Public School Teachers' Pension and Retirement Fund
of Chicago

PENSION NEWS

278

June 1999 Issue

Legislative Update. We were pleased that many of our bills received support from the Pension Laws Commission this session. The following bills **passed** the General Assembly in **May 1999** and are awaiting the Governor's signature:

- *Extend the early retirement option (ERO)* to June 30, 2005, employer permitting.
- *Modify the cost of the ERO* so that the maximum number of years to pay will be the lesser of the number of years the employee (a) is under age 60, or (b) creditable service is less than **34 years**, not 35 years.
- *Modify the 2.2 upgrade cost* to allow a reduction in such upgrade cost, or a refund of such upgrade cost including interest, at the rate of *25% for each year* that the member's total creditable service is in excess of 34 years.

However, we are optimistic that one or more of the following benefit provisions will receive favorable consideration during the fall veto session of the General Assembly. We **need your support for additional pension benefits to pass** the General Assembly **next session**, including, but not limited to, the following provisions:

- Provide for *permanent State of Illinois pension funding* to the Chicago Teachers' Pension Fund (SB137).
- Provide for an *increase of $15 million* for medical insurance subsidies to pensioners (HB346).
- Provide that a *pension shall not be suspended* if a pensioner works in a school outside of Chicago Public Schools (HB352).
- Provide for *correction of benefits paid to 1993 "5 + 5" pensioners* (SB114).
- Provide that *all earnings under a member's employment agreement be pensionable* (SB136).
- Provide for *elimination of 2.2 upgrade cost for members with 30 or more years* of creditable service (SB89).

Special thanks are extended to Senators *Robert Molaro and Robert Madigan* and Representatives *Angelo Saviano and Harold Murphy* for their primary sponsorship and support of many of our bills. *Please **call, write and e-mail** your state senator, representatives, and Governor seeking their support of legislation for our contributors and pensioners, including the **pension funding bill** and **pension benefit bills**.* You may refer to our pension newsletter in your correspondence, if you like.

Health Insurance Update. The following facts about health insurance are important for all members nearing or in retirement:

- The pension fund's health insurance ***open enrollments will be in October 1999***, rather than in June, providing for a once-a-year opportunity for pensioners to enroll into any one of our health insurance plans. More details will follow this summer.
- Our health insurance *plan year* will be revised to extend from *January 1 - December 31* each year, thus allowing deductibles to be paid on a calendar year basis, rather than on a fiscal year basis.
- The *rebate year* that ends June 30, 1999 because of a change in the pension fund's fiscal year will be a ***10 month year*** extending from September 1, 1998 through June 30, 1999. ***Rebate checks received in December 1999 will be ratably lower*** because of the June cutoff as compared to our previous cutoff in August. More details will follow this summer.
- The *maximum rebate percentage* for the current *10 month fiscal year* that ends June 30, 1999 will be ***75%***, subject to an *annual cap of $4,425.00*. Most non-Medicare single persons with Blue Cross/Blue Shield coverage for all 10 months will receive a rebate in December of *approximately $962* (computed by $4,425 less 10 months subsidy of $3,463).
- Changes in Blue Cross/Blue Shield monthly deductions *beginning in September 1999* for non-Medicare **single** persons are ***expected to increase from $250.77 to an estimated $326.00, a 30% increase.*** The rebate % anticipated for the year ended June 30, 2000 may be as low as ***65%***. More details will follow in our summer mailing. However, our Trustee meeting on June 15, 1999 will provide results of our current health insurance claims study, ideas for health insurance plan design changes, and possible BCBS or alternative health insurance plans to be offered to our pensioners this upcoming year.
- ***If you or your spouse is approaching age 65***, please be reminded to notify the Social Security Administration no less than 3 months prior to your 65th birthday so that you may enroll in Medicare Parts A and B. If you or your spouse is already over age 65 and do not have Medicare Parts A and B, you must notify the Social Security Administration during their open enrollment period of January 1 - March 31 to be covered effective July 1. Please call the pension fund office if you have further questions or need additional assistance.

