

PENSION NEWS

SPRING 2014 FOR RETIREES

Issue Highlights

News Briefs

President Rehak named Interim Executive Director, Trustees Speak at National Conference, CTPF featured on Chicago Newsroom **2**

Pension Payment Schedule

The schedule for direct deposits and payments through the end of the year **3**

Pension Fund Ambassador Update

Find information on upcoming training opportunities, and a review of winter and spring activities. **3**

Financial Report Summary

Summary and highlights from the 2013 Popular Annual Financial Report. **4**



CTPF 2014 LEGISLATIVE UPDATE

Illinois lawmakers wrapped up their legislative session on Saturday, May 31, 2014, without passing legislation to “reform” the fund or reduce the employer’s required payment (the 2014 payment of \$612 million is expected by June 30).

STATE APPROPRIATIONS

The Chicago Teachers’ Pension Fund will receive approximately \$62.1 million in funding from the Illinois Legislature for fiscal year 2015 (July 1, 2014 - June 30, 2015). The state appropriated \$11.9 million for CTPF in fiscal year 2014.

House Bill 3793 included \$50 million (a historically budgeted amount which has not been appropriated since 2011). House Bill 6096 authorized the statutorily required \$12.1 million payment based on payroll. Both bills passed through the legislature and now await the Governor’s signature.

Continued on page 2

2014 ECONOMIC IMPACT STATEMENT RELEASED

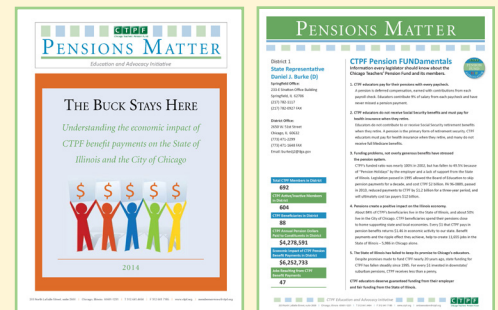
CTPF has released its 2014 Economic Impact Statement, *The Buck Stays Here*, which illustrates the important role pension benefits play in local economic development. Members can download the report from the Education and Advocacy page at www.ctpf.org.

The economic impact study found that a majority of CTPF members, including 90% of active CTPF members and beneficiaries, live in Illinois and half of those members live in Chicago. CTPF benefit payments help generate 11,655 jobs in the State of Illinois including 5,986 in the City of Chicago.

Economic Impact by Legislator

CTPF also created individual information sheets for each Illinois state representative and senator.

“Our teachers are required to live in the city, and many stay after retirement. CTPF members contribute a great deal to the economic well-being of Chicago and Illinois, yet, these contributions have been overlooked in the conversations about pensions,” explained Jay C. Rehak, president of the CTPF Board of Trustees and interim executive director. “Our members help to drive the economy of our city and state.”



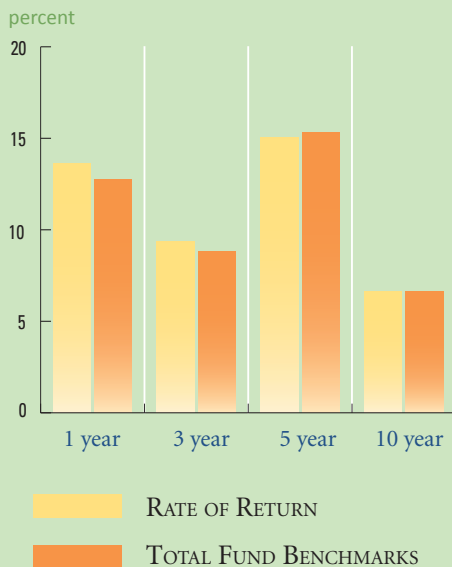
Members can download legislators’ information, fill in contact information, and share the sheet with legislators. Find more information on our Education & Advocacy page at www.ctpf.org. Pensions Matter — tell your legislators.

