

# PENSION NEWS

WINTER 2012/13 FOR RETIREES

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This fall, CTPF launched a number of initiatives designed to educate our members and legislators. Read more about the efforts **4**

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Scan with your smart phone to learn more.

## CTPF TRUSTEES INSTALLED



CTPF Board of Trustees, from left to right, back row: Mary Sharon Reilly, Jerry Travlos, Walter E. Pilditch, Andrea L. Zopp, Jeffery Blackwell, and Jeanne Marie Freed. Pictured, front row, from left to right: Recording Secretary, Raymond Wohl; Financial Secretary, Tina Padilla; President, Jay C. Rehak; Vice President, Lois W. Ashford; and James F. Ward. Not pictured, Rodrigo A. Sierra.

The Chicago Teachers' Pension Fund is governed by a 12-member board of trustees. The board includes 6 teachers, 3 pensioners, 1 principal/administrator, and 2 representatives from the CPS Board of Education. Terms of office for trustees are staggered. Elections were held November 9, 2012, to fill two teacher trustee positions.

### Lois W. Ashford and Jay C. Rehak Re-Elected Teacher Trustees

Four candidates ran for two open positions. Lois W. Ashford and Jay C. Rehak received the most votes and will serve three-year terms from November 2012 to November 2015. Rehak and Ashford were first elected in November 2009. "We welcome back Ms. Ashford and Mr. Rehak, and look forward to a productive year," remarked Kevin B. Huber, executive director.

## EXECUTIVE DIRECTOR'S LETTER



Kevin B. Huber, executive director

Each time I speak in front of a CTPF group, I like to turn the tables and offer a little pop quiz. I ask the audience to raise their hands if they can answer yes to these questions....

**Question 1.** Do you care about your pension? (All hands go up for this one).

**Question 2.** Can you name your Illinois state legislators? (About 15-20% get this).

**Question 3.** Does your Illinois state senator or representative know you by name? (1-2 people raise their hands).

Many of our members simply do not understand the important role that Illinois legislators play in the health of our pension fund. We are governed by Illinois law and changes to our fund begin in Springfield. The most important step you can take to protect the pension

CTPF FINANCIAL  
SNAPSHOT

CTPF RETURN ON INVESTMENTS

September 30, 2012

	RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	17.8	18.9
3 year	9.7	9.5
5 year	1.2	1.7
10 year	7.3	7.8



RATE OF RETURN  
 TOTAL FUND BENCHMARKS

As of September 30, 2012, the approximate current value of CTPF's investments was \$9.6 billion.



you currently receive, or the future benefit you deserve, is to make sure that you know your Illinois legislators personally.

This fall our CTPF Board of Trustees developed several programs designed to help educate our members so that they can advocate for our pension fund. These programs are helping CTPF share the message that a lack of funding created the pension crisis, and that guaranteed funding from our employer and contributions from the State of Illinois will restore our fund.

We want to help our members communicate with legislators, and that process starts with knowing your local elected representatives. Our new Legislative Action Center, launched in October at [www.ctpf.org](http://www.ctpf.org), offers a one-stop shop where you can look up legislators, send e-mails, and track current legislation.

October also saw the launch of our Pension Fund Ambassador program. The Ambassador program has already attracted nearly 500 enthusiastic members who have agreed to reach out and communicate with Illinois legislators – and we're already seeing results. You can find more information about the program on page 4, and we hope you will join the effort.

We followed up October's efforts with the November release of our new report, *The Buck Stays Here: understanding the economic impact of CTPF benefit payments on the State of Illinois and the City of Chicago*. Pensions generate more than \$1 billion in direct payments to Illinois residents. These payments generate \$1.48 billion in economic stimulus and create more than 11,000 jobs – more than Sears

Headquarters and the CME Group combined.

We've also examined the economic impact that pensions make by district and created a fact sheet for every Illinois senator and representative. It's one thing to walk into your senator's office and tell her that your pension matters – it's another to tell her that CTPF benefit payments create more than 500 jobs in her district. You can find the reports on our education and advocacy page at [www.ctpf.org](http://www.ctpf.org).

Our work this fall has helped to prepare us for the uncertain road we face this winter. I encourage you to face the uncertainty with action. Walk into an office and meet your representative in person. Bring an individual fact sheet and share your story. You can find more information and tools to support your efforts on the education and advocacy page at [www.ctpf.org](http://www.ctpf.org).

