



Pension News

Public School Teachers' Pension & Retirement Fund of Chicago

February 2005

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Pension Fund Projects Moving Forward

Several projects underway at CTPF will greatly enhance the services provided to our members. The projects are: implementation of enhanced pension software; development of a premier website; and relocation of our offices.

Software Development

The pension software development has been underway for 3 years. The project is in the final testing and development stage. The software, known as Pension Gold, was developed by Levi Ray and Schoup (LRS). Customization, design and development are a three-way responsibility of LRS, Bradley Consulting (specialists in IT software implementation) and CTPF staff. This software implementation will enable our staff to quickly respond to the many service requests received from members regarding their benefits.

Although there are still challenges ahead on this important project, our staff is excited about the improvements and efficiency this will provide for our members and staff. The anticipated implementation is July 2005. We ask for your patience over the next 12 months as we work to implement this system.

CTPF Website

The second project underway is the improvement and upgrading of the CTPF website.

The Trustees have challenged the CTPF staff to improve the website appearance and functionality to make it more user-friendly. Staff members formed a committee in October 2004 to study other pension fund websites, consider the types of questions and requests that could be handled on the website and make these improvements. The new website is expected to be deployed in the 3rd quarter of 2005.

Office Relocation

The third project underway is the relocation of our office. CTPF has been able to negotiate for newly renovated space at 203 N. LaSalle, 26th floor. The space will be renovated beginning in January, with the anticipated move-in date of May.

Advantages to our staff and members will be the relocation of all services to one floor, new attractive counseling rooms, upgraded cabling and wiring to enhance use of electronic equipment, and an improved and more functional Board Room. The new office is easily accessible by public transportation and there is a daily fee parking garage attached to the building.

We are excited about the changes. They are intended to improve the reliability and efficiency of our member services.

Member News

Do You Have a Break in Service

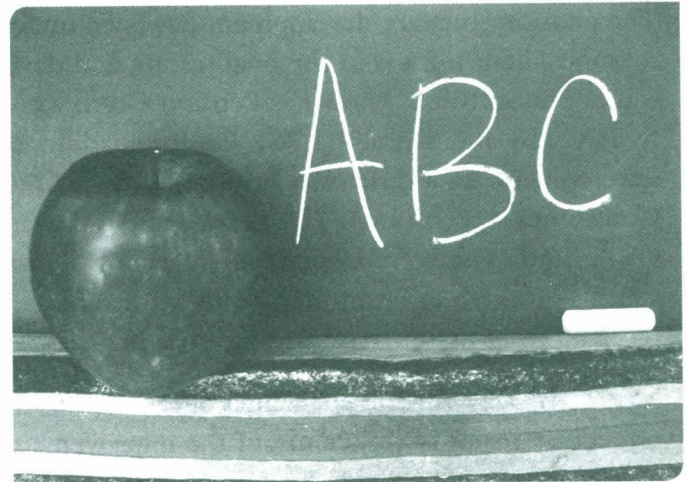
During a teacher's career there are occasions that may have caused a "break" in service. Examples of a break in service are maternity or paternity leave, sick leave, study leave, military leave or labor organization leave. Additionally, a teacher may have left the Chicago Public Schools or other service covered under the Illinois Retirement Systems Reciprocal Act, took a refund of contributions and later returned to service. Members have the option to pay the pension contributions for these "breaks" in service. This payment is called optionally creditable service.

Purchasing optionally creditable service can enhance your retirement benefit. Members can purchase up to a maximum of 36 months of employer-approved leave, up to 5 years of military service, and outside teaching time in public schools of the United States and its territories (up to a maximum of 10 years or 2/5 total teaching). Members can also repurchase previously refunded service credit.

Cost to purchase optionally creditable service or to repay a prior refund is calculated based on the factors such as the salary at the time of the leave or the total amount of the prior refund. Interest charges (5%) are part of the repayment, and compound annually.

