

Life Plans



YOUR RETIREMENT FROM TEACHING

Depending on your stage in life, retirement may be on the horizon or may still seem remote. In either case, careful planning helps ensure that you and your family receive the maximum pension benefit from the Chicago Teachers' Pension Fund.

Life Plans

YOUR RETIREMENT



The Chicago Teachers' Pension Fund (CTPF) is a defined-benefit retirement plan. This plan provides a lifetime retirement pension to vested members who meet minimum age and service requirements.

Unlike many other investments, your pension cannot lose value and does not fluctuate with market conditions.

This brochure provides essential information about your retirement pension – including the features of your pension, items you need to consider, and your responsibilities as a CTPF member.

CTPF PENSION BENEFITS

Your CTPF pension:

- is paid throughout your lifetime
- may increase annually
- includes an early retirement option
- may be combined with service credit from other Illinois Reciprocal Retirement Systems to increase your benefit
- offers survivor pensions and death benefits



Benefits Available for Parties to a Civil Union

Effective June 1, 2011, all pension benefits previously made available to a married person and his or her spouse, are now benefits available to the parties to a civil union. Parties to a civil union may be same- or opposite-sex couples.

Wherever in this or any Chicago Teachers' Pension Fund (CTPF) publication or communication the word spouse, survivor, family, immediate family, dependent, next of kin, or any words that denote the spousal relationship are used, those words mean and include a party to a civil union.

If you have questions about CTPF benefits for parties to a civil union, please contact Member Services at 312.641.4464.



BENEFIT TIERS

In January 2011, the Illinois legislature established a two-tier benefit system. Members who joined CTPF or a qualified reciprocal system* prior to January 1, 2011, are in Tier 1. Members who join the fund on or after January 1, 2011, are in Tier 2.

The formula used to calculate pensions is the same for both tiers, but vesting requirements, retirement age, and final average salary calculation are different. In addition, the salary used in the calculation of a pension is capped for Tier 2.

The chart on pages 6-7 illustrates the benefits for each tier.

* See the brochure *Reciprocity and Your retirement for a list of reciprocal systems*



This chart summarizes the benefits for Tier 1 and Tier 2 employees:

Benefit	Tier 1: Members who joined CTPF or a qualified reciprocal system before 01/01/2011	Tier 2: Members who join CTPF on or after 01/01/2011
Retirement age for a pension without a reduction	62 with 5 years of service 60 with at least 20 years of service 55 with at least 33.95 years of service	67 with 10 years of service
Earliest retirement age for a reduced pension	55 with a minimum of 20 years of service	62 with 10 years of service
Final Average Salary calculation	Average of 4 highest years in the 10 preceding retirement	Average of 8 highest years in the 10 preceding retirement
Pensionable Earnings Cap	None	Final average salary used to calculate pensions capped at \$106,800 in 2011. The cap increases by 3% or one-half of the increase in Consumer Price Index (CPI) for the preceding year
Cost of Living Increase	3% of pension compounded annually, beginning one year after retirement, or at age 61, whichever occurs later	3% or one-half the increase in the CPI for the preceding year, beginning one year after retirement or at age 67, whichever occurs later. If the CPI does not increase or goes down, pension does not increase. The increase amount is based on the original pension amount, not the compounded pension.
Surviving Spouse/Civil Union Partner Annuity	Survivors of retired members: 50% of the retired member's retirement annuity; surviving spouse/partner must be age 50 or have surviving minor children Survivors of unretired members, 50% of the pension the member would have received, or 30% of average salary, whichever is greater. The unretired member must have earned at least 1½ years of service for survivors to receive a pension.	Survivors of retired members: 66 ⅔% of the retired member's pension at date of death; surviving spouse/partner must be age 50 or have surviving minor children Survivors of unretired members: 66 ⅔% of the earned annuity of the unretired member. The active member must have earned at least 1½ years of service for survivors to receive a pension.



DISABILITY BENEFITS

There are two types of disability benefits available to CTPF members.

