



Chicago Teachers' Pension Fund

Chicago, Illinois

128TH
Popular Annual
Financial Report



2023

For the years ended June 30, 2023 and 2022

MESSAGE

We look forward to continuing to **CREATE LASTING INITIATIVES** that will bring **POSITIVE CHANGE** for the Fund and **ENHANCE** the **CURRENT** and **FUTURE ECONOMIC WELL BEING** of our members.



Each year, CTPF documents its financial position in the form of a Annual Comprehensive Financial Report (ACFR), which includes audited financial statements and a complete financial picture of CTPF. This *Popular Annual Financial Report* (PAFR) summarizes the major activities for the fiscal year ended June 30, 2023, our 128th continuous year of operation, as reported in the ACFR, and provides insights into the history of CTPF's pension funding, our commitment to diversity, and our member demographics.

Carlton W. Lenoir Sr.

Carlton W. Lenoir, Sr.
Executive Director

2023 ACFR HIGHLIGHTS

The *Popular Annual Financial Report* (PAFR) summarizes the 128th *Annual Comprehensive Financial Report* (ACFR) of the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF) for the fiscal year ended June 30, 2023, offering a snapshot of CTPF and its operations for the fiscal year. The full 2023 *Annual Comprehensive Financial Report* is available at ctpf.org.



FINANCIAL

At the close of the 2023 Fiscal Year, CTPF had \$12.1 billion in assets and paid members \$1.6 billion in service retirement, disability, refunds, and survivor benefits, and an additional \$67.7 million for health care benefits. CTPF received total contributions of \$1.1 billion from the tax levy, employee contributions, the Employer (CPS), and the State of Illinois.

The funded ratio based on actuarial value of assets increased to 47.2% in fiscal year 2023 from 46.8% in fiscal year 2022. The increase is due to favorable investment returns for fiscal year ended June 30, 2023. See the Financial section of the ACFR (*page 20*), for more detailed information on the:

- Independent Auditor's Report
- Statement of Fiduciary Net Position
- Schedule of Changes in Employer's Net Pension Liability
- Schedule of Employer's Contribution
- Actuarial Methods and Assumptions

INVESTMENTS

Investment returns in fiscal year 2023 exceeded the benchmarks. This was reflective of the Fund's longer-term experience. Overall, investment returns continued to outperform benchmarks, similar to the previous fiscal year. The time-weighted investment gross return rate for fiscal year 2023 was 9.05% while fiscal year 2022 and 2021 gross returns were (8.5%) and 29.15%, respectively. See the Investments section of the ACFR (*page 66*) for the following detailed reports and summaries:

- Master Custodian Reports
- Investment Consultant Reports
- Total Annual Fund Rate of Return
- Investment Portfolio Summary
- Broker Commission Reports

ACTUARIAL

Every year an actuarial valuation is performed to determine the amount of required contributions from the Board of Education and the State of Illinois in accordance with the Illinois Compiled Statutes (Public Act 89-15). CTPF employed Gabriel, Roeder, Smith & Company to produce the 2023 actuarial valuation. The fiscal year 2024 Board of Education and State of Illinois required contributions required contribution is \$1,023 million. In accordance with Public

Acts 099-0521 and 100-0465, portions of the Board of Education's required contribution are expected to be paid from the property tax levy, other Board of Education revenues, and the State of Illinois. The Actuarial section of the ACFR (*page 92*), includes the following detailed information:

- Summary of the Actuarial Valuation
- Actuarial Determinations and Projections
- Fund Assets
- Participant Data
- Actuarial Methods and Assumptions

STATISTICAL

The Statistical section includes 10-year historical financial information and statistical information about participating members, annuitants, and the benefits paid to them. See the Statistical section of the ACFR (*page 144*) for the following additional detailed information:

- Statement of Changes in Fiduciary Net Position
- Distribution of Current Annuitants by Benefit Type
- Schedule of Average Benefit Payments
- Number of Active Members

FISCAL YEAR 2023 REVIEW



FINANCIAL REVIEW

CTPF's two basic financial statements are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Statement of Fiduciary Net Position is a measure of CTPF's assets and liabilities at the close of the fiscal year. Total assets less liabilities equals net position restricted for benefits. Fiduciary net position was \$12.1 billion in 2023, up from \$11.8 billion at June 30, 2022.

The Statement of Changes in Fiduciary Net Position shows revenues (additions) and expenses (deductions) for the fiscal year. The net increase (or decrease) is the change in net assets available for benefits since the end of the previous fiscal year. Additions to fiduciary net position, which are needed to finance statutory benefit obligations, come from public sources such as state appropriations, employer and employee contributions, net earnings on investments, and miscellaneous sources. For the year ended June 30, 2023, total additions totalled \$2.05 billion compared to \$45 million in 2022.

