



PENSION NEWS

TRUST. INTEGRITY. STABILITY.

Spring 2017 | Retiree Edition



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DETAILS OF THE 2017 PENSIONER TRUSTEE ELECTION

HEALTH INSURANCE PREVIEW

CTPF PREPARES FOR OPEN ENROLLMENT SEMINARS AND WEBINARS

CTPF FINANCIAL SUMMARY

A SNAPSHOT FROM CTPF'S 2016 ANNUAL FINANCIAL REPORTS

SERVICE TO MEMBERS DRIVES CHANGE

HIGHLIGHTS FROM CTPF'S MEMBER SERVICES QUALITY INITIATIVE



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

Supported by our Trustees, we **EMBARKED** on an **AMBITIOUS** program to enhance service to our members, streamline systems, and **IMPROVE** information technology.

In April, Trustee Tina Padilla invited myself, Tiffany Reeves, CTPF Deputy Director and Chief Legal Officer, Angela Miller-May, Director of Investments, and Gail Davis, Manager of Administrative Services, to present at the Career Day Exploration Program at Aspira Business and Finance High School. We all made presentations and shared our career paths with the school's 331 students.



Charles A. Burbridge (center) with students and staff from Aspira Business & Finance High School

In addition to “giving back,” the experience gave me the opportunity to think about my path to the Pension Fund. Sharing my story with the energetic and talented students at Aspira reminded me of the role and importance our teachers play in the lives of young students every day. Teachers are responsible for mentoring and providing students with opportunities to learn and create in the classroom, and beyond, changing lives in ways large and small.

Upon graduating from high school, I sought a familiar career path with one of my hometown's largest employers, Caterpillar, Inc. (CAT). With a job offer in hand, my plans to become a millwright quickly changed when the company realized that I was not yet 18 – an employment requirement. The recruiter I worked with suggested I attend community college for a semester and return to CAT after my 18th birthday.

I took his advice and enrolled at a local community college, but never returned to CAT. Sitting in my first Economics class, I watched my teacher draw a four quadrant diagram with colored chalk on the board. He used the illustration to explain the setting of prices – and instantly changed the course of my career. A single course propelled me to pursue a degree in Economics at Sangamon State University, then graduate school, and beyond.

Just a few days into my new job at the Fund, I wrote out a list of items I wanted to accomplish as the CTPF Director. Many of my early observations focused on improving processes, from procurement to human resources. The number of retirees and beneficiaries we support has grown nearly 60% in the past 15 years; we needed to invest in people and processes to serve this growing population.

Supported by our Trustees, we embarked on an ambitious program to enhance service to our members, streamline systems, and improve information technology. We promoted many staff members, recognizing talent and achievement, and moved many to new roles while investing in new leaders and ideas. Reviewing the list with our senior leadership team gave us a sense of pride in what we had accomplished.

As our fiscal year draws to a close, we look forward to new challenges and goals. We will focus on data integrity and updates, and an ambitious website redevelopment will help transform our member experience. We will continue to focus on improving service to members in ways seen and unseen. We move forward today with a renewed sense of purpose as we continue to build on our success.



Charles A. Burbridge
Executive Director

SERVICE TO MEMBERS DRIVES CHANGE

Members who arrive at the Chicago Teachers' Pension Fund (CTPF) offices will find that they now have a dedicated service area. CTPF created the new center by reorganizing space and grouping all functions related to member interaction.

"Member Services forms the heart of our organization, and we focus much of our energy on these functions," remarked Chief Benefits Officer Mary Cavallaro. "Each member has a unique situation with specific questions, and we pride ourselves on answering questions personally and professionally. We've made changes to our space, but we've also worked to improve our training and scheduling this past year. We've improved our response times and service metrics."



Member Services Representatives now work in close proximity, allowing more efficient interactions and cross-training of personnel. The building recently opened a new meeting room facility, allowing CTPF to begin conducting small retirement seminars and other educational programs for its members onsite.

"Members who visit our offices for appointments appreciate the new space and convenience," remarked Sheron Banks-Fallis, Member Services Manager. "Even more importantly, our staff can work collaboratively. Member Services Representatives in our call center can turn and ask questions of our Field Service Representatives, many of whom are retired teachers with many years of experience and expertise. We work as a team, for the benefit of our members."

Member Services Representatives answered more than 52,000 calls and 2,300 emails, and staffed 3,100 one-on-one counseling appointments last year. The staff also coordinates educational programming, including Retirement Seminars, and manages the Pension Representative program.

