

Public School Teachers' Pension and Retirement Fund of Chicago

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PENSION NEWS

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PRESIDENT'S REPORT

Mary Sharon Reilly, President of the Board of Trustees, filed this message to all contributors and beneficiaries in October.

Dear Fellow Members: It is a distinct privilege to chair the Pension Board as the Fund approaches its 100th birthday on September 1, 1995. Since taking the Chair in December 1993, I have learned much in a short time. Since becoming a trustee, I have seen the most extensive changes in the Fund's first century. In this, my first report to you in the regular newsletter, we list some of these developments. **Expanded Meeting Times.** For improved efficiency, the trustees changed their 3:30 p.m. meetings to 9 a.m., resulting in a full day's work for trustees at every meeting. What do we do during those eight to ten hours? Here are just a few trustee responsibilities. **Professional Money Managers.** Since 1991, the Fund has hired 22 firms that specialize in managing your investment assets to optimize the long term security of all members. **Performance Evaluation.** Our job is not done when we have hired an asset manager. We must watch carefully, month by month, quarter by quarter, and over the long term, to see that our managers are doing what they were hired to do and that it is working. We meet with all managers periodically to make sure that they are performing as expected. If they don't earn their expected returns for the Fund, swift action follows. **Asset Allocation.** Before we hire a specific manager, we must decide which assets to own: stocks, bonds, real estate, domestic and/or international assets, emerging markets, etc. Then we choose from the best possible managers available within each asset class. **Minority Representation.** In the last four years the Fund has established itself as a leader in minority, women, and emerging manager representation in its portfolio activities, including directed brokerage and manager searches.

Asset Value and Investment Returns. With a new investment consultant and new bank custodian, the Fund marked its last audited financial statement with a market value of assets of **\$5.293 billion** with a yearly return of **16.01%**. This moved up to \$5.5 billion early this fiscal year, but retreated over the next two quarters of 1994 as securities markets dipped. During the ten year period ending 8/31/93, the Fund's total rate of return was **11.86%**. This return calculation is both time and dollar weighted.

Regarding **pension office administrative matters**, please make a note that the new office location is Room 1300, 55 W. Wacker Drive at Dearborn. Come in for a visit!

With the 1993 retirees, the pension fund office now sends **15,000** monthly pension checks, and, with the additional 5&5 retirees in 1994, this will grow to over **17,000**. The office also keeps accounts for all 50,000 members.

One of the "not-so-publicized" retirements at the Fund is our ten year old computer system. Our Prime Computer will be replaced by a new **IBM AS400** system with plans for improved efficiency and service. Incidentally, this new computer will be able to "talk" to the one at Pershing Road, expediting the exchange of payroll information between the Board of Education and the Fund's Benefits Department.

In my personal reviews of the office and its procedures, I see first-hand why your Fund has maintained its exemplary reputation for accuracy, service, and efficiency. Did you know that we have approximately the same number of office employees today as we had in 1969, when total assets were \$200 million?

On another matter, we must cite again how the defeat of further diversion of the **pension fund property tax** has encouraged us. This, along with possible automatic funding laws in the Illinois Legislature, makes for some increased assurance that the benefit promises made in Illinois law will be kept and all of our pensions will be paid in the future.

Pre-retirement Seminars. One of the projects for the upcoming year is to offer pre-retirement seminars to our members. These seminars will focus on completion of retirement forms, taxation of the annuity, health insurance, and post-retirement employment options. Benefits counselors from the Pension Office will conduct the sessions, walking you through the process. It will be a great opportunity for many of you to learn about many of these issues **BEFORE** you plan on retiring. As in the past, **the Fund will also send a speaker to your school** upon request. A video tape is available as well. Phone the Pension Office at 312-641-4464.

NEW OFFICE HOURS

The trustees immediately opened the Pension Office on extended daily hours and school year Saturdays (trial basis) in November. Let us know how you like these new hours.

Daily 7:30 to 5:00 **Saturday 9 to 1**
(year round) **(School year)**

Taxes. Annuitants who want to change their federal tax withholding should write to the Pension Office to request a Tax Withholding Certificate. If you do not have enough tax withheld from your pension to "pay-as-you-go", you may be required to pay estimated taxes. Furthermore, **you may incur federal tax penalties** if your withholding and/or estimated payments are insufficient.

As you know, for years the Trustees have struggled with the **high cost of retiree health insurance**. The Fund may now expend up to \$25 million per year in health insurance premium rebates, although that amount may mean less and less each year if insurance premiums continue to rise. September 1993 through August 1994 will be the first year the Trustees' "cap" on rebates will be enforced. With some geographical exceptions, where no managed care plan is offered, pensioners will be limited to an annual rebate of \$5,310 for the year. Managed care plans now available to pensioners are as follows: Chicago HMO (1-800-622-8000), Humana Michael Reese (312-831-4300), Rush-Prudential Health Plans (1-800-RUSH-PRU), and HMO Illinois (1-800-772-6897). The regular Blue Cross number is 1-312-938-0107.

Mary Sharon Reilly

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