CTPF FINANCIAL
SNAPSHOT

CTPF RETURN ON INVESTMENTS

March 31, 2014

	RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	13.65%	12.76%
3 year	9.34%	8.84%
5 year	15.06%	15.30%
10 year	6.65%	6.64%



As of March 31, 2014, the approximate current value of CTPF's investments was \$10.2 billion.



REHAK NAMED INTERIM EXECUTIVE DIRECTOR



Jay C. Rehak

The Chicago Teachers' Pension Fund (CTPF) Board of Trustees voted on Thursday, May 15, 2014, to authorize President Jay C. Rehak to take a leave of absence from his teaching position to provide leadership at CTPF until June 30, 2014, when Executive Director Kevin B. Huber is expected to return from

a medical leave. Rehak will serve as Interim Executive Director.

"The Fund has an excellent staff in place and I look forward to joining them during this critical period," said Rehak. "I plan to serve as a resource during this time to ensure that we continue our mission of serving our 63,000 members who depend on CTPF for retirement security."

TRUSTEES SPEAK AT NATIONAL CONFERENCE

Four members of the CTPF Board of Trustees led a panel discussion at the National Conference on Public Employee Retirement Systems (NCPERS) Annual Conference and Exhibition, April 30, in Chicago.

CTPF Board of Trustees President Jay C. Rehak, Vice President Lois W. Ashford, Investment Committee Chairperson Tina Padilla, and Recording Secretary Raymond Wohl led a panel

discussion, "The Public Pension Funding Debate – Chicago Style."

The trustees examined the problem of underfunded public pensions and described ways CTPF educates stakeholders and works to expand the dialogue on funding.



Trustee Raymond Wohl

CTPF FEATURED ON CHICAGO NEWSROOM

CTPF's Board of Trustees President and Interim Executive Director Jay C. Rehak joined Ken Davis of Chicago Newsroom (CAN TV), George Schmidt, Substance News, and Dan Fabrizio, Chicago Firefighters' Pension Fund, May 22 and discussed the history of Chicago's municipal employee pensions

and the long-standing failure of government officials to adequately fund the system.

Find a link to the program under Current News at www.ctpf.org.

LEGISLATIVE UPDATE Continued from cover

CTPF Trustees continue to advocate for legislation focusing on stable funding and increased state support. Thank you to lawmakers who sponsored the CTPF 2014 legislative agenda:

1. HR 816 Resolution for Greater Parity between CTPF and TRS. Sponsors: Rep. Esther Golar with Maria Antonia Berrios, Eddie Lee Jackson, Sr., Elgie R. Sims, Jr., Daniel J. Burke, Monique D. Davis, Arthur Turner, Cynthia Soto, Marcus C. Evans, Jr.,

Kenneth Dunkin, Jaime M. Andrade, Jr., and Christian L. Mitchell.

2. SB 3148/HB 5731 Re-Establish CTPF Contribution Tax. Sponsors: Sen. Mattie Hunter and Rep. Kenneth Dunkin.

3. SB 3282/HB 3899 Monthly Contributions to CTPF. Sponsors: Sen. Donne Trotter and Rep. Elgie R. Sims, Jr.

4. SB 3127/HB 5334: Increase State Contributions to CTPF. Sponsors: Sen. Emil Jones III and Rep. Monique D. Davis.

PENSION FUND AMBASSADOR UPDATE



Active and retired members gathered in the CTPF office on April 15, 2014, for a Pension Fund Ambassador training session.

See below for summer training dates.

Spring/Winter Training

CTPF conducted several successful Ambassador training programs this past winter and spring.

Webinars in January and February offered information on writing an effective letter to the editor, and a review of CTPF's economic impact and Legislative Agenda.

Ambassador training programs held in the CTPF office on March 11 and April 15 helped members learn to communicate effectively with legislators.

National Public Radio reporter, Tony Arnold attended the April 15 training session. Find his story, "Chicago Teachers Become Students in Illinois Politics," on the Current News page at www.ctpf.org.

