

Pension News

- In this issue:**
- Governor signs H.B. 1269
 - Pre-Retirement Seminars
 - Board of Trustees Activity
 - New Insurance Subsidy
 - New Rate Charts
 - Planning for Retirement

Governor Signs Health Insurance Bill Into Law

Great news for all teachers and pensioners is that Governor Rod Blagojevich signed H.B.1269 into law on June 28, 2004. The new law will allow the Trustees to make total health insurance payments in any year up to \$65 million, plus any amount that was authorized to be paid in the preceding year but was not actually paid by the Board of Trustees, including any interest earned thereon. The previous annual limit was \$40 million.

Thanks to all of our members who wrote, called and emailed our legislative leaders about the importance of passing and signing our bill. Our members have always responded when we have asked for help. Thanks are also extended to the Chicago Board of Education, Chicago Teachers Union, Retired Teachers Association of Chicago and the Chicago Principals and Administrators Association for their cooperation in passing our bill.

Special thanks to Governor Rod Blagojevich for taking time out of his busy schedule to sign our bill prior to June 30, 2004. This bill would not have reached the Governor's desk had not Speaker of the House Michael Madigan understood the importance of our bill and its impact on our members. Witnessing the signing of the bill were Senators John Cullerton and Jacqueline Collins, Representatives Robert Molaro, John Fritchey and Sara Feigenholtz, and legislative lobbyists Henry Anselmo and Richard Guidice. Representative Robert Molaro, chief sponsor, took a leadership role in bringing the bill to the attention of the House of Representatives leadership. Both Representative Molaro and Chairperson Richard Bradley of the House Personnel and Pensions Committee deserve special thanks for their diligence in guiding our bill through the House.

Our chief sponsor in the Senate, Senator John Cullerton, led the effort through the Senate, and with the much needed help from President of the Senate, Senator Emil Jones, Jr., led its passage in the Senate. *Continued on page 2.*

Fund Earns Pacesetter Award

CTPF has recently earned the Pacesetter Award from the Directors of the National Association of Securities Professionals (NASP) for its recent decision to hire new investment managers to invest fund monies. The Trustees established a goal of allocating 25% of active investment management with minority and women owned firms. The Pacesetter Award was created by NASP to recognize funds that have ensured or promoted the full involvement of women and minorities in the investment securities industry. CTPF has had a long history of promoting diversity in its review and selection of all financial service providers, including those that are women and minority owned.





Member News

The following are the names of the legislative officials that assisted in the passage of our bill:

Governor Rod Blagojevich
House Speaker Michael Madigan
President of the Senate Emil Jones, Jr.
Senate Majority Leader, Frank Watson
House Minority Leader, Tom Cross

In the Senate:

John Cullerton
Denny Jacobs
Jacqueline Collins
M. Maggie Crotty
Ira Silverstein
Iris Martinez
Edward Maloney
Susan Garrett
Jeffery Schoenberg
James DeLeo

In the House:

Robert Molaro
Calvin Giles
Richard Bradley
John Fritchey
Skip Saviano
Kevin Joyce
Sara Feigenholtz
Kevin McCarthy
Mary Flowers
Ralph Capparelli

Joe Lyons
Maria Berrios
Frank Aguilar
Michael McAuliffe
Kevin Dunkin
Eddie Washington
Larry McKeon
Elaine Nekritz
Marlow Colvin

After passage of our bill, there was very little time to accomplish getting it signed by the Governor. A special thanks to Chairperson Calvin Giles of the House Education Committee, Senator Cullerton and the Governor's staff for carrying the message of urgency that our bill be signed by the Governor by June 30, 2004.

Can Retirees Expect a New Health Insurance Subsidy Rate?

The Trustees work very hard to offer the highest possible health insurance subsidies under the law and in the best interest of the members. With H.B. 1269 now signed into law, the Trustees have approved a subsidy of 70%. They are pleased to provide this high a subsidy, especially in today's environment. A fair question to ask would be: "How was this 70% health insurance subsidy determined?"

An increase in the number of plan participants and insurance claims have caused the Trustees to evaluate what is an affordable budget for the health insurance subsidy now and in the future.

Several facts contributed to the Trustees deciding on a 70% subsidy at this time:

1. The Trustees' goal is to provide affordable and sustainable health care benefits and costs over the foreseeable future. To this end, the Trustees have hired health insurance and actuarial consultants to study and report on the issues. *Continued on page 4.*

Calling the Pension Fund Office

When you call our office, your call will be answered by an automated attendant. At the opening greeting members are directed to press 5 and your call will be placed in a "call queue" for the next available counselor. If you are calling for any of the following: a refund request, estimate request, to report a death, request a statement or loan verification, or to make an appointment, you may press 1 while in the call queue to be directed to a skill based agent who can assist you with any of the above listed activities.

