



Chicago Teachers' Pension Fund

VISIT US AT WWW.CTPF.ORG

EXECUTIVE DIRECTOR'S LETTER

Guarantee. In its simplest form, a guarantee is a promise for the future. It is an important word often accompanied by a big disclaimer. The disclaimer usually includes fine print that explains exceptions to the rules and reasons that a promise might not be fulfilled.



Kevin B. Huber,
executive director

At CTPF we often use the word *guarantee*, and I am glad to report that it comes without a disclaimer. Once a member vests in CTPF, s/he qualifies for a lifetime pension protected from inflation with a three percent annual increase. State of Illinois statutes guarantee lifetime pensions for CTPF's vested members. We currently have nearly 1,000 members above the age of 90 and an additional 50 over the age of 100. No matter what their age, our pensioners know they can count on their pensions to provide for their financial security.

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CTPF LAUNCHES REVISED WEBSITE AT WWW.CTPF.ORG

The information you need may be at your fingertips, thanks to a redesigned website located at www.ctpf.org.

January 26, 2007, CTPF launched the improved website designed to increase the availability of information and provide enhanced services to members. The website provides general information and also features user-specific tabs with information for active members and retired members.

The website redesign has been in the works for the past 12 months and has involved input from both CTPF staff and users.

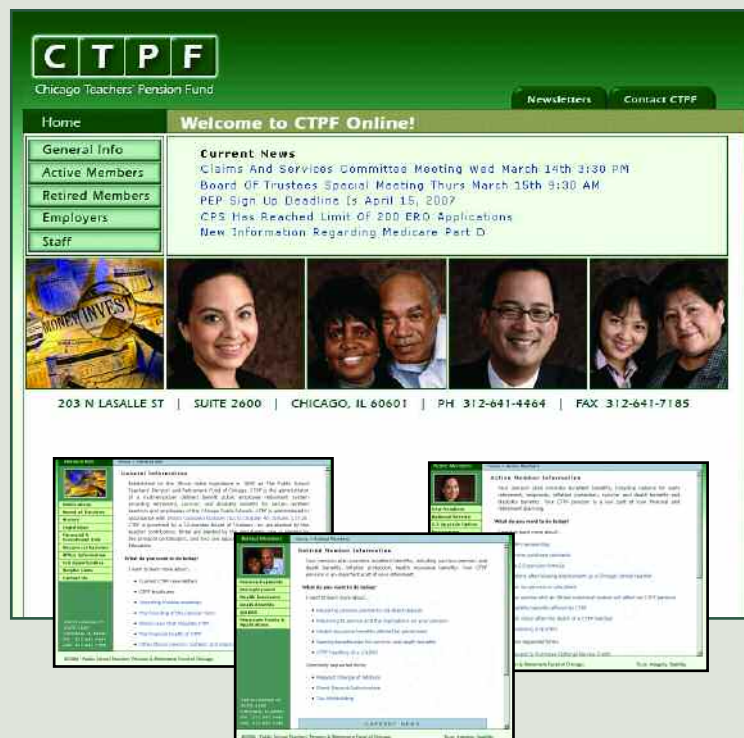
"We have put much work into providing a website that presents a variety of information in a straightforward and easy-to-navigate format," remarked Robin Lynch, information technology manager. "We hope our members will use the web to find answers to many frequently asked questions."

"WE HAVE PUT MUCH WORK INTO PROVIDING A WEBSITE THAT PRESENTS A VARIETY OF INFORMATION IN A STRAIGHTFORWARD AND EASY-TO-NAVIGATE FORMAT."
—ROBIN LYNCH,
INFORMATION TECHNOLOGY MANAGER

DOWNLOADS

The website provides a variety of publications available in a downloadable format. Users can find everything from the *Life Plans* series of brochures to change of address forms, available in a PDF format.

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The new CTPF website homepage, www.ctpf.org, features user-specific tabs with information for active and retired members.

