

# PENSION NEWS



TRUST. INTEGRITY. STABILITY.

Spring 2008

Chicago Teachers' Pension Fund

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## EXECUTIVE DIRECTOR'S LETTER

We have all heard the story of the tortoise and the hare, engaged in an impossible race, that finishes in an incredible upset. The story teaches us that slow and steady wins the race, and that same wisdom can be applied to the investment strategy at Chicago Teachers' Pension Fund (CTPF).



Kevin B. Huber, executive director

When talk turns to recession and people begin to worry about their financial situation, I inevitably get more questions about the fund's performance. Members want to understand what CTPF is *doing* to weather the storm and protect its assets.

My answer is always the same – we invest for the long term and we carefully manage the diversity of our portfolio, which allows us to effectively manage risk. We are the tortoises of the investment world. We do not engage in reactionary measures. We exhibit patience and

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## 2008 RETIREMENT SEMINARS

More than 200 current teachers attended CTPF's 2008 Retirement Seminars, held February 12 at the Holiday Inn Mart Plaza and February 18 at the O'Hare Marriott. An additional seminar will be held March 18 at the Hilton Oak Lawn, 9333 South Cicero Avenue, Oak Lawn.

The seminars included presentations by representatives of CTPF and the Chicago Public Schools. In addition, the Social Security Administration and vendors for retirement-related services hosted informational booths during the events.

"I enjoyed the Retirement Seminar and learned so much," commented attendee

Shirley Johnson. "I found the formal presentations combined with the chance to talk informally with counselors very useful."

"Since we began holding these seminars in 2006 we've seen them improve each year. This year we offered seminars in three different locations to accommodate more of our members," remarked Member Services Manager Sheron Banks-Fallis.

"We tried to provide one-stop services for members. In addition to information presented in the seminars we provided one-on-one assistance to complete the retirement application," explained Office Services Manager Frances Radencic.

Continued on page 6



Member Services Counselor Joyce Lloyd assists a member in completing her retirement application.



Retiring teacher and former CTPF Teacher Trustee, Earnestine Murphy, third from left, is welcomed by, from left to right: Trustees Mary Sharon Reilly, John F. O'Brill, board of trustees president, and Walter E. Pilditch, during the February 12 retirement seminar.



Field Service Representative Timothy Andrasek answers member questions during a retirement seminar.



Executive Director Kevin B. Huber addresses attendees at the February 12, 2008, seminar.

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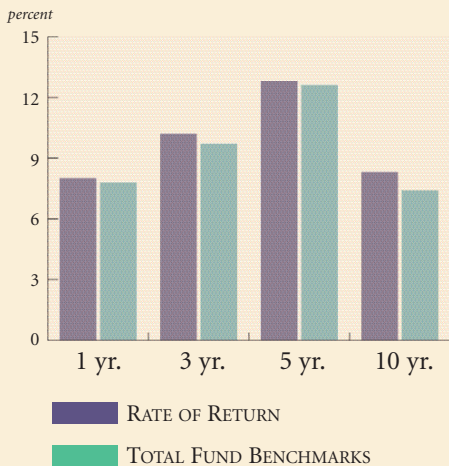
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## CTPF FINANCIAL SNAPSHOT

### CTPF RETURN ON INVESTMENTS

As of December 31, 2007

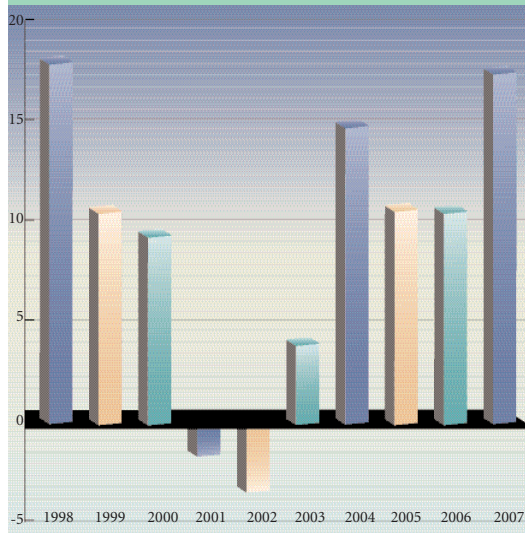
	RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	8.0	7.8
3 year	10.2	9.7
5 year	12.8	12.6
10 year	8.3	7.4



As of December 31, 2007, the approximate current value of CTPF's investments was \$12.4 billion.