If you think you may be eligible to purchase optionally creditable service it is important to consider your options and to determine when or if purchasing this service will enhance your pension. Oftentimes members do not remember or consider these breaks until the time of retirement and may discover the cost of the repurchase is significant or they experience delays waiting for a bill to be processed.

Keep in mind, you are not obligated to pay for a bill at the time it is processed. Once a bill is completed it is kept on record and may be revised at any time. For further information please contact our Member Service department. Timing of purchasing service is dependent on each individual's goals and financial position. For decisions regarding timing of purchasing optional service we recommend that you speak with your investment professional.



Keeping Your Beneficiaries Current

Most members fill out beneficiary forms when they first start work or when they first retire. How long has it been for you? Do you have a beneficiary form on file? Have things changed in your life since the last filing? We recommend that you review your beneficiary information periodically; at least every five years to make sure that your wishes are properly recorded. If you have never completed a beneficiary form, it is important to file one with us at your earliest convenience. Please contact our Member Services department at 312-641-4464 to obtain a form or review your current form.

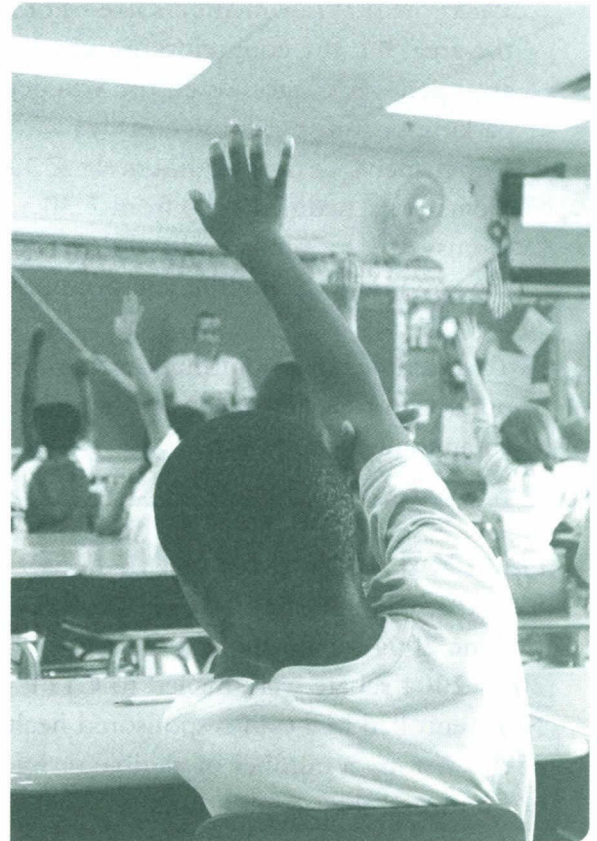
CPS Pension Enhancement Program (PEP)

The PEP presents an opportunity for eligible employees to increase their annual pension. It applies to contributors to CTPF who are eligible for retirement and have available sick day balances.

Employees who participate in PEP will be permitted to sell unused accumulated sick days to increase the current salary by up to 20% over the previous year's salary or select payment options to spread 20% over a span of up to 4 years. You should consider PEP if your last 4 years of earnings are your highest and you do not need your sick days for service credit. Call CTPF if you have any questions.

Members should be aware that after retirement up to 244 unused sick days are added to the members service credit (18 days = 1 month). Unused sick days used for the PEP plan will not count for additional service credit.

Members who qualify and are eligible for retirement should contact CPS for further information. The irrevocable resignation must be submitted to the Chicago Board of Education by March 1, 2005 for retirement in 2006 or 2007.



Spring Break Retirement Seminars

Tuesday March 22 and Wednesday March 23 are the dates for the annual Spring Retirement seminars. The seminars offer members who ARE retiring at the end of this school year an opportunity to learn about the pension process, have their questions answered and assist them with the completion of the retirement application. The seminar sessions will be held at Plumbers' Hall, 1340 W. Washington Blvd. Morning and afternoon sessions are offered. Sessions are limited to 125 attendees (including guests) and will be held at 8:30 a.m. and 12:30 p.m. Registration is required. Further information will be distributed to the schools in mid-February.