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CTPF FINANCIAL SNAPSHOT

CTPF RETURN ON INVESTMENTS
As of December 31, 2006

	RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	15.0	14.8
3 years	11.9	10.9
5 years	9.5	8.7
10 years	10.7	9.9



As of December 31, 2006, the approximate current value of CTPF's investments was \$12.1 billion. The largest single CTPF holding was Exxon Mobil Corp., worth \$129 million.



SENATE BILL SIGNED: SERVICE CREDIT OFFERED TO PRIVATE SCHOOL TEACHERS



On February 27, 2007, Governor Blagojevich signed into law Public Act 94-1111, which allows CTPF members to establish up to 2 years of service for employment rendered as a teacher or administrator with a private school in Illinois.

Under the provisions of the act, the member must have a minimum of 10 years of contributing service under CTPF in order for the private school time to be recognized. Members can apply and pay for this service before they reach 10 years of CTPF service but the purchased service will not be used for benefit purposes until the 10-year CTPF service requirement is met.

The act applies to members who were certified teachers employed at private schools registered or recognized by the Illinois State Board of Education. In addition, should the member establish this

service, s/he may not now or in the future receive service credit for the same time period under any other Illinois reciprocal retirement system. All applications for private school service must be received by CTPF on or before June 1, 2009.

COST

Two factors make up the cost of this service:

- the member's contribution rate of 16.5% of salary during the first year of full-time employment reported to CTPF. Only full-time employment periods which occurred after the private school employment will be considered.
- an interest rate of 8% compounded annually from the member's first date of CTPF participation through the date of payment

FACTORS TO CONSIDER

Purchasing this service may be expensive. Members should request pension estimates with and without private school employment credit to understand the cost and impact of this purchase. Call Member Services at 312.641.4464 for an estimate.

CTPF LAUNCHES REVISED WEBSITE AT WWW.CTPF.ORG *continued from cover*

LINKS

The website provides up-to-date information regarding current CTPF legislative issues and offers links to the Illinois State Legislature so that members may contact their legislators regarding issues of importance to them.



FUTURE PLANS

The launch is the first step in a comprehensive plan to provide an increased menu of web services to members. Lynch continued, "In the future we want our members to be able to go to the web to view personal information, view account information as submitted by their employers, estimate pensions, and view information regarding pension payments. As more of our users become comfortable with this medium we want to make sure we capitalize on the opportunities it provides. We're looking forward to building on the momentum created by this new launch."

BEFORE YOU RETIRE: UNDERSTANDING SICK DAYS AND SERVICE CREDIT

At retirement, CTPF members may convert their unused sick days to CTPF service credit for the purpose of calculating a pension. Eighteen sick days equal one month of service credit and a maximum of 244 sick days may be converted to service credit at retirement. An exception to this program occurs if a member employed by Chicago Public Schools (CPS) participates in the Pension Enhancement Program (PEP). Sick days used for PEP cannot be used toward additional CTPF service credit.

CPS SERVICE V. CTPF SERVICE

Depending on a member's specific situation, CTPF members employed by CPS may also "cash out" sick days at retirement. It is important for CTPF members to understand, however, that CPS calculates service separately from CTPF. Sick days do not count toward service as calculated by CPS. Payment for unused sick days comes from CPS and is based on the service credit on file in its records.

"Understanding that CPS calculates service separately from CTPF is important for our members," remarked Pat Hambrick, chief operating officer at CTPF. "Therefore, it is possible for a member to have 20 years of service including sick days with CTPF – but less than 20 years of service on record with their employer."

CPS SICK DAY PAYOUT SCHEDULE	
Service at Chicago Public Schools*	Percentage of Accumulated Sick Leave Paid at Retirement
Resignation or retirement with 33.95 or more years of service	100%
Resignation or retirement with at least 20 but less than 33.95 years of service	90%
Resignation or retirement at age 65 with less than 20 years of service	85%
Resignation or retirement at age less than 65 with less than 20 years of service	0%

*CPS does not include sick days in its service credit calculation.