Upcoming Ambassador Training

CTPF will offer Ambassador training sessions on June 26 and July 17, 1:00-3:00 p.m., in the CTPF office. Register for a training session at goo.gl/yk4DkJ (case sensitive).

PENSION PAYMENT SCHEDULE

The schedule for mailing checks/direct deposit advices and the date for posting direct deposits is listed below. Please use this as a guide for budgeting.

Month	Check Mailing Date	Direct Deposit Date
July 2014	June 27, 2014	July 1, 2014
August 2014	July 30, 2014	August 1, 2014
September 2014	August 28, 2014	September 2, 2014
October 2014	September 29, 2014	October 1, 2014
November 2014	October 30, 2014	November 3, 2014
December 2014	November 25, 2014	December 1, 2014



CTPF CALENDAR

Trustee meetings, held in the CTPF office, are open to the public. Please confirm all meeting times/dates at www.ctpf.org.

JUNE

- 19 9:30 a.m., Trustee meeting
- 26 1:00 p.m., Ambassador Training

JULY

- 4 Independence Day observed, office closed
- 15 9:30 a.m., Investment Committee meeting, CTPF office
- 17 1:00 p.m., Ambassador Training
- 24 9:30 a.m., Trustee meeting

AUGUST

- 21 9:30 a.m., Trustee meeting

SEPTEMBER

- 1 Labor Day, office closed
- 18 9:30 a.m., Trustee meeting

OCTOBER

- 13 Columbus Day, office closed
- 23 9:30 a.m., Trustee meeting

NOVEMBER

- 11 Veterans Day, office closed
- 20 9:30 a.m., Trustee meeting
- 27-28 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 memberservices@ctpf.org
 Office hours:
 8:00 a.m. – 5:00 p.m. M-F

CTPF AT A GLANCE

30,969 ACTIVE MEMBERS CONTRIBUTE TO THE FUND

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

- 77% of members are women.
- The average annual salary for an active member in 2013 was \$69,321.
- Active members contribute 9% of their salary to the pension fund every pay period during employment.

27,440 BENEFICIARIES RECEIVE CTPF PENSIONS

24,042	Retirees
2,920	Survivors
478	Disability

- CTPF members do not contribute to or qualify for Social Security benefits at retirement.
- CTPF paid out \$1.2 billion in pension benefits in 2013.
- The average annual benefit in 2013 was \$44,600.
- During the past 10 years, the number of retirees has increased about 43%.
- The average age for retirees was 72 in 2013. The most senior member reached age 108 in 2013.

HEALTH INSURANCE 2013

- 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 60% in 2013.
- The Fund paid \$71.8 million in subsidies in 2013.

FUNDED RATIO

- CTPF's funded ratio as of June 30, 2013, fell to 49.5%. The ratio was nearly 100% in 2002, but has fallen steadily since.

CTPF 2013 FUND OVERVIEW

This overview highlights information from CTPF's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2013. Find the complete PAFR and the 2013 Comprehensive Annual Financial Report at www.ctpf.org.

CTPF OVERVIEW

Established by the State of Illinois on July 1, 1895, CTPF manages members' assets and administers entitlements and benefits.

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 2 members. CTPF Trustees have fiduciary responsibility for Fund operations, approve benefit programs, and make investment decisions.

ACCOUNTING SYSTEM AND INTERNAL CONTROLS

The Fund employs an internal auditor and contracts with an independent firm to conduct an annual audit. The Fund operates transparently and constantly works to improve its performance. The Fund's auditor expressed an unqualified opinion on the Fund's financial statements for the year ended June 30, 2013.

FINANCIAL OVERVIEW

The 118th year of continuous operations ended at June 30, 2013, with the value of net assets held in trust for pension and health benefits at \$9.7 billion, an increase from \$9.5 billion at the end of 2012. This increase was due primarily to the increase in the value of investment holdings.