CONDENSED STATEMENT OF FIDUCIARY NET POSITION*

As of June 30, 2023, with comparative totals for 2022

	2023	2022
Cash and cash equivalents	\$ 3,280,442	\$ 2,290,096
Receivables	343,865,340	409,183,615
Investments, at fair value	11,921,698,762	11,611,814,115
Securities lending collateral	801,112,438	895,171,463
Capital assets, net of accumulated depreciation	619,661	892,772
Prepaid expense	1,333,038	1,006,691
Total assets	13,071,909,681	12,920,358,752
Total liabilities	953,416,485	1,155,416,871
Net position restricted for benefits	\$ 12,118,493,196	\$ 11,764,941,881

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*

For the year ended June 30, 2023, with comparative totals for 2022

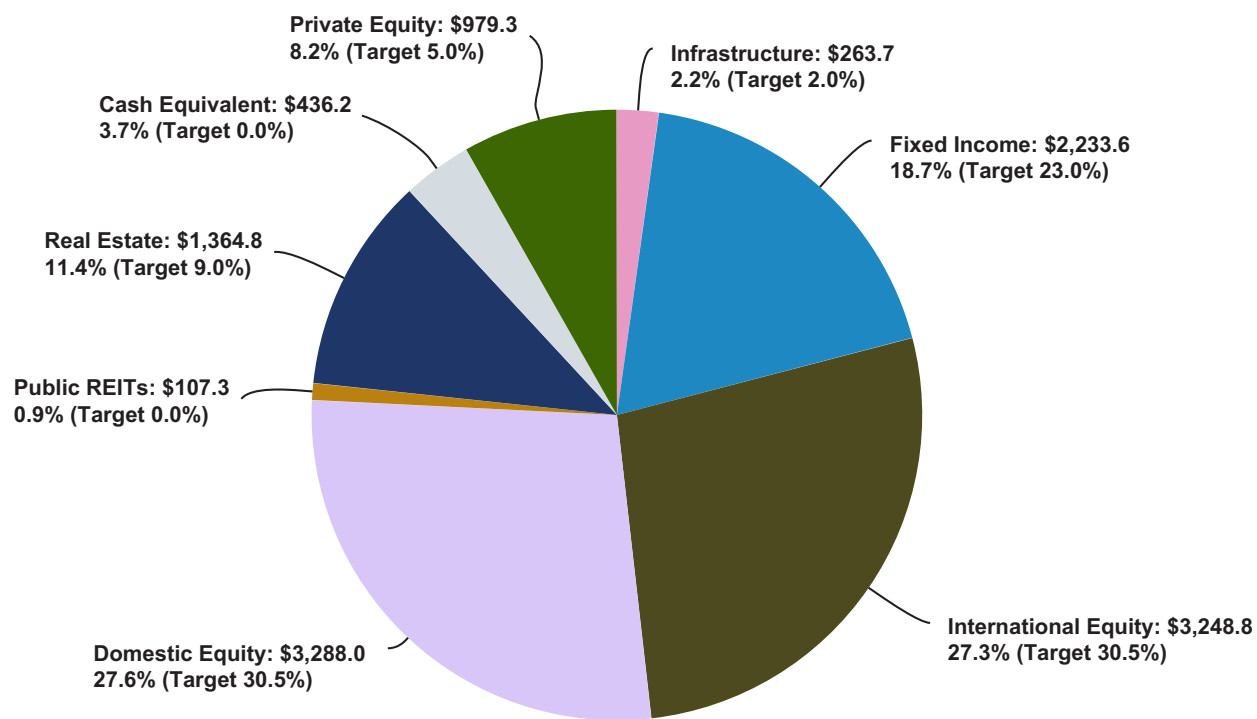
	2023	2022
Contributions	\$ 1,100,384,409	\$ 1,166,318,463
Investment income	942,748,650	(1,125,306,444)
Interest on late required contribution payments	8,529,706	4,082,944
Miscellaneous	503,225	337,453
Total additions	2,052,165,990	45,432,416
Pension benefits	1,575,361,180	1,543,936,297
Refunds	24,024,295	21,506,750
2.2 Legislative refunds	715,178	349,346
Refund of insurance premiums	67,740,795	61,286,124
Death benefits	4,909,444	4,154,352
Administrative and miscellaneous expenses	25,863,783	22,299,258
Total deductions	\$ 1,698,614,675	\$ 1,653,532,127
Net increase (decrease)	353,551,315	(1,608,099,711)
Net assets held in trust for benefits:		
Beginning of year	11,764,941,881	13,373,041,592
End of year	\$ 12,118,493,196	\$ 11,764,941,881

* Readers can find complete financial statements on pages 33 and 34 of the *Annual Comprehensive Financial Report*, available at ctpf.org.

