



PENSIONS MATTER

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FACTS ABOUT CTPF MEMBERS AND PENSIONS

1. CTPF MEMBERS DO NOT MAKE SOCIAL SECURITY CONTRIBUTIONS

A pension is the primary source of Chicago Teachers' Pension Fund (CTPF) members' retirement security. Most Americans contribute 6.2% to Social Security for retirement, but CTPF members contribute 9% of their earnings to fund their retirement pensions. Benefits earned over a lifetime of service are deferred compensation, guaranteed by Illinois law.

2. PENSIONS CREATE A POSITIVE IMPACT ON ILLINOIS' ECONOMY

About 85% of CTPF beneficiaries live in Illinois, and 50% of those members live in the city of Chicago. Pension benefits generate \$1.7 billion in total economic impact on our State and help generate 12,628 jobs.

3. A LACK OF FUNDING, NOT GENEROUS BENEFITS, CAUSED THE CURRENT FINANCIAL PROBLEMS WITH THE PENSION SYSTEM

Prior to 1995, the Chicago Public Schools Board of Education (CPS) funded pensions on an annual basis through a property tax levy. In 1995, CPS sought and received a change in the law which allowed it to keep pension tax revenue (PA 89-0015). This law redirected more than \$2 billion in funds designated for pensions into the CPS operating budget. A 2010 law (PA 96-0889), granted CPS an additional \$1.2 billion in pension funding relief and extended the funding schedule by 14 years to 2059.

4. THE STATE OF ILLINOIS PROVIDES MINIMAL CTPF FUNDING

State support for CTPF has fallen in recent years. CTPF serves about 18% of Illinois teachers, but receives less than 1% of State funding for teacher pensions. The State of Illinois appropriated \$3.7 billion to support TRS and \$12.1 million for CTPF in Fiscal Year 2016. That means that for every dollar allocated to downstate and suburban pensions, Chicago's teachers received less than a penny. Chicago's taxpayers bear a double burden, funding TRS and their own system, without equal benefit.

5. RETIREES DEPEND ON CTPF FOR HEALTH INSURANCE

CTPF offers comprehensive group health insurance for members who must pay for their coverage after retirement (many do not qualify for "free" Medicare Part A). The fund offers a health insurance premium subsidy, to help offset insurance costs, but it is limited to \$65 million per year. CTPF was recently forced to cut benefits to retirees, and the amount will continue to decline as the number of retirees and their health insurance costs increase.

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Address: _____

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