

Public School Teachers' Pension and Retirement Fund of Chicago

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PENSION NEWS

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POTENTIAL THREAT TO OUR PENSION

March 25, 2003

Dear Members of the Chicago Teachers' Pension Fund:

At the last meeting of the Trustees of the Chicago Teachers' Pension Fund (CTPF), representatives of the Chicago Board of Education presented copies of HB 1174 and HB 1183 and indicated that they wanted support from the Trustees. The bills call for the State to assume the funding responsibility for all regular annual employer contributions to the CTPF. This would eliminate the need for the Chicago Board of Education to make any future regular employer contributions and would relieve the Chicago Board of Education of their responsibility.

State of Illinois regular annual funding to CTPF would be on a continuing appropriation basis just as funding for all five of the other State pension systems is at this time.

Representatives of the Chicago Board of Education have also shared with the Trustees a draft plan which attacks our current pension system which has been in place for 108 years and proposes merging of the assets of CTPF with the assets of Teachers Retirement System of Illinois (TRS). This would potentially reduce our CTPF funded ratio from the current 96% to a level near 62%. The funded ratio is a measure of financial strength of a pension fund and is computed by dividing the assets of the fund by the liabilities of the fund.

According to a recent study by Wilshire Associates, the State of Illinois ranks last in the nation when it comes to funding its public pension systems. This draft plan threatens the nearly \$8.4 billion of CTPF reserves that current teachers, retired teachers and Chicago taxpayers have built over many years.

The Trustees oppose any changes in funding that would weaken the current financial condition of CTPF.

Sincerely,

Trustees of the Chicago Teachers' Pension Fund

Public School Teachers' Pension and Retirement Fund of Chicago

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