### TOTAL ANNUAL FUND RATE OF RETURN FOR THE YEARS ENDED JUNE 30, 1998-2007



discipline when it comes to our investments. Before we commit to an investment manager, we compile extensive research and exercise due diligence to ensure that they will produce, long-term returns.

We continually monitor our portfolio to ensure balance. Long before the media's main story became a possible recession, CTPF evaluated assets, researched investments, and adjusted our investment portfolio to make sure that we could weather a financial downturn. During our last fiscal year, the board reviewed its target allocations and made several changes in the allocation policy. The fund decreased its investments in domestic equity and fixed income and increased its target allocations in international equity. We haven't reacted to the media's recession hysteria; we've planned and managed for years to make sure we are well positioned and adequately diversified to weather uncertain economic times.

At the close of the last fiscal year, June 30, 2007, CTPF's return on investment was 17.7% – an excellent return, but we're careful about drawing conclusions based on a single year. Because CTPF invests for the long term, we look at our 5- or even 10-year returns for a more comprehensive evaluation of our performance. The past 5 years have all produced positive returns, and the last 4 of 5 years have produced double-digit returns.

When you look at the past 10 years, our return has ranged from a high of 18.2% in 1998 to a -3.3% during the recessionary period of 2002. When averaged out over 5 years, the fund's return inched up to 11.5%. Over 10 years, the fund has averaged 9%, a full percentage point above our 8% benchmark.

Looking at CTPF's most recent performance, through the volatile end of December 2007, our 12-month return was 8%, and for the 5-year period ended December 31, 2007, it was almost 13%.

While we all wish to see our excellent returns continue long into the future, we refuse to panic if the economy takes a turn and our returns slow. We have a plan in place to provide for your economic security and we will continue to pursue our path of strong and steady growth.

In addition to our investment revenue we continue to pursue every source of revenue due to us. We continue to lobby our legislators in Springfield to make sure they understand the importance of fully funding their CTPF obligations — even in difficult economic times. The State of Illinois continues to provide inadequate funding for CTPF, especially when compared to our peers. We continue to try and reverse this trend and encourage our members to contact their legislators to support important pension fund issues.

As we look forward into uncertain economic times, we do so with the perspective gained from 112 years of investment experience. We understand that in the world of investments, the hares cannot sustain exuberant performance over the long term. We believe that by following our strategy of diversification and discipline, we will weather this period of uncertainty and make steady progress for our members.

We look forward to serving you.

Kevin B. Huber

# BEFORE YOU RETIRE: UNDERSTANDING SICK DAYS AND SERVICE CREDIT

At retirement, CTPF members may convert their unused sick days to CTPF service credit for the purpose of calculating a pension. Eighteen sick days equal one month of service credit and a maximum of 244 sick days may be converted to service credit at retirement. An exception occurs if a member employed by Chicago Public Schools (CPS) participates in the Pension Enhancement Program (PEP). Sick days used for PEP cannot be used toward additional CTPF service credit.

**IT IS CRITICAL FOR MEMBERS TO UNDERSTAND THAT THE SICK LEAVE PAYOUT IS DETERMINED BY CPS BASED ON ITS RECORDS.**

## CPS SERVICE V. CTPF SERVICE

Depending on a member's specific situation, CTPF members employed by CPS may also "cash out" sick days at retirement. It is important for CTPF members to understand, however, that CPS calculates service separately from CTPF. Sick days do

## EXAMPLES

### EXAMPLE 1

Member Smith has:

- 33.00 years of service with CPS
- 1.00 year of unused sick days (180 days)

Smith uses his sick days to add a year of service credit at CTPF and qualifies for a maximum pension with 34 years of service. Smith will receive a payout of 90% of his sick pay because he only has 33 years of service with CPS.

