

Pension News

TRUST.
INTEGRITY.
STABILITY.

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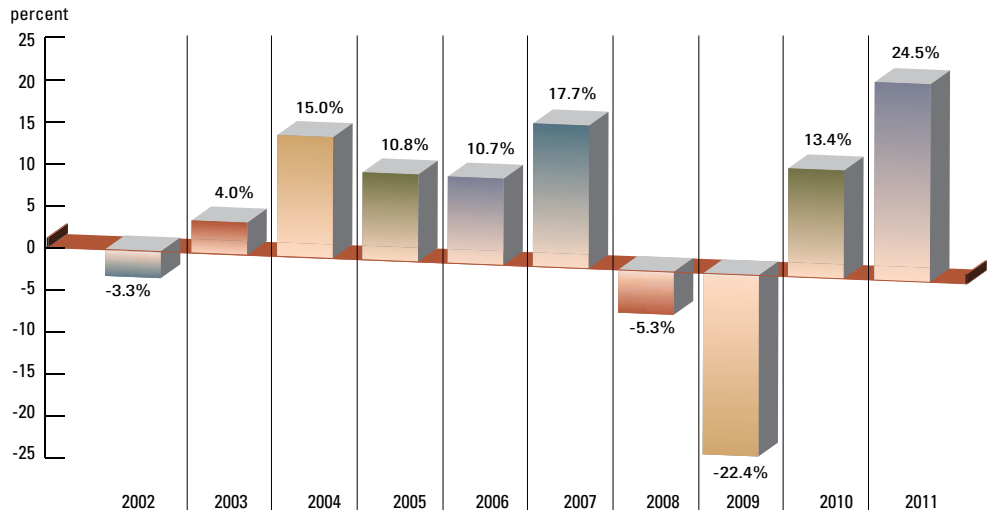
FUND POSTS STRONG 2011 INVESTMENT RETURNS

Investment returns for the fiscal year ended June 30, 2011, showed a one-year rate of return of 24.5%, which beat the Fund's comparison index performance of 23.6%.

"We are, of course, thrilled to see a strong performance at the close of fiscal year 2011," remarked Kevin B. Huber, executive director. "We appreciate the guidance provided by our trustees and the hard work of our staff and fund managers. We always remember, though, that the fund is a long-term investor and we have to view our performance through that lens."

Returns are based on preliminary data and represent unaudited total fund returns at June 30, 2011.

Total Annual Fund Rate of Return June 30, 2002-2011



EXECUTIVE DIRECTOR'S LETTER



Kevin B. Huber, executive director

The Chicago Public School (CPS) system recently released its budget and must increase taxes to help ease deficits. This action has again ignited cries for "reform" as various organizations decry the cost of retirement benefits.

I cringe every time I read the words "pension reform." While Illinois legislators create bills euphemistically called pension reform, the solutions offered fail to solve any of the problems our pension fund faces.

Reform means a correction of an abuse. When you correct an abuse, you punish

the abuser – not the victim. The abuses in our pension system can be traced to a long history of underfunding and failing to pay for pensions – not from teachers earning benefits guaranteed by the Illinois constitution.

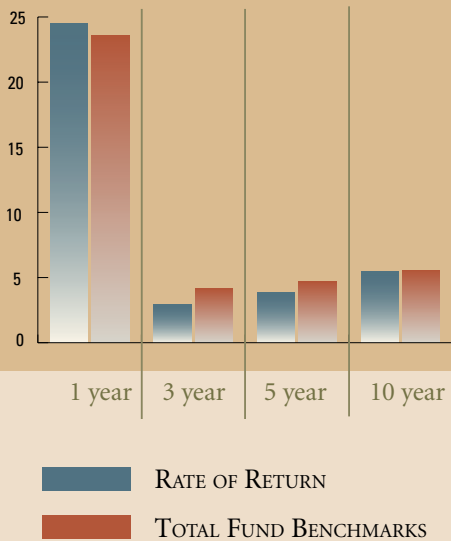
Teachers, who do not participate in Social Security and must pay for their health insurance when they retire, contribute to their retirement from each and every paycheck they receive.

The same cannot be said for CPS, our largest employer, and the State of Illinois.

CTPF FINANCIAL SNAPSHOT

CTPF RETURN ON INVESTMENTS June 30, 2011

	RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	24.49	23.55
3 year	2.95	4.13
5 year	3.87	4.69
10 year	5.43	5.58



As of June 30, 2011, the approximate current value of CTPF's investments was \$10.23 billion.



