

PENSION NEWS

SUMMER 2016 FOR RETIREES

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CPS MAKES PAYMENT DEADLINE

CTPF received \$657 million from Chicago Public Schools (CPS) on June 30, 2016. This marks the third straight year CPS has made a significant payment to secure retirement benefits. Current CTPF members have witnessed over \$1.9 billion contributed to the fund in three years – a substantial step in safeguarding the future of CTPF members.

LEGISLATIVE UPDATE

Lawmakers approved Senate Bill 318 to restore a dedicated property tax levy that could generate up to \$250 million for teacher pensions. CPS will be allowed to certify the amount they will levy to the County and submit the revenue collected from taxpayers directly to CTPF. This legislation effectively restores the tax levy diverted into the CPS operating budget in 1995.



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OPEN ENROLLMENT PREVIEW

The 2017 Open Enrollment Period for health insurance will run from Saturday, Oct. 1 – Monday, Oct. 31, 2016. 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.

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SAVE THE DATE

HEALTH INSURANCE SEMINARS

Tuesday, Oct. 11

Harold Washington Library

9 a.m. – Medicare plans

1 p.m. – Non-Medicare plans

Thursday, Oct. 13

Hilton Oak Lawn

9 a.m. – Medicare plans

1 p.m. – Non-Medicare plans



HEALTH INSURANCE WEBINARS

■ 1 p.m., Oct. 4, Medicare plans

■ 10 a.m., Oct. 6, Non-Medicare plans



Executive Director
Charles A. Burbridge

CTPF EXECUTIVE DIRECTOR'S MESSAGE

This spring I've had a number of opportunities to go out into the community and talk about the state of pension funding in Illinois and about CTPF. Sometimes the audience was filled with retired teachers, like at the recent Retired Teachers of Chicago (RTAC) 90th Anniversary Celebration.

RTAC gives voice to the issues of retired teachers and is a staunch ally in protecting your pension and health insurance benefits. Keeping retirees informed is important because your financial security is dependent on receiving your pension. We appreciate their work on behalf of our members.

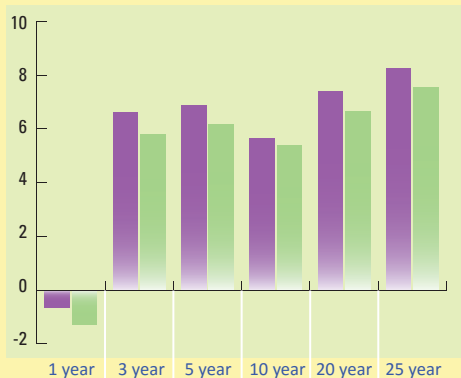
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CTPF FINANCIAL SNAPSHOT

CTPF RETURN ON INVESTMENTS

May 31, 2016

	GROSS RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	-0.67%	-1.28%
3 year	6.61%	5.79%
5 year	6.86%	6.16%
10 year	5.66%	5.39%
20 year	7.39%	6.67%
25 year	8.25%	7.56%

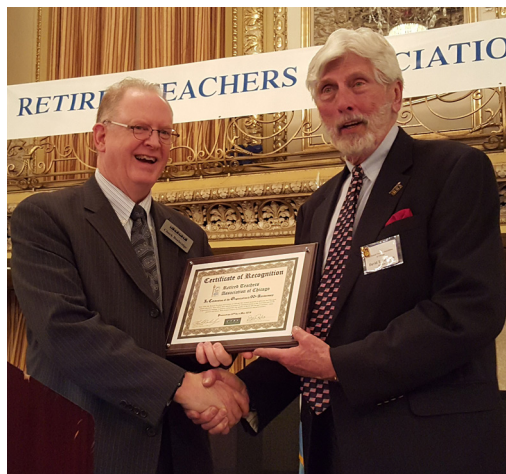


RATE OF RETURN
 TOTAL FUND BENCHMARKS

As of May 31, 2016, the approximate current value of CTPF's investments was \$9.5 billion



Chicago Teachers' Pension Fund



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. Above right: Executive Director Chuck Burbridge covers the mechanics of pension benefits for active members at a Teach Plus program.



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. Your pension is a promise made for financial security in your retirement.

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

Instead of talking about pension burdens, we should be talking about education equity. Education funding in Illinois needs to be fixed. It's 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 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.

In the final days of June, the state legislature restored the dedicated tax levy for teacher pensions and made a one-year commitment to an increased state contribution while a negotiated agreement on future education funding is being discussed. This funding is contingent on reaching an agreement.