Pension Fund Wins Award. For the tenth consecutive year, the pension fund received the *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association. The award is provided in recognition of achieving the *highest standards in government accounting and financial reporting.*

Investment Report Update. The value of the investments of the pension fund increased to **$9.6 billion** this month, up approximately $200 million from December 31, 1998. The one-year rate of return for the year ended March 31, 1999 was 7.4%, net of fees, while the three and five-year returns were 15.3% and 15.1%, respectively, net of fees. The Trustees have redesigned an asset allocation designed to obtain the highest expected return on investments consistent with a level of risk appropriate for a large public pension fund like ours.

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Commonly asked questions and answers...

Q. When is the best date to retire? A. The school year is divided among 21 10-day pay periods, typically. It is suggested that you resign at the end of a 10-day pay period.

Q. Who should I contact when I am considering retirement? A. It is suggested that you first contact Teacher Personnel at the Chicago Public Schools. Then contact the pension office to have pension application forms mailed to your home.

Q. If I have pension credit in another Illinois retirement system, how will it be handled? A. If you have one or more years of credit in another Illinois retirement system, you must file a pension application with each system. The total years of service credit will be used to compute your pension, but each separate retirement system will pay a proportionate share of your pension.

Q. Am I allowed to work as a teacher after I retire and still continue to receive my pension? A. If you return to work as a full-time employee of any public school in Illinois, your pension will be canceled in accordance with the current law.

Q. What are the restrictions on re-employment as a teacher? A. You may work up to 100 days as a pensioner-substitute, not earning more than $9,482 as substitutes.

Q. Can I return to work full-time and have my pension temporarily suspended? A. If you wish to return to work full-time in a teaching capacity, you may have your pension temporarily suspended. Once you terminate your full-time position, we will resume paying your pension, including any increases for additional salary and service credits.

Q. If I retire from CPS in a teaching position, may I be re-employed by another state and not lose my pension benefits? A. You may work full-time in any school system outside the State of Illinois and continue to collect your pension from us.

Q. If I am a disability pensioner, may I teach elsewhere and not lose my disability pension? A. Disability pensioners may not return to teaching and continue to receive a disability pension.

Q. When I retire, what happens to my health insurance coverage? A. If you retire under the age of 65 or if you are age 65 or older but are not eligible for Medicare coverage, you may continue your health insurance with the Chicago Public Schools for up to 18 months. Afterwards, you may join the pension fund health insurance program. If you are entitled to Parts A and B of Medicare, you may join the pension fund program upon receipt of your first pension check. Until that time, you can continue your coverage with the Chicago Public Schools through arrangements with their health insurance department.

Q. Will my spouse be entitled to any benefits after my death? A. A survivor's pension is payable to your spouse who was married to you for at least 1.5 years prior to your retirement. The amount paid will be 30% of your final average salary (not to exceed $400) or 50% of the earned retirement pension. Generally, the 50% ruling will apply. If your 2.2% upgrade cost is paid in full as of the date of your death, your spouse will benefit from a higher pension.

Q. What are my pension benefits if I have no spouse? A. Upon retirement, if you are not married, or your spouse or children do not qualify for a survivor's or children's pension, the total pension contributions for the survivor's pension will be refunded to you without interest, in accordance with the law. This refund is paid to you tax-free on a paper check. It is not available to you through electronic transfer to your account.

Q. After my retirement am I entitled to any cost-of-living adjustment? A. Pension automatic annual increases (AAI) are payable only when you become age 61 or older. If you attain age 61 after you have retired, your AAI will begin in January of the year following your 61st birthday. The AAI in pension is 3% of your base pension, compounded annually, and is retroactive to your anniversary date (later of date you became age 61 or date of resignation).

Q. How can I have my monthly pension money go directly to my bank? A. We will supply you a form which requires your signature and that of the financial institution to which you want your pension money sent. Once processed by us, you may have your pension money sent by direct deposit to your bank account.

Q. What must I do if I have direct deposit and I am changing my bank? A. A new banking relationship is handled the same as in the question above. Any changes must be communicated to us by the 15th of the month in order to be effective the next month.

Q. What must I do if I have changed my account number at my same bank? A. A short note to our offices providing the new account number, signature and telephone number will suffice.