

**Public School Teachers' Pension and Retirement Fund
of Chicago
www.ctpf.org**

PENSION NEWS

March 2002 Issue

Pension Office Expands to 14th Floor. The pension fund has recently accepted a favorable 5-year lease and donated furniture, computer equipment and file storage systems from the law firm previously residing above the current pension fund office (13th floor). Beginning March 5, 2002, all members coming to the pension office should first visit the reception area on 14. Among the reasons for office expansion are additional workspace needs to improve member services and administer pension fund operations. The 14th floor will now allow for private counseling areas for members to learn and discuss pension and health benefit options. Large group rooms are also available for group counseling sessions. Pension fund projects currently include 1993 5+5 refund calculations and recalculations of new pension amounts; 2.2 refund calculations and recalculations of new pension amounts; records storage, imaging and retrieval projects; and member informational database development and implementation projects. We look forward to seeing you on 14!

Legislative Agenda for Upcoming Year. The pension Board of Trustees is pleased to provide its legislative agenda for the upcoming year. Some of the items listed from our previous newsletter include:

- Provide ad hoc increase for pensioners.
- Provide that all CPS income earned by a teacher can be used for pension calculation purposes.
- Increase maximum pension percentage for teachers to 80%.
- Extend deadline to pay for 2.2 upgrade by a pension check deduction past the current date of June 30, 2003.
- Provide the opportunity to teachers to pay for approved leave of absences up to 3 years.
- Provide for teachers to collect their pension and return to work within CPS system.
- Provide annual increases of 3% to pensioners one year following retirement.
- Provide for equity in State of Illinois funding of the Chicago Teachers' Pension Fund.

A complete list and description of all legislative agenda items is available using our website at www.ctpf.org.

Special thanks to **Representative Harold Murphy**, co-chairman of the Pension Laws Commission and chairman of the House Personnel and Pensions Committee, and **Senator Robert Molaro**, member of the Pension Laws Commission. We appreciate their leadership, guidance, support and commitment to Chicago Teachers' Pension Fund issues and concerns!

1993 5+5 Pension Adjustments. The projects for 1993 5+5 *estimated* payments and rollovers were completed in December 2001. Next steps include computing the *revised* pensions and final payments for these 1993 5+5 benefits. The next steps will take several more months to complete, as we mentioned in our previous newsletter. Please be patient while we recompute these pensions.

2.2 Upgrade Costs for Members with 30 or More Years of Service. Recalculations of pensions and refunds to pensioners who retired prior to the change in the law with at least 30 years of service will begin this Spring and be completed during the Summer. Members should be patient, however, and expect to receive payments no earlier than *June 2002*. Pensioners that had 2.2 upgrade costs deducted from their pension checks saw those deductions stopped beginning *October 1, 2001*. In accordance with current state and federal laws, current teachers will be paid their 2.2 upgrade refunds only upon retirement. CPS has discontinued 2.2 payroll deductions from teachers with 30 or more years of service. Refunds from the pension fund of 2.2 upgrade costs, currently provided at the time of retirement, include interest of 5% per year from the date of receipt to the date of refund.

Retirees and Spouses Currently Receiving COBRA Benefits. Please inquire about health insurance with the pension fund no less than three months prior to the COBRA termination date. This provides ample time to make an educated health insurance decision and complete the necessary paperwork. Thank you for your cooperation.

Recently Retired Members and/or Spouses Approaching Age 65. Those about to reach age 65 and planning to enroll in any of the pension fund health insurance plans should contact the local Social Security office three months prior to reaching age 65. Otherwise, members *without* Medicare A and B are placed into high cost group at the time they reach age 65. Thank you.

Retirees and Spouses Already Age 65 or Older. Please apply for Medicare Parts A and B during the months of January – March 2002 if you have not already done so. Pensioners age 65 or older without Medicare Parts A and B will *not* be eligible to purchase health insurance from the pension fund beyond June 30, 2002. Contact the local Social Security office for more details.

Keeping in Touch. When writing or emailing our office, please remember to include your name, address, social security number and telephone number if you wish to be contacted. It is also helpful to know whether your teaching status is active, former or retired. Thank you for helping us to help you!

Board of Trustees

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CTPF Pension Promises Are Not Jeopardized by Enron Losses. With continued media coverage focusing on the bankruptcy of Enron, many CTPF members have called to express concerns about our financial stability.

Fortunately, CTPF's diverse investment portfolio cushions the system from the effects of extreme highs and lows in any one type of investment, including the losses on individual stock and bond holdings in Enron Corporation.

Currently, domestic stocks represent about 49% of CTPF's holdings; another 14% is invested in public real estate investment trusts (REITS), venture capital funds and international stocks; 6% is invested in real estate; and 31% is invested in U.S., international and corporate bonds.

CTPF experienced a \$4.7 million loss in the value of Enron Corporation stock since October 1998 and \$300,000 in Enron Corporation corporate bonds. The combined total of net losses represents approximately one-half of one-tenth of one percent of the system's total pension fund assets of more than \$10 billion. Additionally, CTPF is part of a class action lawsuit against Enron Corporation, its officers and its auditors.

CTPF pension benefits are not jeopardized by short-term losses. Member benefits are defined in the Illinois Compiled Statutes, 40 ILCS 5/17, and are considered "defined benefits" not subject to changes in the investment rates of return. The CTPF diversified investment portfolio and prudent management of the investment assets additionally help to ensure that funds are available when pension benefits are due.

Please be assured that the Trustees of CTPF will continue to manage the retirement system investments prudently and will continue to pursue an investment policy that seeks to maximize investment return while minimizing risk.

CTPF Investment Returns for Periods Ending December 31, 2001. Investment returns for the 4th quarter of 2001 amounted to +7.4%, and the annual return for the complete calendar year ended 12/31/2001 amounted to -1.6%. The five-year period ended 12/31/2001 provided an annualized return of 9.4%. These returns were quite favorable when compared to other public pension funds similar to CTPF, ranking in the top 15% for the 2001 year and in the top 18% for the five-year period ended 12/31/2001.

CTPF Funded Ratio Nears 100%. The recent report of Goldstein & Associates, the Actuary of CTPF, stated that the funded ratio for CTPF was 99.95% for the fiscal year ended 6/30/2001. These numbers were also certified by KPMG, the Certified Public Accountants of CTPF. According to KPMG, "the financial statements referred to present fairly, in all material respects, the financial position of the Public School Teachers' Pension and Retirement Fund of Chicago as of June 30, 2001 and 2000, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America." 100% funding is an accomplishment not achieved by many public employee retirement systems such as CTPF. The Trustees are proud of the fund's accomplishments.

Development of New Database and Member Information System. Staff at the pension fund office is in the process of developing a new database and member information system that will greatly improve information flow and the time required to calculate and pay out future benefits. Once the database is completed and tested (est. 2003), the next set of projects will include making the database interactive with the new CTPF website at www.ctpf.org.

Health Insurance Rebate Approved for 85% for Next Year. At their February meeting, the Trustees approved the health insurance rebate of 85% for the next fiscal year extending from July 1, 2002 through June 30, 2003, subject to limits provided in the by-laws and rules of the pension fund. The Trustees are pleased to extend the 85% rebate to pensioners for another year!

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