



Chicago Teachers' Pension Fund

# PENSION NEWS

Winter 2017 | Retiree Edition

TRUST. INTEGRITY. STABILITY.



## 2017 HEALTH INSURANCE REMINDER

*MAXIMIZE YOUR PHYSICAL AND FISCAL HEALTH*

## SENATE BILL 2822 VETOED

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

## LEADER AMONG ILLINOIS PENSION FUNDS

*CTPF AGAIN LEADS ILLINOIS FUNDS IN DIVERSITY INVESTMENTS*



*CTPF staff and trustees at the Illinois Senate Committee diversity hearings.*

# 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: Jeffery 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](http://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, Jeffery 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

- 13 Observance of Lincoln's Birthday  
Office Closed
- 20 President's Day | Office Closed
- 16 Board of Trustees Meeting | 9:30 a.m.
- 28 Deadline to turn in Medicare Part B Premium increase documentation for retroactive payment

### MARCH

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

### APRIL

- 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](http://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](http://www.ctpf.org) | [memberservices@ctpf.org](mailto:memberservices@ctpf.org)  
Hours: 8:00 a.m. – 5:00 p.m. | M-F

# 2017 HEALTH INSURANCE RATES & REMINDERS

The Centers for Medicare and Medicaid Services (CMS) has announced Medicare premium rates for 2017.

## MEDICARE PART A

Medicare Part A	Medicare Part A Cost	CTPF Subsidy
40 quarters	0	0
30-39 quarter	\$227	\$113.50
Less than 30	\$413	\$206.50

### Part A: (Hospital Insurance) Premium

Members who have 40 quarters or more of Medicare credit receive Medicare Part A at no charge at age 65. If you do not have 40 quarters of credit, you must pay for this coverage. Members who pay for Medicare Part A will see a \$2 increase in premium to \$413 per month.

Members who receive a Medicare Part A premium subsidy in their pension payment are enrolled in the CTPF MedPay program. This subsidy was adjusted automatically beginning with the January 2017 check.

**Note:** CTPF does not subsidize Part A payments for members with benefit effective dates of July 1, 2016, or later, who chose not to contribute to Medicare Part A during employment.

## MEDICARE PART B

### Part B: (Medical Insurance) Premium

Social Security granted a modest 0.3% a cost of living adjustment (COLA) for 2017. Therefore, a “hold-harmless” provision prevents Medicare from raising Part B premiums for 70% of Medicare beneficiaries. The average Medicare Part B premium for the “hold harmless” group will be \$109 and the subsidy for this group is \$54.50.

The other 30% of Medicare beneficiaries will see an increase in Part B premiums to \$134. CTPF will subsidize 50% of the base premium (\$65.50)\*, with proof of premium amount (*see below*).

You may be eligible for the higher subsidy if you:

- Do not receive a Social Security Benefit
- Enroll in Part B for the first time in 2017
- Make Part B payments directly to Medicare, or
- Pay an income-related adjustment amount (IRMAA)

Medicare Part B	Medicare Part B Cost	CTPF Subsidy
“Hold Harmless” benefit Part B	\$109	\$54.50
Standard Part B*	\$134	\$65.50
IRMAA adjusted Part B*	\$187.50 - \$428.60	\$65.50

\*The 2017 Part B premium of \$134 includes a \$3 government surcharge that is not eligible for the CTPF subsidy. IRMAA adjustments are applied to individuals whose adjusted gross income was higher than \$85,000 and to couples whose income was \$170,000 or more in 2015. CTPF does not subsidize these additional amounts. See pages 13-14 of the 2017 *Health Insurance Handbook* for more information.

Send CTPF a document that shows your individual monthly 2017 Part B premium amount as proof of premium.

## MEDICARE B PREMIUM PAYMENT PROOF

### EXAMPLES OF PROOF

Any document issued by the Center for Medicare Services (CMS) or the Social Security Administration (SSA) which details your name, 2017 Medicare cost, and address or social security number is adequate proof.

#### Examples Include:

- 1) Annual SSA “COLA” letter
- 2) CMS annual Medicare letter (if you do not receive an SSA benefit)
- 3) A copy of your Medicare bill if you pay premiums directly to CMS
- 4) If your Medicare effective date is 1/1/2017 or later, a copy of your Medicare card

*Copies of most documents can be requested from local Social Security offices.*

### PROOF DEADLINES

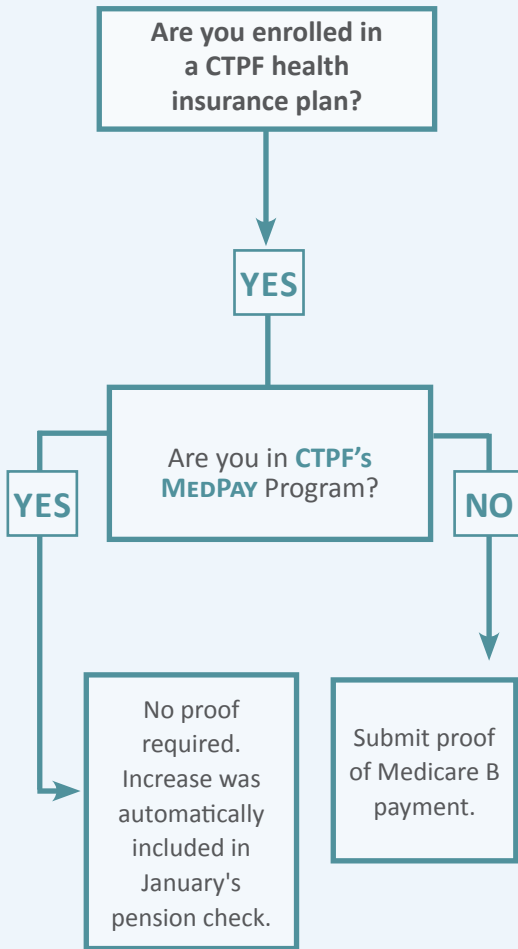
#### February 28, 2017

Submit your proof by February 28, 2017, for subsidy payment retroactive to January 1, 2017. If you submit documents after February 28, 2017, your subsidy will be adjusted going forward, but will not be retroactive.