INVESTMENT REVIEW

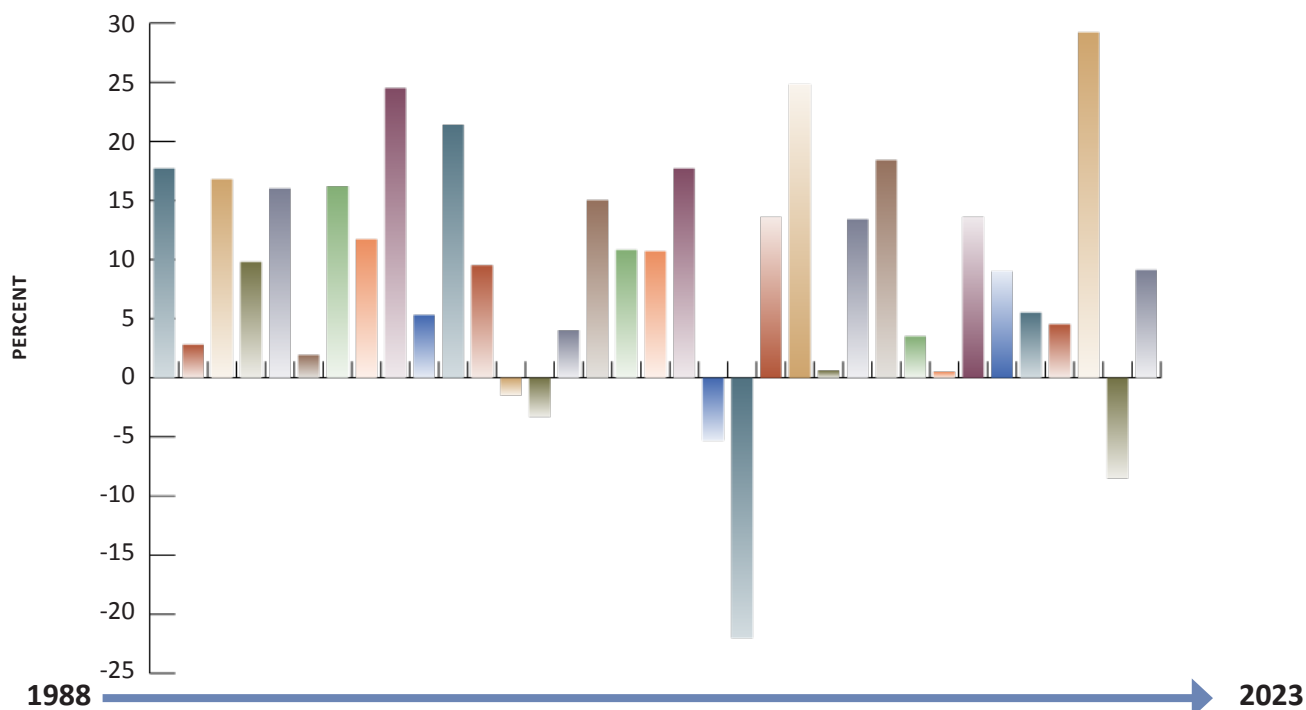
CTPF's investment rate of return for Fiscal Year 2023 was 9.1%. CTPF maintained a diversified portfolio consisting of equities (*domestic and international*), fixed income, real assets, and infrastructure. CTPF continued to attempt to maximize investment performance while maintaining acceptable levels of risk.

ASSET ALLOCATION SUMMARY AS OF JUNE 30, 2023 | IN MILLIONS OF DOLLARS



*Note: Percentage indicates actual category weight as a percentage of the entire portfolio. Public REIT exposure is provided for informational purpose only. CTPF does not have a separate target allocation to Public REITs.