HAVE A QUESTION?

Member Services call center answers questions Monday-Friday from 8:00 a.m. - 5:00 p.m.



FOR MORE INFORMATION

Call: 312.641.4464

Email: memberservices@ctpf.org

Visit us online: www.ctpf.org

CALENDAR

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.
- 22 Investment Committee meeting | 9:30 a.m.

JULY

- 4 Independence Day holiday | office closed
- 20 Board of Trustees meeting | 9:30 a.m.
- 27 Investment Committee meeting | 9:30 a.m.

AUGUST

- 17 Board of Trustees meeting | 9:30 a.m.
- 22 Investment Committee meeting | 9:30 a.m.
- 31 Outside rebate applications due

SEPTEMBER

- 4 Labor Day Holiday | office closed
- 21 Board of Trustees meeting | 9:30 a.m.
- 22 Open Enrollment Seminar Registration Begins | 10:00 a.m.
- 29 Election nomination packets due | 5 p.m.

OCTOBER

- 2 Health Insurance webinar | 10:00 a.m.
- 3 Health Insurance seminar | 9 a.m. & 1 p.m.
- 4 Health Insurance webinar | 10:00 a.m.
- 5 Health Insurance seminar | 9 a.m. & 1 p.m.
- 19 Board of Trustees meeting | 9:30 a.m.
- 22 Investment Committee meeting | 9:30 a.m.

NOVEMBER

- 7 CTPF Board of Trustees Election
(more information on page 6)
- 16 Board of Trustees meeting | 9:30 a.m.

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.

2016 Financial Summary

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 the financial activities of the Fund. The Fund also produces a Popular Report offering a consolidated view of the CAFR. The complete 2016 CAFR/PAFR documents can be found at www.ctpf.org.



FINANCIAL OVERVIEW

The 121st year of continuous operations ended with the Fund's financial condition remaining relatively unchanged. The June 30, 2016, fair value of net assets held in trust for pension and health benefits amounted to \$10.1 billion, compared to \$10.7 billion at the end of 2015. During fiscal year 2016, the Fund paid members \$1.38 billion in service retirement, disability, and survivor benefits, and an additional \$66.1 million for healthcare benefits.

The actuarial funded ratio, a comparison of assets to future obligations, increased to 52.4% from 51.8% in 2015. The increase was due to the substantial employer contributions in 2015 and 2016. The actuarial funded ratio has ranged from 49.5% to 80.1% during the past 10 years and is expected to remain relatively unchanged in fiscal year 2017.

MEMBERSHIP

Established by the State of Illinois on July 1, 1895, CTPF manages members' assets and administers pensions and other benefits. The Fund's total membership increased to 63,556 as of June 30, 2016. The Fund provides pension and health insurance benefits to 28,298 beneficiaries.

Approximately 76% of CTPF retirees are between the ages of 60 and 79. The Fund serves 36 retirees who have reached age 100. CTPF's most senior member retired with more than 40 years of service in 1971 and reached age 110 in 2016.

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. The Fund's investment performance for the one-year period ended June 30, 2016, resulted in a 0.5% gain, following returns of 3.5% in 2015, and 18.4% in 2014.

Five- and ten-year performance is still tempered by the sharp decline in market values across all asset classes during the global financial crisis. The Fund, however, is a long-term investor, and results are more significant over time. The annualized return over the past 25 years is 8.3%, exceeding the Fund's 7.75% benchmark.

The Fund continues to be committed to diversity and, as of June 30, 2016, approximately 35.2% (\$3.3 billion) of the Fund's assets were managed by qualified minority, women and disabled-person owned investment managers.

FUNDING GOALS

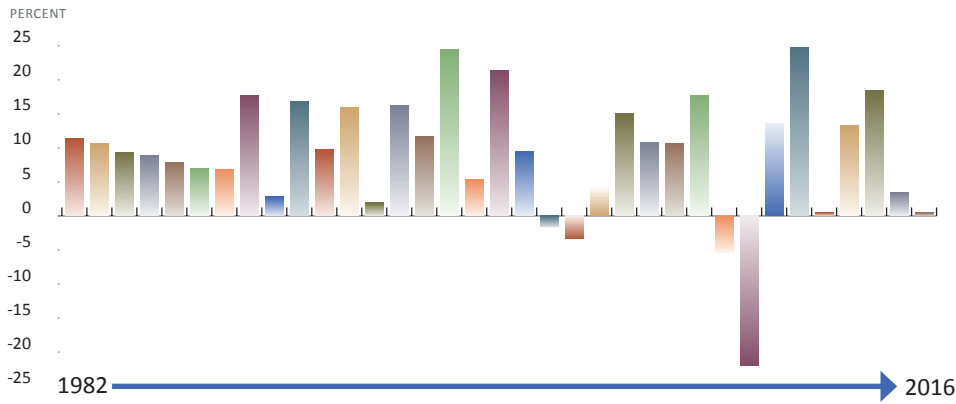
CTPF's funding policy provides for employer contributions which, when added to contributions received from employee members, the State of Illinois, and earnings on investments, will meet the actuarially determined obligations of the Fund.

