



*Public School Teachers' Pension and Retirement Fund
of Chicago*

PENSION NEWS

Spring 1998 Issue

 278

August 31, 1997 Annual Report Results. The 102nd year of continuous operation proved to be very successful for the Fund. The annualized investment return for the fiscal year ended August 31, 1997 was 24.49%, compared with 11.69% for the prior year. The August 31, 1997 actuarial value of assets compared to liabilities amounted to 99.7% -- nearly 100% funded! Significant to this success was the large appreciation in the investments.

Investment Report Update. The value of the investments of the pension fund increased to \$8.64 billion this quarter, up \$308 million from December 31, 1997. The one-year rate of return for the 1997 calendar year was 19.7%, net of fees, while the three-year return was 19.9%, net of fees. The Trustees maintain an asset allocation designed to obtain the highest expected return on investments consistent with a level of risk appropriate for a large public pension fund. The Trustees continue to monitor and adjust their strategic asset allocation among investment types and manager styles. Opportunities to improve the finances of the Fund continue to be explored in accordance with high standards.

1998 Pension Legislative Proposals. Following is a list of proposals and bill numbers that have been presented to the Illinois Legislature. Appreciation is extended to the Illinois Senate which passed SB 003 for the 2.2% pension benefit formula. Special thanks are extended to Representative Skip Saviano for his sponsorship of the majority of our bills and Representatives Michael Smith, Gerald Mitchell and Gary Hannig for their primary and joint sponsorship of the ad hoc increase for pensioners. Please call, write and e-mail your state representatives, senators and Governor Edgar seeking their support of our legislation!

1. 2.2% pension formula for Chicago teachers -- **SB 003**.
2. Ad hoc increase for pensioners of \$.25 times # full years of service times # full years on pension -- **HB 2337**.
3. Pensions no longer suspended for teachers employed in teaching capacity in Illinois but outside City of Chicago -- **HB 3565**.
4. 5 + 5 early retirement program for teachers retiring at end of 1997-98 school year -- **HB 3566**.
5. Grant additional benefits to teachers who began receiving 5 + 5 early retirement benefits in 1993 -- **HB 3567**.
6. Increase rate of automatic annual increase in pensions from 3% to 4% -- **HB 3568**.
7. Increase State of Illinois funding to the pension fund sufficiently to meet the normal cost and amortization of unfunded liabilities of the pension fund over 40 years -- **HB 3569**.
8. Change period used to determine average salary for pensions from 4 years to 3 years -- **HB 3570**.
9. Change annual limit on the amount of reimbursement to pensioners for health insurance costs from \$25,000,000 to \$40,000,000 -- **HB 3571**.
10. Increase minimum survivor's pension to 50% of the earned retirement pension for survivors of members who died prior to 1/1/87 -- **HB 3572**.
11. Change annual State of Illinois contribution to the pension fund to no less than 20% of such contribution to the downstate Teachers' Retirement System -- **HB 3573**.
12. Eliminate age discount for persons with at least 30 years of service who retire before age 60 -- **HB 3574**.

The Trustees will continue to work diligently to represent the interests of the members towards accomplishing the legislative agenda.

Office Hours. We are open 7:30 a.m. to 5:00 p.m. daily, except on school holidays. We are also open during Christmas, Spring and Summer vacation periods.

When Communicating to Our Offices. Please be sure to include your social security number, full name, maiden or former name, address, telephone number, and favorable time to be reached.

(continued...)

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Commonly asked questions and answers...

Q. May I borrow monies from the pension fund? A. Your pension contributions may not be returned to you until your time of retirement or resignation from the Chicago Public Schools, in accordance with the law.

Q. When is the best date to retire? A. The school year is divided among 21 10-day pay periods, typically. It is suggested that you resign at the end of a 10-day pay period.

Q. Who should I contact when I am considering retirement? A. It is suggested that you first contact Teacher Personnel at the Chicago Public Schools. Then contact the pension office to have pension application forms mailed to your home.

Q. If I have pension credit in another Illinois retirement system, how will it be handled? A. If you have one or more years of credit in another Illinois retirement system, you must file a pension application with each system. The total years of service credit will be used to compute your pension, but each separate retirement system will pay a proportionate share of your pension.

Q. Am I allowed to work as a teacher after I retire and still continue to receive my pension? A. If you return to work as a full-time employee of any public school in Illinois, your pension will be canceled in accordance with the current law.

Q. What are the restrictions on re-employment as a teacher? A. You may work up to 100 days as a pensioner-substitute, not earning more than \$9,172 for 100 days.

Q. Can I return to work full-time and have my pension temporarily suspended? A. If you wish to return to work full-time in a teaching capacity, you may have your pension temporarily suspended. Once you terminate your full-time position, we will resume paying your pension, including any increases for additional salary and service credits.

Q. If I retire from CPS in a teaching position, may I be re-employed by another state and not lose my pension benefits? A. You may work full-time in any school system outside the State of Illinois and continue to collect your pension from us.

Q. If I am a disability pensioner, may I teach elsewhere and not lose my disability pension? A. Disability pensioners may not return to teaching and continue to receive a disability pension.

Q. When I retire, what happens to my health insurance coverage? A. If you retire under the age of 65 or if you are age 65 or older but are not eligible for Medicare coverage, you may continue your health insurance with the Chicago Public Schools for up to 18 months. Afterwards, you may join the pension fund health insurance program. If you are entitled to Parts A and B of Medicare, you may join the pension fund program upon receipt of your first pension check. Until that time, you can continue your coverage with the Chicago Public Schools through arrangements with their health insurance department.

Q. Will my spouse be entitled to any benefits after my death? A. A survivor's pension is payable to your spouse who was married to you for at least 1.5 years prior to your retirement. The amount paid will be 30% of your final average salary (not to exceed \$400) or 50% of the earned retirement pension. Generally, the 50% ruling will apply.

Q. What are my pension benefits if I have no spouse? A. Upon retirement, if you are not married, or your spouse or children do not qualify for a survivor's or children's pension, the total pension contributions for the survivor's pension will be refunded to you without interest, in accordance with the law.

Q. After my retirement am I entitled to any cost-of-living adjustment? A. Pension automatic annual increases (AAI) are payable only when you become age 61 or older. If you attain age 61 after you have retired, your AAI will begin in January of the year following your 61st birthday. The AAI in pension is 3% of your base pension, compounded annually.

Q. How can I have my monthly pension money go directly to my bank? A. We will supply you a form which requires your signature and that of the financial institution to which you want your pension money sent. Once processed by us, you may have your pension money sent by direct deposit to your bank account.

Q. What must I do if I have direct deposit and I am changing my bank? A. A new banking relationship is handled the same as in the question above. Any changes must be communicated to us by the 15th of the month in order to be effective the next month.

Q. What must I do if I have changed my account number at my same bank? A. A short note to our offices providing the new account number, signature and telephone number will suffice.