### EXAMPLE 2

Member Jones is 62 years old and has:

- 19.50 years of service with CPS
- .50 year of unused sick days (90 days)

Jones uses her sick days to qualify for a CTPF pension based on 20 years of service. She will not receive a payout of her sick days because she only has 19.5 years of service with CPS and she is not age 65.

not count toward service as calculated by CPS. Payment for unused sick days comes from CPS and is based on the service credit on file in its records.

"Understanding that CPS calculates service separately from CTPF is important for our members," remarked Pat Hambrick, chief operating officer at CTPF. "It is possible for a member to have 20 years of service including sick days with CTPF – but less than 20 years of service on record with the employer."

It is critical for members to understand that the sick leave payout is determined by CPS based on its records. The chart below illustrates the CPS sick day payout schedule. See above for additional examples.

Before submitting a resignation or applying for retirement, members who plan to cash out sick days should make sure they have the CPS service credit necessary to maximize this benefit.

## CPS UNUSED SICK DAY PAYOUT SCHEDULE<sup>1</sup>

Eligibility Criteria	Calculation Rate
Retirement with 33.95 or more years of service	100%
Retirement with a minimum of 20 years of service but less than 33.95 years of service	90%
Retirement at age 65 <sup>2</sup> with less than 20 years of service	85%

<sup>1</sup> CPS does not include sick days in its service credit calculation.

<sup>2</sup> In order to be eligible, individuals must reach age 65 before the start of the next school year.





# MAXIMIZE YOUR PENSION WITH OPTIONAL SERVICE

Thinking about retirement? Whether you plan to retire in June 2008 or June 2018, consider purchasing optional service to maximize your pension. By purchasing optional service credit, many CTPF members may increase their pensions or have the option to retire at an earlier age.

What does it mean to purchase service? The Illinois Pension Code allows eligible CTPF members to establish pension service credit for various situations. Optional service can be established for periods of:

- unpaid maternity/paternity leave
- unpaid sick leave
- sabbatical
- 1976 layoff
- repayment of a refund
- military service
- private school service
- labor organization leave
- Chicago governmental employment
- teaching service with Illinois and non-Illinois public schools
- teaching service with a private school in Illinois

## COST OF PURCHASE

Generally, the cost to establish optional service includes the pension contributions that would have been paid for the salary in effect during the service period being established, plus a compounded annual

interest rate of 5%. Effective July 1, 1998, the member contribution rate is 9%. Prior to this date, member contribution rates varied. Members must pay the entire purchase cost. Employers do not pay any portion of the member's cost to establish optional service credit.

## PAYMENT OPTIONS

Optional service can be purchased through lump-sum or monthly installment payments. Service is credited to a member's account once the bill is paid in full. Members may pay for their service with a personal check, rollover funds from a qualified retirement plan, or by applying a survivor, 2.2, or other refund due to the member at retirement.

## FACTORS TO CONSIDER

Purchasing optional service should be treated like any other investment decision. A member must weigh the advantages and disadvantages before making a decision. One key factor to consider is the length of time it will take to recover the cost of the purchase, compared to the increase in your monthly pension. Other factors, including age, general health, and financial ability to complete the purchase, will influence the decision.

"If a service purchase makes it possible to retire without a penalty at an earlier age, or gives you 30 years of service so you receive the 2.2 upgrade without cost, the

benefits can add up quickly," says Denise Valentovich, benefits supervisor.

## HOW TO PURCHASE SERVICE

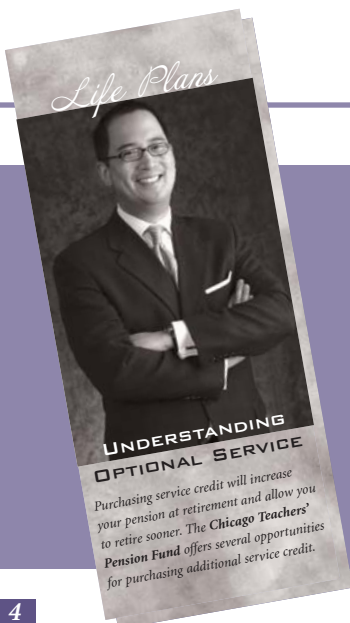
To learn more about service purchase options, contact Member Services and request a pension estimate with and without the optional service.