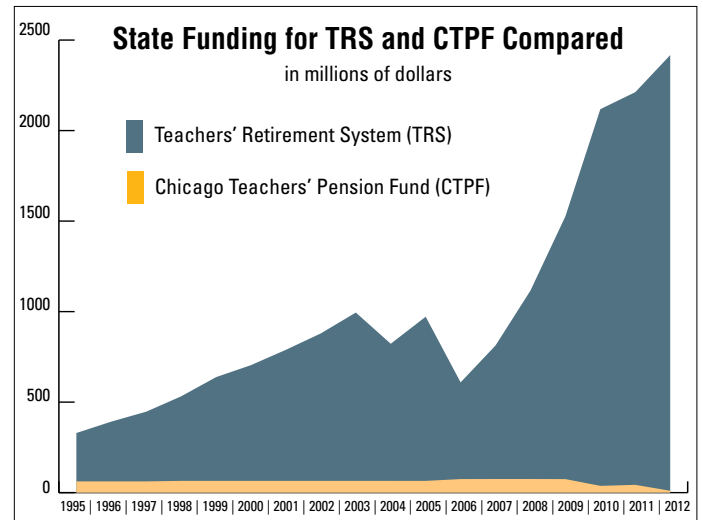
In 1995, CTPF became a victim of its own success. At that time, our fund enjoyed nearly 100% funding while CPS suffered a financial crisis. Seeing an opportunity, the cash-strapped school system asked Illinois lawmakers to redirect pension revenue directly into the CPS operating budget. During the period 1995-2005, CPS collected more than \$2 billion in

pension tax revenue and contributed \$0 to the pension fund. When CPS was again legally required to contribute to the fund, it asked for and received more than a billion dollars in short-term funding relief from the Illinois legislature. That "relief" will eventually cost tax payers more than \$12 billion.

The State of Illinois has also failed Chicago's teachers. It has not fulfilled its promise to provide CTPF with 20-30% of the funding it provides to the Teachers' Retirement System (TRS). Instead, state revenue for CTPF has declined since 1995, and CTPF will receive no state funding in 2011. These actions have shortchanged CTPF by approximately \$2 billion since 1995. The chart illustrates the vast divide between state funding for TRS and CTPF.

Even with CTPF's healthy 20-year investment return of 8.42%, without revenue, a fund cannot survive. Today, our pension is underfunded and the bill is due. Revenue, diverted for years to fund operations, can no longer be deferred. Teachers did not cause this problem – administrators and legislators who failed to plan – did.

Last spring's legislative proposals touted as reform shifted more of the funding



burden from the employer to the employee. Instead of 9% each paycheck, teachers would pay 12.4% – or be forced to select a plan with reduced benefits.

Some have suggested merging our fund with TRS, but this also fails to address the basic funding problem.

The savings offered from benefit reductions and mergers are the equivalent of raindrops in Lake Michigan. None of the current "solutions" address the fundamental issue – the employer's and State's failure to fund pension obligations. If revenue was collected when it was due, we would have 100% funding today.

Now, more than ever, our members must speak up to protect their pensions. Please contact your legislators to protest unfair proposals made in the name of reform. Let your elected officials know that you support real reform, which begins with a funding guarantee from the employer and the state.

Chicago's teachers have faithfully funded their pensions and contributed towards retirement from every paycheck for the past 116 years. It's time for the state and CPS to do the same.

Kevin B. Huber, executive director

STAY INFORMED.
REGISTER FOR CTPF E-LETS AND E-NEWS
AT WWW.CTPF.ORG

OVERVIEW OF CTPF BENEFITS

When you join the Chicago Public or Charter School system in a teaching or administrative position, you are automatically enrolled in the Chicago Teachers' Pension Fund. Teachers do not contribute to Social Security, so your pension plan is an important part of your future financial security. The following is an overview of CTPF benefits for members.

TIER 1 AND TIER 2 BENEFITS

Effective January 1, 2011, the Illinois legislature created a second tier of pension benefits for CTPF participants. Individuals who were employed prior to January 1, 2011, are members of Tier 1. Individuals employed on or after January 1, 2011, are members of Tier 2. Find a comparison of Tier 1 and Tier 2 benefits at www.ctpf.org.