CTPF ANNUALIZED RATE OF RETURN 1988-2023 | 35-YEAR COMPOUND ANNUAL GROWTH RATE 8.6%

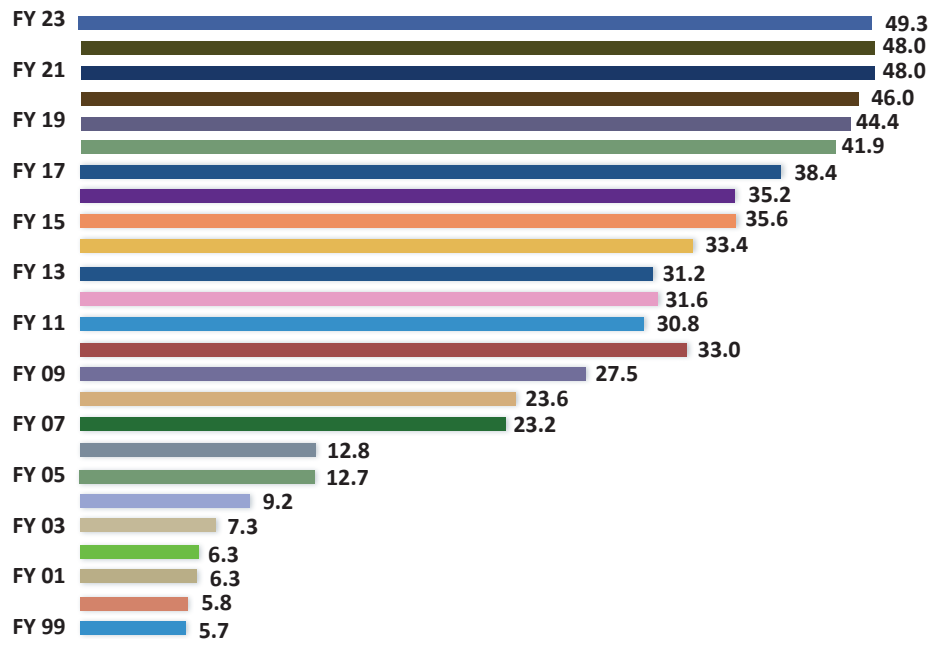


COMMITMENT TO DIVERSITY

Since the 1990s, CTPF has been at the forefront of pension and retirement systems throughout the United States, ensuring that minorities, women, and persons with disabilities (MWDBE) have access to the many opportunities to conduct business with CTPF. The CTPF Board of Trustees supports policies which encourage diversity and equality among our employees, vendors, and investment professionals. CTPF invested \$5.9 billion, approximately 49.3% of total fund assets, with MWDBE firms in Fiscal Year 2023.

CTPF has seen dramatic growth in MWDBE investments since the early 1990s when commitment to diversity within its portfolio was first formalized. Annually since 2007, the Fund has exceeded the goal of investing 20% of Fund assets with MWDBE firms.

TOTAL MWDBE INVESTMENT % GROWTH SINCE 1999



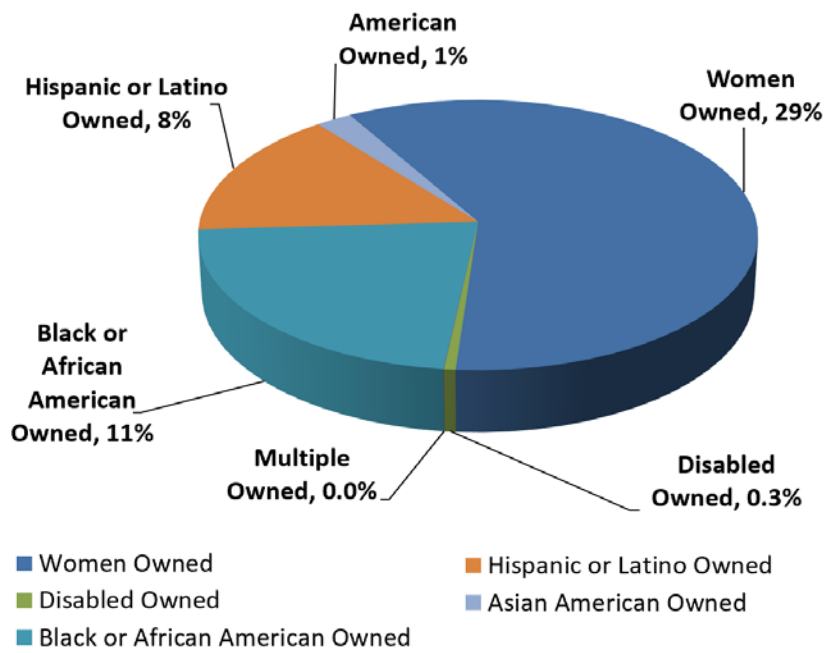
* Learn more about our commitment to diversity by reading our 2023 Diversity Report, available at ctpf.org.



TOTAL FUND BREAKDOWN BY MWDBE CLASSIFICATION*

A breakdown of assets by classification as of June 30, 2023, includes:

