



Chicago Teachers' Pension Fund

VISIT US AT WWW.CTPF.ORG

SPRING RETIREMENT SEMINARS ANNOUNCED

If you plan to retire at the end of this school year, call today to register for one of the CTPF retirement seminars. The seminars provide an overview of your retirement benefits, discuss health insurance coverage after retirement, and review the retirement process. You need only attend one session.

APRIL 11 AND 12

8:30 a.m. and 1:00 p.m.
Only attend one session.

Holiday Inn Chicago Mart Plaza
350 North Orleans, 14th floor
Sauganash East Ballroom

During the session CTPF staff will help members complete the Retirement Application Packet, provide notary service, and accept completed applications.

You must register to attend as space is limited. Call the CTPF office at 312.604.1132 to reserve your space. After you register we will send a confirmation along with a pension application and a list of required documents. The seminar is free. Discounted parking vouchers (\$5.00 each) will be available at the registration desk.



From the Director

PENSION FUND BENEFITS SAFE



Kevin Huber,
executive director

You may have heard media reports indicating that the Chicago Board of Education advocates a "pension holiday" to help balance the 2007 Chicago Public School (CPS) budget. The reports raised questions and concern from many of our Chicago Teachers' Pension Fund members and retirees who want to know if their pensions are protected and if their money is safe.

The short answer is *yes*. Your pension is safe and your retirement fund, through strong fiscal management, continues to perform well. Your pension is guaranteed by law. Our job, as financial managers of the fund, is to ensure that we have enough assets to fund these obligations. This includes making sure that those who owe pay their obligations.

While you may find it surprising that the CPS would consider balancing the budget by shorting the pension fund, many find it even more surprising to hear that the CPS system has not made a pension-fund payment since 1995. The CPS has been on a 10-year holiday since 1995, the last time it made an employer contribution to the Chicago Teachers' Pension Fund. In 1995 a state law was changed, redirecting tax money previously earmarked for the pension fund to the CPS. Over \$1 billion dollars has been redirected to the CPS that would have been contributed to the pension fund. In return for the redirection of these tax monies, the CPS agreed to pay a contribution to the pension fund when it fell below a 90% funding level. Now that it is time to start paying the pension fund, the CPS wants to change the law again; they want a pension holiday for 2007 and have also discussed reducing the mandatory funding level from 90% to 80%.

The Chicago Teachers' Pension Fund adamantly opposes any pension holiday or mandatory reduction in funding levels. We serve over 20,000 retirees who spent their lives educating the children of Chicago and 40,000 teachers who currently work tirelessly to make sure Chicago students receive the best education possible on limited resources. We are charged with ensuring the viability of this fund for all future Chicago teacher retirees. We understand the perils of the CPS budget and the shortfalls of funding from the state. We cannot, however, accept a plan that balances the CPS budget by squeezing retirement dollars from our members and pensioners.

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PROTECT YOUR PENSION

Take action to ensure that legislators understand the importance of preserving your pension. Write to Governor Blagojevich, Senate President Emil Jones, Speaker of the House Mike Madigan, your individual legislators, and Mayor Daley and let them know that you do not support **any** reduction

in funding for the Chicago Teachers' Pension Fund. Write or call your representatives in Springfield and City Hall so they understand that Chicago teachers will not stand by and let pensions be jeopardized. Legislative changes in 1995 cost the CTPF more than \$1 billion. Find sample letters and other useful information (including how to contact your legislator) on our website, www.ctpf.org.

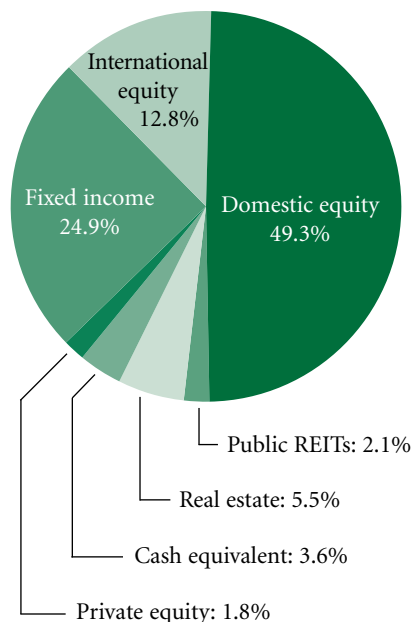
FUND POSTS STRONG PERFORMANCE FOR 2005

INVESTMENT PORTFOLIO

The CTPF investment portfolio is well diversified and is shown in actual figures as of June 30, 2005, on the chart below. By investing in a broad range of asset classes, the CTPF minimizes risk and achieves more consistent investment returns.

