



Chicago Teachers' Pension Fund

TRUST. INTEGRITY. STABILITY.

PENSION NEWS

AUTUMN 2010 FOR ACTIVE MEMBERS

Issue Highlights

Financial Snapshot

An overview of financial performance 2

2010 Election Notice

Details on upcoming elections 4

Planning for the Future

Information about the benefits available to survivors of active members 4

News Briefs

Updates on the CTPF Annual Report, CPS Payroll, and lawsuits 5

Field Service Update

Field Service program highlights and contact information 7



CTPF BENEFITS OVERVIEW

CTPF welcomes new members who have recently joined the CPS/Charter School system. The Chicago Teachers' Pension Fund (CTPF) is a public employee retirement system that benefits teachers, educational, administrative, professional, 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 if you hold one of these positions.

Established by the State of Illinois on July 1, 1895, CTPF has provided retirement security for 115 years. The fund manages members' assets and administers entitlements and benefits. The fund currently includes 59,000 members, and has \$8.92 billion in assets.

[Continued on page 3](#)

EXECUTIVE DIRECTOR'S LETTER

Our financial position at June 30, 2010, showed considerable improvement... with a one-year return of 13.4%.



Kevin B. Huber, executive director

New Year's Eve may be months away, but for many active members, the new year begins on Labor Day.

The fund's fiscal year begins on July 1, so we also see the start of the academic year as a time to look forward and back, and to reflect on achievements and challenges.

Our financial position at the year ended June 30, 2010, showed considerable improvement over the previous year, with a one-year return of 13.4%. While we are always careful not to draw conclusions based on a single year, we are pleased to report a positive return. Our assets are currently a little under \$9 billion (see page 2).

The economy poses unprecedented challenges, and CTPF continues to pursue a conservative investment strategy, guided by prudent advice and careful practice. The addition of our new Director of Investments, Carmen A. Heredia-Lopez (see page 5), underscores CTPF's commitment to this philosophy. Ms. Heredia-Lopez brings a wealth of experience and strong credentials to the fund. She will use her expertise to implement the investment strategy approved by the Board of Trustees and manage our investment portfolio.

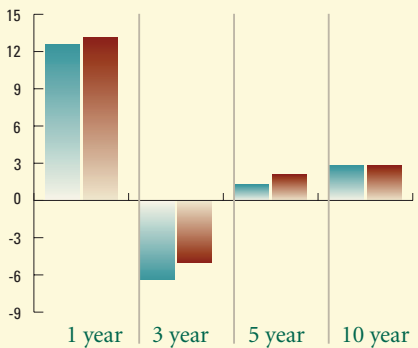
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CTPF FINANCIAL SNAPSHOT

CTPF RETURN ON INVESTMENTS

Close of the Fiscal Year, June 30, 2010

	RATE OF RETURN	TOTAL FUND BENCHMARKS
1-year	13.4%	13.3%
3-year	(6.1)%	(5.0)%
5-year	1.34%	2.1%
10-year	2.9%	2.8%



