

PENSION NEWS

October, 1982

INVESTMENT MEASUREMENT RESULTS ANNOUNCED

On behalf of the Board of Trustees, it is a pleasure to announce investment performance results as just received from the Fund's outside measurement firm. Unlike the Fund's regularly calculated return, which is based only on actual interest and dividends received, the August 31, 1982 calculations include unrealized appreciation on the assets held by the Fund. They show an internal rate of return of over 20% on the total investment account, and over 30% on the bond portion, which is the largest component. Total assets on August 31, 1982 were over \$1,160,000,000 (unaudited). Although recent record high yields are the exception to the historic rule, the trustees will continue their investment objectives of safety of principal, long-term growth and high return.

It is important to note that a substantial portion of the Fund's investments are in companies that are active in Illinois, providing employment to Illinois residents and revenue to the community at large. Over 87% of the companies responding to our stockholder questionnaire indicated that they have at least 100 employees working in Illinois.

The Board of Trustees and their investment counsel, Capital Supervisors, Inc., can take pride in this strong showing in the difficult environment of the last few years. Contributors can be assured that the trustees are doing everything possible to see that the Fund fulfills its fiduciary responsibilities to teachers and pensioners alike, now and in the years to come.

Robert T. Wilkie, President
Board of Trustees

TRUSTEE ELECTIONS UPCOMING

On October 22, 1982, elections will be held to elect two teacher-trustees to three-year terms on the Board of Trustees of this Fund. The current terms of incumbent trustees Mr. Albert Korach and Miss Margaret Olson expire in November. Every contributor to the Fund is encouraged to vote in this election. Polling places will be located in each school or branch having 6 or more teachers, and also within the Board of Education offices. October 12th is the deadline for applications for mail ballots.

Trustees set policy for the operation of the Fund and assume great responsibilities in relation to this service. They have your future in their hands. Therefore, all contributors should exercise their right to vote and give attention to the selection of capable trustees. Be sure to read posted bulletins and vote on October 22nd!

NEW TRUSTEES APPOINTED

In June, 1982, two new members of the Board of Trustees were appointed by the Board of Education. Mr. Sol Brandzel was appointed to complete the term of Mr. John Foster, who resigned from the Board of Education. Mr. Brandzel is the former international vice president of the Amalgamated Clothing & Textile Workers Union and a former board member of the City Colleges of Chicago. Mr. Clark Burrus was appointed to the Board of Trustees to complete the term of Mr. Edwin Claudio, whose term on the Board of Education had expired. Mr. Burrus, a former Chicago City Comptroller, is currently a Senior Vice President with the First National Bank of Chicago. He has had extensive experience with public pension plans, and has served as President of the Municipal Finance Officers Association.

PROCEDURE FOR LOST CHECKS

Pension checks are mailed to all annuitants on the last business day of the month. On rare occasion, a pensioner's check is not delivered by the post office. If pension checks are not received by the individual or bank by the 10th of the month, please write to the Pension Office. A stop order will be placed on the check and an affidavit declaring that the lost check was not received will be mailed to the pensioner. Before issuing a duplicate check, the Pension Office will examine the cancelled checks for the month in order to determine if the check was cashed. If the check is located, please notify the Pension Office in writing immediately.

NEW TAX LAWS & THE PENSION FUND

In August, 1982, significant changes in the federal tax code were enacted. Beginning January 1, 1983, this Fund will be required to withhold federal income tax from pension checks which total over \$5400.00 per year, unless the recipient elects not to have such tax withheld. In the past, federal tax was withheld from pensions only at the request of the annuitant. The new tax law also provides for withholding of tax on refunds or death benefits totalling over \$5400.00, unless the recipient exercises his right to decline to have tax withheld. As soon as the I. R. S. has issued forms and regulations, each pensioner will receive details concerning his or her choices under this law. While the Fund is making arrangements to implement these new procedures, every annuitant should consider carefully his or her individual case. It is important to note that any taxpayer-annuitant could be subject to interest and penalties from the I. R. S. if the correct tax is not withheld from his/her pension or paid directly by the annuitant on a quarterly basis.

GOVERNMENT PENSION OFFSET DEADLINE NEARS

December 1, 1982 is still the deadline for exemption from the government offset of Social Security pensions. Teachers who are not eligible to retire until after the deadline, and plan to apply for a Social Security pension based upon their spouse's work record, will have that Social Security pension reduced dollar-for-dollar by the amount of their teacher's pension. Teachers who are eligible to retire before the deadline are exempt from the offset provision, provided they can prove the date of their teacher's pension eligibility. If you are eligible for exemption from the offset and are planning on a Social Security pension based upon your spouse's work record, you are urged to contact the Pension Office to receive a Letter of Eligibility for Retirement. This letter will provide the documentary proof that you will need when applying for Social Security. Further information can be obtained from the pamphlet "How Government Pension Offset May Effect You", available from the Pension Office, from your Pension Representative, or from the Social Security Administration.

In Washington, Rep. Claude Pepper continues to lead the fight for repeal of this measure. Letters of support for his efforts should be sent to: The Honorable Claude Pepper, 2239 Rayburn House Office Building, Washington, D. C. 20515.

FEDERAL PENSION ISSUES

Federal activity in a number of pension-related areas is expected in the next few months. Recently, Richard S. Williamson, Assistant to the President for Intergovernmental Affairs, announced that the President has decided to oppose PERISA/PEPPRA legislation. The PERISA/PEPPRA proposals, which would establish federal reporting, disclosure, and fiduciary standards for the pension plans of state and local governments, were opposed by the Board of Trustees in a resolution dated June 11, 1981. President Reagan's opposition to PERISA/PEPPRA is most welcome and encouraging.

It is increasingly likely that a lame duck session of Congress dealing with Social Security issues will be held in November or December. This time period would coincide with the presentation of the recommendations of the National Commission on Social Security Reform. During this session, every aspect of the Social Security program is likely to be scrutinized, and the issue of mandatory Social Security for government employees is again likely to be raised.

PENSION OFFICE SPEAKERS SERVICE

Teachers are reminded of a long-standing policy of the Board of Trustees to send a speaker from the Pension Office to give a presentation at your school. He can outline pension benefits, explain procedures, or present current pension-related legislation to your school's teaching staff. Arrangements can be made through your Pension Representative.

BOARD OF TRUSTEES

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