



Chicago Teachers'
Pension Fund

PENSION NEWS

Winter 2017 | Active Members Edition

TRUST. INTEGRITY. STABILITY.



+ CTPF RETIREMENT SEMINARS

*MAXIMIZE YOUR 2017
RETIREMENT OPTIONS*

**LEADER AMONG
ILLINOIS PENSION FUNDS**
*CTPF AGAIN LEADS ILLINOIS FUNDS IN
DIVERSITY INVESTMENTS*

SENATE BILL 2822 VETOED
*GOVERNOR VETOES SENATE BILL,
DENYING \$215.2M TO
PENSION FUND*

RETIREMENT ON THE HORIZON

*THOUSANDS OF CHICAGO PUBLIC
SCHOOL TEACHERS ARE
ELIGIBLE FOR RETIREMENT*



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

The Fund's most **NOTABLE** event for 2016 may be the **RESTORATION** of our **DEDICATED** pension tax levy, eliminated by statute in 1995.

Chicagoans will remember 2016 as a miraculous year in which the Cubs finally "broke the curse" and won the world series. I suspect that the team members who played in that remarkable series would not credit their success to a miracle, but to hard work and perseverance.

Pension funds live by the adage of slow and steady. We invest with a 30-year horizon and focus on lifetime security. Looking back on 2016, it's tempting to reflect with a measure of hyperbole, as major developments helped ensure our financial stability. The reality is that slow and steady progress, not miracles, helped us to make major strides.

The Fund's most notable event may be the restoration of our dedicated pension tax levy, eliminated by statute in 1995. The levy provides the Fund with a direct, stable, and long-term source of revenue. Our Trustees, staff, and members have worked for many years to educate legislators on the importance restoring the levy, and there were times when the passage of this legislation seemed as improbable as a Cubs victory. Perseverance worked, however, last spring the governor signed PA 99-0521, which we expect to generate about \$250 million per year.

This revenue does not eliminate the need for employer payments, as we continue to address decades of underfunding. Our fiscal year closed June 30, 2016, with a substantial employer contribution (the third straight year), and we saw our funded ratio increase to 52.4%. While short-term investment returns gained 0.5% for the fiscal year as global events brought volatility to the marketplace, our long-term outlook remains strong with 5-year returns at 7% and 25-year returns at 8.3%.

The \$1.4 billion in pension payments we made in FY 2016 ensured our member's financial security and made

an important economic impact in Illinois, supporting more than 12,969 jobs.

Financial security begins with good health, and CTPF remains committed to offering access to high-quality health care plans and partially subsidizing those costs. The fund paid \$66 million in subsidy payments in 2016 and will continue to subsidize 50% of premium costs in 2017.

In sharp contrast to the positive developments in the year, we also saw the Governor veto SB 2822, a measure which would have provided parity in the State's support of school districts. CPS has approximately 20% of students in the State, yet it receives far less than 20% of the State total education resources. Pension security begins with equitable education funding, and we will continue to press for these reforms.

Your voice had a powerful impact in Springfield last year, and we look forward to your continued support in 2017. Our Ambassador program continues to offer programming designed to help you communicate with legislators, see page 7 for more information.

Serving our members efficiently and effectively is our top priority, and this past year we initiated several short- and long-term projects that will improve the way we receive and maintain information from employers, redesign our website, and improve member service. We know that slow and steady progress, not miracles helped us move forward with great success in 2016.

We look forward to working with you as we build on that success in 2017.



Charles A. Burbridge
Executive Director



CTPF PRESENTS DIVERSITY REPORT

CTPF's year-end report on diversity delivered to the Governor's office highlighted the Fund's more than \$3.3 billion in assets invested with Minority, Women, and Disabled Business Enterprise (MWDBE) firms during the 2016 fiscal year. Illinois Senate Committee hearings in August 2016 highlighted the Fund's exceptional performance. Illinois State Senator Kwame Raoul, co-chair of the Pensions and Investments Committee stated that CTPF has "embraced [diversity] at every level."



