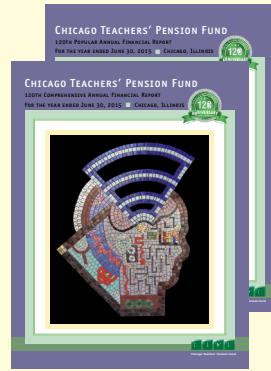
## CAFR AND PAFR RELEASED

Each year, CTPF documents its financial position in the form of a Comprehensive Annual Financial Report (CAFR), which includes an overview and analysis of the financial activities of the Fund. The Fund also produces a Popular Report offering a consolidated view of the CAFR. The complete 2015 CAFR/PAFR documents can be found at [www.ctpf.org](http://www.ctpf.org).

## FINANCIAL POSITION

The Fund's membership increased to 63,284 members as of June 30, 2015, reflecting 0.1% growth over prior-year membership. CTPF closed the fiscal year with the Fund's financial condition remaining relatively unchanged, with \$10.7 billion in assets, a 1.3% decrease from the \$10.9 billion of the previous year. A comparison of the actuarial value of assets to the actuarial accrued liabilities yields a 51.8% actuarial funding ratio, a slight increase from the 51.5% funding ratio of June 30, 2014.

The primary employer made a significant contribution of \$634 million in 2015. This is the second year in a row the primary employer has made most, if not all, of the required contribution. The Fund's Trustees continue to emphasize the importance of the employer making full payments going forward. CTPF is the primary form of retirement security for our members who do not contribute to social security during employment. Audited financial statements can be found on pages 24 and 25 of the CAFR.



## CTPF BY THE NUMBERS

### 29,706 ACTIVE MEMBERS CONTRIBUTE TO THE FUND

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

- 76% of CTPF members are women. The average age is 41.4 years.
- The average annual salary for an active member in 2015 was \$72,565.
- Active members contributed 9% of their salary to the pension fund every pay period during employment.

### 28,114 ANNUITANTS RECEIVE CTPF PENSIONS

24,594	Retirees
3,050	Survivors
470	Disability

- CTPF members do not contribute to Social Security during employment.
- CTPF paid out \$1.3 billion in pension benefits in 2015.
- The average annual benefit in 2015 was \$46,947.
- During the past 10 years, the number of retirees has increased about 32%.
- The the average age for service retirees was 72.9 in 2015. The most senior member reached age 109 in 2015.

### HEALTH INSURANCE

- CTPF offers comprehensive group health insurance coverage for eligible retired members.
- CTPF offers a subsidy to help pay for the cost of retiree health insurance. The subsidy was 50% in 2015.
- The Fund paid \$79.3 million in health insurance subsidies in 2015.

### FUNDED RATIO

- CTPF's funded ratio as of June 30, 2015, rose to 51.8% from 51.5% in 2014. The ratio was nearly 100% in 2002.

## CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION \*

For the year ended June 30, 2015, with comparative totals for 2014

	2015	2014
Contributions	\$ 899,900,298	\$ 838,262,206
Investment income	381,740,298	1,685,134,974
Insurance reimbursements	–	8,000,000
Miscellaneous	943,946	–
<b>Total additions</b>	<b>1,282,584,542</b>	<b>2,531,397,180</b>
Pension benefits	1,304,494,978	1,269,835,064
Refunds	23,264,403	31,242,999
2.2 Legislative refunds	615,393	1,589,172
Refund of insurance premiums	79,316,153	72,874,594
Death benefits	3,192,632	3,674,621
Administrative and miscellaneous expenses	11,705,562	10,494,139
<b>Total deductions</b>	<b>1,422,589,121</b>	<b>1,389,710,589</b>
<b>Net increase (decrease)</b>	<b>(140,004,579)</b>	<b>1,141,686,591</b>
Net assets held in trust for benefits:		
Beginning of year	10,851,672,058	9,709,985,467
<b>End of year</b>	<b>\$ 10,711,667,479</b>	<b>\$ 10,851,672,058</b>

\* This statement combines the assets of the Pension Fund and Health Insurance Fund.

# 2015 FINANCIAL SUMMARY

## INVESTMENTS

CTPF Trustees have responsibility for making financial decisions and follow a disciplined, long-term strategy: invest for a lifetime and maintain a diverse mix of assets with an appropriate level of risk. For the fiscal year 2015, the Fund's total investment performance resulted in a 3.5% gain, following exceptional returns of 18.4% in 2014 and 13.3% in fiscal year 2013. As long-term investors, performance is more significant over time. The Fund's annualized return over the past 35 years is 8.94%, exceeding the performance benchmark of 7.75%. The Fund continues to be committed to diversity and as of June 30, 2015, approximately 35.6% (\$3.6 billion) of the Fund's assets were managed by qualified minority-, women-, and disabled person-owned investment managers.