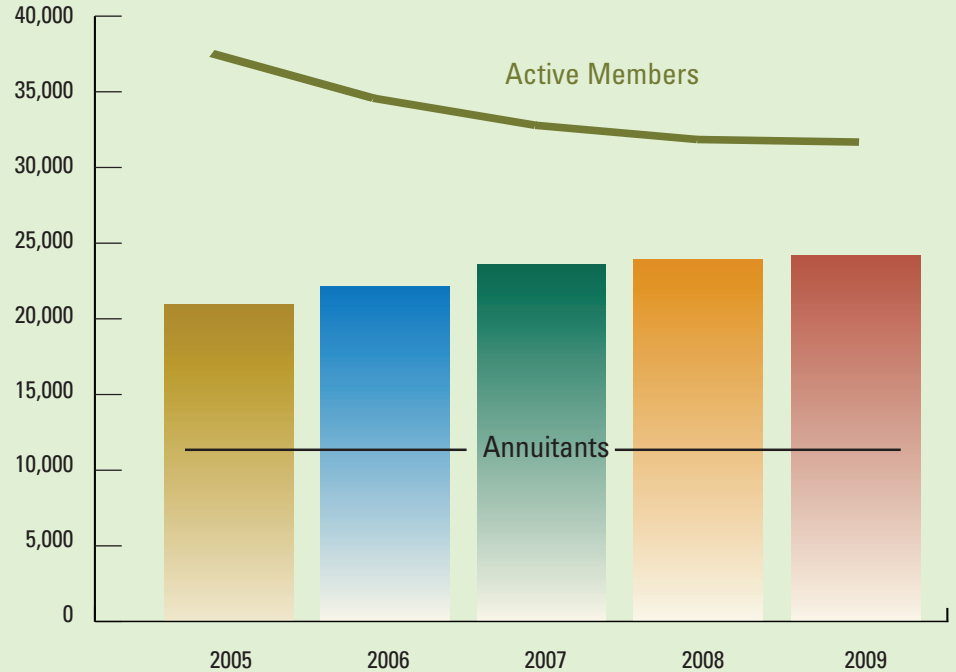
■ RATE OF RETURN
■ TOTAL FUND BENCHMARKS

As of June 30, 2010, the approximate current value of CTPF's investments was \$8.92 billion.



Chicago Teachers' Pension Fund

ACTIVE MEMBERS AND ANNUITANTS COMPARED



We also want to welcome new CTPF members to the fund and wish you a long and productive career. The lifetime benefits you earn as members of CTPF's defined benefit retirement plan will help to ensure your future financial security.

While retirement may be many years away, there are ways to make sure that you make the most of the benefits we offer. See page 3 for ideas to help you stay informed and involved.

Staying involved means making sure your interests are represented. As an independent plan, CTPF is governed by a board of trustees which includes representatives from our current teachers, principals, retirees, and the Chicago Board of Education. Each fall, CTPF holds elections for available positions. Voting in CTPF elections ensures that you have a voice in the operation of the fund.

At the close of the fiscal year, CTPF welcomed more than 1,000 new retirees but saw a decline in the number of active members. We watch demographic trends carefully, and over the past five years, retiree ranks have grown while the number of active contributors has decreased. This trend reminds us of the importance of

fiscal discipline, sound investing, and most importantly, collecting funds earned by members and owed to CTPF.

Our philosophy of protecting pension benefits for members, collecting what is owed to the Fund, and seeking adequate funding for CTPF has been the focus of the last fiscal year, and I expect these priorities to remain the same in the months ahead. Last year, I logged many miles driving to Springfield, Ill., where I met with legislators and state legislative leaders. As the State of Illinois continues to struggle with budget-related issues, we must continue to make the case for fair funding and adequate health insurance reimbursements for retirees. The Legislative Update on page 6 suggests ways you can help deliver this message.

Looking forward we see challenges on the horizon, but I am always glad to report that the fundamentals of this fund and the benefits we provide remain solid and vital. We wish you a productive year and hope you will contact us with questions or concerns

We look forward to serving you.

Sincerely,

Kevin B. Huber, executive director

BENEFITS OVERVIEW continued from cover

GOVERNANCE

CTPF is governed by Illinois law, and managed by an independent, 12-member Board of Trustees. CTPF Trustees have fiduciary responsibility for fund operations, approve benefit programs, and make investment decisions for the fund's assets.

CTPF FUNDING

Contributions and investment returns fund pensions. CTPF revenue sources include:

- member contributions
- employer contributions
- State of Illinois contributions
- earnings on investments

PENSION BENEFITS

Retirement pensions are:

- based on service credit and final average salary
- paid throughout your lifetime
- protected from inflation

DEFINED BENEFIT PLAN

The Chicago Teachers' Pension Fund offers a defined benefit (DB) retirement plan. A DB plan offers a specific monthly benefit determined by a formula based on salary and service credit. CTPF's pensions cannot lose value or change with market conditions. Once a member is vested in CTPF s/he qualifies for a lifetime benefit with inflation protection.