The small steps you take now can make a big difference later. We hope you will like us on Facebook, register for e-mail updates, visit the Legislative Action Center at [www.ctpf.org](http://www.ctpf.org), and become an Ambassador. Changes can happen quickly, and electronic communication is the fastest way to reach our members. Our fund has one director, five lobbyists, and twelve trustees who are working non-stop to make our voices heard – but there are only 18 of us. When our 60,000 members stand up and speak with one voice, we'll make an impact.

Your pension matters – it's time to meet your legislators.

Kevin B. Huber

VISIT OUR NEW  
LEGISLATIVE ACTION CENTER  
AT [WWW.CTPF.ORG](http://WWW.CTPF.ORG).

## 2013 RETIREE HEALTH INSURANCE UPDATE

The 2013 Open Enrollment period for CTPF health insurance plans closed on October 31, 2012. All plan changes and rates become effective on January 1, 2013.

### *2013 Medicare Rates Announced*

The Centers for Medicare and Medicaid Services (CMS) has released the 2013 Medicare premium rates.



#### *Part A: (Hospital Insurance) Premium*

Members who have 40 quarters or more of Medicare credit receive premium-free Medicare Part A at age 65. If you do not have 40 quarters of credit, you must pay a premium for this coverage. The monthly Part A premium for members with 30-39 quarters of Medicare will be \$243. Individuals with less than 30 quarters of Medicare-covered employment pay \$441 monthly. CTPF helps pay for Medicare Part A premiums by subsidizing 60% of your premium cost for 2013.

- Medicare Part A with 40+ quarters = 0
- Medicare Part A with 30-39 quarters = \$97.20 after CTPF subsidy
- Medicare Part A with 0-29 quarters = \$176.40 after CTPF subsidy

#### *Part B: (Medical Insurance) Premium*

The standard Medicare Part B premium will be \$104.90 for 2013. CTPF helps pay for Part B premiums by subsidizing 60% of your premium cost.

- Standard Medicare Part B cost = \$41.96 after CTPF subsidy

#### *Medicare Premiums for Higher-Income Individuals*

The Social Security Administration requires that individuals with higher incomes pay an income related Medicare adjustment amount (IRMAA) in addition to their standard Medicare premiums. These IRMAA premiums apply to Part B as well as prescription coverage. CTPF does not subsidize any part of the IRMAA premium. IRMAA adjustments are applied to individuals whose adjusted gross income was higher than \$85,000 in 2011 and to couples whose income was \$170,000 or more. You can find more information about IRMAA rates online at [www.ctpf.org](http://www.ctpf.org).

#### *Questions*

If you have additional questions about how CTPF subsidizes insurance premiums, review the CTPF 2013 Health Insurance Handbook and Open Enrollment Guide available at [www.ctpf.org](http://www.ctpf.org) or call a pension resource specialist at 312.641.4464.

## 2012 HEALTH INSURANCE SEMINARS



*Members ask questions during the October 8, 2012, Health Insurance Open Enrollment seminar held at the Renaissance Chicago O'Hare. CTPF held four open enrollment seminars and posted a slide presentation to help members make informed choices for 2013. More than 400 retirees attended the Open Enrollment seminars.*

## 2012-2013 CTPF BOARD OF TRUSTEES

During the November 20, 2012, CTPF Board of Trustees meeting, the trustees elected officers and organized the board.

### *2012-2013 Executive Board*

#### *President*

Jay C. Rehak

#### *Vice President*

Lois W. Ashford

#### *Financial Secretary*

Tina Padilla

#### *Recording Secretary*

Raymond Wohl

### *2012-2013 Board of Trustees*

#### *Representing the Contributors*

Lois W. Ashford

Jeffery Blackwell

Jeanne Marie Freed

Tina Padilla

Jay C. Rehak

Raymond Wohl

#### *Representing the Principals/ Administrators*

Jerry Travlos

#### *Representing the Pensioners*

Walter E. Pilditch

Mary Sharon Reilly

James F. Ward

#### *Representing the Board of Education*

Rodrigo A. Sierra

Andrea L. Zopp

# PENSIONS MATTER

Education and Advocacy Initiative

## EDUCATION AND ADVOCACY UPDATE: SPECIAL REPORT

CTPF Trustees put a special focus on Member Education and Advocacy efforts during the fall. Here's a review of recent work:



### LEGISLATIVE ACTION CENTER LAUNCHED

Quick! Who represents you in Springfield? Which legislative district are you in? How can you reach your elected representatives? Find answers to these questions in a simple-to-use format at our new *Legislative Action Center* at [www.ctpf.org](http://www.ctpf.org). When you visit the CTPF website, click the Education and Advocacy tab and then follow the link to the Legislative Action Center.

