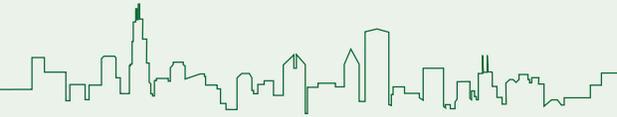




Chicago Teachers' Pension Fund



PENSIONS MATTER

CTPF Education & Advocacy Initiative

Pensions provide secure and stable retirements for teachers, administrators, and public school personnel, and provide an economic engine for our city and state.

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 12,949 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. Legislation passed in 2016 (PA 99-0521) restored the tax levy, and is expected to generate about \$250 million annually for the Fund. This revenue will not eliminate the need for additional employer contributions, as decades of employer underfunding must still be addressed.

4. THE STATE OF ILLINOIS PROVIDES MINIMAL CTPF FUNDING

State support for CTPF has fallen in recent years. CTPF serves about 17% 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 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. The Fund offers a health insurance premium subsidy to help offset insurance costs, but the amount the Fund can spend is limited to \$65 million annually, plus any amount carried over from the previous year.

CTPF BY THE NUMBERS

29,543 ACTIVE MEMBERS CONTRIBUTE TO THE FUND

Active members include teachers, administrators, other certified individuals, and CTPF staff.

- 76% of CTPF members are women.
- The averages for active members: age 41.5, 10.4 years of service, and annual salary of \$70,103 for 2016.
- Active members contribute 9% of their salary to the pension fund every pay period during employment.

28,298 BENEFICIARIES RECEIVE CTPF PENSIONS

24,732 Retirees

3,090 Survivors

476 Disability

- CTPF members do not make contributions to Social Security during employment.
- CTPF paid out \$1.4 billion in pension benefits in 2016.
- The average annual benefit in 2016 was \$48,126.
- During the past 10 years, the number of retirees has increased about 20%.
- The average age for retirees was 74.2 in 2016. The most senior member reached age 110 in 2016.

HEALTH INSURANCE

- CTPF offers group health insurance coverage for members who must pay for health insurance when they retire.
- CTPF offers a subsidy to help pay for the cost of retiree health insurance. The subsidy was 50% in 2016.
- The Fund paid \$66.1 million in health insurance subsidies in 2016.

FUNDED RATIO

- CTPF's funded ratio as of June 30, 2016, was 52.4%. The ratio was nearly 100% in 2002.