CALCULATING A PENSION

Your pension is based on your final average salary (FAS) multiplied by your service credit and a pension factor (2.2%), up to a maximum of 75% of FAS.

Effective January 1, 2011, the Illinois legislature created a "second" tier of benefits for employees. Individuals who are employed prior to January 1, 2011, retain Tier 1 benefits and will have pension benefits calculated based on the current law.

PURCHASING SERVICE

You may qualify to purchase additional service credit for time spent in military service, previously refunded service, employer approved leaves of absence, or teaching in another public school system. The cost of a purchase varies depending on the type of service and can only be determined on an individual basis. If you think you may qualify to purchase service, see the brochure, *Understanding Optional Service*, or contact Member Services for information.

RECIPROCAL PENSION

Members with service in another Illinois public retirement system may combine service credit under the Retirement Systems Reciprocal Act. This act allows you to receive a pension based on your total service credit and highest FAS from both systems. See the brochure, *Reciprocity and Your Retirement*, or contact Member Services for information.



SURVIVOR BENEFITS

Upon the death of a member, a surviving spouse and/or dependent minor children may qualify to receive survivor benefits. See *Planning for the Future*, page 4.

RESOURCES FOR NEW MEMBERS

New members may obtain additional information about CTPF from local school Pension Representatives who serve as an important link between CTPF and fund members. See *Pension Representative Update*, page 7.

You may access a variety of information including CTPF brochures, newsletters, and register to receive e-mail updates at www.ctpf.org.

CTPF Member Services department offers individual counseling and appointments, Monday to Friday from 8:00 a.m. – 5:00 p.m. Counselors can be reached at 312.641.4464.

STAY INFORMED AND STAY INVOLVED

As an active member of the Chicago Teachers' Pension Fund retirement plan you should....

- complete a CTPF Designation of Beneficiary form and update it as important life events occur, see *Planning for the Future*, page 4.
- update CTPF with any changes in your demographic information.
- review pay stubs to ensure pension contributions (2%) are deducted. Call your employer's payroll department in case of an error.
- review the brochure, *Understanding Optional Service*, to better understand opportunities to purchase service credit.
- consider the benefits of reciprocity. If you earned service credit in another Illinois public retirement system, contact CTPF to discuss your options.
- share your voice. Vote in CTPF's Annual Trustee Elections, conducted in the fall, see *Trustee Elections*, page 4.
- get to know your Illinois legislators and contact them regularly. Make sure your representatives in Springfield understand the concerns shared by CTPF members, see *Legislative Update*, page 6.
- stay informed. Read *Pension News* and register for e-mail updates at www.ctpf.org.





Planning for the future sometimes includes thinking about difficult situations. CTPF provides pensions and death benefits for the survivors of members who die during active service. Understanding these benefits may bring peace of mind to you and your loved ones.

CTPF BENEFITS

Survivors and beneficiaries of a CTPF member who dies during active service may receive:

- a survivor pension payable to a member's eligible spouse and/or eligible minor child(ren).
- a death benefit payable to a member's designated beneficiaries or estate. The amount is based on the member's monthly salary and service credit.
- a refund of contributions payable to a member's designated beneficiaries or estate, if available.

PAYMENT OF DEATH BENEFITS

Survivor pensions are paid to an eligible surviving spouse and/or minor children. Death benefits, however, must be designated by the member and are paid according to the information on a member's Designation of Beneficiary form.

"Many of our members will receive death benefits from multiple sources," explained Director of Member and Office Services Frances Radencic.

"A CTPF Designation of Beneficiary is separate from any designation form filed with an employer or labor organization. Without a CTPF designation on file, death benefits are paid to a member's estate and may take longer to process," explained Radencic.