We must make sure this discussion includes fair funding for Chicago's teachers – retired and active.

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

LEGISLATIVE UPDATE CONTINUED

Senate Bill 2822, legislation that substantially increases the state payment to the Fund for at least one year, passed the House and Senate. The bill requires the state to appropriate \$215.2 million to CTPF for FY2017, but will not move out of the Senate unless agreements are reached on a negotiated pension reform package. This is a crucial step in getting the pension debt paid.

“These are significant steps made in a time when progress has been slow and agreements few in coming,” said Charles A. Burbridge, CTPF executive director. “We would like to note the efforts made by all of the legislators who took action, especially those who advocated for education and pension funding so vehemently.”

CTPF members can join education and advocacy efforts by becoming Pension Ambassadors and teaching their neighbors, friends and elected representatives the importance of fairly funding the full cost of public education now – and every day to come. Learn more about the program at www.ctpf.org.

RETIREMENT SEMINARS



Several hundred members attended Retirement Seminars held at the Hilton Chicago/Oak Lawn and at Harold Washington Library in Chicago. If you know a member considering retirement, encourage him/her to attend a seminar to learn the facts and prepare for the process.



This fall elections will be held for ACTIVE teachers and ADMINISTRATORS only. If you know a qualified individual, encourage them to consider running. Retirees are represented by three elected members who serve two-year terms each. The next retiree election will be held November 2017.

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
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

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.

AUGUST

- 18 9:30 a.m., Trustee Meeting; short session; Trustee training following
- 31 Health Insurance Subsidy applications due, see page 4.

SEPTEMBER

- 5 Labor Day, office closed
- 15 9:30 a.m., Trustee Meeting
- 22 4:00 p.m., Investment Committee

OCTOBER

- 1 Open Enrollment for CTPF Health Insurance programs begins
- 3 Registration for Open Enrollment Seminars begins
- 4 1:00 p.m., Open Enrollment Webinar Medicare plans
- 6 10:00 a.m., Open Enrollment Webinar Non-Medicare plans
- 10 Columbus Day, office closed
- 11 Open Enrollment Seminar, Harold Washington Library, 9:00 a.m. Medicare, 1:00 p.m. Non-Medicare
- 13 Open Enrollment Seminar, Hilton Oak Lawn 9:00 a.m. Medicare, 1:00 p.m. Non-Medicare
- 20 9:30 a.m., Trustee Meeting
- 27 9:30 a.m., Investment Committee
- 31 Open Enrollment ends

NOVEMBER

- 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 memberservices@ctpf.org
Hours: 8:00 a.m. – 5:00 p.m. M-F

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OPEN ENROLLMENT MATERIALS

CTPF mails the *Health Insurance Handbook* to all retired members before Open Enrollment begins. A copy can also be downloaded from www.ctpf.org. Fund staff work diligently on negotiating benefits up to the print deadline and the book is released at the latest possible date in September to ensure that all benefits and changes are included. Call Member Services at 1.312.641.4464 if you do not receive a handbook by October 1.

SEMINARS AND WEBINARS

CTPF offers seminars and webinars which feature an overview of the 2017 health plan choices and any changes to the plans from the prior year. Seminars will be held at 9:00 a.m. (Medicare plans) and 1:00 p.m. (non-Medicare plans) on **October 11** at the Harold Washington Library, 400 S. State Street, Chicago, and **October 13** at the Hilton Oak Lawn, 9333 South Cicero Ave., Oak Lawn.

Seminar registration begins **Monday, October 3**. Full details will be listed in the *Health Insurance Handbook*.

Webinars feature the same information as the seminars and can be accessed from a computer or hand-held electronic device. Live webinars will be presented **October 4** at 1:00 p.m. (Medicare plans) and **October 6** at 10:00 a.m. (Non-Medicare plans). The webinars will be available online following the live presentations. Register for webinars at www.ctpf.org.

FREQUENTLY ASKED HEALTH INSURANCE QUESTIONS:

How are the premium costs for Pension Fund Health Insurance plans determined each year?

CTPF health insurance premiums are based on the benefits offered and claims cost incurred by the plan. Premium costs are also affected by federal Affordable Care Act fees and medical inflation, which the Fund cannot affect.

I am turning age 65 in 2017. What should I do?

CTPF offers bimonthly Medicare “Birthday Parties” designed to help members turning age 65 evaluate their options and enroll in Medicare. You will receive an invitation to this event if you or your dependent are on a CTPF health plan and are turning age 65 in 2017. You can also begin the Medicare enrollment process by visiting your local Social Security Administration (SSA) office or by visiting www.Medicare.gov. Start the process three months prior to your 65th birthday.