DUTY DISABILITY BENEFIT

A duty disability benefit is available to contributors who become wholly and permanently incapacitated as the result of injuries sustained or a hazardous condition encountered in the performance of one's job. The contributor must be under age 65, and the injury must not have been the result of the contributor's own negligence.

DISABILITY RETIREMENT PENSION

A disability retirement pension is available to contributors with a minimum of 10 years of service who become wholly and permanently incapacitated for duty as a result of illness or injury not related to the performance of one's duties.

DEFERRED PENSION

If you have vested for a CTPF pension when you terminate your service, but have not reached the required age for retirement, you may defer your pension. Find more information in the CTPF brochure, *Managing Your Pension Assets*.

ESTIMATING YOUR RETIREMENT PENSION

NORMAL RETIREMENT

Your normal retirement pension will be determined with the following formula. These examples assume the member has upgraded or is qualified for the 2.2 option.

A = the pension percentage (2.2%) x service credit,
(to a maximum of 75%)

B = Final average salary (FAS) ¹

A x B = annual unreduced pension

EARLY RETIREMENT

If you qualify for early retirement with a reduced pension, your pension will be determined as follows:

A = the pension percentage (2.2)% x service credit,
(to a maximum of 75%)

B = FAS ¹

C = reduction factor equal to ½ of 1% for each
month under the age of 60

A x B x (1 - C) = annual reduced pension

¹ See the chart on pages 4-5 for information about calculating FAS and salary caps for Tier 2 members.



ITEMS TO CONSIDER

2.2 UPGRADE OPTION

Members who earned service credit prior to July 1998, may increase their pension by applying for the 2.2 Upgrade Option.

Service credit earned before July 1998 may be calculated using lower pension factors. When upgraded, the 2.2% factor is used for all your CTPF service credit and your pension increases.

PAYING FOR THE UPGRADE OPTION

The upgrade must be purchased. The cost to purchase the upgrade is based on your highest annual salary in the 4 years prior to the year in which you apply for the upgrade, multiplied by 1% for each year of service. The cost is capped at 20 years.

You must upgrade all of your service credit earned before July 1, 1998, including any purchased service.

Your cost may be reduced. For every 3 years of service credit earned after July 1, 1998, the cost to upgrade is reduced by 1 year.

Eligible members who retire with 30 or more years of CTPF service credit receive the upgrade at no cost.

Find more information about upgrade options by referring to the brochure *Understanding the 2.2 Upgrade Option* or by contacting Member Services.

MAXIMIZING YOUR SERVICE CREDIT

There are a number of ways to increase your pension.

OPTIONAL SERVICE

You may be eligible to purchase service credit for certain periods, including employer-approved leaves of absence, the economic layoff during the 1975-1976 school year, military service with the U.S. armed forces, previous CTPF membership for which you received a refund of contributions, or teaching service in a public elementary or high school in another state. For further information request the brochure *Understanding Optional Service* or contact Member Services.

RECIPROCAL SERVICE

If you have at least one year of service credit in another Illinois Reciprocal Retirement System, you may benefit from provisions that allow the combination of service credits from your entire Illinois public employment. These provisions may even be beneficial if you earned service credit in one of the Retirement Systems and withdrew the funds. Find out more about your options from the brochure *Understanding Reciprocal Service* or contact Member Services.

UNUSED SICK DAYS

At retirement, members may convert their unused sick days to CTPF service credit for the purpose of calculating a pension. Eighteen sick days equal one month of service credit and a maximum of 244 sick days may be converted to service credit at retirement.

THE RETIREMENT PROCESS

WHEN TO APPLY

At least six months prior to your expected retirement date, contact CTPF Member Services and request a Retirement Application Packet, or download one at www.ctpf.org. Complete the packet and submit it to CTPF at least 90 days prior to your retirement date.

Once CTPF receives your application, it will be reviewed and you will be notified of any additional required documents or information.