It is critical for members to understand that the sick leave payout is determined by CPS based on its records. The chart above illustrates the sick day payout schedule by CPS. See below for additional examples.

Before submitting a resignation or applying for retirement, members who plan to cash out sick days must make sure they have the CPS service credit necessary to maximize this benefit.

IT IS CRITICAL FOR MEMBERS TO UNDERSTAND THAT THE SICK LEAVE PAYOUT IS DETERMINED BY CPS BASED ON ITS RECORDS.

EXAMPLES

EXAMPLE 1

Member Smith has:

- 33.00 years of service with CPS
- 1.00 year of unused sick days (180 days)

Smith uses his sick days to add a year of service credit at CTPF and qualifies for a maximum pension with 34 years. Smith will receive a payout of 90% of his sick pay because he only has 33 years of service with CPS.

EXAMPLE 2

Member Jones is 62 years old and has:

- 19.50 years of service with CPS
- .50 year of unused sick days (90 days)

Jones uses her sick days to qualify for a CTPF pension based on 20 years of service. She will not receive a payout of her sick days because she only has 19.5 years of service with CPS and she is not age 65.



As CTPF administrators we have three basic tasks: collecting revenue, investing it, and returning it to our members in the form of benefits.

We collect revenue from three primary sources: members, the State of Illinois, and the primary employer, the Chicago Public Schools (CPS). In order to make sure that we fulfill our guarantees we must make sure that we receive contributions from all of our funding sources. Last year CPS proposed a pension holiday and together with our members, who wrote to their legislators and politicians, we successfully stopped the attempts to reduce employer contributions. While there has been no mention of a holiday this year, we need to remain vigilant in making sure that CPS continues to meet its obligations. We realize that often, working in partnership with other groups is the best way to achieve a common goal. We have started to pursue a new strategy of working with CPS to increase our state contributions, which would help eliminate future discussions of a holiday.

With funding tight, we know that we must invest our funds in a responsible way that will minimize risk and maximize returns. Our investment track record is a strong one. Our investment rate of return over a 10-year period ending

December 31, 2006, was 10.7%. Investments alone, however, cannot cover rising costs caused by an increase in the number of retirees and a corresponding decrease in contributing members. Our current funding ratio has dropped to 78%, with a healthy ratio considered 80%. A funding ratio is simply the money in the bank divided by the amount we owe to our members. We would prefer to have enough money in the bank to pay all our future bills. Although we are currently at a safe level, we will closely monitor this ratio.

Finally, we pay benefits to our members in the form of pensions and health insurance. In our 111-year history, CTPF has never missed a pension payment period. The comprehensive health insurance program offered by CTPF not only provides outstanding health care options for retirees in terms of service and benefits, it does so at a reduced price.

Each year, CTPF's trustees authorize a percentage of our health insurance premiums to be rebated to our members. Since 2002, CTPF has rebated an average of 72% of members' annual health insurance premiums, but over the years this amount has varied from 52.5% to 90%.

While pensions are guaranteed by law, health insurance rebates are not. The current

rebate percentage of 70% will have to be lowered in 2009 unless we receive legislative relief. To help ensure this relief, our trustees ask that you promote Illinois State House Bill 1231 which authorizes an increase in CTPF's annual health insurance spending limit to \$75 million from the current \$65 million. We encourage you to contact your legislators and legislative leaders to ask them to pass this important legislation.

As mentioned earlier we are working to increase the amount of money that the state contributes to CTPF. We have received the same state contribution since 1988, while our numbers of retirees and active members have increased by 50 percent. The chart below paints a powerful picture of the need for additional contributions to CTPF. The chart compares the amount of money the Illinois State Legislature has appropriated to CTPF to the appropriations to the Illinois State Teachers Retirement System (TRS). While we strongly support the state's funding of our friends at TRS (and recognize that they have been woefully underfunded in the past two decades), we also realize that the state needs to increase contributions to CTPF.