Pictured above at the 2017 Diversity hearings in August 2016; left to right: Jeffrey Blackwell, CTPF Trustee; Toi W. Hutchinson, IL State Senator (D); Lois W. Ashford, CTPF Trustee; and Charles A. Burbridge, CTPF Executive Director

"CTPF Trustees understand that the investments we make do more than provide financial security for our members," said Charles A. Burbridge, CTPF Executive Director. "We have worked for more than 20 years to enhance and support our investments in this area, and for the past 10 years have exceeded our diversity goals."

CTPF has seen dramatic growth in MWDBE investments since its program began more than 20 years ago. The Fund invested 6.1% of assets in MWDBE-owned funds in 1996, growing total investments to 35.2% at the end of May 2016. CTPF's 2016 Diversity Report is available at www.ctpf.org.

CTPF BOARD OF TRUSTEES ELECTIONS



Left to right (Front row): Jay C. Rehak, Lois W. Ashford, Raymond Wohl, and Bernice Eshoo. Left to right (Back row): Jerry Travlos, Jefferey Blackwell, Tina Padilla, Mary Sharon Reilly, Robert F. Bures and Walter E. Pilditch. Not pictured: Mark F. Furlong and Gail D. Ward.

CTPF is governed by a 12-member Board of Trustees who serve staggered terms. Elections are scheduled each November to fill open positions. Candidate petitions for two Teacher Trustees and one Administrator Trustee were due September 30, 2016.

Three individuals submitted petitions for the Teacher Trustee positions. All petitions were sent to CTPF's third-party election services provider for verification, and two candidates were certified. Since the number of

certified candidates did not exceed the open positions, the 2016 Teacher Trustee elections were cancelled. Jeffery Blackwell and Bernie Eshoo were declared re-elected. Blackwell and Eshoo were re-installed at the November 10, 2016, CTPF Board of Trustees meeting and will serve three-year terms from November 2016-2019. There were no candidates nominated for the Administrator Trustee position. Jerry Travlos will continue to serve in this role.

Organization of the Board

The Trustees installed re-elected members, elected officers, and appointed committee chairs on November 10, 2016.

Officers for 2017-2018

Jay C. Rehak, *President*
Lois W. Ashford, *Vice President*
Raymond Wohl, *Financial Secretary*
Bernice Eshoo, *Recording Secretary*

Standing Committee Chairs

Tina Padilla, *Investments*
Jeffery Blackwell, *Claims & Service Credit*
Raymond Wohl, *Finance & Audit*
Lois W. Ashford, *Pension Law & Rules*

CALENDAR

JANUARY

- 2 Observance of New Years Day
Office Closed
- 18 Martin Luther King, Jr. Day | Office Closed
- 19 Board of Trustees meeting | 9:30 a.m.
- 31 Investment Committee Meeting | 9:30 a.m.

FEBRUARY

- 11 Lincoln's Birthday | Office Closed
- 20 President's Day | Office Closed
- 20 Retirement Seminar | 9:00 a.m. or 1:00 p.m.
Hilton Oak Lawn
- 16 Board of Trustees Meeting | 9:30 a.m.

MARCH

- 16 Board of Trustees meeting | 9:30 a.m.

APRIL

- 12 Retirement Seminar | 9:00 a.m. or 1:00 p.m.
CTPF Offices
- 13 Retirement Seminar | 9:00 a.m. or 1:00 p.m.
CTPF Offices
- 21 Board of Trustees meeting | 9:30 a.m.

MAY

- 18 Board of Trustees meeting | 9:30 a.m.
- 29 Memorial Day | Office Closed

JUNE

- 15 Board of Trustees meeting | 9:30 a.m.

Board of Trustees and Investment Committee meetings, are held in the CTPF office, and 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

Retirement Readiness

The steps you take now can ensure a smooth retirement transition in June.

What to do now . . .

It's not too early to start preparing for the retirement process by doing research and organizing your information.

1. Do Some Homework

Every retirement situation is different. Evaluating your options involves time and energy. CTPF has helpful information and tools available online. Visit www.ctpf.org and click the "Thinking about Retirement" link to get started.