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

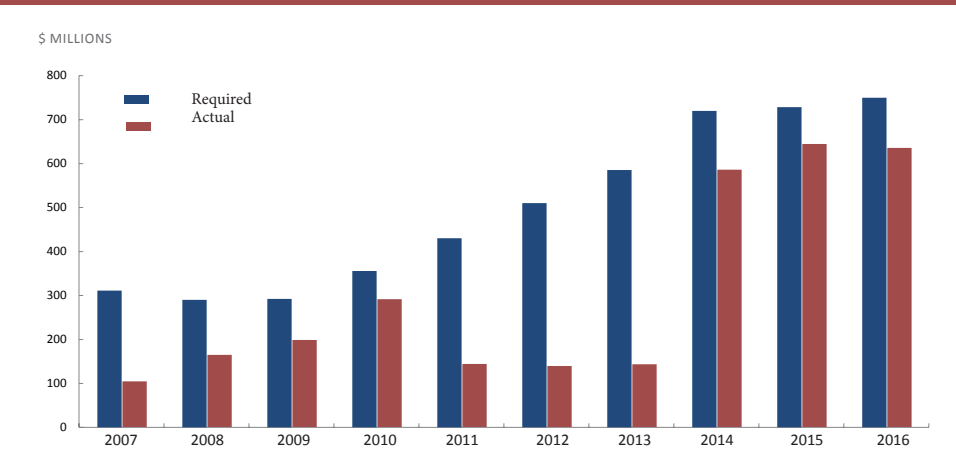
For the year ended June 30, 2016, with comparative totals for 2015

	2016	2015
Contributions	\$ 891,952,430	\$ 899,900,298
Investment income	(27,987,163)	381,740,298
Miscellaneous	1,463,050	943,946
Total additions	865,428,317	1,282,584,542
Pension benefits	1,346,533,282	1,304,494,978
Refunds	32,134,384	23,264,403
2.2 Legislative refunds	1,441,215	615,393
Refund of insurance premiums	66,104,598	79,316,153
Death benefits	4,717,517	3,192,632
Administrative and miscellaneous expenses	12,867,490	11,705,562
Total deductions	1,463,798,486	1,422,589,121
Net increase (decrease)	(598,370,169)	(140,004,579)
Net assets held in trust for benefits:		
Beginning of year	10,711,667,479	10,851,672,058
End of year	\$ 10,113,297,310	\$ 10,711,667,479

CTPF ANNUALIZED RATE OF RETURN 1982-2016 35-YEAR COMPOUND ANNUAL GROWTH RATE 8.64%



REQUIRED VERSUS ACTUAL EMPLOYER CONTRIBUTIONS YEARS ENDED JUNE 30



CPS made a \$676 million contribution in fiscal year 2016, and the State of Illinois contributed a total of \$12.1 million.

Public Act 99-0521 provided that a separate tax may be levied by the Chicago Board of Education for the purpose of making an employer contribution to the Public School Teachers' Pension and Retirement Fund of Chicago, at a rate not to exceed 0.383%. Proceeds from this separate tax will be paid directly to the Pension Fund beginning with the 2018 Fiscal year.

OPERATIONS

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

HEALTH INSURANCE

CTPF provides access to comprehensive health care benefits for qualified retired members and their eligible dependents and survivors. CTPF currently offers three plans for non-Medicare eligible members and three for Medicare-eligible members.

A total of 18,063 retirees and beneficiaries received health insurance benefits through CTPF in fiscal year 2016. Retirees may also receive a partial subsidy of their health insurance premium cost. The subsidy was set at 50% in 2016.

Health benefits for retirees are capped by Illinois law. Benefits are limited to \$65 million per year (plus any amount remaining from previous years). Since the cap was set in 2004, the cost of healthcare has more than doubled, and the number of CTPF retirees increased 47%.