GOVERNANCE

CTPF is governed by Illinois law, and managed by an independent, 12-member Board of Trustees. CTPF trustees have fiduciary responsibility for fund operations, approve benefit programs, and make investment decisions for the fund's assets.

CTPF FUNDING

Contributions and investment returns fund pensions. CTPF revenue sources include:

- member contributions
- employer contributions
- State of Illinois contributions
- earnings on investments

PENSION BENEFITS

Retirement pensions are:

- based on service credit and final average salary
- paid throughout your lifetime
- protected from inflation

DEFINED BENEFIT PLAN

The Chicago Teachers' Pension Fund is a defined benefit (DB) retirement plan. This plan provides a specific monthly benefit determined by a formula based on salary and service credit. CTPF pensions do not lose value or change with market conditions. Once a member is vested in CTPF s/he qualifies for a lifetime benefit.

ESTIMATING YOUR PENSION

To estimate your future pension benefit, visit www.ctpf.org and try out the Monthly Annuity Planner found on the

active member page. Enter your date of employment, salary, and service credit. The annuity planner will calculate an estimate of your future pension.

PURCHASING SERVICE

You may qualify to purchase additional service credit for time spent in military service, previously refunded service, employer approved leaves of absence, or teaching in another public school system. The cost of a purchase varies depending on the type of service and can only be determined on an individual basis. If you think you may qualify to purchase service, see the brochure, *Understanding Optional Service*, or contact Member Services for additional information.

RECIPROCAL PENSION

Members with service in another Illinois public retirement system may combine service credit under the Retirement Systems Reciprocal Act. This act allows members to receive a pension based on total service credit and highest Final Average Salary from both systems. See the brochure, *Reciprocity and Your Retirement*, or contact Member Services for information.

SURVIVOR BENEFITS

Upon the death of a member, a surviving spouse and/or dependent minor children may qualify to receive survivor benefits. See *Benefits for Survivors*, page 5.

RESOURCES FOR NEW MEMBERS

New members may obtain additional information about CTPF from their local school Pension Representatives who serve as an important link between CTPF and fund members. Members may also access a variety of information including CTPF brochures, newsletters, and register to receive e-mail updates at www.ctpf.org.

CTPF Member Services department offers individual counseling and appointments, Monday to Friday from 8:00 a.m. – 5:00 p.m. Walk-ins are accepted on a first-come, first-served basis, between 9:00 a.m. – 3:00 p.m., but wait times will vary and may be lengthy during busy periods. An appointment is always recommended. Counselors can be reached at 312.641.4464.

START OUT ON THE RIGHT TRACK

As an active member of the Chicago Teachers' Pension Fund you should...

- complete a CTPF Designation of Beneficiary form and update it as important life events occur. See *Benefits for Survivors*, page 5.
- update CTPF with any changes in your demographic information.
- review pay stubs to ensure pension contributions are being deducted. Call your employer's payroll department in case of an error.
- review the brochure, *Understanding Optional Service*, to better understand opportunities to purchase service credit.
- consider the benefits of reciprocity. If you earned service credit in another Illinois public retirement system, contact CTPF to discuss your options.
- share your voice. Vote in CTPF's Annual Trustee Elections, conducted in the fall. See *Trustee Elections*, page 5.
- get to know your Illinois legislators and contact them regularly. Make sure your representatives in Springfield understand the concerns shared by CTPF members. Find more information and talking points at www.ctpf.org.
- stay informed. Register for e-mail updates and E-Lerts at www.ctpf.org.

CTPF RE-EMPLOYMENT POLICY

Retirees who return to work following retirement, must understand CTPF policies regarding re-employment.

The Chicago Teachers' Pension Fund provides benefits to retirees who are no longer working as teachers for CPS or a charter school. Under the Illinois Pension Code, retirees cannot continue to receive a pension if they return to work as CPS/Charter School teachers, except in strictly limited circumstances, and provided the teaching position is "temporary and non-annual." A retiree cannot work in a "permanent or annual position" while receiving a pension.

CTPF retirees may return to work for any employer not covered by the CTPF pension system without restriction. If you do not know if your employer is covered by the CTPF pension system, contact CTPF Member Services before returning to work.

To provide guidance to retirees who may return to work, the CTPF Board of Trustees has adopted new re-employment rules. A complete set of these rules can be found at www.ctpf.org.

CTPF MEMBERS

Please take the time to read and fully understand this new policy. Retirees who violate the return to work rules may have their pensions cancelled and be obligated to repay all benefits earned while working in a permanent or annual position.