During fiscal year 2013, the Fund paid members a record \$1.2 billion in service retirement, disability, and survivor benefits, and \$71.8 million for health insurance.

The funded ratio, a comparison of assets to future obligations, decreased to 49.5%, from 53.9% in 2012.

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, 2013, was 13.3%.

FUNDING GOALS

An annual actuarial valuation is performed to determine the amount of required contributions on behalf of the Fund. CTPF's funded ratio fell below 90% in 2006 and the Chicago Board of Education was required by law to make contributions to bring the funded ratio up to 90% by 2045.

Public Act 98-0889 enacted in 2010 limited the contributions required to be made to the Fund by the Chicago Board of Education to \$187 million for fiscal 2011, \$192 million for fiscal 2012, and \$196 million for fiscal 2013, and extended the funding schedule by 14 years to 2059.

The employer and state paid a total of \$207.7 million in fiscal year 2013 and will be required to contribute \$612 million for fiscal year 2014. The employer sought a significant reduction in its required contribution through Senate Bill 1920, introduced on May 31, 2013. The measure was defeated, but traditionally, the employer has achieved significant, harmful funding reductions through legislative measures.

FINANCIAL STATEMENTS

The two basic financial statements of the Fund are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The Statement of Fiduciary Net Position is a measure of the Fund's assets and liabilities at the close of the fiscal year. Total assets less liabilities equal net assets held in trust for future benefits. Fiduciary net position increased to \$9.7 billion in 2013 from \$9.5 billion in 2012.

The Statement of Changes in Fiduciary Net Position shows revenues (additions) and expenses (deductions) for the fiscal year. The net increase (or decrease) is the change in net assets available for benefits since the end of the previous fiscal year.

Additions to fiduciary net position, which are needed to finance statutory benefit obligations, come from public sources such as state and federal appropriations, employer and employee contributions, net earnings on investments, and miscellaneous sources. For the year ended June 30, 2013, additions totaled \$1.6 billion, compared to \$359 million for the year ended June 30, 2012.

** These statements combine the assets of the Pension Fund and Health Insurance Fund. Readers can find complete financial statements on pages 24 and 25 of the Comprehensive Annual Financial Report, available at www.ctpf.org.*



CONDENSED STATEMENT OF FIDUCIARY NET POSITION*

June 30, 2013, with comparative totals for 2012

	2013	2012
Cash and cash equivalents	\$ 15,666,922	\$ 13,428,219
Receivables	203,140,399	107,762,928
Investments, at fair value	9,760,915,654	9,576,075,595
Securities lending collateral	648,873,113	588,095,853
Capital assets, net of accumulated depreciation	1,934,121	2,366,332
Prepaid expense	13,174	12,220
Total assets	10,630,543,383	10,287,741,147
Total liabilities	920,557,917	816,300,163
Net assets held in trust for benefits	\$ 9,709,985,466	\$ 9,471,440,984

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*

For the year ended June 30, 2013, with comparative totals for 2012

	2013	2012
Contributions	\$ 396,010,294	\$ 390,870,395
Investment income	1,174,582,823	(38,083,067)
Insurance reimbursements	8,352,647	6,770,651
Miscellaneous	–	431,790
Total additions	1,578,945,764	359,989,769
Pensions	1,228,318,994	1,113,884,747
Refunds	22,263,409	33,923,690
2.2 Legislative refunds	2,523,654	2,370,946
Refund of insurance premiums	71,763,523	69,011,323
Death benefits	3,994,309	3,324,381
Administrative and miscellaneous expenses	11,537,393	10,120,434
Total deductions	1,340,401,282	1,232,635,521
Net increase (decrease)	238,544,482	(872,645,752)
Net assets held in trust for benefits:		
Beginning of period	9,471,440,984	10,344,086,736
End of year	\$ 9,709,985,466	\$ 9,471,440,984

FUNDING ANALYSIS

CTPF's funded ratio is a snapshot of the Fund's financial health, calculated by comparing future obligations to current assets. In 2013, the funded ratio decreased to 49.5% from 53.9% in 2012.