Be sure to check with your current employer to learn about the resignation process. Also, contact any prior employers to obtain the necessary paperwork if they are part of the reciprocal pension system.

2. Register for a 2017 Retirement Seminar

Call Member Services or register at www.tinyurl.com/2017ctpfseminar for one of the Retirement Seminars being offered February 20th and April 12th or 13th. These seminars provide an overview of the retirement process and can help you jump start (or complete) your retirement application. Everyone who pre-registers by February 10th or March 31st will receive an Estimate of Pension in their information packet at the seminar.

3. Register your e-mail with CTPF

CTPF sends regular updates and information to retirees through e-mail. You will lose your employer-provided e-mail account when you retire, so make sure you register a permanent e-mail address with CTPF. Find a registration link at www.ctpf.org.

4. Follow us on Social Media


To stay up-to-date on pension news follow CTPF on social media. Not only will you find retirement information and deadline dates, but news and facts about pension funding. We are "Chicago Teachers' Pension Fund" on Facebook and @ctpf_tweets on Twitter.

FOLLOW US!



PICTURE YOUR FUTURE WITH CTPF

If you're at the beginning of your career, it may be hard to picture yourself retired. Yet, planning for retirement should begin the first day of employment. Your pension, administered by the Chicago Teachers' Pension Fund (CTPF) is one of your most important assets. This sheet provides an overview of your retirement benefits.



CTPF Overview
Established by the State of Illinois on July 1, 1895, Chicago Teachers' Pension Fund (CTPF) is a public employee retirement system that manages members' assets and administers entitlements and benefits for teachers, educational administrators, professionals, and other certified individuals employed in the Chicago Public or approved charter school systems, and CTPF staff. Participation in the CTPF pension plan is mandatory for these individuals.
The Fund currently serves more than 30,600 active contributors, and provides pension and health insurance benefits to nearly 28,000 members.
CTPF is governed by Illinois law, and managed by an independent, 12-member Board of Trustees. Current 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.


Defined Benefit Plan
CTPF members participate in a defined-benefit retirement plan, which offers a secure retirement income for life. Once earned, a pension does not lose value or change with investment or market conditions.
CTPF members do not contribute to Social Security during employment. Instead, each pay period, pension contributions are withheld by the employer and sent to CTPF. At retirement, CTPF calculates a pension based on the member's final average salary (FAS) and service credit.

MORE INFORMATION
You can find the M.A.F., and additional information on retirement, reciprocity, and Disability pensions at www.ctpf.org.

PENSION BENEFITS
Your retirement pension is:
■ based on service credit and final average salary
■ paid throughout your lifetime
■ protected from inflation with an annual increase
Wondering what your pension might look like? CTPF's online Monthly Annuity Planner (M.A.P.) offers a rough estimate of your future monthly income.

RECIPROCAL PENSION
Have you worked for another Illinois public pension system? The Illinois reciprocal net pay allows you to combine your service credit.

DISABILITY PENSIONS
CTPF offers two types of disability benefits for members who are permanently disabled and no longer able to work.
■ Daily disability benefits for contributors under age 65 injured while performing their duties.
■ Disability retirement pensions for contributors with at least 10 year of service, unable to work.



New to CTPF?
Find an information sheet with an overview of benefits at www.ctpf.org.

PICTURE YOUR FUTURE WITH CTPF

It's never too early to think about retirement.

If you're new to the Fund, it can be hard to picture yourself at retirement, but planning for retirement should begin with your first day of employment. CTPF members do not contribute to Social Security, so understanding your CTPF benefits and how to protect them is an important element of your future financial security.

Where can I find more information?

The CTPF website includes information about benefits and publications on a variety of topics available to download and review. Find publications at www.ctpf.org.

New to the fund? Steps you can take...

1. Stay informed. Register your e-mail address with CTPF. Find a link on the home page at www.ctpf.org.
2. Keep your employer and CTPF up-to-date with any changes in your demographic information.
3. Take an active role in protecting your pension and financial security by joining the Pension Fund Ambassador program. Find a registration link on the Education and Advocacy page at www.ctpf.org.
4. Complete a CTPF Designation of Beneficiary (DOB) form and update it as important life events occur (marriage, civil union, childbirth, divorce, etc.). For more information visit www.ctpf.org.