Why are the health insurance plan premiums for members with Medicare so much less than the plans for members under age 65?

When a member becomes age 65 and enrolls in Medicare Part A and Part B, Medicare becomes the primary payer of health care costs. These plans work with Medicare and help pay costs not covered by Medicare.

Can I re-enroll in a CTPF health plan if I cancel my plan to try another non-CTPF option?

Under most conditions, once you un-enrolled in a CTPF plan, you cannot re-enroll, even if you regret the decision. To be considered for re-enrollment, you must experience a qualifying event. You have 30 days after a qualifying event to join a plan, change plans, or add an eligible dependent. Qualifying events may include:

- change in permanent address that affects the availability of an HMO or Medicare Advantage plan
- marriage/civil union or divorce/dissolution
- birth/adoption/legal guardianship
- termination of a Primary Care Physician for HMO plan enrollees
- within 30 days of first becoming eligible for Medicare



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 plan may apply for a subsidy.

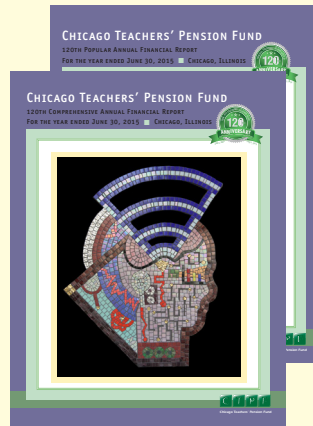
March 8, 2016, CTPF mailed applications for the period January 1 - December 31, 2015, to members who were not enrolled in CTPF health insurance plans. Completed applications must be returned to CTPF with required documentation by August 31, 2016. Call CTPF Member Services at 1.312.641.4464 with questions about the subsidy or application.

2015 FINANCIAL SUMMARY

Each year, CTPF is required to document 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.

FINANCIAL OVERVIEW

The Fund's membership increased to 63,284 members as of June 30, 2015, reflecting 0.1% growth over prior-year membership. 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. Audited financial statements can be found on pages 24 and 25 of the CAFR.



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	—
Total additions	1,282,584,542	2,531,397,180
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
Total deductions	1,422,589,121	1,389,710,589
Net increase (decrease)	(140,004,579)	1,141,686,591
Net assets held in trust for benefits: Beginning of year	10,851,672,058	9,709,985,467
End of year	\$ 10,711,667,479	\$ 10,851,672,058

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

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.

2015 FINANCIAL SUMMARY

INVESTMENTS

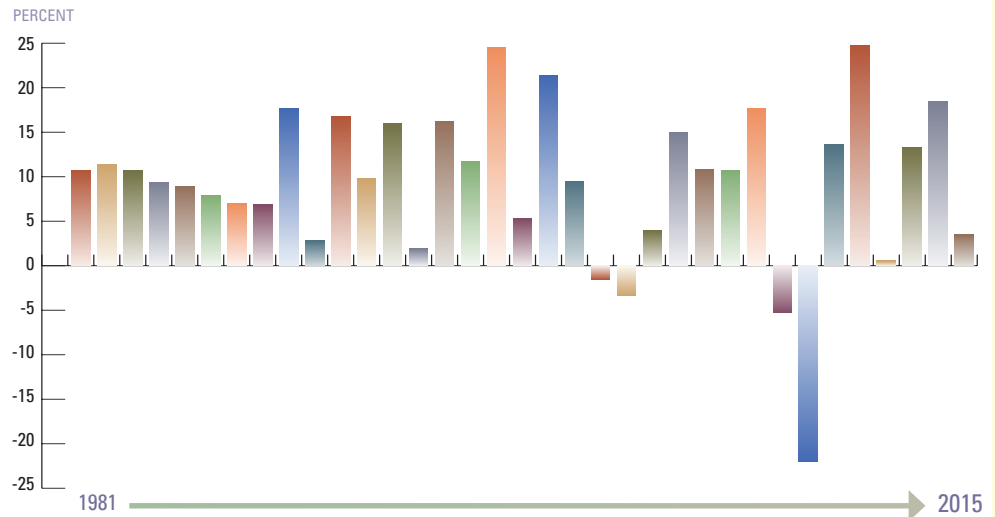
CTPF Trustees have responsibility for making financial decisions and follow a disciplined, long-term strategy: invest for a lifetime and maintain a diverse mix of assets with an appropriate level of risk. For fiscal year 2015, the Fund's total investment performance resulted in a 3.5% gain, following 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.