The funded ratio has ranged from 85.9% to 49.5% during the last 10 years and was nearly 100% as recently as 2002.

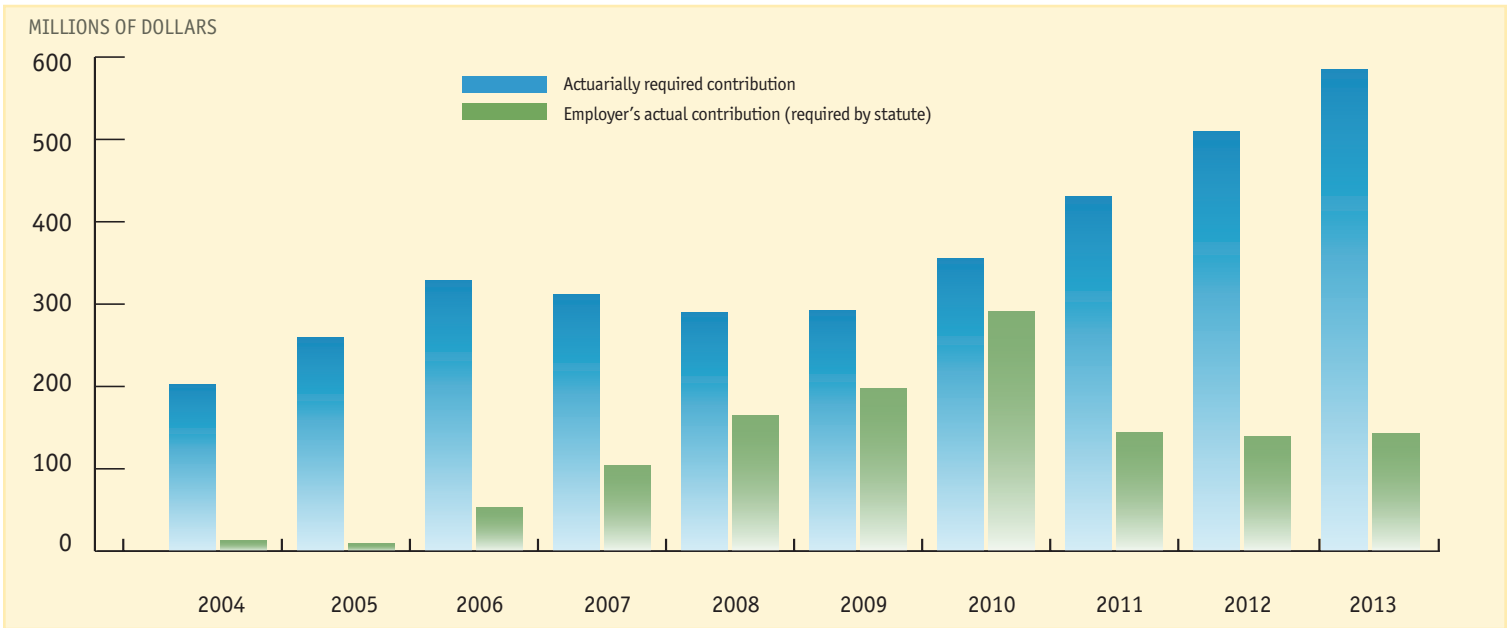
The 2006 funding schedule was changed in 2010 with the passage of PA 96-0889. This law limited the required contribution from the Chicago Board of Education to \$187 million for fiscal year 2011, \$192 million for fiscal 2012, and \$196 million for fiscal 2013 and extended the time period to reach 90% funding an additional 14 years.

PA 96-0889 will cost CTPF nearly \$1.2 billion in contributions in addition to the \$2.0 billion lost during the 10-year pension "holiday" from 1996-2005.