29,543 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 41.5, 10.4 years of service, and annual salary of \$70,103 for 2016.
- Active members contribute 9% of their salary to the Fund every pay period during employment.

28,298 BENEFICIARIES RECEIVE CTPF PENSIONS

24,732 Retirees
3,090 Survivors
476 Disability

- CTPF members do not make contributions to Social Security during employment.
- CTPF paid out \$1.4 billion in pension benefits in 2016.
- The average annual benefit in 2016 was \$48,126.
- During the past 10 years, the number of retirees has increased approximately 20%.
- The average age for retirees was 74.2 in 2016.

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 2016.
- The Fund paid \$66.1 million in health insurance subsidies in 2016.

FUNDED RATIO

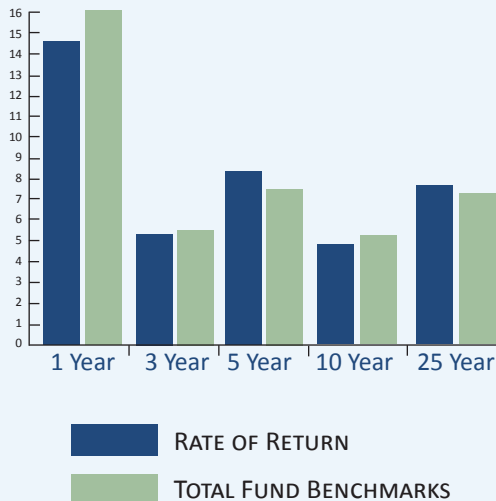
- CTPF's actuarial funded ratio as of June 30, 2016, was 52.4%. The ratio was nearly 100% in 2002.

Financial Snapshot

RETURN ON INVESTMENTS

As of February 28, 2017

	NET RATE OF RETURN	TOTAL FUND BENCHMARKS
1 Year	14.88%	16.00%
3 Year	5.18%	5.30%
5 Year	8.11%	7.76%
10 Year	4.99%	5.08%
25 Year	7.85%	7.58%



As of February 28, 2017, the approximate current value of CTPF's investments was \$10.0 billion.



2017 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.



PENSIONER TRUSTEE ELECTION*

November 7, 2017, CTPF will hold an election for three (3) Pensioner Trustees to serve from November 2017-2019.

ELIGIBILITY

Candidates for Pensioner Trustee must be a service, reciprocal, or disability pensioner receiving monthly payments from the Fund. A candidate must be nominated by a petition signed by not less than 100 pensioners. Voters in the election shall be pensioners receiving a service, reciprocal, or disability pension from CTPF as of October 1, 2017.

NOMINATION PACKETS AVAILABLE

Call Gail Davis, 312.604.1400, ext. 402, or email elections@ctpf.org to request a nomination packet. Completed nomination packets must be submitted to the Chicago Teachers' Pension Fund office, 203 North LaSalle Street, Suite 2600, Chicago, Illinois 60601-1231, on or before 5:00 p.m. (CDT), Friday, September 29, 2017.

SCHEDULE OF ELECTION EVENTS

September 29, 2017	5:00 p.m., nomination packets due to CTPF.
October 20, 2017	Election materials mailed and online voting available for Pensioner Trustee Election.
November 7, 2017	Voting closes at 5:00 p.m. All mail-in ballots must be received by this date.

* Elections for two Teacher Trustees and one Principal/Administrator Trustee will also be held on November 7, 2017. Find the CTPF Election Policy and additional information on the Election Central page at www.ctpf.org.

PENSION PAYMENT SCHEDULE

Month	Check Mailing Date	Direct Deposit Date
June	May 30, 2017	June 1, 2017
July	June 29, 2017	July 3, 2017
August	July 28, 2017	August 1, 2017
September	August 30, 2017	September 1, 2017
October	September 28, 2017	October 2, 2017
November	October 30, 2017	November 1, 2017
December	November 29, 2017	December 1, 2017

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

To view the full payment schedule for 2017 please visit www.ctpf.org.

LEGISLATIVE UPDATES

CTPF OPPOSES SB 1570

During the spring legislative session, CTPF opposed Senate Bill 1570 which would change the reporting requirements for charter schools and force CTPF to forgive penalties imposed on schools which did not follow the law.



CTPF has a fiduciary responsibility to manage and administer the Fund in compliance with all applicable laws. Current Illinois Pension Code requires CPS charter schools to submit payroll data and contributions within 30 days of the close of a payroll period, or they face penalties for failing to comply. Lawmakers reported phones ringing “off the hook” and received hundreds of emails and visits from CTPF members who expressed their opposition to the legislation.