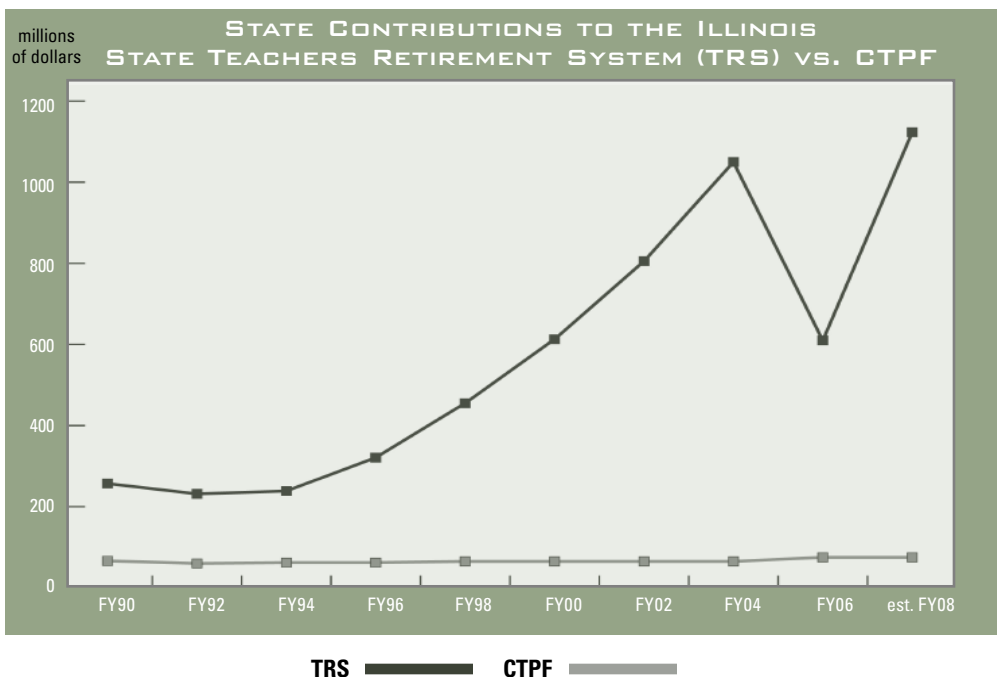
We have written Illinois' legislative leaders to encourage them to increase our funding to \$120 million for fiscal year 2008. This allocation would help stabilize CTPF's revenue streams, alleviate a portion of CPS future funding requirements, and reestablish a more equitable distribution of state taxes. We encourage you to contact your legislators and ask them to support this increase.

As spring arrives and we prepare to welcome another generation of teachers into retirement, we are glad to offer our simple guarantee – once you are vested you will have a pension for life. We will continue to invest wisely and work diligently. Our members deserve nothing less.