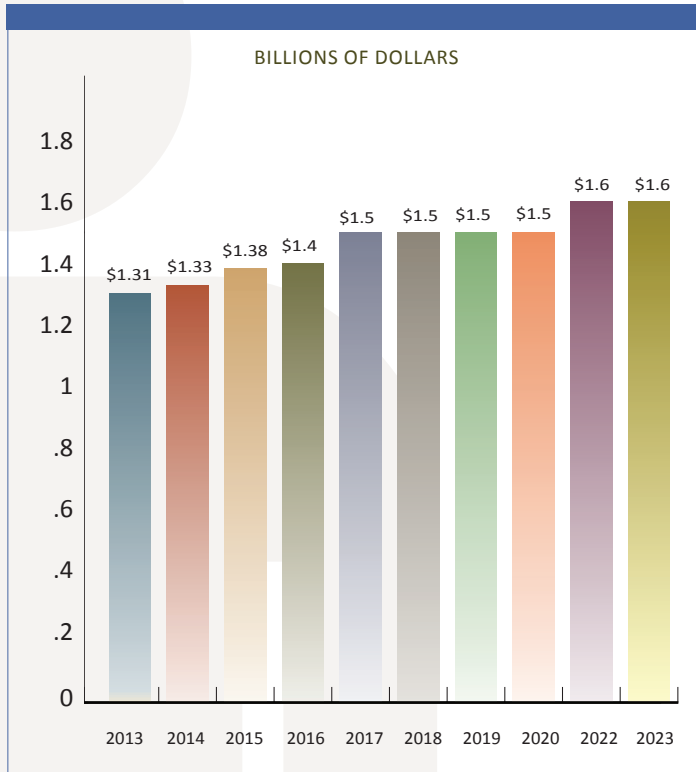
- \$3.49B managed by Women-owned firms
- \$1.31B managed by African American owned firms
- \$894.6M managed by Latino-owned firms
- \$134.6M managed by Asian American owned firms
- \$35.5M managed by Disability-owned firms
- \$1.5M managed by Multiple Minority-owned firms



MEMBER DEMOGRAPHICS

CTPF membership totals more than 94,000 members. The total includes 31,824 active contributing members, 6,947 vested, inactive members entitled to an annuity, 26,630 inactive, non-vested members, and 27,474 annuitants.

PENSION BENEFITS PAID*



CTPF paid \$1.6 billion in pension benefits to annuitants in 2023. Pension benefit payments have increased 22.0% in the past 10 years, up from \$1.31 billion in 2013.

* Benefit payments include pension benefits, refunds, and death benefits.