REQUEST A FORM

If you are new to CTPF and have not completed a designation, or if you need to revise your current designation, request CTPF Form 105 Designation of Beneficiary from your pension representative, or call CTPF at 312.641.4464 to request one.

Complete the form, sign it in the presence of a notary, and return the form to CTPF. The form must be received in the CTPF office before it becomes effective.

REVIEW YOUR DESIGNATION

Periodically review your designation and update it to account for any life change: marriage, divorce, death, births, etc.

CONFIDENTIALITY

The information contained on the designation is confidential and will not be disclosed to anyone. If you cannot remember who you have designated as a beneficiary, complete a new form.

***Note:** The only person who may sign and/or change a Designation of Beneficiary form is the CTPF member. A representative, including a power of attorney, guardian, conservator, trustee, or representative payee, cannot change or sign this form.*

2010 TRUSTEE ELECTIONS

TEACHER TRUSTEES – OCTOBER 29, 2010

The Teacher Trustee Election will be conducted in schools and at other designated polling places on Friday, October 29, 2010. Teachers and other active contributors will elect two trustees to serve three-year terms from November 2010 to November 2013.

TEACHER TRUSTEE VOTING

Voting will take place in the Chicago Public and Charter Schools, October 29, 2010. The election will be conducted by a school pension representative and two judges of election. Polling times will be determined based on individual school opening times, within the hours of 7:00 a.m. to 10:30 a.m.

Teachers who will not be in school on October 29 may request an absentee ballot. Absentee ballot request forms are available from school pension representatives or online at www.ctpf.org. Requests must be received by October 8 and completed ballots must be returned to the CTPF office by 5:00 p.m., October 29.

If an election is not held in a school, teachers may vote at a neighboring school or at one of these alternate locations:

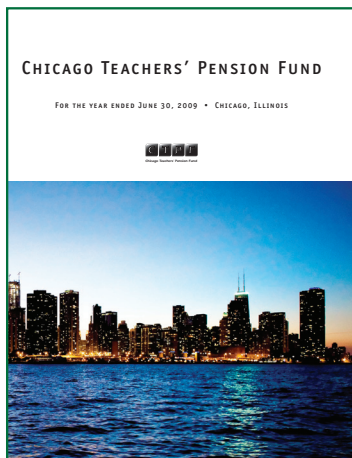
- Chicago Teachers' Pension Fund office, 203 North LaSalle Street, suite 2600, 10:00 a.m. - 4:00 p.m.
- Chicago Teachers Union office, 222 Merchandise Mart, suite 400, 8:00 a.m. - 11:00 a.m.

PRINCIPAL/ADMINISTRATOR TRUSTEE – NOVEMBER 5, 2010

The Principal/Administrator Election will be conducted by mail ballot, with results tabulated on Friday, November 5, 2010. Principal/Administrators will elect one trustee to serve a three-year term from November 2010 to November 2013.

ADDITIONAL INFORMATION

Additional information is available in the *Election Policies and Procedures Handbook*, at www.ctpf.org, or from the election coordinator. Call 312.604.1400, ext. 234.



2009 ANNUAL REPORT RELEASED

CTPF's auditor finalized the necessary data and completed the 2009 fiscal year audit. The Comprehensive Annual Financial Report, detailing the CTPF's financial position, is available online at www.ctpf.org. All schools received a copy of the report, which is available through a school's pension representative. Limited copies are available on CD. Contact Member Services to request one.

CTPF FILES SUIT AGAINST CPS

On July 8, 2010, CTPF filed a lawsuit against the Chicago Board of Education. The suit seeks \$40 million in funding that the CPS board failed to pay for the 2009-2010 fiscal year. This lawsuit attempts to collect the legally required amount specified in the Illinois Pension Code.

"In these difficult financial times, we want to make sure CTPF receives all the funds legally due," said Kevin B. Huber, executive director.