Although we try to answer all calls as they come in, there are particularly busy periods of time when the wait may be considerable, especially from July through November. In the event that you are experiencing a wait, please consider leaving a detailed message and we will return your call within 48 hours. You may also contact the pension fund by e-mail at ctpf@ctpf.org

Is Your Beneficiary Information Up-to-Date?

Have you reviewed your Designation of Beneficiary recently? 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 are not sure whether you have a designa-



tion on file, please refer to your annual statement of contributions, or call our office.

To request a new form or a copy of your current designation contact us at 312-641-4464, press 5 as the message begins, then press 1 and follow the prompt. One of our Member Services staff will assist you.

Pre-retirement Seminars Opportunity

Two sessions of pre-retirement seminars are scheduled for Wednesday, July 28, 2004 at Plumbers' Hall. These seminars are open to all members who may be nearing retirement, or for anyone interested in learning more about the provisions and benefits of the pension fund. In addition to a presentation by CTPF staff, speakers from RTAC, CTU and a financial planning firm will address the group.

Appointments Recommended

In our effort to better serve our members, please be aware that if you choose to visit the pension fund without an appointment, the wait time may be lengthy. Limited counselors are available for those who walk-in without an appointment. Appointments are available Monday-Friday from 7:30 a.m. to 3:30 p.m.

Record Numbers Retire

We are experiencing another record year of retirements. Thus far, over 850 members have applied for benefits, with 695 applications under the Pension Enhancement Program.

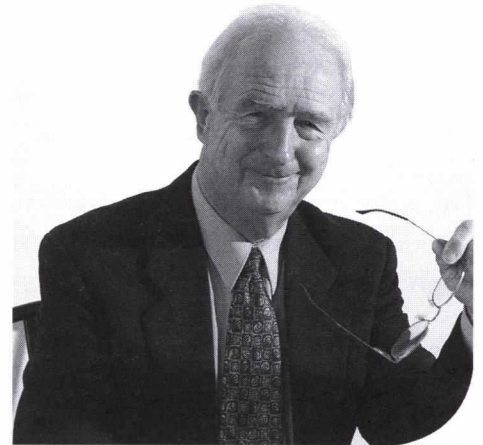
The pension fund staff is working diligently to process these pension applications so that members receive their first checks in a timely manner.

Obviously, in order to process your pension we need final payroll records from your employer. The final auditing of accounts and payment of partial refunds (Survivor's, 2.2, and Excess Contribution) is a challenging endeavor. Our goal is to issue first pension checks during

the months of August through October 2004. Partial refunds will be processed 1-2 weeks prior to the issuance of the first check.

We will be processing applications in the order they were received in our office. This does not include Reciprocal pensions, which generally take 90 days to process and ultimately depend on the exchange of information between the systems.

Congratulations to our 2004 retirees for their many years of service to the children and families of Chicago. Enjoy your retirement!



Continued from page 2

2. The Trustees desire to implement a plan whereby the pensioners can budget their health care premium costs over a period of time with reasonable expectations that the subsidy will not increase or decrease significantly.

3. The Trustees have considered a plan to maintain a subsidy at 70% over the next three years. A budget of 70% subsidy is deemed to be affordable over the next three years.

4. The new law limits the subsidy to 75% of the fund's total cost of health insurance coverage.

5. The subsidy paid during last fiscal year, with 85% for July 2003 through March 2004 and 52% for April through June 2004, already reached a subsidy mark of

75%. Therefore, by law, no additional monies may be paid retroactively for April through June 2004.

The Trustees believe in working for the best interest of the members, not only in the short term, but also over the long term. The Trustees believe that members will understand and appreciate the planning and care being administered during these very critical times.

More information about benefit plans and choices are likely to follow in the near future. The Trustees welcome your comments and suggestions about this and other important issues facing the pension fund. You may also email us at ctpf@ctpf.org.

