



100 Years



Public School Teachers' Pension and Retirement Fund of Chicago

PENSION NEWS

April 15, 1996

Annual Report. As of August 31, 1995, assets in the Fund totaled \$5.9 billion, which increased to a market value of over \$6.8 billion by March 1, 1996. The Fund's total time weighted return for the fiscal year ending 8/31/95 was 16.23% compared to 1.92% in 1994 and 16.01% in 1993. This return to double digit returns maintains the Fund's long term investment record. The ten year rate of return on August 31, 1995 of 10.66% declined slightly from the 11.22% for the ten years ending 8/31/94. These facts and many others are shown in the 100th Annual Report of the Fund, copies of which are sent to all units in the system.

Pension Law. The Trustees' bipartisan proposals to the Illinois Legislature have been introduced in the following bills:

- HB 2540 -- Changes pension formula to 2.2% per year.
Sponsor: Angelo Saviano (R-Dist 77 217-782-3374)
- HB 2784 -- Increased state funding.
Sponsor: Angelo Saviano (R-Dist 77 217-782-3374)
- SB 1302 -- Prudent person rule for investments.
Sponsor: Bob Madigan (R-Dist 45 217-782-6597)
- HB 995 -- Prudent person rule for investments.
- HB 2782 -- Change 3% annual pension increase to 4%.
Sponsor: Angelo Saviano (R-Dist 77 217-782-3374)
- HB 2783 -- Change from 4 to 3 year average salary formula.
Sponsor: Angelo Saviano (R-Dist 77 217-782-3374)
- HB 2785 -- 30 year pension without discount.
Sponsor: Angelo Saviano (R-Dist 77 217-782-3374)
- HB 2894 -- Extend 5+5 for another year (96-97).
Sponsor: Angelo Saviano (R-Dist 77 217-782-3374)
- HB 2786 -- Increase 1993 5+5 pensions.
Sponsor: Angelo Saviano (R-Dist 77 217-782-3374)
- SB 1243 -- Increase 1993 5+5 pensions.
Sponsor: Patrick J. O'Malley (R-Dist 18 217-782-5145)
- HB 2542 -- Extend ERO buyout option to 2000.
Sponsor: Angelo Saviano (R-Dist 77 217-782 3374)
- HB 2541-- Allows 100 substitute days for pensioners.
Sponsor: Angelo Saviano (R-Dist 77 217-782 3374)
- HB 2781 -- Increase survivor pensions for oldest survivors.
Sponsor: Angelo Saviano (R-Dist 77 217-782 3374)

The Trustees extend their thanks to the legislative leaders who sponsor and spearhead these efforts in the Legislature. All members are urged to help with their letters and calls.

Other Trustee proposals not yet in bill form include an increase in the legal amount payable for pensioner insurance rebates, miscellaneous housekeeping items, and an ad hoc increase to pensioners. Two other bills affecting the Fund are SB 1565 which changes refunds of survivor contributions and HB 2793 which increases pensions started before July, 1986.

Modified investment holdings. The Board of Trustees again increased the Fund's international investments, from 8% to 10% of total assets, with instructions to three international managers to hold 30% of their portfolios in the stocks of emerging nations where opportunities for growth are the greatest. A targeted 5% of the assets into real estate has started with the retention of six managers to run real estate portfolios of \$20 million to \$50 million each. When completed, the real estate investments should total about \$300 million.

Pensioners' health insurance open enrollment. Once again, it is time to begin reviewing your health insurance needs. The Trustees are currently in negotiations with providers regarding rates and benefits, which will be finalized in early May. In June retirees will receive an updated summary of the health programs available through the Fund. In addition, the Fund will hold meetings in mid-June with the various providers to allow members to discuss any questions they may have. The enrollment will begin in June with a likely July 15 deadline for applications. Effective date for changes and new insurance is September 1, 1996. Pensioners are urged to consider their health insurance options early as the next year's open enrollment is not planned until June, 1997.

New Pension Board Members. The Fund starts its second century of operations with twelve pension trustees. A new teacher-trustee, Mr. John O'Brill (Urban Youth School) was elected along with Ms. Judy Cheri who fills the newly created third retiree seat. Mr. O'Brill has been an observer at trustee board meetings for years and Ms. Cheri served 16 years on the board as an elected teacher and board president. Mrs. Barbara Caldwell was reelected to her third term on the board. The principals in the system elected Dr. Walter Pilditch (Curie High). Messrs. Arthur Lehne and Bob Konen were also reelected as retiree members. Mary Sharon Reilly was reelected President of the Board in November 1995. The entire board is listed at the bottom of this sheet.

The Trustees will send a speaker to your school upon request. An introductory video tape is available as well. Phone the pension office at 312-641-4464, ext. 251.

Upcoming publication. The pension office is nearing completion on the latest updated version of *Pension Facts*, the manual of information for all system benefits. All teachers will receive a copy along with a blank *Designation of Beneficiary* to be used to change or add names of those who would receive death benefits. This form must be notarized. Pensioners should call the pension office for any publication or new beneficiary designation. All members should keep these forms up to date as families grow and change.

Hint for pension help. When phoning or writing the pension office be sure to include your name, previous name, address, social security number, phone number, and when you can be reached.

We need your help, too. On December 15, 1995 the Board of Education reorganized eleven school districts into six regions. School pension representatives, trustee election judges, and volunteer members of the Canvassing Board have always been selected on the basis of annually alternating odd and even numbered districts. As we adjust to the new six regions, we will especially need member's attention in each school to elect pension representatives and election judges. Please help on the Canvassing Board when the opportunity arrives. It is your Fund. Canvassing Board volunteers make the trustee ballot counting an interesting exercise in democracy for many hands rather than an arduous chore for a few. Many thanks to those who have served in the past.

James F. Ward
Executive Director

Board of Trustees

Shirley Anderson Norman R. Bobins Barbara Caldwell Judy Cheri Robert Konen Arthur Lehne John F. O'Brill
Walter E. Pilditch Mary Sharon Reilly Gene R. Saffold Jack Silver Michael Williams

55 West Wacker Drive, Chicago, Illinois 60601 • Telephone: (312) 641-4464 • Fax: (312) 641-7185