

Business Continuity Update

*Town Hall Webinar
May 27, 2020*



Chicago Teachers' Pension Fund



Today's Presenter



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CTPF Executive Director

Town Hall Webinar
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Business Continuity Update Town Hall

- Current State of Operations
- Finance and Investment Update
- Member Actions

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Current State of Operations

CTPF Today



One of 646 public pensions in Illinois
Oldest in Illinois (1895)

Serves Chicago's public/charter school teachers, administrators, certified personnel and CTPF staff

Membership includes more than 87,000 members:



29,295
 Active members

28,549
 Annuitants

9,926
 Vested terminated members

20,621
 Unvested terminated members

CTPF is governed by an independent 12-member Board of Trustees with 10 elected members and 2 CPS appointees.

Coronavirus Changes

COVID-19 represents a crisis for nearly every organization and every industry. CTPF immediately prioritized the health and well-being of members, staff, continuation of business operations, and protecting the economic well-being of members, pensioners, and beneficiaries and is successfully serving members remotely

- CTPF's Leadership team meets frequently to ensure continuity in operations.
- All employees operate remotely
- The CTPF Board of Trustees continues to conduct the business of the Fund transparently using Zoom technology, holding online meetings.

Coronavirus Changes

CTPF OFFICE CLOSED TO VISITORS

Due to the Covid-19 Pandemic, we are not accepting visitors at CTPF. **If you have a question or issue:**



Call Member Services with questions. Leave a message at 312-641-4464 and your call will be returned as soon as possible. All calls will be forwarded to voicemail and Member Services will return calls as soon as possible. Video counseling appointments can also be scheduled.



Please state your name and the nature of your call clearly at the beginning, so that we may answer as quickly as possible.



Email Member Services at memberservices@ctpf.org and your message will be returned.

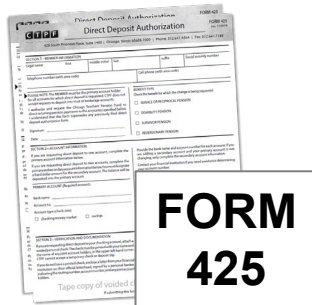
Coronavirus Changes



We have procedures in place to ensure the payment of member benefits, even if normal business is interrupted.



CTPF pensions are secure and are based on a formula, not market conditions.



We strongly encourage our pensioners to use direct deposit.

Coronavirus Changes

Send Documents Electronically

If you are submitting any documents to CTPF -- your retirement application, change of address, direct deposit or other form, the best way to send documents is by **fax 312.641.7185** or email a .pdf to **imaging@ctpf.org**.

While we continue to receive incoming mail from the USPS, access is delayed.

Remote Notary Service Available

Call Member Services 312-641-4464 and leave a message requesting this service.



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Finances and Funding Overview

Finances and Funding Overview

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 the State of Illinois for nearly 125 years.

As of June 30, 2019:

- CTPF's value of net assets was \$11.0 billion.
- The actuarial valuation is calculated annually and was 47.5%.
- CTPF paid members \$1.5 billion in service retirement, disability, refunds, and survivor benefits.

Finances and Funding Overview

Remembering the Mistakes of the Past

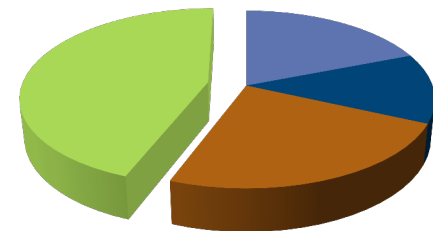
- Recent legislation corrected long-standing funding shortfalls which contributed to a decline in the funded ratio.
- Full or partial funding “holidays” from 1996 through 2005 and from 2011 to 2013 deprived CTPF of critical revenue and the opportunity to benefit from additional investment returns.
- Lacking stable sources of revenue, CTPF liquidated assets and relied on investment earnings to pay pension obligations.

Finances and Funding Overview

2017 legislation helped diversify funding for CTPF. The State of Illinois now pays the “normal cost” of teacher pensions (as they do for the other Funds in the state), and a pension tax levy is remitted directly to CTPF.