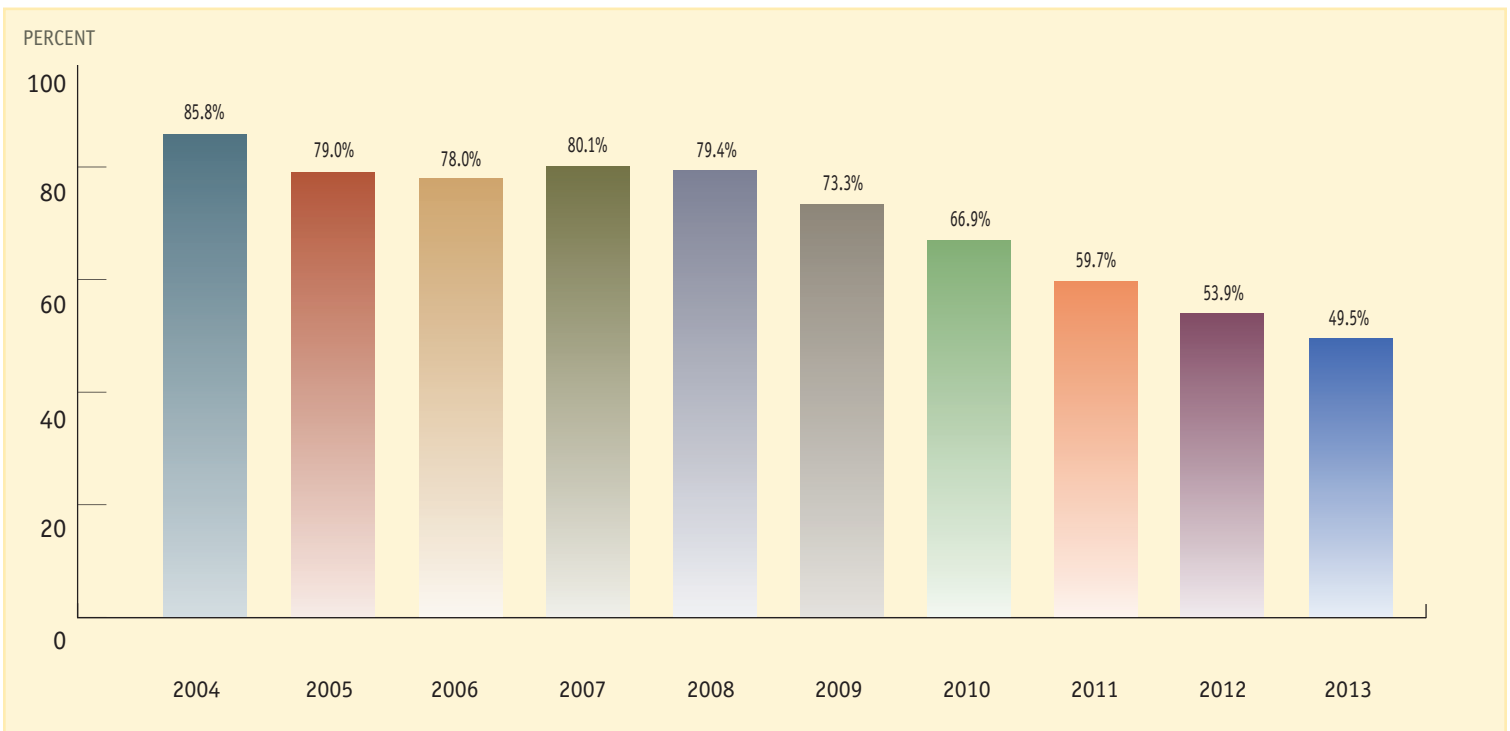
The chart below compares the employer contributions made for the past 10 years to the actuarially determined contributions that should have been made to fund pensions.

REQUIRED VERSUS ACTUAL EMPLOYER CONTRIBUTIONS

YEARS ENDED JUNE 30



CTPF FUNDED RATIO



INVESTMENT REVIEW

After exceptional returns of 13.6% in 2010 and 24.8% in 2011 and a modest gain of 0.6% in 2012, the Fund had an excellent 13.3% return in 2013. The Fund's performance mirrored the stabilizing market and improving economic conditions relative to 2012.