The complete text of the suit can be found at www.ctpf.org.

CPS PAYROLL UPDATE

CTPF filed suit against the Chicago Board of Education in July 2009 in an attempt to resolve ongoing issues related to payroll data. Since May 2007, CPS has failed to provide accurate payroll data to CTPF which has delayed the processing of retirements,

refunds, and death benefits. The lack of data has also delayed the processing of Personal Statements of Benefits for active members. Personal statements detail the member's pension information recorded by CTPF.

The complete text of the suit can be found at www.ctpf.org.

REGISTER FOR ELECTRONIC UPDATES

CTPF continues to collect e-mail addresses for electronic updates. Members can register for electronic updates at www.ctpf.org. CTPF will send periodic updates to individuals who register for this free service.



CTPF INTRODUCES DIRECTOR OF INVESTMENTS



Carmen A. Heredia-Lopez was named Director of Investments in August 2010

Carmen A. Heredia-Lopez joined CTPF as Director of Investments in August. She reports to the Executive Director and is responsible for the general management of the fund's externally managed portfolio of equities, fixed-income, real estate, and alternative investments.

"We are pleased to welcome Ms. Heredia-Lopez to our staff," remarked Kevin B. Huber, executive director. "Her depth of experience, excellent credentials, and strategic insight will help ensure that the fund continues to produce the best possible returns for our members."

Prior to joining CTPF, Heredia-Lopez worked as an Investment Analyst at the \$22 billion Illinois Municipal Retirement Fund. During her tenure in asset management she has also held roles in investment research,

business development, client servicing, and operations. She has worked for Fortaleza Asset Management (Chicago), Hotchkiss Associates (Chicago), and JP Morgan Investment Management (London, New York).

Heredia-Lopez graduated *magna cum laude* with a degree in international management and marketing from Georgetown University, studied at the London School of Economics, and earned an International MBA from the University of Chicago. Heredia-Lopez received her CFA charter in 2001 and is a past member of the Board of Directors of the CFA Society of Chicago.

CTPF CALENDAR

Trustee meetings, held in CTPF offices, are open to the public.



OCTOBER

- 8** Deadline to submit absentee ballot requests for the Teacher Trustee Election
- 11** Columbus Day, office closed
- 12** Ballots for Principal/Administrator trustee Elections mailed
- 21** 9:30 a.m., trustee meeting
- 29** Teacher Trustee Elections conducted in schools. Absentee ballots must be received by this date.

NOVEMBER

- 5** 2010 Principal/Administrator Trustee election. Ballots must be postmarked by this date.
- 11** Veterans Day, office closed
- 23** 9:30 a.m., trustee meeting
- 25-26** Thanksgiving holiday, office closed

DECEMBER

- 14** 9:30 a.m., trustee meeting
- 24** Christmas holiday observed, office closed
- 31** New Year's Day holiday observed, office closed

OFFICE/MAILING ADDRESS

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

PLANNING TO VISIT? CALL AHEAD

Appointments with Member Services counselors are available Monday through Friday from 8:00 a.m. - 3:30 p.m. Walk in appointments are available, but Member Services strongly recommends scheduling in advance. Call 312.641.4464 for an appointment.

CTPF is located at
**203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1231.**

The 203 North LaSalle building has a self-park garage and the CTA's blue, green, brown, pink, purple, and orange lines all stop at Clark and Lake.



ADDRESS CHANGE? NOTIFY CTPF

It is important to notify CTPF of any address changes, temporary or permanent, so that you continue to receive fund information. Employers do not share change of address information with CTPF; you must fill out separate change of address forms for each organization.

A CTPF change of address form can be downloaded at www.ctpf.org or requested from Member Services. This form includes the option of providing a temporary mailing address.

LEGISLATIVE UPDATE

STATE OF ILLINOIS BUDGET CRISIS IMPACTS CTPF

The State of Illinois allocated CTPF \$65 million annually from 1998 to 2008. Funding for CTPF was cut to \$32.5 million in 2009.