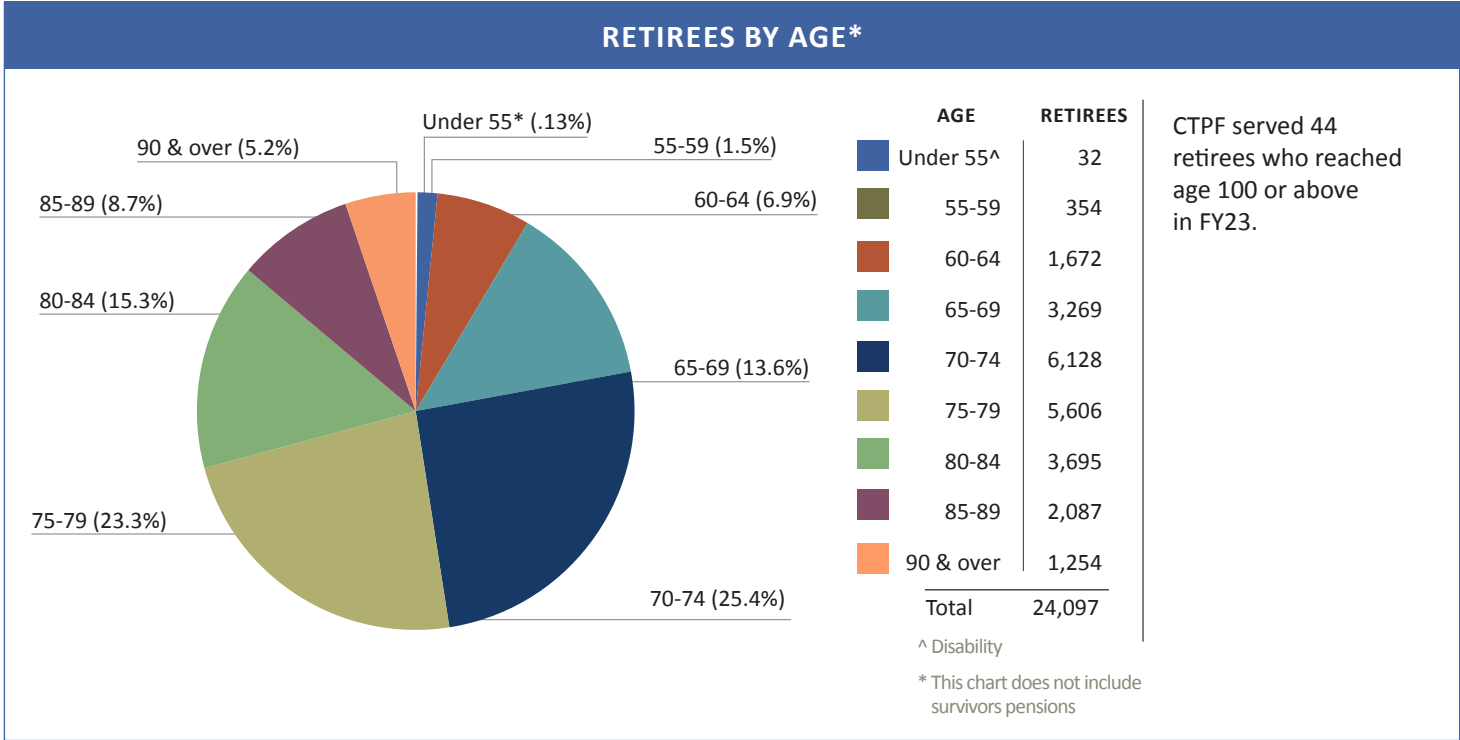
NUMBER OF RETIREES & BENEFICIARIES & AVERAGE PENSION

FISCAL YEAR	RETIREES AND BENEFICIARIES	AVERAGE PENSION
2019	28,317	51,878
2020	28,015	53,141
2021	27,610	54,546
2022	27,638	55,902
2023	27,474	57,323

SUMMARY OF ACTIVE MEMBERSHIP

	JUNE 30, 2023	JUNE 30, 2022
Total Active Members	31,824	31,261
Average Age	42.9	42.6
Average Service	11.1	11.1
Average Annual Salary	\$ 83,262	\$ 80,681
Total Active Vested Participants	16,375	16,302
Male Members	7,657	7,440
Female Members	24,167	23,821
Tier 1 Members	16,193	16,811
Tier 2 Members	15,631	14,450

Retired CTPF members make an immeasurable impact as consumers, taxpayers, and contributors to the local communities. About 91% of all CTPF members including 83% of annuitants, live in Illinois. CTPF members spend their pension payments close to home, supporting their communities and continuing to shape Illinois and Chicago long after ending their service with the Chicago Public Schools.



REDEFINING RETIREMENT: MEET DR. JANICE FORTMAN

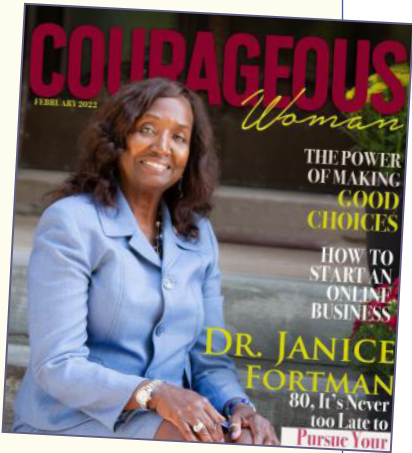
CTPF’s retired members continue to make an impact on their communities, enriching and building upon the work they began during their careers. CTPF highlights these contributions through its cfeatures which appear on social media and on the Fund’s website.

Chicago Public School (CPS) retiree Dr. Janice Fortman started her career in 1976. Throughout her 31-years with CPS, she taught at various schools around Chicago and worked at CPS’ central office before retiring in 2007. In retirement, Dr. Fortman uses what she learned in her career to offer guidance to others.

Dr. Fortman has written two books and contributed to a third. “I have always loved to write, and what better way to offer what you have learned and experienced to others?” said Dr. Fortman. Aside from offering helpful advice in her books, Dr. Fortman started a relationship coaching business. Her business coach told her that she was skilled in transforming relationships. She took her skills and turned them into a podcast/TV show.

In addition to her many successes in retirement, Dr. Fortman was selected as Ms. Senior Illinois America 2022. “I was talked into being a contestant by my friends. They felt that because I was still pursuing my passions and challenging myself at the age of 80, I would make a great contestant, she said. When they called my name at the end of the competition, I was shocked! It was a very exciting and humbling experience.”

Dr. Fortman is Redefining Retirement by not letting her age stop her from doing what she loves. She encourages other retirees to not retire from life. “There is still so much to pursue. Do you still have dreams and aspirations? My advice is to go for it, don’t leave this life with regrets!”



Are you redefining retirement? Let us know by contacting communications@ctpf.org with your information and we may contact you for a feature.

CTPF FUNDING HISTORY

Established in 1895, the Chicago Teachers' Pension Fund has provided secure and stable retirements for teachers, administrators, and public school personnel, and has served as an economic engine for the City of Chicago and State of Illinois for more than 125 years.



Recent legislation corrected long-standing funding shortfalls. Illinois law specifies that funding for Chicago teachers' pensions shall be a combination of employer contributions, state appropriations, employee contributions, and earnings on investments (40 ILCS 5/17-127).

Prior to 1995, CTPF was funded through the City of Chicago tax levy. A funding crisis at the Chicago Public Schools in the mid-1990s fundamentally changed the structure of pension funding.