NEW RATE INFORMATION EFFECTIVE AUGUST 1, 2004

Find your "Old Deduction" and then find your "New Deduction"

	Single			Couple			Family		
	2004 Premium	deduction April 1 48%	deduction August 1 30%	2004 Premium	deduction April 1 48%	deduction August 1 30%	2004 Premium	deduction April 1 48%	deduction August 1 30%
UNDER AGE 65 RATES:									
BCBS PPO	921.81	442.47	276.54	1,597.82	1,118.48	952.55	1,843.64	1,364.30	1,198.37
HMO-ILLINOIS	828.57	397.71	248.57	1,739.58	1,308.72	1,159.58	2,154.79	1,723.93	1,574.79
HUMANA PREMIER	631.99	303.36	189.60	1,062.89	734.26	620.50	1,340.59	1,011.96	898.20
MEDICARE SUPPLEMENT RATES:									
BCBS	328.94	157.89	98.68	657.89	486.84	427.63			
HMO-IL	322.08	154.60	96.62	644.15	476.67	418.69			
HUMANA GOLD	235.00	112.80	70.50	470.00	347.80	305.50			
HUMANA GOLD CHOICE ADVANCED	263.00	126.24	78.90	526.00	389.24	341.90			
OVER AGE 65 BUT WITHOUT MEDICARE:									
BCBS PPO	1,599.75	1,120.41	954.48	2,772.94	2,293.60	2,127.67	3,199.58	2,720.24	2,554.31
HMO-ILLINOIS	928.48	497.62	348.48	1,949.81	1,518.95	1,369.81	2,414.61	1,983.75	1,834.61
HUMANA PREMIER	749.19	420.56	306.80	1,259.96	931.33	817.57	1,589.18	1,260.55	1,146.79



2004 Medicare Premium Deductions Effective August thru December
 Find your "Old Deduction" and then find your "New Deduction"

	2004 SINGLE PREMIUM	Current Deduction at 48%	August - December Deduction at 30%
Medicare A	\$ 343.00	164.64	102.90
Medicare A +10%	377.30	181.10	113.19
Medicare A Reduced	189.00	90.72	56.70
Medicare A Reduced +10%	207.90	99.79	62.37
Medicare B	66.60	31.97	19.98
Medicare B + 10%	73.30	35.18	21.99
Medicare B + 20%	79.90	38.35	23.97
Medicare B + 30%	86.60	41.57	25.98
Medicare B + 40%	93.20	44.74	27.96
Medicare B + 50%	99.90	47.95	29.97
Medicare B + 60%	106.60	51.17	31.98
Medicare B + 70%	113.20	54.34	33.96
Medicare B + 80%	119.90	57.55	35.97
Medicare B + 90%	126.50	60.72	37.95
Medicare B + 100%	133.20	63.94	39.96
Medicare B + 110%	139.90	67.15	41.97
Medicare B + 120%	146.50	70.32	43.95
Medicare B + 130%	153.20	73.54	45.96
Medicare B + 140%	159.80	76.70	47.94
Medicare B + 150%	166.50	79.92	49.95
Medicare B + 160%	173.20	83.14	51.96
Medicare B + 170%	179.80	86.30	53.94
Medicare B + 180%	186.50	89.52	55.95
Medicare B + 190%	193.10	92.69	57.93
Medicare B + 200%	199.80	95.90	59.94
Medicare B + 210%	206.50	99.12	61.95
Medicare B + 220%	213.10	102.29	63.93
Medicare B + 230%	219.80	105.50	65.94
Medicare B + 240%	226.40	108.67	67.92
Medicare B + 250%	233.10	111.89	69.93
Medicare B + 260%	239.80	115.10	71.94
Medicare B + 270%	246.40	118.27	73.92
Medicare B + 280%	253.10	121.49	75.93
Medicare B + 290%	259.70	124.66	77.91
Medicare B + 300%	266.40	127.87	79.92
Medicare B + 310%	273.10	131.09	81.93
Medicare B + 320%	279.70	134.26	83.91
Medicare B + 330%	286.40	137.47	85.92
Medicare B + 340%	293.00	140.64	87.90
Medicare B + 350%	299.70	143.86	89.91
Medicare B + 360%	306.40	147.07	91.92
Medicare B + 370%	313.00	150.24	93.90

Medicare B Rebates Paid

**Current
Payments**

**August-December
Payments**

66.60

34.63

46.62



Board of Trustees Activity



Judge Dismisses Lawsuit Against Pension Fund Trustees

Judge Dorothy K. Kinnaird in the Circuit Court of Cook County ordered a motion to dismiss a lawsuit filed by certain members of the Chicago Teachers Union against certain members of the pension Trustees. The Court was unable to identify any factual misrepresentations made by the Trustees in their November 13, 2003 letter to the contributors and was unable to ascertain any evidence of bad faith on their part that would establish a breach of fiduciary duty.

The Trustees are dedicated to function in the best interest of the members and will continue to communicate information to assist the members in evaluating policy and legislative issues impacting the pension fund.