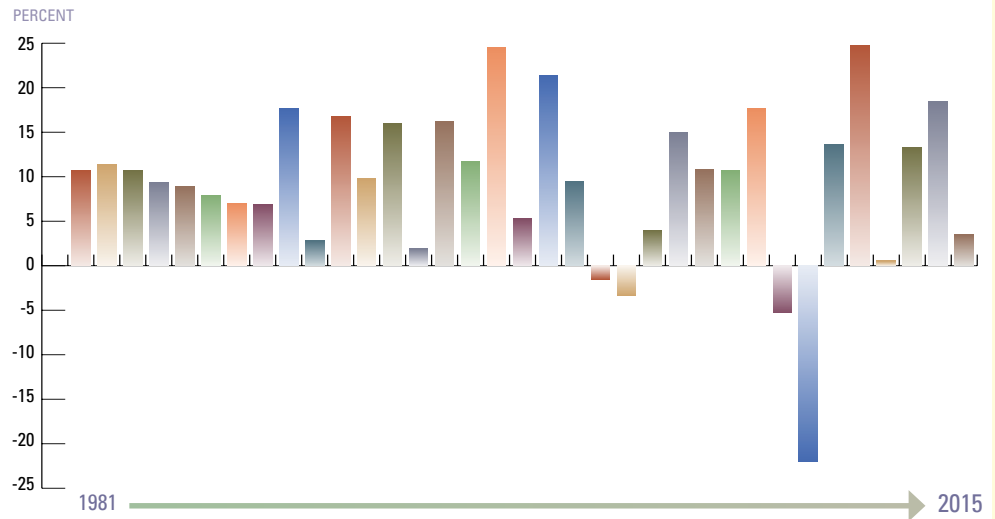
## FUNDING GOALS

CTPF's funding policy provides for employer contributions which, when added to contributions received from employee members and earnings on investments, will meet the actuarially determined obligations of the Fund. CPS made a \$634 million contribution in fiscal year 2015, and the State of Illinois contributed a total of \$62.1 million. The CPS required contribution for fiscal year 2016 is \$687.9 million, and the State of Illinois must contribute an additional \$12.1 million.

The actuarial section of the CAFR, beginning on page 76, provides detailed information about CTPF's funding status. The PAFR provides a summary on page 6.

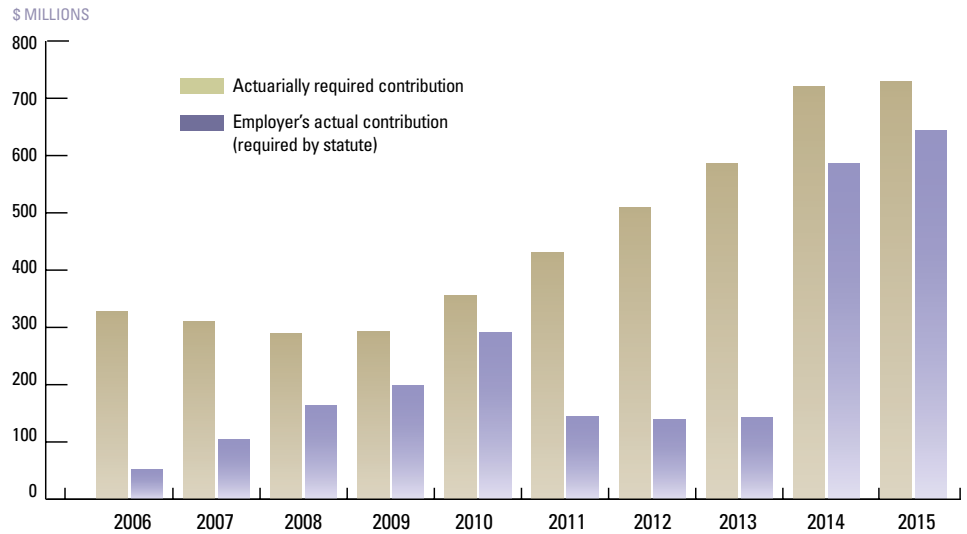
## CTPF ANNUALIZED RATE OF RETURN 1981-2015