EXECUTIVE DIRECTOR TESTIFIES IN SPRINGFIELD

CTPF Executive Director Charles A. Burbridge traveled to Springfield twice during the spring legislative session to testify on behalf of the Fund. January 24, 2017, Burbridge testified before the Illinois Senate Executive Committee, in support of Senate Bill 5, which would have provided additional revenue for the Fund. April 4, 2017, Burbridge testified before the House Appropriations-Elementary & Secondary Education Committee during a hearing on House Bill 2948, sponsored by Representative William Davis. The legislation would have required the State of Illinois to make a \$465 million contribution to CTPF in fiscal year 2018, and then make annual contributions equal to 10% of the State revenue provided to the downstate teachers’ retirement system.



April 4, 2017, Charles A. Burbridge, CTPF Executive Director with Representative William Davis (D- East Hazel Crest).

HEALTH INSURANCE REMINDER

HEALTH INSURANCE SUBSIDY FOR NON-CTPF PARTICIPANTS

Retirees currently enrolled in CTPF-sponsored health plans receive any available health insurance premium subsidy in their monthly pension check. Retirees who do not participate in a CTPF health plan may apply for a subsidy. On February 27, 2017, CTPF mailed applications for the period January 1 - December 31, 2016, to members who were not enrolled in CTPF health insurance plans. Please note that CTPF will not subsidize Part A premiums for members with benefit effective dates of July 1, 2016, or later.

Completed applications must be returned to CTPF with required documentation by August 31, 2017. Call CTPF Member Services at 312.641.4464 with questions about the subsidy or application.

NEW STAFF AT CTPF



CTPF WELCOMES CHIEF FINANCIAL OFFICER

Alise White joined the Fund in April 2017 as Chief Financial Officer. She is responsible for leading and managing the Fund’s overall financial plans. White served most recently as Chief Administrative Officer for the Illinois State Board of Investment, where she developed and implemented all investment financial controls, regulations, and managed the agency’s accounting and financial functions. White previously worked as Director of Finance and Budget for the non-profit Neighborhood Housing Services of Chicago and began her career in the banking industry.

White holds an MS in Accounting, a BS in Finance, and is a Certified Public Accountant. She has served on the Government Executive Committee of the Illinois CPA Society and is a member of the American Institute of Certified Public Accountants, Women Investment Professionals, and the Government Finance Officers Association.



CTPF WELCOMES DIRECTOR OF COMMUNICATIONS

Tracey L. Schroeder has been named CTPF’s Director of Communications. Schroeder has experience in both the for-profit and non-profit sectors, with more than 15 years in the Chicago marketing and communications industry. Most recently, Schroeder served as the Director of Integrated Marketing for the American Board of Medical Specialties. She has marketing and communications experience on the sales, agency, and client sides of the business, and will be responsible for leading and managing the Fund’s internal and external communications, including media relations, publications, website content development, and social media strategy.

Schroeder received her JD from the John Marshall Law School, her MBA from Dominican University, and her BA and BS from Miami University.



Chicago Teachers Pension Fund

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www.ctpf.org



SAVE THE DATE

2018 Open Enrollment Period
October 1 – 31, 2017



WEBINARS

Monday, October 2, 2017
10:00 a.m. – Non-Medicare Plans

Wednesday, October 4, 2017
10:00 a.m. – Medicare Plans



SEMINARS

Tuesday, October 3, 2017
Harold Washington Library
9:00 a.m. – Medicare plans
1:00 p.m. – Non-Medicare plans

Thursday, October 5, 2017
Hilton Oak Lawn
9:00 a.m. – Medicare plans
1:00 p.m. – Non-Medicare plans

OPEN ENROLLMENT PREVIEW

The 2018 Open Enrollment Period for health insurance will run from October 1 – 31, 2017. During this period, member retirees can enroll in health insurance for the first time, add a dependent, or change a health insurance plan or carrier. All changes made during Open Enrollment become effective January 1, 2018.

HEALTH INSURANCE WEBINAR & SEMINARS

CTPF offers seminars and webinars to educate members about CTPF’s health insurance plans. Health insurance webinar registration opens Tuesday, August 22, 2017, at www.ctpf.org. Webinars will be posted online and available for on-demand viewing the week after the presentation. Health insurance seminar registration for all seminars begins Friday, September 22, 2017, at 9:00 a.m. CTPF’s monthly e-lets, a reminder postcard, and the *2018 Health Insurance Handbook*, will all include additional seminar registration information.

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