IF YOU HAVE RETURNED TO WORK

If you have returned to work in a position covered by CTPF, other than as a day-to-day substitute teacher, you must complete CTPF Form 770, Notice of Return to Work. A copy of the form can be found at www.ctpf.org or contact Member Services at 312.641.4464.

BENEFITS FOR PARTIES TO A CIVIL UNION

Effective June 1, 2011, an Illinois law went into effect which entitles parties to a registered civil union to all the benefits of married couples. Parties to a civil union may be same- or opposite-sex couples.

As a result of this law, all CTPF pension benefits previously made available to a married person and his or her spouse are now benefits available for parties to a civil union. These benefits include a surviving spouse pension and the right to continue health insurance following the death of a qualified member.

If you have entered into a civil union, contact CTPF to update your records.

DAY-FOR-DAY SERVICE CREDIT LEGISLATION BECOMES LAW

The Chicago Teachers' Pension Fund, Chicago Public Schools, and Chicago Teachers Union recently agreed to amend the payroll provision of Article 17 of the Illinois Pension Code which defines service credit. June 28, 2011, Governor Quinn signed Public Act 97-0030 which amends the language so that teachers earn one day of pension service credit for each day of paid employment (day-for-a-day rule) and defines a year of service credit as 170 days.

Under the former rule, a teacher who worked 5 or more days in a 10-day period earned 2 weeks of service credit, but a teacher who worked less than 5 days received no service credit. This law became effective July 1, 2011, and applies to all teachers, full-time, part-time, half-time, and substitutes.



CPS APPOINTS TRUSTEES TO CTPF BOARD

The Chicago Board of Education has made two appointments to the Chicago Teachers' Pension Fund Board of Trustees.

Andrea Zopp will serve as a trustee to fill Alberto A. Carerro, Jr.'s unexpired term. Trustee Zopp will serve from June 2011 until November 2012. Zopp is currently the president and CEO of the Chicago Urban

League and holds a bachelor's degree and a JD from Harvard University.

Rodrigo A. Sierra will serve as a trustee to fill the unexpired term of Peggy Davis. Trustee Sierra will serve from June 2011 until November 2011. Sierra is the founder and principal partner at Sierra Strategies. He is a graduate of Northwestern University, and

holds an MBA from the Kellogg School of Management.

"We would like to thank outgoing Trustees Carerro and Davis for their service to the fund," remarked Kevin B. Huber, executive director. "We welcome Trustees Zopp and Sierra and look forward to working with them."

2011 TEACHER TRUSTEE ELECTION NOTICE

CTPF will hold the 2011 Teacher Trustee Election on Friday, November 4, 2011.

The Election for two Teacher Trustees (contributors other than Principals/Administrators) will be conducted in schools and at other designated polling places on November 4, 2011. Teachers and other active contributors will elect two Trustees to serve three-year terms from November 2011 to November 2014.

Election Calendar

OCTOBER

- 1 First day to request an absentee ballot. Find forms in the Election Central at www.ctpf.org.
- 4 Candidate petitions certified and slate of candidates announced.
- 7 Candidate posters distributed to schools.
- 13 Last day to request an absentee ballot.
- 17 Absentee Ballots mailed. Ballots must be received by November 4th.

NOVEMBER

- 4 Election Day – Polls open in schools 7:00 a.m. - 11:00 a.m. and in CTPF offices 10:00 a.m. - 5:30 p.m. Absentee ballots must be received by this day. Results are posted online as soon as possible following vote tabulation.

Additional Information

Additional information is available in the *Election Policies and Procedures Handbook*, at www.ctpf.org. Election questions may be directed to the CTPF Election Team at 312.604.1400 ext. 132 or 169.



BENEFITS FOR SURVIVORS

Thinking about the unthinkable may be one of the best ways to ensure your family's future financial security.

SURVIVOR PENSIONS

During active service, members contribute to their own pensions and also to the cost of a survivor's pension. When a member dies, his or her legal spouse or partner to a civil union, and dependent minor children may be eligible to receive a survivor's pension.

The surviving spouse must be at least 50 years old to receive the pension **unless minor children also survive**. In order to qualify, the couple must have been married or joined in a civil union for at least a year, prior to the member's death.

Members who are not married or joined in a civil union at retirement receive a refund of survivor contributions.