PENSION ESTIMATES

Members may request a pension estimate at any time from CTPF Member Services.

REQUIRED DOCUMENTATION

The Retirement Application requires the following supporting documents when applicable (photocopies acceptable):

- a birth certificate or current passport
- photo identification (driver's license, state ID, or passport)
- proof of your Social Security number
- if married or united in a civil union, your spouse's birth certificate or current passport and your marriage/civil union license
- if divorced, your divorce decree
- if widowed, a copy of your spouse/partner's death certificate
- if you or your spouse is age 65 or over, a copy of your Medicare card for parts A and B or the entitlement letter from Medicare

INFORM YOUR EMPLOYER

In addition to submitting your Retirement Application to CTPF, you must resign from your employer. Contact your employer to begin the resignation process.

If you are retiring under the provisions of the Illinois Reciprocal Act, you must apply for retirement with each system separately.

Once your employer confirms your resignation, CTPF will process your retirement application.

WHERE TO GET HELP

INDIVIDUAL COUNSELING

CTPF offers individual retirement counseling sessions. During a counseling appointment, a Member Services counselor will review your record and discuss your retirement options.

Schedule a counseling appointment at least six months prior to your retirement.

RETIREMENT SEMINARS

Members nearing retirement may benefit from attending a CTPF Retirement Seminar. These seminars provide information on the retirement process and offer help completing the Retirement Application. Seminar dates can be found on the CTPF website.

PENSION PAYMENTS

Your initial payment will be a preliminary pension benefit, based on the information available to CTPF at the time your retirement is processed. When CTPF receives final wage records from your employer, your pension will be finalized and you will receive any additional payments due to you.

Pensions are paid in advance at the beginning of each month. The pension payment schedule is posted at www.ctpf.org.

DIRECT DEPOSIT

The most secure and cost-effective way to receive your pension payment is through direct deposit. CTPF strongly encourages members to choose direct deposit. A Direct Deposit Authorization form is included with the Retirement Application.

1099-R FORMS

All retirees receive the 1099-R form that reports pension income and tax withholding information to the IRS. A copy is mailed no later than January 31 each year. Contact Member Services if you do not receive this form by the end of February.

CHANGES TO TAX WITHHOLDING

Changes to your tax withholding can be made at any time by submitting a new tax withholding form, W-4P, to CTPF. Your W-4P form must be in the CTPF office by the 15th of the month for the change to be applied to the following month's pension check. You may download the form at www.ctpf.org or call Member Services to request one.



AUTOMATIC ANNUAL INCREASE (AAI)

TIER 1

If you are a Tier 1 employee, your gross annuity amount will increase by 3% each January 1 after you reach your eligibility date. Your eligibility date is the first anniversary of your retirement or the date you turn age 61, whichever is later.

TIER 2

If you are a Tier 2 employee, your gross annuity will increase by 3% or one-half the increase in the Consumer Price Index for the preceding year, beginning one year after retirement or at age 67, whichever occurs later. If the CPI does not increase or goes down, the pension does not increase.

HEALTH INSURANCE BENEFITS

CTPF offers health insurance benefits to retirees, dependents, and survivors if the retiree's final teaching service is with the Chicago Public or Charter Schools. CTPF offers the following types of plans:

- Non-Medicare plans for retirees who do not qualify for Medicare
- Medicare supplemental plans for retirees who maintain enrollment in Medicare Part A and B.

MORE INFORMATION

Specific information about all CTPF health insurance plans can be found in the brochure, *Understanding Post Retirement Health Insurance* and in the *Open Enrollment Health Insurance Handbook* available at www.ctpf.org or from Member Services.