Member News

We Are Happy to Serve You!

We know that our members like to drop in to see a Member Services counselor when they are in the area, but the counselors are usually busy devoting their time to members with appointments arranged weeks ago. To ensure you get 100% of our attention and to save time and avoid costly parking or transportation cost, we ask you to make an appointment with our Member Services Department. Our office hours are 7:30 a.m. – 5:00 p.m. Monday through Friday and appointments are scheduled daily from 7:30 a.m. to 3:30 p.m. When we know what it is you want to discuss, we can prepare ourselves to better answer your questions and assist you. This will save time and help us to serve you promptly.

To schedule an appointment please call 312-641-4464, press 5 at the opening message, then press 1 and select the appointment option. A Member Services counselor will be happy to set up an appointment for you.

Have You Applied for Your FY 2003-04 Health Insurance Rebate?

In June 2004 rebate applications for the fiscal year 2003-2004 rebate were mailed to CTPF pensioners NOT enrolled in a CTPF sponsored health plan. As of this writing a number of eligible recipients have not returned their applications.

If you are eligible, and have NOT returned your application we encourage you to do so as soon as possible. If you require a replacement application form, please contact Member Services at 312-641-4464 to request one.

NOTE: If you are enrolled in a CTPF sponsored health plan, you receive the health insurance subsidy as part of your monthly pension payment. You do not have to apply for the health insurance rebate.

1099R's Mailed

The 1099R tax forms were mailed to pensioners at the end of January. If you have not yet received your tax form, please contact our office to request a replacement copy.

Make Sure Your Money Is "In the Bank"

Direct deposit allows you to have your benefit check deposited directly into your personal account. Over 17,000 of our 20,000 monthly recipients take advantage of this option which avoids costly delays, lost checks, possibility of theft, or delays in waiting for a replacement check. If you are on vacation or away from home for any period of time, your money is safely deposited.

Direct deposit also assures that your money is in your account on the 1st day of the month. A check mailed to your home may take several days to arrive, further delaying access to your funds.

To have your check electronically deposited, call Member Services and request a Direct Deposit Authorization form. We encourage all retirees to take advantage of the speed and security of electronic deposit.