The Fund maintained a diversified portfolio and has consistently pursued a fiscally conservative investment policy designed to maximize long-term returns

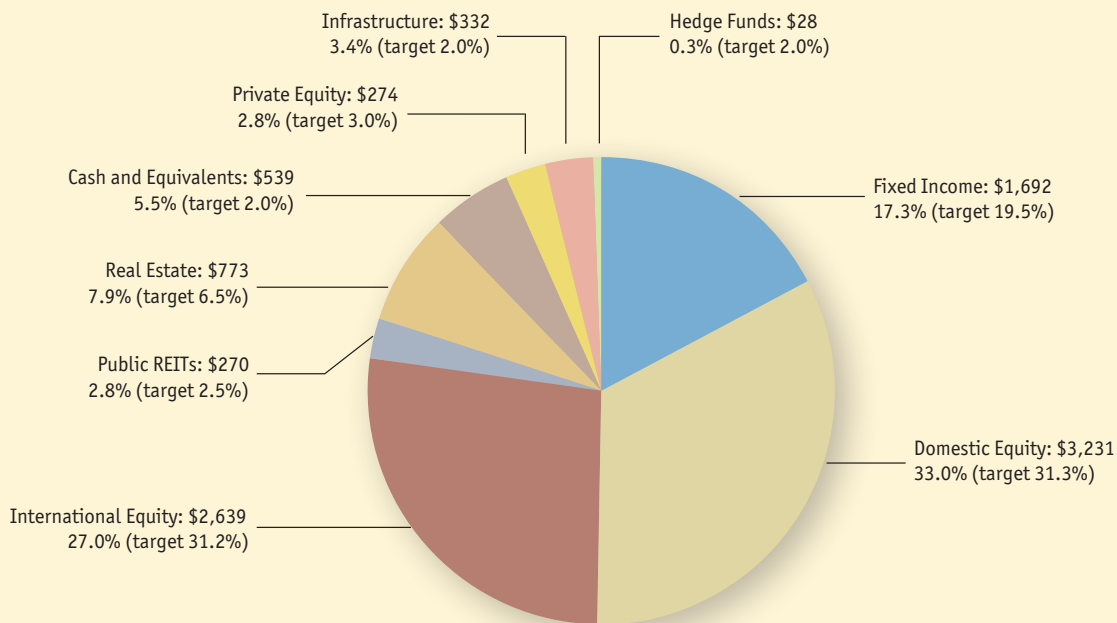
while maintaining an acceptable level of risk for a large public pension fund.

CTPF is a long-term investor and returns over longer periods of time are more important. CTPF invests for a "lifetime," and the Fund's annualized return for the past 35 years climbed to 8.86%, exceeding its expected rate of return of 7.75%. The Fund's three-, five-, and ten- year annualized returns, respectively, are 12.4%, 4.6%, and 7.0%.

The Fund continues to be committed to diversity and as of June 30, 2013, approximately 31% (\$3.0 billion) of the Fund's assets were managed by qualified minority, women, and disabled owned investment managers. Additionally, the Fund directed 38% of commissions to qualified minority, women, and disabled owned broker dealers.