Members must complete the following steps to purchase optional service.

■ Obtain an application to purchase service from [www.ctpf.org](http://www.ctpf.org) or from Member Services. Complete the form and return it with the required documentation.

■ Review the Service Purchase Contract and decide whether you wish to establish the service. You are not obligated to purchase the service stated on the contract. You may allow the contract to expire, but members should be aware that the cost for purchasing service increases over time. If you later decide to purchase service you may request a new contract. At that time, the cost will be recalculated.

■ If you decide to purchase service, send the completed contract to CTPF with payment. Your payment must be received by CTPF before the contract expires; payments received after the expiration date will accrue additional interest charges. If you elect monthly installment payments, you must make timely payments. Late or missing payments will result in additional interest charges.



## ADDITIONAL INFORMATION

Members who want additional information about an optional service purchase can refer to CTPF's Life Plans brochure *Understanding Optional Service* available at [www.ctpf.org](http://www.ctpf.org) or from Member Services. To obtain an application to purchase service, or to request pension estimates, with and without optional service, contact Member Services at 312.641.4464.

# 2008 NOTICE OF ELECTION



October 24, 2008, the Chicago Teachers' Pension Fund Board of Trustees will hold elections for two teacher trustee positions. Teacher trustees will serve three-year terms from November 2008 — November 2011.

## ROLE AND RESPONSIBILITIES

The Board of Trustees represents CTPF in all matters concerning retirement benefits, provides general oversight for all operations, and approves all benefits. In addition, the board hires professional consultants who provide investment advice.

The board meets monthly. Trustees serve without compensation but employers may grant paid leave for CTPF-related activities.

## ELIGIBILITY

Individuals interested in running for a teacher trustee position must hold an Illinois State teaching certificate and must have been employed in the Chicago Public Schools or charter schools a minimum of 10 years. Teachers must be currently enrolled in the CTPF system.

## NOMINATION

To be placed on the ballot, teacher trustee candidates must secure 200 or more legible nomination signatures with the required identifying information. Nominating petitions will be available May 21, 2008, and signatures must be collected between May 21 and October 1, 2008.

Individuals who wish to run for a trustee position should request a nomination packet from CTPF's election coordinator at 312.604.1400, ext. 234. Eligibility to run will be verified before the packet is issued.

The signed nomination petitions must be submitted to the CTPF election coordinator no later than 5:00 p.m., Wednesday, October 1, 2008.

## ADDITIONAL INFORMATION

Additional information regarding the election will be published in the summer edition of *Pension News*, on the CTPF website, and through information distributed to each school.

## CTPF CALENDAR

Trustee meetings, held in CTPF offices, are open to the public.

### March

17, 19, 20, and 21

9:00 a.m., 11:00 a.m., 2:00 p.m.  
Small group retirement seminars, CTPF offices, (more info. page 6).

18 Retirement Seminars, 9:00 a.m., and 1:00 p.m. Hilton Oak Lawn, 9333 South Cicero Avenue, Oak Lawn

### April

15 9:30 a.m. Trustee regular meeting

### May

13 9:30 a.m. Trustee special meeting

21 Nominating petitions for the teacher trustee election available.

26 Memorial Day, office closed

### June

17 9:30 a.m. Trustee regular meeting

### OFFICE/MAILING ADDRESS

Chicago Teachers' Pension Fund  
203 North LaSalle Street, suite 2600  
Chicago, Illinois 60601-1210  
312.641.4464 phone 312.641.7185 fax  
www.ctpf.org memberservices@ctpf.org  
Office hours: 7:30 a.m. to 5:00 p.m. M-F

## LEGISLATIVE UPDATE

The Chicago Teachers' Pension Fund actively promotes legislation in the Illinois General Assembly on behalf of its members. For 2008, CTPF has 19 legislative proposals sponsored. The website, [www.ctpf.org](http://www.ctpf.org) contains a complete list of pending legislative proposals and information on how to contact legislators to demonstrate support for CTPF initiatives.