CPS administrators in need of operating revenue supported legislation, enacted in 1995, which allowed the school district to use money earmarked for pensions (the tax levy) for operating costs.

As a component of the 1995 agreement, the State agreed to formalize a long-standing practice of making an annual contribution to CTPF: "The General Assembly finds that for many years the State has contributed to the Fund an annual amount that is between 20% and 30% of the amount of the annual State contribution to the

Article 16 Teachers' Retirement System of the State of Illinois (TRS), and the General Assembly declares that it is its goal and intention to continue this level of contribution to the Fund in the future." (40 ILCS 5/17-127).

The State of Illinois did not appropriate funds consistent with its goal and intent. Instead, between 1995 and 2016, State funding for CTPF dropped to less than 1% of the funding provided to downstate/suburban teacher pensions (TRS).

During this same period, CTPF lost an additional \$3.2 billion in revenue from its employer. From 1996 through 2005 and 2011 to 2013 the employer deprived CTPF of critical revenue and the opportunity to benefit from additional investment returns. Lacking stable sources of revenue, CTPF liquidated assets and relied on investment earnings to pay pension obligations.

Decades of concern from CTPF members and a funded ratio dipping below 50% demonstrated the critical

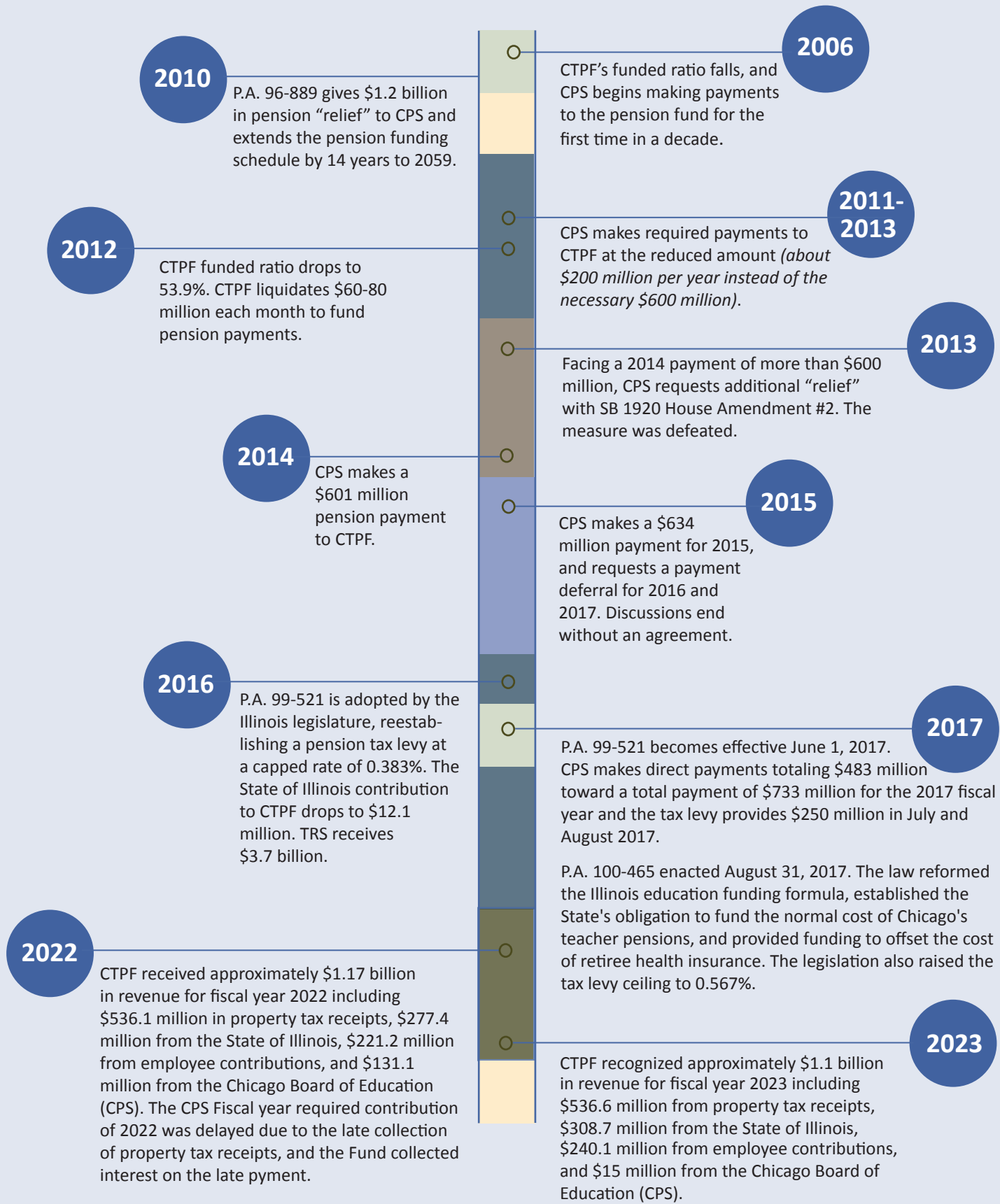
need for change. Improvements began when legislation signed in 2016 (Public Act 99-521) reestablished the CTPF tax levy. The levy, initially capped at 0.383% of Chicago's property value, sent revenue directly to CTPF. Collected for the first time in Fiscal Year 2017, the levy generated approximately \$250 million toward CPS's \$733 million contribution for Fiscal Year 2017.