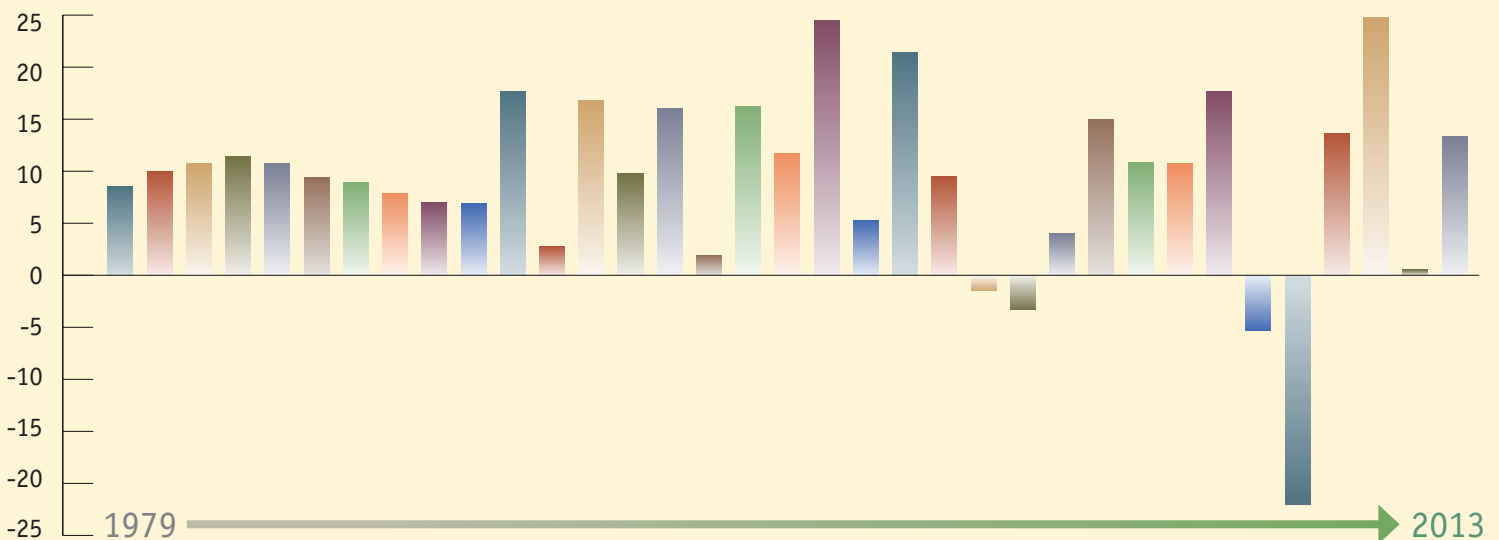
ASSET ALLOCATION AS OF JUNE 30, 2013

IN MILLIONS OF DOLLARS



CTPF ANNUALIZED RATE OF RETURN 1979-2013

35-YEAR AVERAGE 8.86%





Chicago Teachers' Pension Fund

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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

- Jay C. Rehak, *president*
- Lois W. Ashford, *vice president*
- Mary Sharon Reilly, *financial secretary*
- Raymond Wohl, *recording secretary*
- Carlos M. Azcoitia
- Jeffery Blackwell
- Robert F. Bures
- Bernie Eshoo
- Tina Padilla
- Walter E. Pilditch
- Jerry Travlos
- Andrea L. Zopp
- Kevin B. Huber, *executive director*

MEET SHIRLEY T. SHECHTMAN



A 90th birthday is a monumental milestone, but Shirley Shechtman's 90th birthday will truly be unique, because it will also be her retirement date. Shechtman will

leave Albany Park's Hibbard Elementary School on June 30 with 55 years of service and an extraordinary legacy.

Shechtman attended Hibbard from 3d-8th grade, graduated from Chicago's Von Steuben High School, and married Joseph, a soldier in WWII. She earned her degree from Chicago Teachers College and returned to Hibbard as a physical education teacher in 1946. After five years, she left full-

time teaching to raise the couple's three children, but returned in the late 1950s as a substitute teacher. When Joseph died of an aneurysm in 1964, Shechtman was the mother of three children ages 7-14. Gifted with incredible energy and an unrelenting positive spirit, she returned to work full time at Hibbard, earned her master's degree from Northeastern Illinois University, and in 1973, founded Hibbard's special education program, where she has taught ever since.

Shechtman explains, "You grow and learn from your experiences, and if you are a positive minded person, you get through it all. I loved the children and had wonderful family and friends," she explains. "I'm not counting the days to retirement. I live and appreciate every single day."