### ILLINOIS HOUSE BILL 4342

A bill of critical importance to CTPF is House Bill 4342, which passed the Illinois House last spring and failed to be passed

by the Illinois Senate. This bill allows CTPF to increase the total amount of money it spends on health insurance rebates to \$75 million from the current \$65 million. Without this increase the fund will not be able to maintain the current 70% health-insurance rebate. Members are encouraged to contact their legislators to support this legislation. Links to legislators can be found on the CTPF website.

### LEGISLATORS RECOGNIZED

CTPF recognizes the following legislators who work to promote fund interests:

Illinois State Senators **John J. Cullerton (D)**, **William Delgado (D)**, and **James A. DeLeo (D)** and Illinois State Representatives **Richard T. Bradley (D)**, **Robert S. Molaro (D)**, and **Angelo "Skip" Saviano (R)**. In addition, CTPF thanks Senator **Kwame Raoul (D)** and Representative Bradley, who chair the pension committees in the Illinois Senate and Illinois House of Representatives, respectively, and the work of Speaker of the House **Michael J. Madigan (D)** and Senate President **Emil Jones, Jr. (D)** for their stewardship of CTPF's interests.



## SEMINARS

*continued from cover*

"I thought it was an excellent presentation with valuable information," remarked John Lillig, attendee. "I'm not planning to retire for a few years but the seminar answered many of my questions so I will feel prepared."

If you plan to retire at the end of the 2008 academic year, and need a retirement application packet, call Member Services at 312.641.4464 or download one at [www.ctpf.org](http://www.ctpf.org).

## ASSISTANCE FOR JUNE RETIREES

The following resources are available to members who need assistance or more information on the retirement process.

### RETIREMENT SEMINARS

Register for CTPF's Retirement Seminars, **MARCH 18**, 9:00a.m. and 1:00p.m. (attend one) at the Hilton Oak Lawn, 9333 South Cicero Avenue, Oak Lawn.

### SPRING BREAK SEMINARS

Small-group seminars will be conducted in CTPF offices, **MARCH 17, 19, 20, and 21**, from 9:00-11:00 a.m., 11:00 a.m.-1:00 p.m., and 2:00-4:00 p.m., (attend one). These seminars will include a one-hour presentation followed by an application-review session. Registration is encouraged.

### INDIVIDUAL APPOINTMENTS

Individuals unable to attend a retirement seminar are encouraged to contact CTPF to schedule an individual appointment.

### CALL TODAY

Register for any of the above seminars or schedule an individual counseling appointment by calling Member Services at 312.641.4464.

## NEW STAFF JOIN CTPF

Two new staff members joined the Member Services department this winter.

Sharlean Brooks accepted a position as a part-time Member Service representative and Juan Ortega joined the staff as a full-time field service representative.

Brooks, a former CPS teacher, retired from Ray Elementary in 2007. During her 35-year career she taught students in kindergarten through grade four. She also served on various school governance committees, as a CTU representative, and as a CTPF pension representative. Brooks holds a bachelor's degree in education from Chicago State University and a master's in education from National-Louis University.

Prior to joining CTPF, Ortega worked as a health educator and counselor at the Ruth M. Rothstein CORE Center Department of Prevention and Education. He also worked as a health educator for Project VIDA, where he developed school-based health education curriculums and presented health-related workshops for students, teachers, and parents in the Chicago Public School system. Ortega is currently working on a degree in education.

"We are pleased to have Sharlean and Juan join our staff. Their experience and energy will help us continue to serve the growing needs of our constituents in the field and in our home office," said Member Services Manager Sheron Banks-Fallis.



Sharlean Brooks



Juan Ortega

## PLANNING TO VISIT? PLAN AHEAD

Appointments with Member Services counselors are available Monday through Friday from 7:30 a.m. to 3:30 p.m. In order to expedite your office visit we recommend that you call CTPF Member Services at 312.641.4464 to schedule an appointment.