Additional legislation signed on August 31, 2017, (Public Act 100-465), reformed the Illinois education funding formula, established the State's obligation to fund the normal cost of Chicago's teacher pensions, and provided funding to offset the cost of retiree health insurance. The 2017 legislation also increased the ceiling for the tax levy to 0.567%.

CTPF now has a solid path of diverse, stable, and equitable funding, ensuring that Chicago's educators can retire with dignity and security.



PENSION FUNDING THROUGH THE YEARS



CTPF BY THE NUMBERS

MISSION

To provide, protect, and enhance the present and future economic well being of members, pensioners and beneficiaries through efficient and effective management of benefit programs, investment practices and customer service, and to commit to earning and keeping the respect and trust of the participants through quality service and by protecting retirement benefits, in compliance with applicable laws and standards.

VISION

A premier retirement system, modeling diversity, equity and inclusion, consistently achieving top decile risk-adjusted returns and highly rated by our members for customer service excellence.

ESTABLISHED IN
1895



CTPF IS THE OLDEST PUBLIC PENSION FUND IN ILLINOIS & IS THE SECOND OLDEST IN THE NATION



31,824
ACTIVE MEMBERS



27,474
ANNUITANTS



9% IS CONTRIBUTED BY CTPF MEMBERS FOR THEIR RETIREMENT PENSIONS

— **vs.** —

6.2% IS CONTRIBUTED BY MOST AMERICANS FOR SOCIAL SECURITY RETIREMENT



CTPF MADE
\$1.6 BILLION
IN PAYMENTS TO MEMBERS
IN 2023



TRUST • INTEGRITY • STABILITY

CTPF is a member-focused organization, and every year we strive to provide exceptional customer service.

Here is a snapshot of highlights from Fiscal Year 2023*



71,821

MEMBER CALLS &
INQUIRIES RECEIVED
& ANSWERED



713

1:1 ONLINE CONSULTATIONS
WITH MEMBERS



18,304

MEMBER EMAILS
RECEIVED & ANSWERED



739

MEMBERS SERVED
AT RETIREMENT WEBINARS



400+

MEMBERS ASSISTED DURING HEALTH
INSURANCE OPEN ENROLLMENT WEBINARS

31,824 ACTIVE MEMBERS CONTRIBUTE TO CTPF

Active members include teachers, administrators, other certified individuals, and CTPF staff.

- 76% of active members are women.
- The averages for active members: age 42.9, 11.1 years of service, and annual salary of \$83,262 for 2023.
- Active members contribute 9% of their salary to the pension fund every pay period during employment.

ADDITIONAL MEMBERS

6,947 Inactive Vested Members

27,834 Inactive Non-Vested Members

27,474 ANNUITANTS RECEIVE CTPF PENSIONS

23,672 Retirees

3,377 Survivors

425 Disability

- CTPF members do not make contributions to Social Security during employment.
- CTPF paid out \$1.6 billion in pension benefits in 2023.
- The average annual benefit in 2023 was \$55,546.
- The average age for retirees was 76.1 in 2023.

HEALTH INSURANCE

- CTPF offers group health insurance coverage for members who must pay for health insurance when they retire.
- CTPF offers a subsidy to help pay for the cost of retiree health insurance. The subsidy was 60% in 2023.

FUNDED RATIO

- CTPF's funded ratio based on actuarial value of assets as of June 30, 2023, was 47.2%.

*Fiscal Year 2023 runs from July 1, 2022, to June 30, 2023.

BOARD OF TRUSTEES

As of January 1, 2024

Jeffery Blackwell
President

Jacquelyn Price Ward
Vice President

Paula S. Barajas

Jerry Travlos

Quentin S. Washington

Mary Sharon Reilly
Financial Secretary

Lois Nelson
Recording Secretary

Victor Ochoa

Tammie F. Vinson

Tanya D. Woods

Maria J. Rodriguez

Chicago Teachers' Pension Fund | 425 S. Financial Place | Suite 1400 | Chicago, Illinois 60605-1000

312.641.4464 | 312.641.7185 Fax | www.ctpf.org