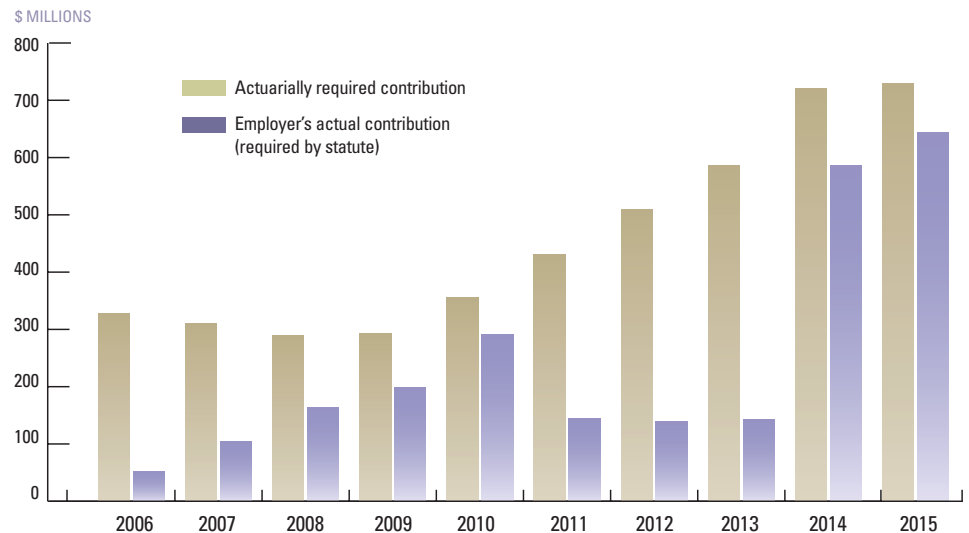
CTPF ANNUALIZED RATE OF RETURN 1981-2015

35-YEAR COMPOUND ANNUAL GROWTH RATE 8.94%

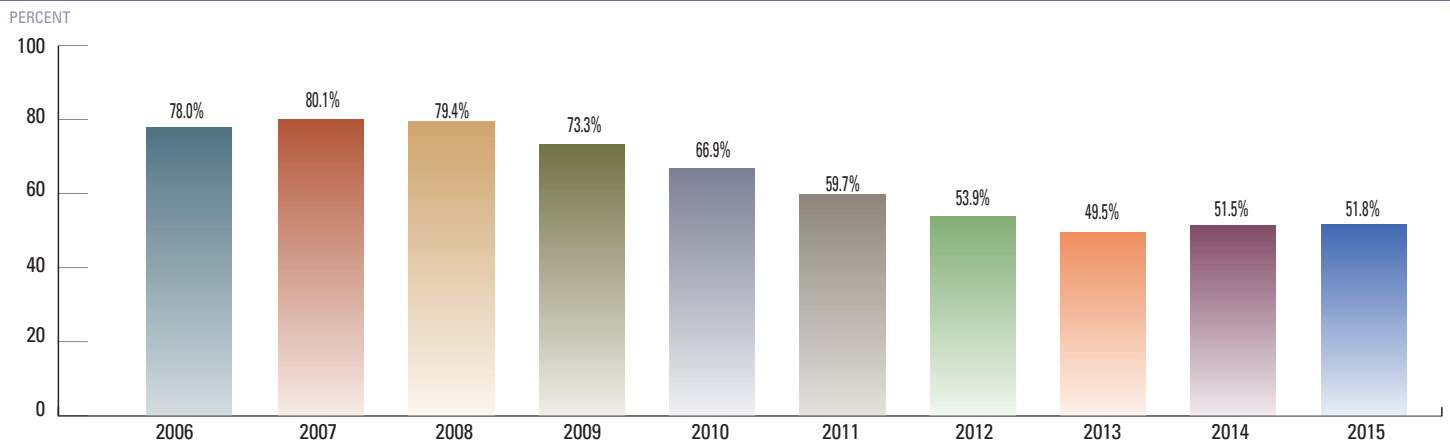


REQUIRED VERSUS ACTUAL EMPLOYER CONTRIBUTIONS

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.