CTPF Earns 27.2% For Year Ended March 31, 2004

The Trustees are proud to report that CTPF earned a 27.2% annual rate of return on investments for the year ended March 31, 2004. Contributing to the success of the fund were returns from domestic stocks (37.8% return), international stocks (53.1% return) and bonds (6.5% return). The Trustees currently invest 54.9% in domestic stocks, 12.6% in international stocks, 27% in bonds, 4.9% in real estate, with the remainder invested in short term investments. The Trustees will continue efforts to maximize investment returns while maintaining acceptable levels of risk.

Pension Fund is Sued by Chicago Board of Education

The Chicago Board of Education has accused the pension fund of allocating too much money for retirees' medical costs. The pension fund believes that it has adhered to the state pension laws (40 ILCS 5/17-142.1), which for the years in question read:

“...payments (or partial reimbursement for the cost of health insurance coverage) in any year may not exceed \$40 million plus any amount that was authorized to be paid in the preceding year but was not actually paid.”

The pension fund currently collects approximately \$65 million annually from the State of Illinois. Since the year 2002, the

pension fund Trustees have authorized the deposit of \$65 million into the health fund. \$40 million (plus authorized to be paid in the preceding year but not actually paid) has been spent each of the past three years.

The Chicago Board of Education has requested that the Trustees transfer approximately \$58 million from the health fund to the pension fund in order to remedy the situation.

The matter will likely go to the courts for resolution.



Trustees Serve as Fiduciaries for the Pension Fund

The Trustees serve as fiduciaries for the beneficiaries of the pension fund, the members, the employers and the general public. A fiduciary is one to whom property or authority is entrusted for the benefit of another.

At the Board meeting of April 6, 2004 the Trustees adopted the following 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.

Trustees Add Committee Structures

The Trustees recently formed several new committees to assist in their review and evaluation of pension fund matters and to act in the best interest of the members. Below is a complete list of committees and committee chairpersons:

- Claims and Service Credits (James Ward)
- Disability Benefits (Walter Pilditch)
- Elections (Earnestine Murphy)
- Ethics (Earnestine Murphy)
- Finance and Audit (Rose Mary Finnegan)
- Health Insurance (James Ward)
- Investments (Connee Fitch-Blanks)
- Law and Rules (Walter Pilditch)
- Media and Education (Carole Nolan)
- Personnel and Service Providers (Patricia Townsend Knazze)
- Strategic Planning (Carole Nolan)

The committee chairpersons provide reports about committee activities and recommendations at each regular meeting of the Board of Trustees.

Minutes of the Board meetings are available on the web at www.ctpf.org.



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



PRST STD
U.S. POSTAGE
PAID
Permit No. 50
Melrose Park, IL
60160

How Much Will You Spend in Retirement?

To have an idea of how much you will be spending in retirement, you can start with an assessment of your current spending. How do you do this? Track or analyze your spending over the course of six months to a year. Write it down in a journal or use a financial software program. Review your checkbook and credit card receipts for the past year to see how you are spending your money.

Once you have an indication of your current expenses, look at how these categories may change when you retire. Consider your goals for your retirement years. If you plan to live in retirement about the same way you live now, you can base your future expenses accordingly. However, if you plan a major change, want to travel, go back to school, or start a second career, you need to factor in expenses from these lifestyle changes.

When you are analyzing your expenses, break them down into categories:

- Groceries
- Eating out
- Home expenses (mortgage or rent, property taxes, insurance, maintenance and repairs, utilities, and cleaning supplies)
- Auto expenses (payments, gas, oil, maintenance, and insurance)
- Clothing
- Entertainment
- Health care (premiums, out-of-pocket expenses and prescriptions)
- Life insurance
- Retirement savings contributions (IRAs, deferred compensation plans and other savings accounts)
- Miscellaneous expenses (books, magazine subscriptions and cash)

Source: *Pension Resource*

Board of Trustees

Patricia A. Townsend Knazze, *President*
Walter E. Pilditch, *Vice President*
Earnestine C. Murphy, *Recording Secretary*
Rose Mary Finnegan, *Financial Secretary*

Alberto A. Carrero, Jr.
Connee R. Fitch-Blanks
Terri Katsulis
Carole Nolan

Linda C. Porter-Milton
Maria J. Rodriguez
Gene R. Saffold
James F. Ward

Executive Director: Michael J. Nehf

55 W. Wacker Drive, Chicago, Illinois 60601-1798 • www.ctpf.org • Telephone: (312) 641-4464

Fax: (312) 641-7185