



Chicago Teachers' Pension Fund

When you leave employment, you must decide how to manage the pension assets you have accumulated in CTPF. The decision you make can have a significant impact on your future financial security and your tax burden.

Generally, members have three options when they leave employment:

- **Retire.** You may retire with a pension, if you meet age and vesting requirements.
- **Defer your pension.** You may leave your pension assets at CTPF until you reach retirement age.
- **Accept a refund of contributions.** Contributions may be rolled over into another qualified retirement plan or paid to you. When you accept a refund you forfeit all future benefits.



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# Leaving Employment

## Option 1: Retire

Your retirement eligibility is determined by your age, years of service, and the date you joined CTPF. Find additional information and download an application at [www.ctpf.org](http://www.ctpf.org).

Benefit*	Tier 1	Tier 2
Retirement age for a pension without a reduction	62 with 5 years of service 60 with at least 20 years of service 55 with at least 33.91 years of service	67 with 10 years of service
Retirement age for a reduced pension	55 with 20 years of service	62 with 10 years of service

\*Members who joined CTPF or a qualified reciprocal system prior to January 1, 2011, are Tier 1. Members who joined CTPF on or after January 1, 2011, are Tier 2.

## Reciprocity

If you do not have enough CTPF service to retire, combining service from reciprocal systems may allow you to meet eligibility requirements and receive pensions from all systems. See page 2 for more information on reciprocity and a list of systems.

## Option 2: Defer Your Pension

If you are a vested CTPF member, but have not reached the required age for retirement, you may defer your pension until you reach retirement age.

If you have not yet vested, you can leave your assets with CTPF when you leave employment. If you return to work at a later date for a CTPF or reciprocal employer, your service can be combined. This may be especially important for members who are currently Tier I, because you will be “grandfathered” in future employment if you maintain your Tier I credit with CTPF. If you do not meet the requirements for a pension when you retire, you can accept a refund at that time.

## Option 3: Accept A Refund of Contributions

If you accept a refund of contributions, you forfeit your right to a pension for that employment period. A refund includes all contributions in your account including those made by your employer. Your contributions do not include interest. You also waive future CTPF benefits, including:

- a survivor pension for your eligible dependents
- a lump-sum death benefit for your designated beneficiaries
- access to CTPF’s post-retirement health insurance programs

## Distribution Options and Tax Consequences

If you choose a refund of contributions, the type of distribution determines if you will pay taxes, penalties, or both. Your refund options may include:

- Full distribution. The distribution is paid directly to you, less required withholding.
- Full rollover. The distribution is sent to a qualified retirement plan of your choice.
- Partial rollover and distribution. The refund may be divided. A portion can be rolled over into a qualified retirement plan, and the balance paid directly to you, less any required IRS withholding.

You may request a refund at any time following your resignation. The refund application contains further information regarding distributions, penalties, and tax obligations.

## Illinois Reciprocal Systems

Combining service from reciprocal systems may allow you to meet eligibility requirements and receive pensions from all systems. The service earned must be one year or more and your combined service must meet the vesting and age requirements of each system.

Participating systems include:

### Chicago Teachers' Pension Fund

[www.ctpf.org](http://www.ctpf.org)

### County Employees' Annuity and Benefit Fund of Cook County and Forest Preserve Employees' Annuity and Benefit Fund of Cook County

[www.cookcountypension.com](http://www.cookcountypension.com)

### General Assembly and Judges' Retirement System of Illinois

[www.srs.illinois.gov](http://www.srs.illinois.gov)

### Illinois Municipal Retirement Fund

[www.imrf.org](http://www.imrf.org)

### Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

[www.labfchicago.org](http://www.labfchicago.org)

### Metropolitan Water Reclamation District Retirement Fund

[www.mwrdrf.org](http://www.mwrdrf.org)

### Municipal Employees' Annuity and Benefit Fund of Chicago

[www.meabf.org](http://www.meabf.org)

### Park Employees' Annuity & Benefit Fund of Chicago

[www.chicagoparkpension.org](http://www.chicagoparkpension.org)

### State Employees' Retirement System of Illinois

[www.srs.illinois.gov](http://www.srs.illinois.gov)

### State Universities Retirement System of Illinois

[www.surs.org](http://www.surs.org)

### Teachers' Retirement System

[www.trsil.org](http://www.trsil.org)

## Frequently Asked Questions

### What if I take a position at another Chicago Public, Charter, or Contract school?

Your membership and contributions to CTPF continue.

### What if I get a position with a suburban public school?

You will likely become a member of TRS, the suburban/downstate pension system. If you continue to contribute to TRS, you may be able to retire with a reciprocal pension.

### What if I take a position in another state?

Ask the new system if they allow members to transfer outside public teaching service into their system.

### Can I take a partial refund of my pension contributions?

Illinois Pension Code specifically states that members cannot borrow from their contributions nor use them as collateral for a loan. There is no "hardship provision."

### Can I borrow against my pension?

No. Illinois Compiled Statutes do not permit borrowing against a future pension.

### Do unused sick days help my pension?

CTPF will give credit for any sick days reported to us by CPS. Seventeen days equals one month of service credit.

### If I am an active teacher who is laid off but chooses to accept a position as a substitute, how will my years of service and future pension be impacted?

For each day you work, contributions will be made to the pension fund. You will also continue to accrue service time – 1 day of service for each day of work, 170 days = full year. Also remember that when calculating your pension your final average salary is based on your best four consecutive years out of your last ten (for Tier I members).

### What happens to my insurance coverage if I am not eligible for retirement?

You can continue coverage under the provisions of COBRA. Contact your employer for information.

### What happens to my insurance coverage if I am eligible for retirement?

If you are under age 65, contact CPS about COBRA coverage as this is often the most economical option. Once your coverage under COBRA ends you can apply for a CTPF plan.

If you are over age 65 and have Medicare, contact CTPF regarding options for Medicare supplemental plans.

Find more health insurance information in the Health Insurance Handbook available at [www.ctpf.org](http://www.ctpf.org).