State contributions help to fund retiree health insurance premium subsidies. The reduction in state funding was one of the reasons the subsidy was cut from 70% to 60%, effective January 1, 2011.

MEMBERS CONCERNED

Many members have expressed their concern with the state of Illinois reduction in funding. CTPF encourages members to share these concerns with Illinois legislators.

CTPF is governed by Illinois law. Changes to fund operations and revenue come through legislation. Support CTPF by contacting your local and state legislative leaders. Legislators should understand three issues:

1. Even in difficult financial times, the Chicago Public School system needs to fulfill its obligation to teachers. Legislation passed in 2010 cut \$1.2 billion in funds owed to CTPF. Budgets cannot be balanced by shortchanging retirement benefits for CTPF members.

2. State legislators should raise the cap on CTPF health insurance funding.

3. CTPF funding needs to be restored to support retiree health insurance.

CONTACT YOUR LEGISLATOR

Personally contact your legislators and offer your support for issues that impact CTPF. Locate your legislators through the link on the CTPF website.

CTPF will update members on issues and legislation of importance in the coming year. Check the website for updates and register for e-mail updates to stay informed on current issues.

FIELD SERVICE STAFF: EDUCATING MEMBERS, ONE SCHOOL AT A TIME

Since 2006 the CTPF Field Service Unit has worked to take the “office on the road” to help educate members about CTPF services and benefits. During the recently completed 2009-2010 fiscal year, Field Service Representatives (FSR) conducted 163 workshops and educational training seminars on site for Chicago Public and Charter School teachers.

In addition to traditional school visits, the FSR team hosted three regional information fairs, designed to inform members about their CTPF benefits. “These fairs were aimed at reaching members at all stages of their careers,” remarked Member Services Manager Sheron Banks-Fallis. “It’s important for members to understand their benefits so that they can actively plan for the future. One of our on-going goals is to expand and seek out all feasible means of reaching as many members as possible.” The FSR team also participated in over 20 events, including the Chicago Teachers Union New Hire Fairs, the CTU Annual Quest Center Conference, CPS New Hire Fairs, the Retired Teachers Association of Chicago’s retirement luncheons, and the Chicago Principals and Administrators Association dinners and annual conference.

The FSRs are currently scheduling in-service meetings for this academic year. These meetings provide an overview of CTPF benefits and offer individual counseling sessions. If you would like a FSR presentation at your school, contact your pension representative who can arrange a visit. FSRs are listed by area, below:



CTPF Field Service staff from left to right: Sheron Banks-Fallis, Jackie Umbles, Sharlean Brooks, Bill McGowan, and Mark Kravets.

FIELD SERVICE STAFF BY AREA

City of Chicago Map



Marc Kravets,
public schools
north of
1600 North,
312.604.1134



Sheron Banks-Fallis,
Field Service Manager
312.604.1206



Bill McGowan,
public schools
1600 North to
5500 South,
312.694.1214



Sharlean Brooks,
all charter schools,
312.604.1167



Jackie Umbles,
public schools
south of 5500 S.,
312.604.1224

PENSION REPRESENTATIVE PROGRAM UPDATE

CTPF developed the pension representative program to extend information and services to members. More than 600 volunteers served as pension representatives during the 2009-2010 school year. These volunteers act as liaisons between CTPF and the school, distribute pension and benefit information, and conduct the annual CTPF trustee elections.

Pension representatives may be elected by the faculty, or in some cases, an individual may volunteer or be appointed by a principal. Pension representatives serve two-year terms without limit. Because a primary duty of the pension representative is to conduct the Teacher Trustee Elections, the pension representative must not be employed in an administrative capacity such as a principal or assistant principal.