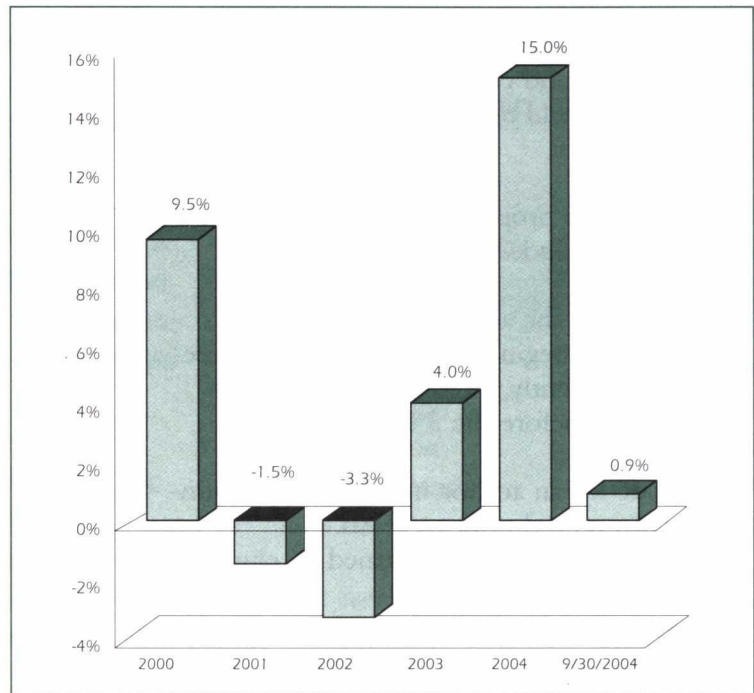
Investment News

CTPF Investments Stable Despite Market Decline

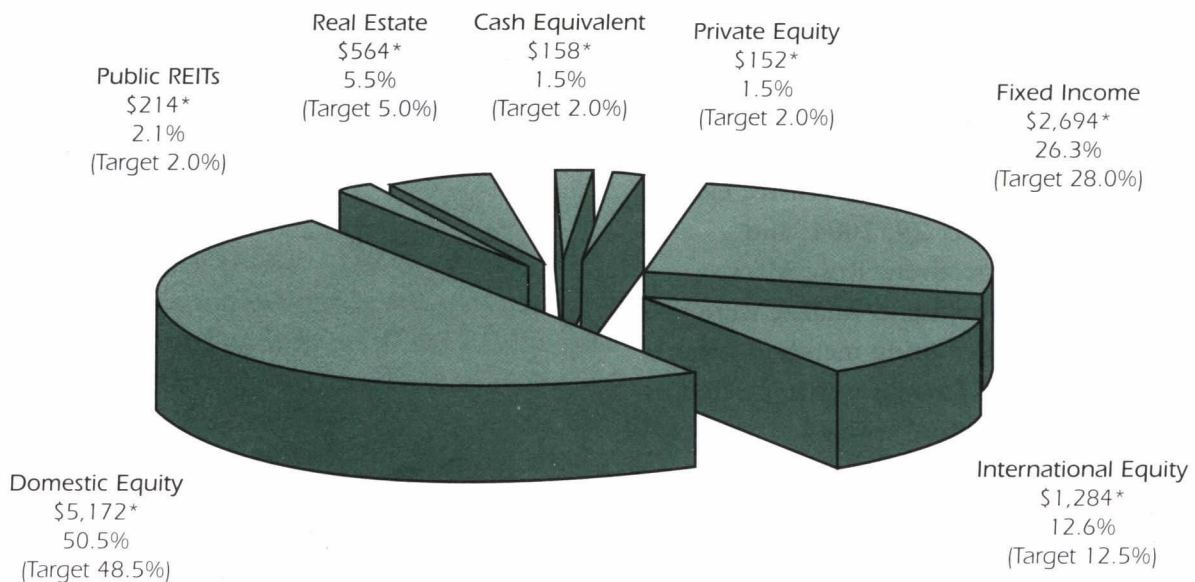
At September 30, 2004 the total investments of the Chicago Teachers' Pension Fund had a market value of \$10.2 billion. The Fund had a total return for the quarter of 0.9%. The Funds annual rate of return for the period ending June 30, 2004 is shown to the right.

In order to maximize the Fund's return within acceptable risk levels, the Fund's assets are diversified among several investment styles and further diversified by utilizing several investment managers within each investment style. The current allocation is shown below.

Total Annual Fund Rate of Return
As of June 30
2000-2004



Allocation Overview as of September 30, 2004



Board of Trustees News

Legislative Agenda

The Trustees and Fund administrators continue to work diligently to represent the interests of the members through accomplishment of the Trustees' legislative agenda. The Board, in conjunction with Fund consultants, continues to work in Springfield toward improving benefits for the members.

Major legislative proposals the Trustees continue to pursue include:

- Provide for the automatic annual 3% increase to begin one year following retirement. Currently, a retired member must be age 61 before the 3% increase takes effect.
- Provide for an ad-hoc increase for pensioners who retired prior to 1980.
- Provide that all income earned be eligible for pension credit.
- Provide for an early retirement incentive program and/or an early retirement option at the teacher's discretion.
- Restore the local property tax collection to the pension fund.

Additional legislative items are also under consideration. A copy of the complete legislative agenda is available on our website.

Trustees Re-elected

The Teacher-Trustee and Principal-Trustee elections were held on October 29, 2004, and November 5, 2004, respectively. Rose Mary Finnegan and Patricia Townsend Knazze were re-elected to represent contributing members other than principals and Terri Katsulis was re-elected to represent principals. Alberto Carrero Jr., was reappointed to represent the employer.