SURVIVOR PENSIONS AND DEATH BENEFITS

CTPF provides survivor and death benefits which include:

- a survivor pension payable to a member's eligible spouse and/or eligible minor children
- a lump-sum death benefit payable to a member's designated beneficiaries or estate
- a refund of contributions, if available, payable to a member's designated beneficiaries or estate
- a reversionary pension option that provides a lifetime pension to any designated individual, upon the member's death. The reversionary pension is funded by a reduction in the member's base pension and must be established prior to the member's retirement.
- survivors may qualify for health insurance benefits



WHO RECEIVES BENEFITS

Survivor pensions are paid to a member's legal spouse or partner in a civil union and eligible minor children. Death benefits and any refund of contributions are paid to the individuals named on your Designation of Beneficiary form.

DESIGNATING A BENEFICIARY

Planning ahead and designating your beneficiaries ensures that the refund of contributions and death benefit are paid according to your wishes. Any person, trust, church, charity, or organization may be named a beneficiary. If you name more than one individual or organization, all share equally in the benefit unless you designate specific percentages.

It is important to keep your Designation of Beneficiary form current as life changes, including marriage, civil union, death, birth, or divorce, occur. You may change or name new beneficiaries at any time by submitting a new Designation of Beneficiary form to CTPF. The designation form must be on file in the CTPF office prior to the member's death.

Please Note: The only person who may sign and/or change a Designation of Beneficiary form is the CTPF member. A representative, including a power of attorney, guardian, conservator, trustee, or representative payee, cannot change or sign this form.

CONFIDENTIALITY

The information contained on your Designation of Beneficiary form is confidential and will not be disclosed to anyone. If you cannot locate a copy of your current form and/or cannot recall your named beneficiary, contact CTPF at 312.641.4464 to request a new designation form.

Find more information in the brochure *Understanding Survivor and Death Benefits* or by contacting Member Services.



RETURNING TO WORK

NON-CTPF EMPLOYERS

As a CTPF retiree, you may work for any non-CTPF employer without restriction.

CTPF COVERED EMPLOYMENT

CTPF retirees may return to work with a CTPF employer as long as the employment is part time, temporary, or non-contractual, without benefits. Make sure your employer understands your situation and your employment status is clearly defined.

SUSPENSION OF PENSIONS

If you do return to work in a full-time position for a CTPF-covered employer, your pension will be suspended. Your pension and retirement benefits will be recalculated when you again retire.

RECIPROCAL ACT EMPLOYERS

If you retired under the provisions of the Illinois Reciprocal System Retirement Act and return to work, you must check with each system to determine their reemployment rules. You must comply with the reemployment rules for all systems.

ADDITIONAL INFORMATION

ADDRESS CHANGES

It is important that you keep your address current with CTPF. Submit a Change of Address Notification form to CTPF or send a letter which includes the last four digits of your Social Security number and your complete old and new contact information. The letter must be signed by you or your legal representative. Obtain a form at www.ctpf.org or call Member Services.

LEGAL REPRESENTATIVE

You or the court may appoint a legal representative to act on your behalf. Your legal representative may direct CTPF regarding your pension payment and health insurance. A representative cannot, however, sign or change a designation of beneficiary form. See page 14 for more information.

Letters of office must comply with Illinois law and be submitted to CTPF.



ADDITIONAL RESOURCES

REGISTER FOR E-MAIL UPDATES

CTPF encourages all members to register for electronic updates at www.ctpf.org. Registered members receive monthly E-mail updates and periodic E-Lerts covering current topics or issues that may impact CTPF members.

CTPF WEBSITE

The website www.ctpf.org provides current news, important forms and information, and timely updates.

PENSION NEWS

The CTPF newsletter *Pension News* includes important information about your pension benefits.

OTHER INFORMATION

The organizations listed below provide additional information for CTPF retirees.

- **Retired Teachers Association of Chicago**
(RTAC), 312.939.3327
www.rtac.org
- **Chicago Teachers Union**
312.329.9100
www.ctunet.com
- **Chicago Principals & Administrators Assoc.**
312.263.7767
www.mycpaa.org
- **Centers for Medicare and Medicaid Services (CMS)**
1.800.MEDICARE
www.medicare.gov
- **Social Security**
1.800.772.1213
www.ssa.gov

CONTACT INFORMATION

Member Services

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