When you visit the Legislative Action Center, you can type in your address and look up your elected representatives, send an e-mail to your legislators, and find out more about CTPF legislative efforts. If you register at the Legislative Action Center, you will automatically be enrolled in our new CTPF Pension Fund Ambassador program.



Pictured above, the Legislative Action Center at [www.ctpf.org](http://www.ctpf.org). Users who register at the center are automatically enrolled in the Ambassador program.

### PENSION FUND AMBASSADOR PROGRAM DEBUTS



CTPF developed the Pension Fund Ambassador program to encourage our members to educate lawmakers and decision makers about the Chicago Teachers' Pension Fund and our legislative priorities. We want legislators to understand the people behind the pensions, and to hear the facts about the fund straight from our members. Nearly 500 CTPF members have signed up as Ambassadors.

### AMBASSADOR ACTIONS...

Ambassadors are working to protect pensions. They are sending hundreds of e-mail messages to their local elected officials through the Legislative Action Center's "Letter of the Week Program," visiting local offices to meet with legislators in person to share our new report, *The Buck Stays Here*, legislative fact sheets, and other materials (see page 5); and sharing the message of fair funding with family and colleagues.



### JOIN TODAY

CTPF encourages you to join the program. Register at the Legislative Action Center to automatically be enrolled, or send an e-mail with your contact information to [ambassadors@ctpf.org](mailto:ambassadors@ctpf.org).

### REPRESENTATIVE GOLAR HOSTS CAUCUS AT CTPF

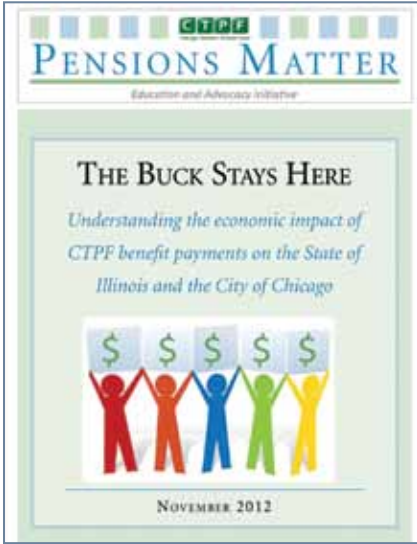


Pictured above, left to right: CTPF Lobbyist Bukola Bello, State Representative Esther Golar (6th district), and CTPF Executive Director Kevin B. Huber, at the October 24 Black Caucus meeting held at CTPF.

October 24, 2012, the Illinois Black Caucus gathered at CTPF for a Pension Information and Education (PIE) seminar and spent the day learning about the facts, issues, and challenges facing pension funds.

"CTPF made history today with our legislators," said Representative Esther Golar who hosted the conference together with CTPF. "This was an excellent learning opportunity for our members."

"This seminar was the first of its kind, and we were excited to be a part of it," commented Kevin B. Huber, executive director. "We would like to thank Representative Golar for her organizational efforts and all the legislators who attended."



Download this report on our Education and Advocacy page at [www.ctpf.org](http://www.ctpf.org).

Pensions matter – not just to CTPF members – but to the State of Illinois and City of Chicago. CTPF has quantified the economic benefit of pensions in our new report, *The Buck Stays Here, understanding the economic impact of pensions*. Pension benefits provide more than \$1.48 billion in economic stimulus to Illinois and help generate more than 11,000 jobs (more than Sears headquarters and the CME Group combined). Download the report to learn more and share it with your legislators.

What kind of economic impact do CTPF pensions make on your community? More than 90% of CTPF retirees live in Illinois, and 50% live in the city of Chicago. Our members live, work, spend, and vote locally – and those dollars generate economic activity and jobs in every community in Illinois. CTPF has developed individual information sheets for each legislator in Illinois. Our legislative fact sheets can tell you the number of CTPF members in your district and the economic impact CTPF benefit payments make in your community. You can download and personalize your districts’ fact sheets and share them with your legislators. Legislators need to understand that pensions provide an economic engine for our economy. You can find a file for every senator and house member on the Education and Advocacy Page at [www.ctpf.org](http://www.ctpf.org).

**Legislator’s contact information:** We’ve included mailing information to make this easy to send to your legislators.

**Information Summary:** At a glance: the number of CTPF members in your district, the total benefit payments CTPF retirees receive, the economic impact of those payments, and the jobs created in your community.



**Address block:** We’ve left space on the address block for you to fill in your name and contact information. Fill it in and send it to your legislator today.

Find a summary sheet for your legislative district on the education and advocacy page at [www.ctpf.org](http://www.ctpf.org).