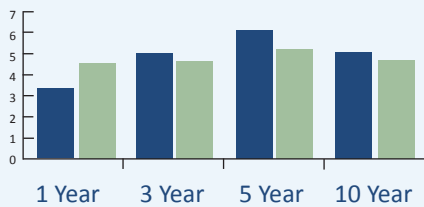
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Find a pension estimator, forms, documents and current news.

Financial Snapshot

RETURN ON INVESTMENTS

As of November 30, 2016

	NET RATE OF RETURN	TOTAL FUND BENCHMARKS
1 Year	3.41%	4.51%
3 Year	4.35%	4.28%
5 Year	8.54%	8.23%
10 Year	4.66%	4.71%



RATE OF RETURN
 TOTAL FUND BENCHMARKS

As of November 30, 2016, the approximate current value of CTPF's investments was \$9.7 billion.



GOVERNOR VETOES SENATE BILL 2822

Thursday, December 1, 2016, Governor Rauner vetoed Senate Bill 2822 which would have appropriated \$215.2M to the Chicago Teachers' Pension Fund for fiscal year 2017. The Illinois Senate immediately moved to override the veto by a vote of 36-16, but the Illinois House failed to take action and the veto stands. The veto will not impact current pension payments.



"Our lawmakers who sent Senate Bill 2822 to the Governor worked to uphold a promise dating back to 1995 when the state declared its intent to fund CTPF at a rate proportionate to the downstate/suburban systems. Unfortunately, we didn't have the full support of the Governor at this time," said CTPF Executive Director Charles A. Burbridge.

and takes valuable educational resources away from Chicago's educators and students. While we are disappointed, we remain encouraged by the sheer number of legislators who fought for and gave voice to this critical issue. We will continue to work with legislators in the 100th session to ensure that equitable pension and education funding remain at the forefront of their priorities."

"Vetoing this legislation perpetuates a disparity in our pension funding system

PENSIONS SUPPORT JOBS & THE ECONOMY

The *2016 Economic Impact Statement*, a collaborative report assembled by eight of Illinois thirteen Reciprocal Retirement Funds details the nearly \$17 billion in economic impact and 126,212 jobs supported by pension payments in the State of Illinois. The statement aggregates the number of fund members and their payments by legislative district and includes the percentage of constituents in a district who are fund members.

The publication developed from conversations initiated during the Illinois Public Pension Roundtable, founded by CTPF Board of Trustees President Jay C. Rehak. The working group organized in 2015 and met quarterly to discuss topics ranging from improving operating efficiencies to the impact pension payments have on communities. The group's 2016 report aggregates the funds' data and details the impact annuity payments have in each legislative district in Illinois.



The eight systems represent more than 876,000 state taxpayers – or nearly 9 percent of Illinois' adult population. "Our Fund has produced an economic impact statement since 2012," said Jay C. Rehak, President of the CTPF Board of Trustees. "We know from our research that our pension payments impact the economy of every single legislative district in the state. Taking the next step and aggregating the

data from the reciprocal funds offered a better understanding of the critical role these payments have in sustaining and supporting local economies throughout Illinois."

Find a copy of the Roundtable's *2016 Economic Impact Statement* on the Education and Advocacy page at www.ctpf.org.

PLANNING TO RETURN TO WORK AFTER RETIREMENT?

Many CTPF retirees choose to return to work as substitute teachers or in other temporary positions for the Chicago Public and Charter Schools (“Employer”) or both. The Illinois Pension Code restricts the number of days and the amount of compensation that retirees can earn as part of part-time or temporary employment for an Employer.

Return to work violations have been increasing, and have serious and significant financial consequences to those that exceed the work limits: repayment and/or cancellation of pension or repayment and/or loss of health insurance subsidy.

Return to Work Limits for Non-Permanent Re-Employment by Chicago Public & Charter Schools

The following chart summarizes the current, along with the new employment and compensation limits effective July 1, 2017.