Sincerely,

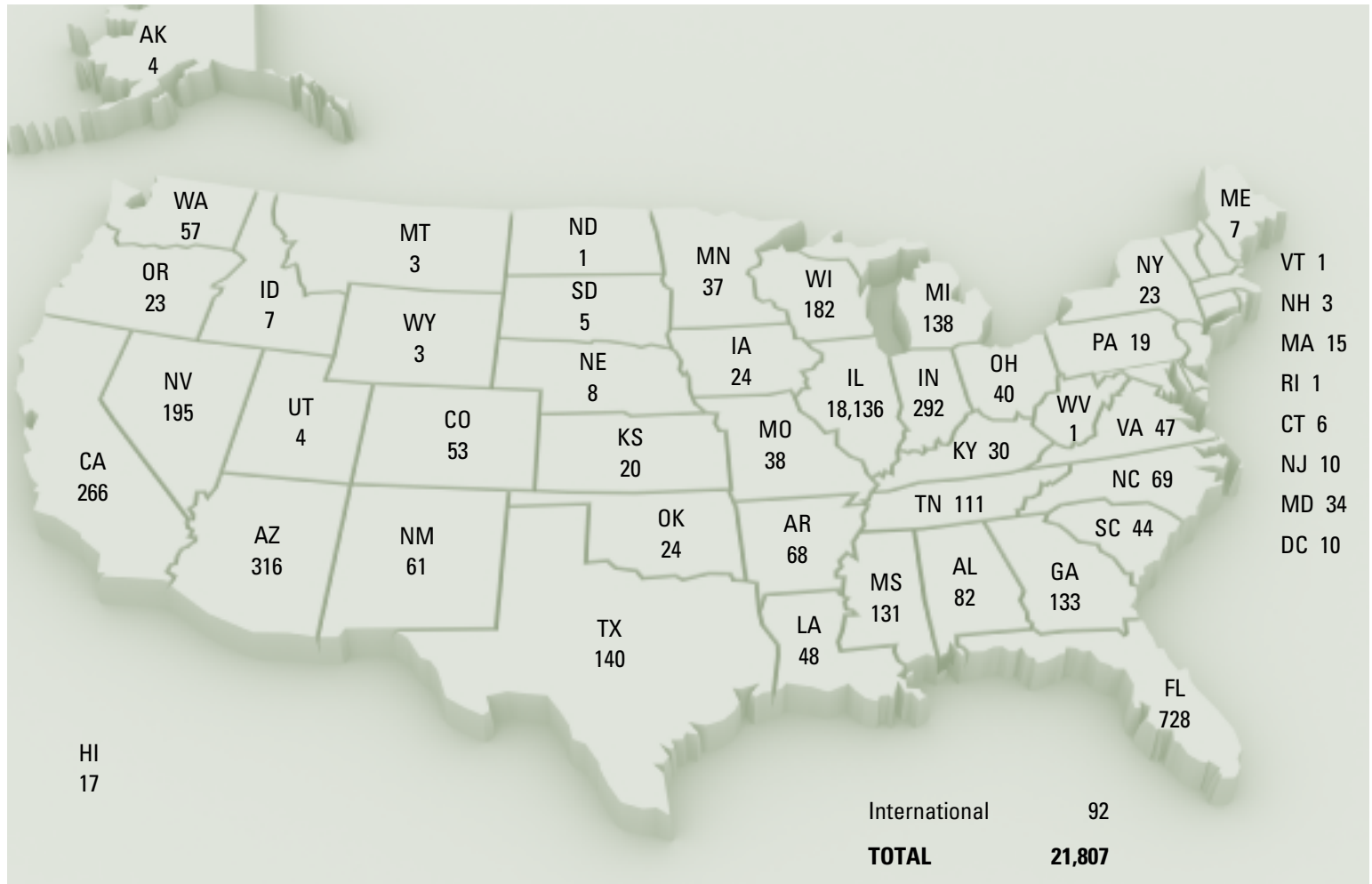


Kevin Huber, executive director



MAPPING RETIREMENT

Retirement is a time when many individuals think of making life changes and consider moving to a warmer climate. The map below shows the geographic distribution of CTPF's retirees; about 17% have made permanent moves outside Illinois. This map does not include retirees who have "snowbird" lifestyles who may spend part of their time in Illinois and winter elsewhere.



The Chicago Teachers' Pension

Fund actively promotes legislation in the Illinois General Assembly on behalf of its members. For 2007, CTPF has 19 legislative proposals currently sponsored. We appreciate and recognize the following legislators who work to promote CTPF's interests: Illinois State Senators **John J. Cullerton (D)**, **Iris Y. Martinez (D)**, and **James A. DeLeo (D)** and Illinois State Representatives **Richard T. Bradley (D)**, **Robert S. Molaro (D)**, and **Angelo Saviano (R)**. In addition, CTPF

thanks Senator **Kwame Rauol (D)** and Representative **Bradley**, who chair the pension committees in the Illinois Senate and Illinois House of Representatives, respectively, and the work of Speaker of the House **Michael J. Madigan (D)** and Senate President **Emil Jones, Jr. (D)** for their stewardship of CTPF's interests.