OPERATIONS

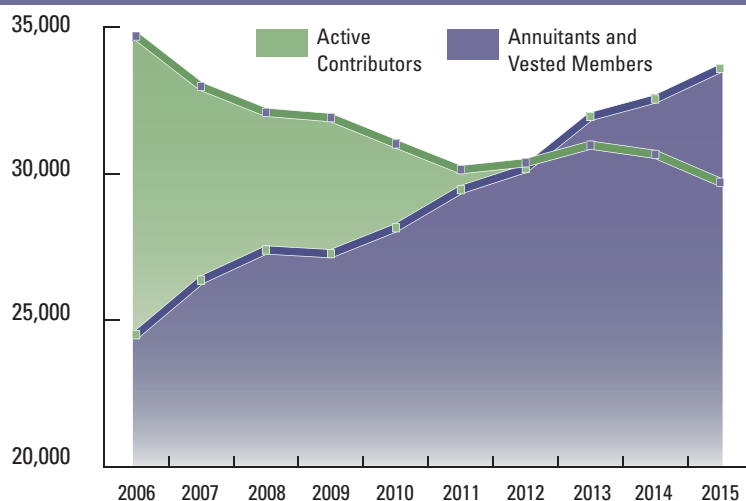
CTPF paid more than \$100 million per month in benefits, \$1.3 billion annually, to annuitants in 2015. The Fund paid an additional \$79.3 million for health insurance premium subsidies to annuitants. Total benefit payments have increased 77% in the past 10 years.

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

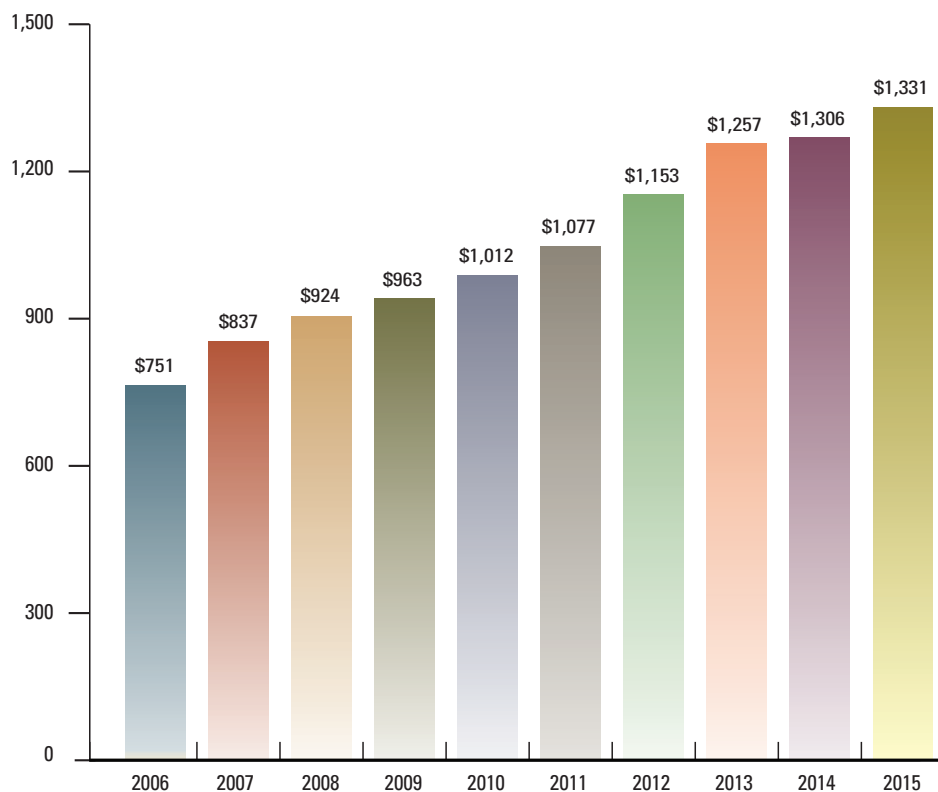
The Fund's former Executive Director, Kevin B. Huber, began a medical leave in May 2014. The Board of Trustees subsequently appointed the Board President Jay C. Rehak, interim executive director, to provide leadership through August 2014. President Rehak returned to his teaching position in August and 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. Burbidge executive director.

NUMBER OF ACTIVE CONTRIBUTORS COMPARED TO ANNUITANTS AND VESTED MEMBERS



TOTAL BENEFITS PAID* in millions of dollars

MILLIONS OF DOLLARS



* 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.



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

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Gail D. Ward

Raymond Wohl

Charles A. Burbidge, *executive director*

STUDENT ART CONTEST

CTPF celebrated its 120th Anniversary by hosting a Student Fine Arts Contest in partnership with the After School Matters program. Students submitted artwork based on the theme, "My Vision for Education in the Year 2135." The first place winner was featured on the cover of the 2015 *Comprehensive and Popular Annual Financial Report*, and several award-winning entries are now displayed in the CTPF office.



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

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.