Note: Chart includes Drivers Education Instructor’s employment and compensation limits.

SCHOOL YEAR 2017-2018 <i>Effective July 1, 2017</i>		SCHOOL YEAR 2016-2017 <i>Effective July 1, 2016</i>	
EMPLOYMENT LIMIT	COMPENSATION LIMIT	EMPLOYMENT LIMIT	COMPENSATION LIMIT
<u>Drivers Education Instructors</u> 900 Hours	<u>Drivers Education Instructors</u> \$30,000, or \$50,000 for individuals who retired with 5 years of service as an Administrator	<u>Drivers Education Instructors</u> 100 Days <i>(a day constitutes a partial, full or extended day of work)</i>	<u>Drivers Education Instructors</u> \$30,000, or \$50,000 for individuals who retired with 5 years of service as an Administrator
<u>All Other Retirees</u> 100 Days <i>(a day constitutes a partial, full or extended day of work)</i>	<u>All Other Retirees</u> \$30,000, or \$50,000 for individuals who retired with 5 years of service as an Administrator	<u>All Other Retirees</u> 100 Days <i>(a day constitutes a partial, full or extended day of work)</i>	<u>All Other Retirees</u> \$30,000, or \$50,000 for individuals who retired with 5 years of service as an Administrator

If you intend to work for the Chicago Public or Charter Schools, you are required to notify the Chicago Teachers’ Pension Fund before beginning your re-employment. You must fill out Form 770 and return to the CTPF via postal mail or fax. Obtain the form online at www.ctpf.org or call our Member Services Department at 1-312-641-4464.

EDUCATION & ADVOCACY INITIATIVES



Jackie Umbles
Communications Specialist

Teachers are lifelong learners, and in response to our members’ requests, CTPF will offer winter and spring seminars and webinars on topics of importance to active and retired members.

Protect Your Pension: Learn Ways You Can Make a Difference

Take the first step towards protecting your pension by joining the Ambassador Program. Ambassadors receive training about the Fund so they can reach out to legislators and decision makers. Register at goo.gl/QtrMVV (case sensitive) and you’ll receive additional information about training sessions and programming.



Free Educational Training Sessions

CTPF Seminar Series

Chicago Teachers Union – Pension Insurance Committees Pension Educational Workshops | February 15th

CTPF will partner with the Chicago Teachers Union – Pension Insurance Committee, to offer monthly educational workshops for active and retired members. Check the Education and Advocacy Page at www.ctpf.org for a complete schedule. Seminars will be offered at 1901 W. Carroll Ave. and registration is preferred. Visit tinyurl.com/ctuandctpf1 to register.

CTPF Webinar Series

Pensions Matter: Overview of CTPF & the Ambassador Program | TBD

CTPF offers Ambassador training sessions, online and in person, to help members learn effective ways to communicate with legislators, friends, family and neighbors. Attend this educational workshop and learn what you need to know about your pension fund, the economic impact your pension has on the City of Chicago and the State of Illinois, the role of CTPF Ambassadors, and how you can protect your pension.

State of the Fund Address | February 7th

CTPF staff will discuss the Fund’s 2017 investment initiatives, economic impact, proposed legislative action, operational improvements, healthcare challenges, and Tier II retirement.

Education Funding | TBD

An overview of education funding in Illinois and an explanation of the total cost of education.

If you have topics you’d like to hear more about or for more information about our Ambassador program please email ambassadors@ctpf.org.



Chicago Teachers Pension Fund

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Register for email updates:
www.ctpf.org

2016 BY THE NUMBERS

CTPF is a member-focused organization, and every year we strive to provide exceptional customer service. Here is a snapshot of highlights from Fiscal Year 2016*



52,300 member calls received and answered



3,114 1:1 office consultations with members



2,362 member email inquiries answered



4,023 dedicated pension fund ambassadors



858 members served at retirement seminars



\$1.4B in service retirement payments made to members

*2016 fiscal year, July 1, 2015-June 30, 2016

BOARD OF TRUSTEES

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