REESTABLISHING A SURVIVOR'S PENSION

Members who receive a refund of survivor's contributions at retirement, and later marry or join a civil union, may opt to reestablish a survivor's pension. The cost is the amount refunded plus 5% interest, compounded annually, from the refund date. A surviving spouse may also reestablish a survivor pension by repaying the survivor refund upon the death of the member. Contact Member Services for more information.

OTHER BENEFITS

When a member dies, his or her designated beneficiaries may be eligible for a lump-sum death benefit or a refund of contributions. Any person, trust, church, charity, or organization can be named a beneficiary. If more than one individual or organization is designated, all share equally in the benefit, unless specific percentages are designated.

PLAN AHEAD: DESIGNATE YOUR BENEFICIARIES*

It is important that members designate a beneficiary to ensure that any death benefit is paid according to their wishes. Designation forms are available in schools from Pension Representatives or from Member Services at 312.641.4464. Review the designation periodically and update it to account for any life change: marriage, death, births, etc.

CONFIDENTIALITY

The information contained on the Designation form is confidential and will not be disclosed to anyone. If the form is lost or needs updating, contact Member Services at 312.641.4464.

** Note: The only person who may sign and/or change a Designation of Beneficiary form is the CTPF member. A representative, including a power of attorney, guardian, conservator, trustee, or representative payee, cannot change or sign this form.*



CTPF CALENDAR

CTPF Board of Trustees meetings, held in the CTPF office are open to the public.



OCTOBER

- 1** First day to request an absentee ballot for Teacher Trustee Election. Find forms in the Election Central at www.ctpf.org
- 4** Candidates for Teacher Trustees announced at www.ctpf.org
- 13** Last day to request an absentee ballot for Teacher Trustee election
- 10** Columbus Day, office closed
- 20** 9:30 a.m., Trustee meeting

NOVEMBER

- 4** Teacher Trustee election conducted in schools and at other designated polling places.
Absentee ballots must be received by this day.
- 11** Veterans Day, office closed
- 17** 9:30 a.m., Trustee meeting, new trustees sworn in
- 24-25** Thanksgiving holiday observed, office closed

DECEMBER

- 8** 9:30 a.m., Trustee meeting (tentative)
- 26** Christmas holiday observed, office closed

OFFICE/MAILING ADDRESS

Chicago Teachers' Pension Fund
203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1231
312.641.4464 p. 312.641.7185 f.

www.ctpf.org

memberservices@ctpf.org

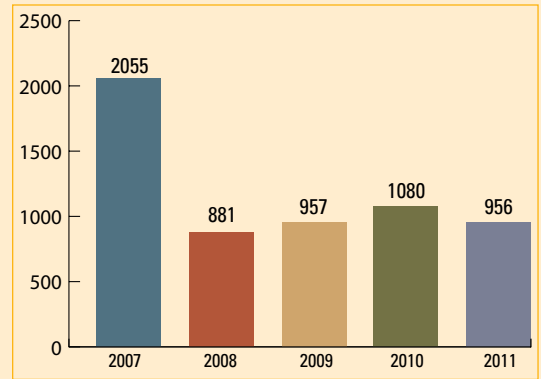
Office hours: 8:00 a.m. – 5:00 p.m. M-F
Appointments recommended.
Walk-ins accepted before 3:00.

RETIREMENT SNAPSHOT:

At the close of the 2011 fiscal year (June 30), 956 members had joined the ranks of CTPF retirees. An additional 228 individuals received reciprocal pensions in 2011.

Looking back five years, the number of CTPF retirees peaked in 2007, but has remained fairly stable since that time.

CTPF Retirees by Fiscal Year*



* does not include reciprocal retirees

ROAD MAP TO RETIREMENT

Road Map Seminars Draw Summer Crowds



More than 200 CTPF members considering retirement in the next five years attended the summer “Road Map to Retirement Information Sessions,” conducted by the Field Service staff.

The Road Map seminars offered individuals considering, but not yet ready to retire, the opportunity to learn more about the process. Topics ranged from pension calculations, purchasing optional service, and post-retirement health insurance to understanding the steps in the retirement process.

“We are extremely pleased and pleasantly surprised at the large turnout. A total of 265 teachers attended the workshops during their summer break, (July 12th and August 10). This really confirms the need and interest teachers have in understanding their pension benefits long before they submit their applications,” explained Member Services Manager Sheron Banks-Fallis. “We plan to offer the program again next summer.”