CHICAGO TEACHERS' PENSION FUND ASSET ALLOCATION

As of June 30, 2005



As of June 30, 2005, the market value of the Chicago Teachers' Pension Fund investment portfolio totaled \$10.9 billion, an approximate \$500 million increase since June 30, 2004. This increase was primarily due to a strong investment performance of 10.8%. The CTPF's performance beat its benchmark of 9.4%. All asset classes had positive returns led by a 23.1% real estate return. Returns for the other asset classes were: private equity 17.6%, international equity 14.5%, domestic equity 10.7%, and fixed income 7.3%.

Total additions to plan net assets were \$1.3 billion. The net investment gain of \$1.0 billion was more than 4.2 times member and employer contributions totaling \$249.6 million.

Benefit payments, member refunds, and administrative expenses totaled \$741 million for the 2005, fiscal year, a 10.1% increase over fiscal 2004. The funded ratio for pension benefits declined to 79% as of June 30, 2005, from 85.8% the previous year.

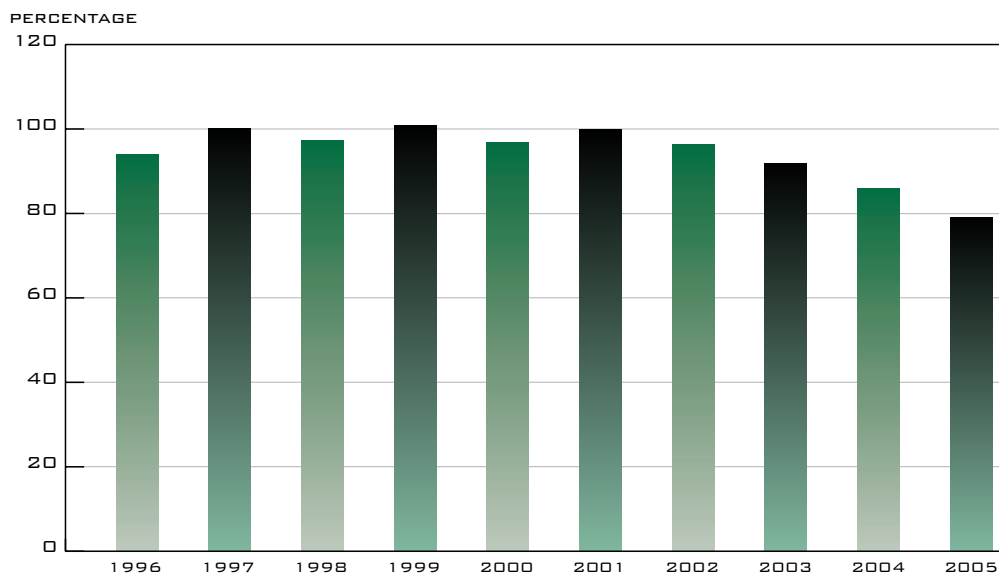
CTPF INVESTMENT PERFORMANCE (GROSS OF FEES)

	1 yr	3 yrs	5 yrs	10 yrs
<i>Rate of Return</i>	10.8%	9.8%	4.8%	9.7%

TOP 10 DOMESTIC EQUITY HOLDINGS

<i>Firm</i>	<i>Market Value</i>	<i>% of Total Domestic Equity</i>
General Electric Co.	\$113,867,418	2.10%
Exxon Mobil Corp.	106,897,983	1.97%
Citigroup	75,202,313	1.39%
Microsoft Corp.	74,944,139	1.38%
Johnson & Johnson	68,080,048	1.26%
Pfizer Inc.	55,041,912	1.01%
Bank of America	51,856,713	0.96%
Intel Corp.	48,933,080	0.90%
Dell Inc.	42,571,788	0.79%
ConocoPhillips Co.	40,647,270	0.74%
Total	\$678,042,664	12.50%

FUNDED RATIO LAST TEN YEARS



BOARD OF TRUSTEES MEETING REPORT

TRUSTEE APPOINTED

In November 2005, Principal Trustee Terri Katsulis retired from active service and resigned his position on the CTPF board. At the January board meeting, the trustees considered two candidates, James A. Cosme and Paul Zeitler, who presented themselves for consideration.

After hearing both presentations, the trustees appointed Cosme to complete the term of office. Trustee Cosme, principal at Otis Elementary school, will serve until the next principal/administrator election in November 2007.