35-YEAR COMPOUND ANNUAL GROWTH RATE 8.94%

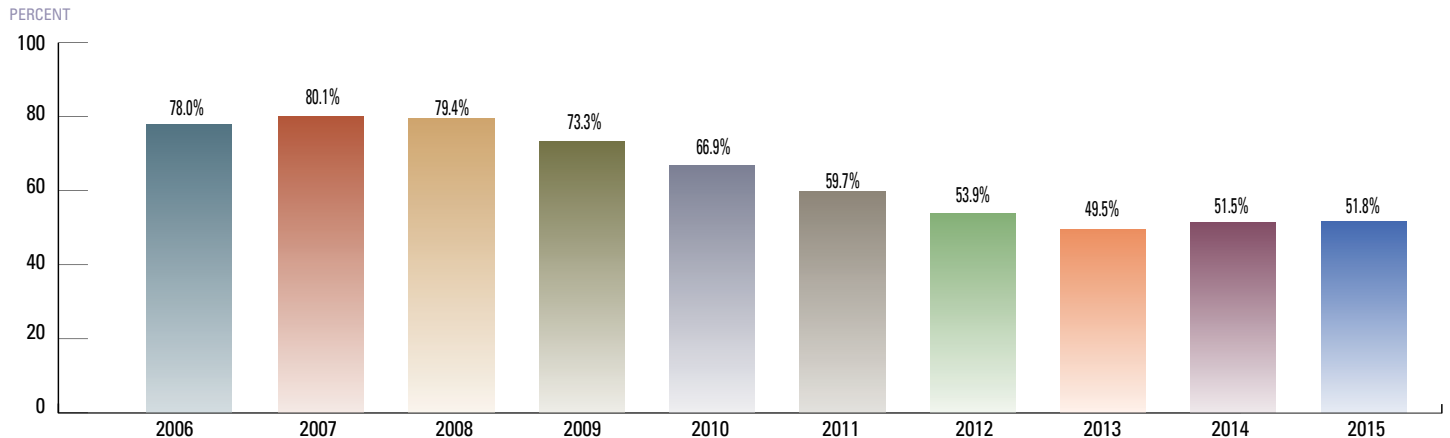


## REQUIRED VERSUS ACTUAL EMPLOYER CONTRIBUTIONS

YEARS ENDED JUNE 30



## CTPF FUNDED RATIO

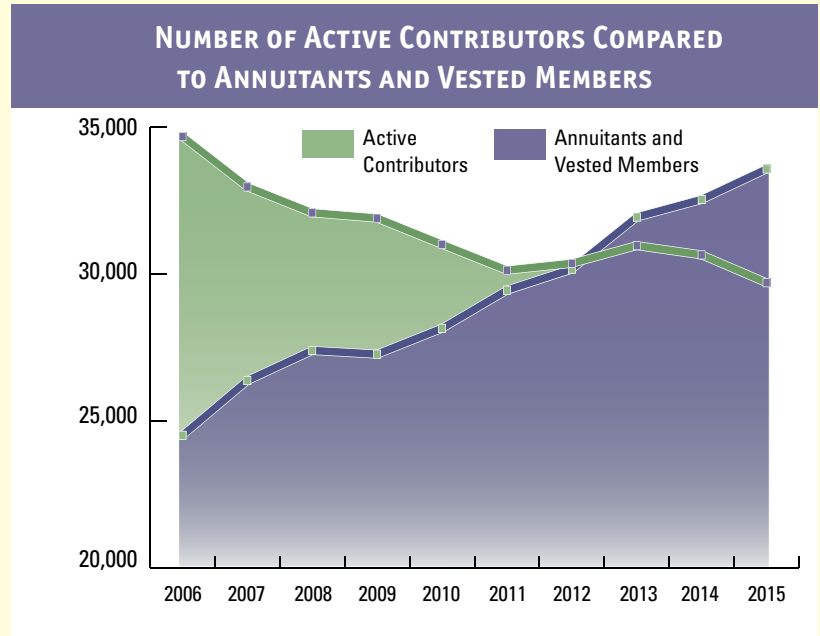


## MEMBER INFORMATION

The Chicago Teachers' Pension Fund serves 63,284 members. During fiscal year 2015, the Fund served more than 28,114 annuitants. The Fund has 29,706 active contributing members, and 5,464 vested terminated members who are eligible for but not yet receiving benefits.

CTPF saw continued decrease in active contributors and an increase in annuitants and vested members eligible to receive or receiving pensions, with total membership increasing 0.1% over 2014. CTPF had less than one annuitant/vested member for every active teacher in 2006, but in recent years, the number of annuitants and vested members exceeded active contributors.

The actuarial section of the CAFR, beginning on page 76, provides detailed information about the Fund's members. The PAFR provides a summary on page 10.