The Early Bird Catches Retirement

Teachers are planners. If you plan to retire in 2012 and are just waiting to hand in your retirement application, consider attending an Early Bird Retirement Application Round Up. These meetings will be offered to members who have already attended a CTPF Retirement Seminar and are ready to submit their June 30, 2012, retirement application. Dates are tentatively scheduled for Wednesday evenings on November 2, 9, 16, and 30. More detailed information and locations will be posted to the CTPF website www.ctpf.org.

FIELD SERVICE UPDATE

The Field Service Representative (FSR) unit continues its quest to help ensure that all Chicago teachers are well educated about their retirement benefits. This year the unit celebrated 5 years of outreach by participating in a variety of opportunities designed to reach CTPF's diverse membership. During the 2010-2011 fiscal year, the FSR team conducted more than 150 workshops and educational training seminars on site and at Chicago Public and Charter school campuses.

Throughout the year the FSR team hosted and presented classes at various group workshops including the CPS Area 1 Regional District Annual Meeting at Wright College. Over 200 teachers elected to attend CTPF presentations on that day.

This past summer the FSR team introduced a successful new workshop, The Road Map to Retirement (see page 6), and contributed to the development and implementation of "Birthday Parties" for retired members turning 65.

The well received "Birthday Parties" attracted 225 members. Attendees celebrated turning 65 with birthday treats, and received important information about Social Security and Medicare. Feedback was positive, including one retiree who commented, "I really appreciated the expertise and help completing the paperwork."

The team attended several outreach events, including the Chicago Teachers Union New Hire Fairs, the CTU Annual Quest Center Conference, CPS New Hire Fairs, several charter schools new hire fairs, and the Retired Teachers Association of Chicago's retirement luncheons.

What's next?

In-service meetings for this academic year are currently being scheduled. These meetings provide an overview of CTPF benefits and offer individual counseling sessions. Contact your pension representative, listed by area, to arrange a presentation at your school:



A spoon full of sugar helps the Medicare information go down.... Birthday treats and health insurance information were highlights of the "65th Birthday Parties," held over the summer, for retired members reaching this important milestone.

PENSION REPRESENTATIVE PROGRAM UPDATE

CTPF developed the pension representative program to extend information and services to members. More than 600 volunteers served as pension representatives during the 2010-2011 school year. These volunteers act as liaisons between CTPF and the school, distribute pension and benefit information, and conduct the annual CTPF Teacher Trustee election.

Pension representatives may be elected by the faculty, or in some cases, an individual may volunteer or be appointed by a principal. Pension representatives serve two-year terms without limit. Since the primary duty of the pension representative is to conduct the Teacher Trustee Election, the pension representative must not be employed in an administrative capacity such as a principal or assistant principal.

DUTIES

A pension representative's duties include:

- conducting CTPF Teacher Trustee Elections; s/he may also serve on the Canvassing Board
- arranging visits by CTPF Field Service staff
- distributing pension-related materials and providing members with forms and brochures
- maintaining a library of CTPF meeting proceedings, newsletters, and annual reports

If your school does not have a pension representative and you are willing to volunteer for the position, please speak to your principal.

If you have questions about the responsibilities of the pension representative please call 312.604.1400, and ask to speak to a Field Service Representative.

FIELD SERVICE STAFF BY AREA

City of Chicago Map



Marc Kravets,
public schools
north of 1600 North,
312.604.1134



Sheron Banks-Fallis,
Field Service Manager
312.604.1206



Bill McGowan,
public schools
1600 North to
5500 South,
312.694.1214



Sharlean Brooks,
all charter schools,
312.604.1167



Jackie Umbles, public
schools south of 5500
South, 312.604.1224



Chicago Teachers' Pension Fund

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**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.

BOARD OF TRUSTEES

John F. O'Brill, president
Walter E. Pilditch, financial secretary
Mary Sharon Reilly, recording secretary
Lois W. Ashford
Jeffery Blackwell
Jeanne Marie Freed
Chris N. Kotis
Jay C. Rehak
Rodrigo A. Sierra
James F. Ward
Andrea L. Zopp

Kevin B. Huber, *executive director*



INSIDE THIS ISSUE

**THE 2011 CTPF
TEACHER TRUSTEE
ELECTION WILL BE
HELD IN SCHOOLS
ON FRIDAY,
NOVEMBER 4, 2011.
SEE PAGE 5 FOR
MORE INFORMATION.**