DUTIES

A pension representative’s duties include:

- conducting CTPF Teacher Trustee Elections; s/he may also serve on the Canvassing Board
- arranging visits by CTPF Field Service staff
- distributing pension-related materials and providing members with forms and brochures
- maintaining a library of CTPF meeting proceedings, newsletters, and annual reports

If your school does not have a pension representative and you are willing to volunteer for the position, please speak to your principal.

If you have questions about the responsibilities of the pension representative please call 312.604.1400, and ask to speak to a Field Service Representative.



Chicago Teachers' Pension Fund

203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1231

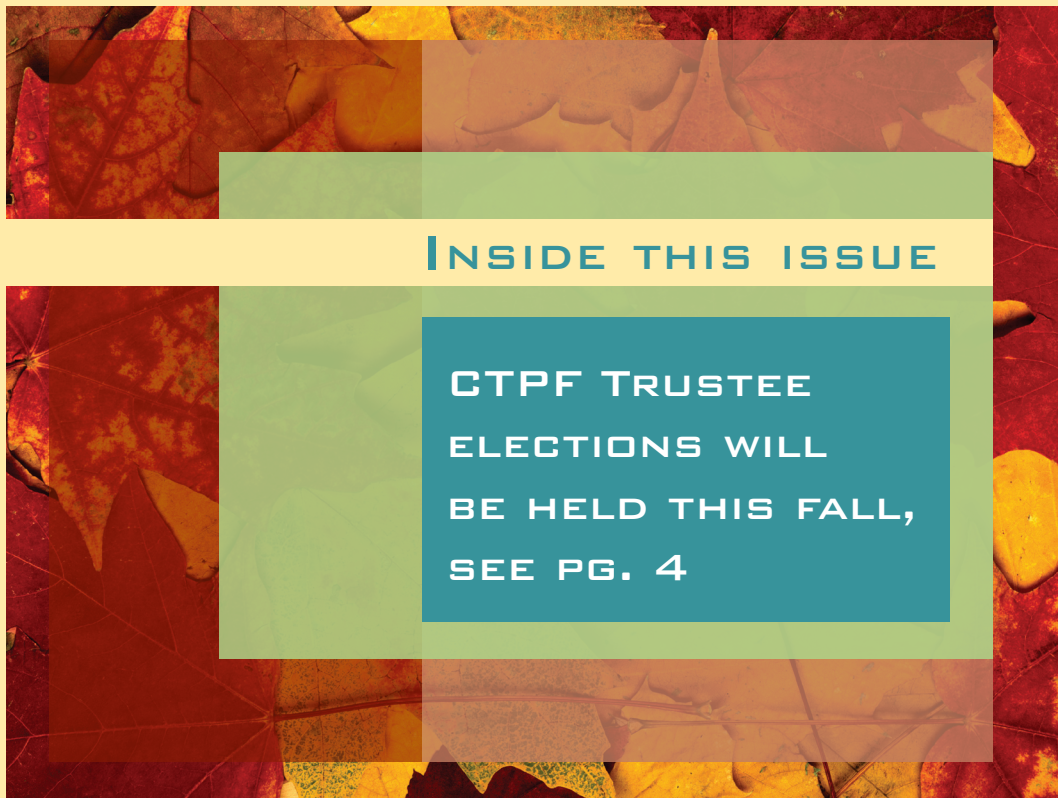
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**CTPF BOARD OF TRUSTEES'
MISSION STATEMENT**

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

- John F. O'Brill, *president*
- Linda S. Goff, *vice president*
- Lois Nelson, *financial secretary*
- Maria J. Rodriguez, *recording secretary*
- Lois W. Ashford
- Alberto A. Carrero, Jr.
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- Walter E. Pilditch
- Jay C. Rehak
- Mary Sharon Reilly
- James F. Ward
- Kevin B. Huber, *executive director*



INSIDE THIS ISSUE

**CTPF TRUSTEE
ELECTIONS WILL
BE HELD THIS FALL,
SEE PG. 4**