#### After February 28, 2017

If you submit proof before the 10th of any month, the subsidy will be applied beginning with the next payroll month. Proof received later than the 10th of the month will delay the adjustment by one month.

## Who Needs to Submit Proof?



### SEND YOUR PROOF

#### Mail: CTPF

ATTN: Health Benefits  
203 North LaSalle, Suite 2600  
Chicago, IL 60601-1231

Fax: 1-312-641-7185

E-mail: [memberservices@ctpf.org](mailto:memberservices@ctpf.org)

### DEADLINE

February 28, 2017

### QUESTIONS?

Find more information about changes to CTPF health insurance plans and links to providers at [www.ctpf.org](http://www.ctpf.org).

Call CTPF Member Services  
1-312-641-4464.

## PPO CHANGES FOR 2017

### BCBS Non-Medicare PPO Pharmacy Network Change

CVS pharmacies including CVS in Target stores, are no longer in-network for the BCBS Non-Medicare PPO, effective January 1, 2017. You can continue to use CVS pharmacies, but you will pay full-price at the pharmacy counter and then file for reimbursement at the out-of-network rate. BCBS Non-Medicare PPO members can avoid these fees by using a network pharmacy. Search the database of more than 55,000 in-network options at [www.myprime.com](http://www.myprime.com), or call the pharmacy number on the back of your member ID card.

### BCBS Medicare Advantage Plan Enhancements

Members who participate in the BCBS Medicare Advantage Plans can take advantage of a wide-range of benefit enhancements in 2017. Plan highlights include:

- \$20 per month over-the-counter (OTC) Drug Debit card
- Enhanced hearing benefits
- Expanded Preventive Care
- Wellness Incentive Program
- Vision discounts and benefits

Contact Blue Cross Blue Shield at 877-299-1008 for more information.

## MAXIMIZE YOUR PHYSICAL & FISCAL HEALTH

Regular exercise has undisputed benefits, but finding the time, money, and motivation to “work out” can be elusive. Incentive programs can help.

### SilverSneakers for Medicare Wellness

The SilverSneakers Fitness program offers FREE gym memberships and fitness programs exclusively for seniors. All CTPF Medicare Plan enrollees qualify for the benefit.



Participants enjoy free unlimited gym access at any participating facility, so you can stick to your workout when you travel or visit friends. Not interested in the gym? More than 70 types of classes ranging from aerobics to yoga are available in local facilities, community centers, and parks nationwide.

Find program information at [www.silversneakers.com](http://www.silversneakers.com).

### Non-Medicare Wellness

CTPF's non-Medicare plans also offer incentive programs. UHC members can join the Rally program to earn rewards, find program information at [www.wellontarget.com](http://www.wellontarget.com). BCBS members receive perks through Blue365 and can register at [www.blue365deals.com](http://www.blue365deals.com).





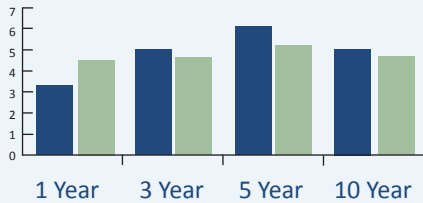
# GOVERNOR VETOES SENATE BILL 2822

## Financial Snapshot

### RETURN ON INVESTMENTS

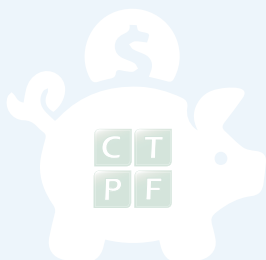
As of November 30, 2016

	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.



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.

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

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."

## 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](http://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](http://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](http://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](http://www.ctpf.org) for a complete schedule. Seminars will be offered at 1901 W. Carroll Ave. and registration is preferred. Visit [tinyurl.com/ctuandctpf1](http://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 would like to hear more about or for more information about our Ambassador program please email [ambassadors@ctpf.org](mailto:ambassadors@ctpf.org).



Chicago Teachers Pension Fund

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Chicago, Illinois 60601-1231

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Register for email updates:  
[www.ctpf.org](http://www.ctpf.org)

## PENSION PAYMENT SCHEDULE

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

To view the full payment schedule for 2017 please visit [www.ctpf.org](http://www.ctpf.org).

Month	Check Mailing Date	Direct Deposit Date
February	January 30, 2017	February 1, 2017
March	February 27, 2017	March 1, 2017
April	March 30, 2017	April 3, 2017
May	April 27, 2017	May 1, 2017
June	May 30, 2017	June 1, 2017

## 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

Jay C. Rehak  
President

Lois W. Ashford  
Vice President

Jeffery Blackwell  
Robert F. Bures

Tina Padilla  
Walter E. Pilditch

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