LEGISLATIVE PROPOSALS PENDING

The CTPF actively promotes legislation on behalf of our members. For 2006, the CTPF Board of Trustees has more than 20 legislative proposals currently sponsored in the Illinois General Assembly. The CTPF would like to recognize the efforts of Senators John J. Cullerton (D) and Iris Y. Martinez (D) and Representatives John E. Bradley (D), Calvin L. Giles (D), Deborah L. Graham (D), Robert S. Molaro (D), Harry Osterman (D), and Angelo Saviano (R). The CTPF also recognizes the efforts of Senator Martinez and Representative Bradley, who chair the pension committees in the Senate and House, respectively, and the work of Speaker Michael Madigan and Senate President Emil Jones for their stewardship of the pension fund.

At the January 19, 2006, meeting, the CTPF Board of Trustees agreed to categorize three proposals as priority items for the current year. HB 307 provides that salary received on or after July 1, 2005, for overtime, summer school, and other optional service shall be included in the calculation of salary for pension purposes; HB 299 provides for a one-time increase in certain retirement and survivor's annuities for members who retired prior to 1980; and HB300 increases the maximum allowable service retirement pension from 75% to 80% of average salary.

The CTPF website, www.ctpf.org, contains a complete list of pending legislative proposals and information on how to contact legislators. Write your representative to share support for these proposals.

CTPF LAUNCHES FIELD SERVICE UNIT

In an effort to improve services and educate members regarding pension benefits, the Board of Trustees approved a plan to establish a Field Service Unit.

Members of this department will travel to schools to provide timely and relevant information to active teachers and help them with retirement planning.

Expect to see the field service representatives in your schools this fall. Watch for more information in upcoming issues of *Pension News*.



OFFICE VISITS AND ADDRESS CHANGES

If you have questions about your benefits, retirement, or health insurance needs, please schedule an appointment with Member Services.

Appointments are available daily between 7:30 a.m. and 3:30 p.m. Because clients with appointments are given priority, walk-in visitors may experience a long wait or need to be rescheduled. Please call 312.641.4464 to schedule an appointment.

Active members of the CTPF must notify their employers of a change of address. The employers provide monthly updates to the CTPF. Chicago Public School teachers report changes to the CPS Records Department, 773.553.1112.

Retirees and former/inactive members report address changes directly to the CTPF. Call Member Services, 312.641.4464, to request a form.

MEDICARE OPTION PROVIDED

Recent legislation passed by the Illinois General Assembly allows active teachers who were continuously employed by the same employer (CPS) since March 31, 1986, to take advantage of an irrevocable, one-time option to prospectively participate in Medicare. Teachers who were hired after March 31, 1986, already participate in Medicare. Contributing to Medicare before you retire allows you to receive Medicare Part A health insurance coverage, without cost, upon reaching the age of 65. You must have at least 40 quarters of Medicare contributions to qualify for Medicare Part A. If you do not contribute during your active career, you must purchase Medicare Part A coverage during retirement, when you reach age 65, by paying a monthly premium. In 2006, the cost of Medicare Part A is \$393 per month.

The Medicare contribution rate is 1.45% of your salary. You and your employer will each contribute this amount.

This spring the Chicago Teachers' Pension Fund will notify you about the Medicare option, provide additional information, and ask you to make this important decision. If you choose to pay into Medicare, the CTPF will notify your employer, so that your employer can begin making deductions.

BENEFITS SAFE

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The CTPF, the first pension fund established in the United States more than 110 years ago, has always met its obligations and provided a secure retirement for its members. We will work with the CPS to ensure that we can meet those obligations for decades to come.

—Kevin Huber, executive director



Chicago Teachers' Pension Fund

203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1210

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.

OFFICE AND MAILING ADDRESS

Chicago Teachers' Pension Fund
203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1210
312.641.4464 phone
312.641.7185 fax
www.ctpf.org
memberservices@ctpf.org
Office hours
7:30 a.m. to 5:00 p.m. Monday through Friday

BOARD OF TRUSTEES

John F. O'Brill, *president*
Lois Nelson, *vice president*
Mary Hanson, *recording secretary*
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Rufus Williams

Kevin Huber, *executive director*

RETIREE HEALTH INSURANCE UPDATE

BLUE CROSS BLUE SHIELD AND HMO ILLINOIS MEDICARE ENROLLEES

Members enrolled in the Chicago Teachers' Pension Fund Medicare Supplement group plans should now have new prescription drug cards to present to the participating pharmacies in their areas. If you present your new **Blue Medicare Rx card** and find out that you require a prescription or diabetic supplies not covered by the Medicare D program, inform the pharmacist that you have dual coverage. Show the pharmacy your regular insurance card. Your Blue Medicare Rx card is considered the primary prescription coverage; your backup coverage is the prescription

benefit associated with your group insurance.

