



PENSION E-LERT

March 28, 2018

Dear Member,

With the recent release of the [Chicago Tribune](#) editorial and story, CTPF has been receiving messages from members concerned about their pensions. CTPF has a stable funding plan which will bring our funded ratio up from the current 50.1% to 90.0% by 2059. Pensions for CTPF members are guaranteed, and CTPF has never missed a pension payment.

The *Tribune* highlights recent changes in the actuarial assumptions used to calculate payments owed to CTPF -- changes which lower the investment rate assumptions from 7.75% to 7.25%. These changes, recommended by the State of Illinois actuary, mean that the Fund's Trustees are taking a more conservative approach to ensure that the Employer makes adequate payments. CTPF Trustees have a stable, conservative, and responsible investment plan in place to guarantee the strongest stewardship of public funds. Additionally, our track record is excellent - as a long-term investor, CTPF has returned 8.7% over the past 35 years, exceeding our expected return of 7.25%.

The shortfall in CTPF funding stems from long-term policies which failed to provide adequate revenue for our Fund. Illinois law specifies that funding for pensions shall be a combination of employer contributions, state appropriations, employee contributions, and earnings on investments. A funding crisis at the Chicago Public Schools in the mid-1990s changed the structure of pension funding and eliminated the tax levy and employer contributions for nearly a decade. This pension "holiday" from 1996-2005 cost CTPF more than \$2 billion in funding. Additional legislation passed in 2010 granted the Employer an additional \$1.2 billion in relief. During this same period, the State did not uphold its commitment to CTPF.

Lacking revenue and the opportunity to invest that revenue, CTPF's funded ratio fell from 100.8% in 1999 to 49.5% in 2013. Decades of protest by CTPF members and a funded ratio below 50% demonstrated the critical need for change. Legislation passed in 2016 and 2017 reestablished the tax levy, 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. These changes help to correct mistakes of the past, and have set CTPF on a stable and sustainable path for the future.

CTPF is currently receiving the required funding to reach its target of being 90% funded by the year 2059.

Pensions provide secure and stable retirements for teachers, administrators, and public school personnel, and provide an economic engine for the City of Chicago and State of Illinois. Find additional financial information about the Fund in our [Comprehensive Annual Financial Report, www.ctpf.org](#).

- Chicago Teachers' Pension Fund

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CTPF will continue to share information at www.ctpf.org, on social media, in our E-Lerts and E-News.