### SPRING BREAK

The office is open during spring break, March 17-21; however, CTPF is not scheduling appointments during this time. Members will be served throughout the week on a continuous, first-come-first-served basis, beginning at 8:00 a.m. until

the office closes at 5:00 p.m. Members who need retirement-specific information should plan to attend a **MARCH 18** retirement seminar or an in-office seminar, offered **MARCH 17, 19, 20, and 21**. See *Assistance*, left.

### GETTING HERE

The 203 North LaSalle building has a self-park garage and parking is also available in nearby buildings. The CTA's blue, green, brown, pink, purple, and orange lines all stop at Clark and Lake with easy entry to 203 North LaSalle Street.

*Receptionist Mark Kessey welcomes CTPF member Emmanita Hendricks to the office at 203 North LaSalle Street. The CTPF office is open, Monday through Friday, 7:30 a.m. to 5:00 p.m.*



## REDEFINING RETIREMENT **NANCY BOI**

### A CAREER GONE TO THE DOGS

*When Nancy Boi (pictured, right, with her dog Cody) retired from the Chicago Public School system after 38 years of service, her career really went to the dogs—and she couldn't be happier about it.*

Since she retired nearly six years ago, Nancy Boi has combined her love for animals with her concern for others in her work as a volunteer therapy dog handler. Nancy and her dog Cody provide animal-assisted activities and therapy. They visit nursing homes, adult daycare facilities and hospitals, and work with children in libraries and community centers.

Boi and her pet are members of the Delta Society, a nonprofit, international organization formed in 1977, which promotes programs that facilitate human health and well-being through interactions with companion animals.

"I work with a local group called Pawsitive," Boi explains. "They arrange outings for therapy dogs and their handlers. A



hospital or nursing home can be a frightening and lonely place. Bringing in a specially trained animal can help raise a patient's spirits or provide a more comforting or nurturing environment."

Boi put her dog through intensive training and evaluation to ensure that he had the temperament and reliability to work as a therapy dog. "Not every dog has the personality for it," Boi remarks. "You really have to be in control of your animal's behavior and be confident in its abilities."

As a former teacher, Boi especially enjoys working with children and has made regular visits to the Westchester Public Library. When she walks into the building with Cody, a 100 lb. mixed breed, heads turn in surprise, but Boi takes the reaction in stride. She soon settles into a rocking chair in the children's room with Cody curled up on the floor at her feet. Cody acts like a magnet, attracting the attention of the children in the room, who quickly line up to pet and hug him. Nancy encourages the children to pick out books to read to the dog, and soon they're waiting patiently to read.

"Children can be shy about reading aloud to an adult," says Boi. "When they read to Cody they don't have to be self-conscious or worried about how they're doing,

Cody's not judgmental; he's just happy to listen."

"We're thrilled to have Nancy and Cody join us at the library," says Roberta Conrad, head of the youth department at the Westchester Public Library. "When the dog comes in the children's faces just beam. The kids really calm down and enjoy spending time with him."

Boi and Cody travel throughout the city and suburbs to pay visits to hospitals, nursing homes, and adult daycare facilities. "Many times older people have to give up their pets when they move into assisted living or extended care, and it can be a very difficult transition," says Boi. "Sometimes Cody helps people remember their own pets. Sometimes he just breaks up the monotony and brightens someone's day. Either way, it's a win-win situation for everyone."

While Boi encounters some quizzical looks when she brings Cody into hospitals or healthcare facilities; more and more institutions are opening their doors to animal-assisted therapy or animal-assisted activities.

"There's a lot of research that demonstrates the benefits that animals bring to people in promoting healing. I'm glad to be a part of that process."



*Cody, Nancy Boi's trained therapy dog, listens attentively to Ryan, a young patron at the Westchester Public Library.*



**Chicago Teachers' Pension Fund**

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### INSIDE THIS ISSUE



*Nancy Boi's career has gone to the dogs . . . and she couldn't be happier about it. Find out why in the special feature, **Redefining Retirement**, on page 7.*

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