At the January 18, 2007, meeting of the board of trustees agreed to categorize four proposals as high-priority items for the current year. House Bill 604 establishes a minimum pension of \$1,500 per month for individuals with at least 20 years of service.

House Bill 1227 establishes a new city tax levy for the specific purpose of funding CTPF. House Bill 1229 authorizes a health insurance rebate percentage of 75% with no maximum annual spending limit (currently \$65 million). Finally, House Bill 1231 raises the annual maximum spending limit for CTPF health insurance premium rebates to \$75 million.

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

LEGISLATIVE UPDATE

SEMINARS FACILITATE RETIREMENT PROCESS



More than 600 current teachers and their guests attended CTPF's 2007 Retirement Seminars, held February 12 at the Holiday Inn Chicago Mart Plaza and February 19 and March 5 at the Marriott Chicago Midway. The seminars included presentations by CTPF and the Chicago Public Schools. In addition, other agencies, including the Social Security Administration, and vendors for retirement-related services hosted informational booths during the events.

"Our goal was to provide on-site and immediate help for our members who had questions or needed assistance in completing their retirement application packets," said Kevin Huber, executive director. "By providing all of these services in one place, we hope it made the retirement process more understandable for our members."

Top left: Horace Nowell, a representative of Met Life Corporation, addresses members' questions. Top right: CTPF representatives help members fill out retirement application packets. Center: Kevin Huber, executive director of CTPF, and CPS's representative Tiffany Taylor address members' questions at the February 12 seminar.



In addition to presentations, members could speak individually with CTPF retirement counselors who distributed necessary forms, provided information, and offered notary service.

"Everything was very helpful," remarked Woodra Scott. "The presenters were excellent and the handouts were great."

Another attendee, Lourdes Afable, commented, "All the discussions were very clear. It was most helpful to have an individual discussion and review of the forms with a representative."

If you plan to retire at the end of the 2007 academic year, but have not yet met with CTPF or received your retirement application packet, call today to request a packet or download one at www.ctpf.org.

FIELD SERVICE PROGRAM UPDATE

The field service program is approaching its first year of full operation. The unit has had an active year developing materials and programs to improve communication with and educate CTPF members.

Pat Hambrick, chief operating officer, remarked, "The field service program has allowed us to meet with more of our membership, provide useful information, and answer member questions personally."

Since its inception, the unit has presented informational workshops at more than 250 schools. In addition, presentations have been made at AIO offices and other venues. Working in partnership with affiliated agencies, the representatives have provided CTPF informational sessions for the Chicago Teachers' Union, the Illinois Federation of Teachers, Chicago Principals' Association, and Phi Delta Kappa National Educational Sorority.

"Building networks with agencies that serve Chicago's teachers has been key to gaining access to teachers in schools and understanding our members' needs," said Sheron Banks-Fallis, field representative.

Pension representatives or principals interested in hosting a CTPF benefit workshop at their school should call Field Services at 312.604.1242 to discuss options.

PLANNING TO VISIT? PLAN AHEAD



Scheduling an appointment with a Member Services counselor is the best way to get information about CTPF benefits. Appointments are available Monday through Friday from 7:30 a.m. to 3:30 p.m. Walk-in visitors often experience a long wait before seeing a counselor and cannot be served after 3:30 p.m. Call CTPF at 312.641.4464 to schedule your appointment.

REDEFINING RETIREMENT: MARION W. WOOD



Sitting and chatting, with perfectly styled hair and impeccable clothes, it would be difficult to guess Marion Wood's age. There is no need to guess, however, as she introduces herself, "I was born December 1, 1903," Wood says with a broad smile. "I am 103 years old." While her age may not be a mystery, this dynamic centenarian redefines stereotypes about individuals who have reached age 100 or better.