## MONEY MATTERS: PENSION IMPACT BY DISTRICT

### CTPF’S TOP FIVE HOUSE DISTRICTS (BY ECONOMIC IMPACT/JOB'S CREATED)

District	Representative	Total Members	Active members	Retirees	Pension Payments	Total Economic Impact	Jobs Created
033	Rep. Marcus C. Evans, Jr. (D)	2,638	1,485	1,153	62,474,088	91,299,633	682
038	Rep. Al Riley (D)	1,502	586	916	50,289,609	73,493,234	549
025	Rep. Barbara Flynn Currie (D)	2,024	1,068	956	50,031,643	73,116,244	546
027	Rep. Monique D. Davis (D)	2,357	1,427	930	46,500,023	67,955,134	508
035	Rep. William Cunningham (D)	2,558	1,709	849	42,937,026	62,748,170	469

### CTPF’S TOP FIVE SENATE DISTRICTS (BY ECONOMIC IMPACT/JOB'S CREATED)

District	Senator	Total Members	Active members	Retirees	Pension Payments	Total Economic Impact	Jobs Created
017	Sen. Donna E. Trotter (D)	4,473	2,551	1,922	105,115,227	153,615,393	1,148
013	Sen. Kwame Raoul (D)	4,060	2,374	1,686	88,771,104	129,730,092	969
018	Sen. Edward D. Maloney (D)	3,983	2,494	1,489	75,969,470	111,021,784	830
014	Sen. Emil Jones, III (D)	3,578	2,125	1,453	73,619,061	107,586,896	804
019	Sen. M. Maggie Crotty (D)	2,107	890	1,217	64,354,485	94,047,644	703



## CTPF WINS \$37.5 MILLION APPEAL

October 8, 2012, CTPF won its appeal in a lawsuit that accused the Chicago Board of Education of failing to pay the fund \$37.5 million in required employer contributions for fiscal year 2010. The Illinois Appellate Court ruled the board should have contributed \$345 million to the fund for the fiscal year ending June 30, 2010. Instead, it contributed \$307.4 million.

“It is our Board of Trustees’ responsibility to make sure that our bills are paid fairly. It is also our Trustees’ fiduciary duty to recover every possible dollar owed to the fund, and we believe strongly that the Board of Education should not have held back this money,” said Executive Director Kevin Huber. “We’re glad the appellate court agreed.”

## CTPF SETTLES LAWSUIT

November 14, 2012, CTPF signed a settlement agreement with the Chicago Board of Education that ended a seven-year lawsuit alleging the overstatement of pension benefits. CTPF recently notified approximately 3,600 retirees who retired between June 2000 and August 2004 that their pensions may have been overstated, and that this settlement may impact their benefits. CTPF held five information sessions in November and December to educate members affected by the settlement. “We believe that this settlement is in our members’ best interest,” explained Kevin B. Huber, executive director. “We’re relieved that this agreement ends seven years of costly litigation.” The fund is currently auditing accounts of members impacted by the settlement and calculating corrected pensions.

## LIBOR RESOLUTION PASSED AND COMMITTEE ESTABLISHED

October 2, 2012, the Investment Committee of the CTPF Board of Trustees, voted to adopt a resolution regarding the London Interbank Offered Rate (LIBOR) scandal, and appointed Jay C. Rehak chairman of the committee to investigate the matter. At the October 18, 2012, Board of Trustees meeting, President Rehak appointed Tina Padilla and Mary Sharon Reilly to serve on the newly established LIBOR Committee.

The resolution and the committee draw attention to the fact that City and City workers’ pension funds may have lost millions of dollars as a result of the fraud perpetrated by sixteen of the world’s largest banks. The banks allegedly rigged the LIBOR index to increase their own profits. Up to \$800 trillion in financial securities and debt globally is tied to LIBOR, including derivatives and investments held by the City of Chicago and its workers’ pension funds. Funds that held investments with returns linked to LIBOR, likely lost money as a result. The CTPF LIBOR committee will explore the impact of the LIBOR scandal on the health of the Fund and determine what, if any, legal or other action is required to recover losses due to financial malfeasance.

The complete text of the resolution can be found at [www.ctpf.org](http://www.ctpf.org).

## FEDERAL BENEFIT PAYMENTS GO DIRECT

The U.S. Department of the Treasury now requires all federal benefit and nontax payments to

be paid electronically. If you currently receive a paper check for a federal benefit payment (social security or veterans benefits), you must switch to an electronic option by March 1, 2013. If you do not switch to an electronic deposit, your payment will be made to a Direct Express Debit MasterCard.®

*If you already receive benefit payments electronically, you do not need to take action. Your payment will continue as usual.*

If you have not yet switched to an electronic payment for **federal** payments, contact Go Direct at 1-800-333-1795.