A small percentage of our members are still experiencing difficulties obtaining their prescriptions. The CTPF is working diligently with BCBS to correct this situation. If you are having trouble with coverage, call 1.877.838.8733, a special triage call center trained to assist you in getting the information you need as quickly as possible and in getting your prescription needs met. Do not hesitate to contact the CTPF Member Services Department at 312.641.4464 if you need additional assistance.

HUMANA GOLD/HUMANA CHOICE ENROLLEES

Members enrolled in Humana Gold or Humana Choice report success in receiving their prescriptions under the new Medicare D program. Humana enrollees **do not have the benefit of dual coverage** as is the case with BCBS enrollees. If you have questions regarding your covered prescriptions with Medicare D, please contact the prescription inquiry number on your identification card.



PHARMACY UPDATE

MAIL-ORDER OPTIONS

The best value for obtaining prescription drugs is through mail order instead of retail. With current mail-order providers, you will receive a 90-day supply for the same co-pay as a 30-day supply.

PARTICIPATING VS. NON-PARTICIPATING PHARMACIES

Some **participating pharmacies** allow you to purchase a 90-day supply of some drugs, but you will pay double your standard co-pay. If you choose a **non-participating pharmacy** in your area, you will be charged triple your standard co-pay. Make certain to ask the pharmacy if it is a participating Medicare D pharmacy.

SMART CHOICES

The kind of medication your physician prescribes, whether generic or brand

name, brand formulary or brand non-formulary self-administered injectables, makes a difference in what you pay in out-of-pocket expenses. Your plan is designed to maximize your savings by using generic drugs. If your physician prescribes a brand-name drug instead of a generic, you pay the difference between the brand and generic, plus the brand co-pay.

If the prescription is filled with a brand name when a generic equivalent is available, your cost may be substantially higher. New co-pays effective 1/1/06 are \$10 generic and \$35.00 brand name. BCBS example:

Brand drug cost =	\$90.00
Generic drug cost =	<u>\$60.00</u>
Difference	\$30.00
Brand co-Pay	+\$35.00
Your cost	\$65.00

If you are in one of the three HMO plans available through CTPF, these plans have 3-4 tier co-pay levels. In each case this could either increase or decrease the cost of your prescription. The difference between the formulary brand, non-formulary brand, and generic, plus the brand formulary, and non-formulary co-pay is applicable.

Ask your physician about generic alternatives. Informed decisions help you maximize your health-care dollars and help the pension fund negotiate better group insurance rates for you in the future.

PENSION PAYMENT SCHEDULE

The schedule for mailing checks/direct deposit advices and the date direct deposits are credited to members' accounts are listed below. Please use this as a guide for budgeting purposes.

Mail delivery usually takes 2-3 days. Members who receive checks by mail **may not** have the check in hand on the first of the month. Please contact the fund office if you have not received your check or advice within **5 days** from the first of the month.

PAYMENT MONTH	MAILING DATE	DIRECT DEPOSIT DATE
April 2006	March 31, 2006	April 3, 2006
May 2006	April 28, 2006	May 1, 2006
June 2006	May 31, 2006	June 1, 2006
July 2006	June 30, 2006	July 3, 2006
August 2006	July 31, 2006	August 1, 2006
September 2006	August 31, 2006	September 1, 2006
October 2006	September 29, 2006	October 2, 2006
November 2006	October 31, 2006	November 1, 2006
December 2006	November 30, 2006	December 1, 2006
January 2007	December 29, 2006	January 2, 2007
February 2007	January 31, 2007	February 1, 2007
March 2007	February 28, 2007	March 1, 2007
April 2007	March 30, 2007	April 2, 2007
May 2007	April 30, 2007	May 1, 2007
June 2007	May 31, 2007	June 1, 2007
July 2007	June 29, 2007	July 2, 2007
August 2007	July 31, 2007	August 1, 2007
September 2007	August 31, 2007	September 4, 2007
October 2007	September 28, 2007	October 1, 2007
November 2007	October 31, 2007	November 1, 2007
December 2007	November 30, 2007	December 3, 2007

The fastest and safest way to receive money is through direct deposit of funds. Direct deposit eliminates the risk of lost or stolen checks, helps protect against fraud, and offers more control over funds. To sign up for direct deposit, contact Member Services at 312.641.4464.

Currently members receive a direct deposit advice each month. Members may elect to receive advices **only** when something changes in their accounts. Please contact the fund office if you would prefer this option. An advice will still be sent in January, December, and whenever there is a change to your account. If everyone on direct deposit chose this option, it would save the fund \$42,000 annually on postage.