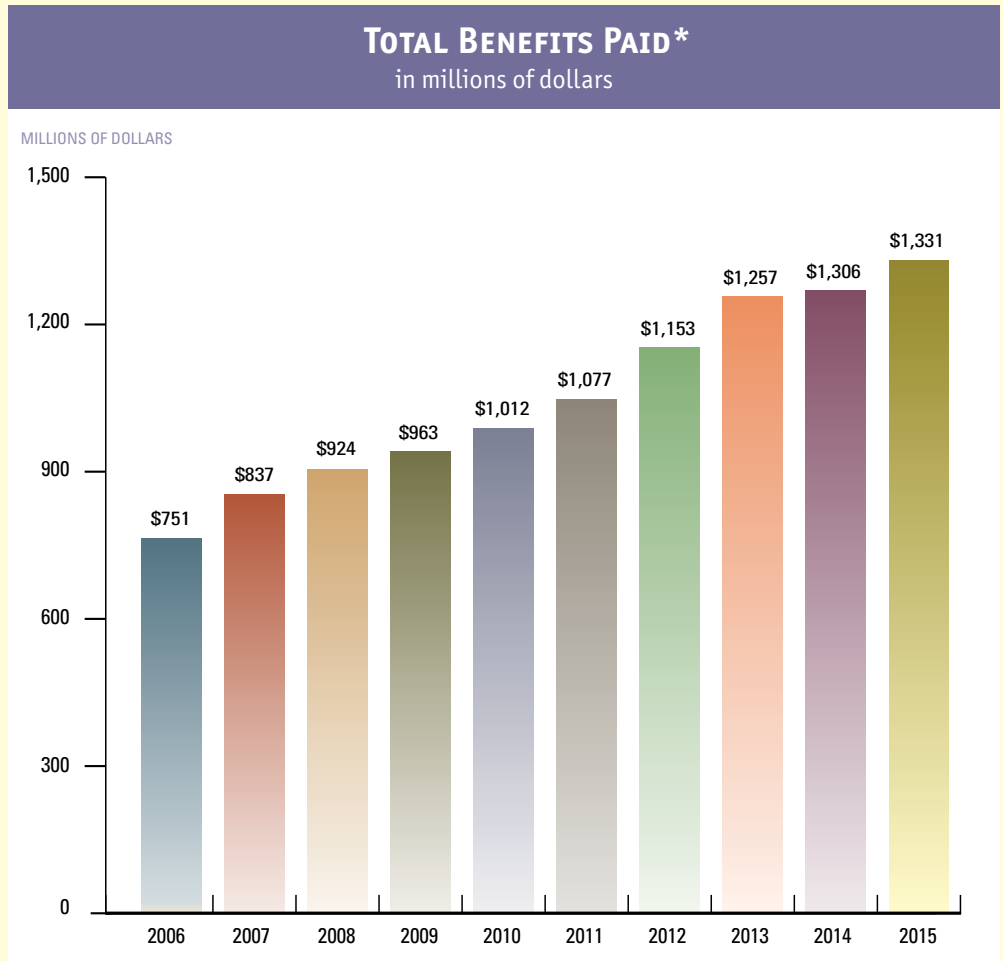
## OPERATIONS

CTPF paid more than \$100 million per month in benefits, \$1.3 billion annually, to annuitants in 2015. The Fund paid an additional \$79.3 million for health insurance premium subsidies to annuitants. Total benefit payments have increased 77% in the past 10 years.

CTPF operates transparently, and Fund management continues to focus on strengthening operations, improving internal controls, modernizing key infrastructure components of the Fund, and emphasizing customer service.

The Fund continued to work with its primary employer, Chicago Public Schools, to resolve payroll system issues that impacted pension fund data while establishing a robust process to work with the increasing number of Charter School employers.

The Fund's former Executive Director, Kevin B. Huber, began a medical leave in May 2014. The Board of Trustees subsequently appointed the Board President Jay C. Rehak, interim executive director, to provide leadership through August 2014. President Rehak returned to his teaching position in August and the Board of Trustees named Peter A. Driscoll, interim executive director. Driscoll served as interim executive director until March 2015, when the Board of Trustees concluded a national search and appointed Charles A. Burbridge executive director.



\* Total benefits paid includes pension benefits, refunds, and death benefits.

## ADDITIONAL INFORMATION

This summary provides an overview of the Fund and its operations. Readers can find complete financial information in the 2015 Comprehensive Annual Financial Report at [www.ctpf.org](http://www.ctpf.org).





**Chicago Teachers' Pension Fund**

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**CTPF 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.*

**BOARD OF TRUSTEES**

- Jay C. Rehak, *president*
- Lois W. Ashford, *vice president*
- Bernice Eshoo, *financial secretary*
- Robert F. Bures, *recording secretary*
- Jeffery Blackwell
- Mark F. Furlong
- Tina Padilla
- Walter E. Pilditch
- Mary Sharon Reilly
- Jerry Travlos
- Gail D. Ward
- Raymond Wohl
- Charles A. Burbridge, *executive director*



**Pension News  
Goes Green in 2016**

***Pension News* for active members is moving to an electronic format.**

CTPF works hard to conserve resources, both financial and environmental. *Pension News* for active members will be distributed in electronic format only beginning in late 2016. This online-only format will help the Fund to conserve resources while still providing information to members quickly and efficiently.

The newsletter will be emailed to active members with a valid email address on file. A link to a printable PDF version will be included in the email and posted at [www.ctpf.org](http://www.ctpf.org).

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