## NEW EMPLOYEES



**KASTHURI  
HENRY,  
CTP, PHD**

A financial and performance management leader with 20 years of

corporate experience, Kasthuri Henry joined CTPF as Chief Financial Officer in October. Henry earned her BS from Bangalore University (India) majoring in math, computer science, and physics. She holds an MBA from Indiana State University with an emphasis in finance and decision sciences, and a PhD from Walden University. She is a Certified Treasury Professional (CTP) and a Six Sigma Black Belt. Henry previously worked as regional CFO at Aon Risk Services, and served as a senior vice president of planning and analysis at HSBC Consumer/Mortgage Lending. Henry is a visiting professor at Southern Illinois University, Keller Graduate School of Management, and North Park University.

“I want to welcome our new staff members who have hit the ground running and are already contributing to our daily operations,” remarked Kevin B. Huber, executive director. “Kas and Jerry both bring excellent experience, energy, and new ideas to our fund, and we are glad to have them on staff.”



**JERRY  
BAKER**

A benefits professional with 18 years of experience in human

resource administration, Jerry Baker joined the CTPF staff as the health insurance manager in September. Baker’s primary responsibility is the operational oversight of the health insurance department including the eligibility and enrollment processes. Baker holds a BS in psychology with an emphasis in business from Illinois State University and an MS in industrial/organizational psychology from Radford University. He most recently worked for Hospira, Inc., as a benefits manager, and served as director of human resources for the Chicago Botanic Gardens.

## NEW TITLES FOR MEMBER SERVICES COUNSELORS AND FIELD SERVICE REPS

The Member Services department has announced a change of name for Member Services Counselors and Field Service Representatives. As of December 15, 2012, these employees will be called *pension resource specialists*.

Job descriptions for these employees have not changed. The new titles more accurately reflect the work done by these employees. The titles will also help differentiate between CTPF Field Service staff and the Chicago Teachers Union Field Representatives, who handle grievances.

“Our staff serves active and retired members in many different ways,” explained Member Services Manager Sheron Banks Fallis. “We connect with members on the phone, in the field, at meetings and seminars, and during individual appointments. We all provide vital information and serve as a resource for our members, and we hope this change helps to clarify our roles.”

If you have questions about your pension, or if you want to schedule a personal benefits consultation with a pension resource specialist, please call 312.641.4464.



## CTPF CALENDAR

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

Confirm the meeting times and dates at [www.ctpf.org](http://www.ctpf.org).

### DECEMBER

25 Christmas Day, office closed

### JANUARY

- 1 New Year’s Day, office closed
- 17 9:30 a.m. CTPF Board of Trustees Meeting
- 21 Martin Luther King, Jr. Birthday observed, office closed

### FEBRUARY

- 12 Lincoln’s Birthday, office closed
- 18 Presidents’ Day, office closed
- 21 9:30 a.m. CTPF Board of Trustees Meeting

### MARCH

- 4 Casimir Pulaski Day, office closed
- 21 9:30 a.m. CTPF Board of Trustees Meeting

### APRIL

- 16 9:30 a.m. CTPF Board of Trustees Meeting

### MAY

- 16 9:30 a.m. CTPF Board of Trustees Meeting
- 27 Memorial Day, 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](http://www.ctpf.org)  
[memberservices@ctpf.org](mailto:memberservices@ctpf.org)

### Office hours:

8:00 a.m. – 5:00 p.m. M-F



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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

- Jay C. Rehak, *president*
- Lois W. Ashford, *vice president*
- Tina Padilla, *financial secretary*
- Raymond Wohl, *recording secretary*
- Jeffery Blackwell
- Jeanne Marie Freed
- Jerry Travlos
- Walter E. Pilditch
- Mary Sharon Reilly
- Rodrigo A. Sierra
- James F. Ward
- Andrea Zopp
- Kevin B. Huber, *executive director*

## INSIDE THIS ISSUE

### EDUCATION AND ADVOCACY UPDATE: SPECIAL REPORT



This past fall, CTPF Trustees have put a special focus on Education and Advocacy Efforts for our members. Read more about the results of those efforts



including the launch of our new Legislative Action Center, the debut of the CTPF Pension Fund Ambassador program, and our economic impact statement, *The Buck Stays Here*. See pages 4-5 for information.