Board Meeting Schedule

All board meetings are held at 9:00 a.m. in the 13th floor conference room at our office unless otherwise noted.

All meetings are open to the public and public participation is permitted at the beginning of each meeting. Individuals who wish to address the Board indicate this when they sign in.

Upcoming Board meetings are as follows:

- Tuesday, February 15, 2005
- Thursday, March 17, 2005
- Tuesday, April 19, 2005
- Thursday, May 19, 2005

Meeting agendas are posted on the web (www.ctpf.org) one week before the meeting, or a copy may be obtained by calling our office (312) 641-4464.



Lawsuit Regarding Pension Calculation

You may have read in the Chicago Tribune that the Chicago Public Schools has filed a lawsuit against CTPF concerning the calculations of certain members' pension. CPS is claiming that CTPF violated the law in calculating pensions from January 2000 to July 31, 2004. This lawsuit is in the early stages.

If your pension was calculated in that period, rest assured that CTPF is dedicated to protecting your benefits and will defend against any attempts to reduce your benefits. The legal dispute will be decided by Illinois Courts. If your pension was calculated prior to January 2000 you are not impacted.

If you retired or plan to retire after August 1, 2004, until the dispute between CPS and CTPF has been decided by the Illinois Courts, your pension is based on your contract salary. Should the courts determine a different salary amount is appropriate; your benefit will be adjusted accordingly.

Lawsuit Regarding Health Insurance

CPS has also filed a suit declaring that CTPF has violated the law in accounting for its retiree Health Insurance costs. The \$65 million from the State of Illinois has been completely earmarked for current and future retiree health insurance expenses. CPS does not feel that CTPF can earmark the entire \$65 million. CTPF plans to defend their authority to account for the \$65 million and protect retiree health insurance. This lawsuit is currently ongoing.

Lawsuit Regarding Teacher-Trustee Election

Finally, two candidates and two interested parties have filed a lawsuit against the Board of Trustees of the Fund regarding the Teacher-Trustee election that occurred on October 29, 2004. The lawsuit alleges that CTPF did not follow the state law and specific procedures in conducting the election. This lawsuit is currently ongoing.

CTPF Fast Facts As of June 30, 2004

Active Membership

Vested	22,789
Non-vested	14,364
Total Active Members	37,362

Members Receiving Pensions

Service Pension	16,542
Disability Pension	393
Survivor Pension	2,254
Reversionary Pension	77
Total Pensioners	19,266

Vested Terminated Members 1,930

Total Membership 58,558

Annual Salaries	\$1,767,631,306
Average Salary	47,311

Current Annual Benefit Payment

Service Pensions	\$556,756,912
Disability Pensions	9,476,817
Survivor Pensions	27,491,224
Reversionary Pensions	646,194
Total Pensions	594,371,147

Public School Teachers' Pension & Retirement Fund of Chicago
55 W Wacker Drive
Chicago, Illinois 60601-1798



Address Alert

Active members are reminded to notify your employer of a change of address. The data provided by the employer is transmitted to our system each month. If you have previously reported a change of address to us, but have not notified your employer, please do so at your earliest opportunity, otherwise, your new address will not be reflected in our system. CPS teachers should report changes to CPS Records Department, 773-553-1112.

Pensioners are asked to report a change of address directly to our office. Please call the CTPF office to request a change of address form. For your protection, we cannot take a change of address report over the phone.

Office and Mailing address
Chicago Teachers' Pension Fund
55 W. Wacker Drive, 1400
Chicago, IL 60601

E-mail address
ctpf@ctpf.org

Office hours
7:30 a.m. to 5:00 p.m.,
Monday through Friday

Telephone (312) 641-4464
Fax (312) 641-7185
Web site www.ctpf.org

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

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Earnestine C. Murphy, *Recording Secretary*
Rose Mary Finnegan, *Financial Secretary*

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Interim Director: Kevin Huber