Born Marion Wallace, her story begins in Chicago's Logan Square neighborhood where she lived with her parents and three brothers. She recalls, vividly, the details of her life without missing a beat. She graduated from Providence Academy in 1921, and attended the University of Illinois in Urbana-Champaign, where she received a science scholarship.

Wood explains that despite the fact that in the early part of the century many women did not have access to higher education, in her family education was always a priority, and her parents encouraged her to pursue a degree.

Wood graduated from the U of I in 1925 and moved to Detroit for her first job. "I was lucky to have a job. The Great Depression made jobs

scarce and I had a position teaching high school biology. My first salary was \$5 a week and I was glad to have it!"

In Detroit she met her future husband, Lawrence Wood. The couple returned to Illinois, married in 1934, and raised their daughter, Barbara, in Chicago.

Wood took time off from teaching to raise her family but returned to the classroom in 1948, when she took a science position at Waller High School. In 1951 Wood transferred to Senn High School in Chicago's Edgewater neighborhood, where she taught until her retirement in 1971.

"I loved that school and was very active," she says. "Senn had wonderful, interesting people and I always enjoyed teaching in the science department there."

Shortly after her retirement in 1971, Lawrence, her husband of 38 years, passed away. "He was young," Wood explained. "But I never remarried. Once was enough. They're too hard to train."

Always anxious to learn and explore, Wood spent her retirement years traveling. "I went everywhere," she says. "I've traveled around the world. My favorite is Australia, for its beauty, but I also loved Hong Kong."

Wood gave up her drivers' license at age 96, but remained quite independent. "A few years ago I got to the point where I couldn't cook anymore so I moved to the Belmont Village Assisted Living of Glenview," she remarked.

The move has not slowed her down. Wood still enjoys going out for lunch each Saturday and has gained some notoriety in recent years as Chicago's oldest Bears fan.

"I love the Bears and the Cubs," she explains. "I've always enjoyed sports."

Walter Payton was her favorite player and she has enjoyed visits with his brother, Eddie, and also with Jim McMahon.

Although she's a loyal fan, she can't help but hide her disappointment with this year's Super Bowl.

THE GREAT DEPRESSION
MADE JOBS SCARCE
AND I HAD A POSITION
TEACHING HIGH SCHOOL
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CTPF CALENDAR

Trustee meetings, held in CTPF offices, are open to the public.

April

17 9:30 a.m., trustee meeting

May

15 9:30 a.m., trustee meeting

21 Nominating period opens for trustee elections

28 Memorial Day, CTPF offices closed

June

15 Last day of CPS classes

19 9:30 a.m., trustee meeting

July

4 Independence Day, CTPF offices closed

19 9:30 a.m., trustee meeting

"I'm sick and tired of Chicago sports where everyone says you have to wait until next year. I can't wait anymore!" She exclaims.

Wood enjoys playing gin rummy, appreciates lively conversation, and believes in learning something new every day. "I read everything I can get my hands on, newspapers, books, magazines," she laughs.

Wood smiles brightly as she talks about her family. She has three grandchildren and five great-grandchildren, ranging in age from 5 to 14, who visit regularly.

The secret to her longevity, she explains, is eating a bowl of oatmeal every day. As for advice to younger generations, she says, "avoid drinking too much soda and make sure to eat wholesome food.

"I also think you should only work for a company that offers a pension fund. I think anybody who doesn't is foolish. It's important to have that financial security. I thank God for the Chicago Teachers' Pension Fund – I've taken out much more than I ever put into the fund and I've never worried about my retirement."

Redefining Retirement features CTPF retirees who redefine traditional perceptions of retirement. Do you or someone you know have an interesting story? Share it with us at pensionnews@ctpf.org.



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Monday through Friday

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.

INSIDE THIS ISSUE



**Meet CTPF retiree
Marion W. Wood.**
*This dynamic centenarian
redefines how we think of aging.
Read her story on page 7.*

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