In addition to revenue from investments, CTPF receives contributions from four major sources: the State of Illinois, a tax levy, CPS, and employees. CTPF received approximately \$999.1 million in revenue in 2019:

- \$442.8 million in property tax receipts
- \$238.9 million from the State of Illinois
- \$190.5 million from employee contributions
- \$126.9 million from the Chicago Board of Education (CPS)



■ Employees ■ Employer
■ State of Illinois ■ Property Tax

Finances and Funding Overview

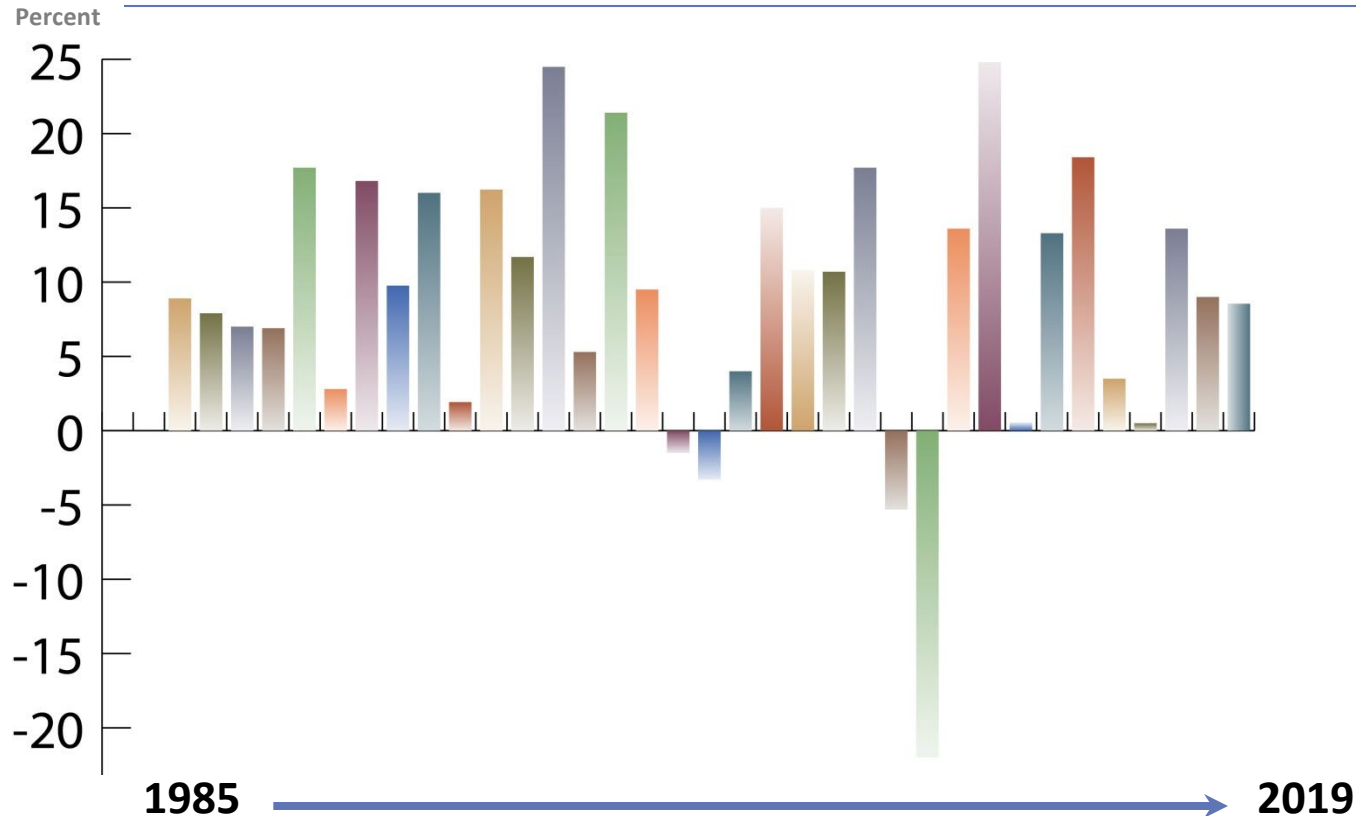
Market Volatility

- The stock market has continued to experience volatility related to the outbreak.
- CTPF is a long-term investor with a portfolio designed to ride out short term volatility.

Finances and Funding Overview

Investment Return Assumption is 7.0%

CTPF Annualized Rate of Return 1985-2019 35-Year Average Growth Rate 8.54%



Finances and Funding Overview

- As long as primary revenue streams continue without interruption, we are well-positioned to follow our disciplined strategy and withstand the current situation through the next fiscal year.
- We are continuing to invest, and just allocated \$40 million to new minority, women and disability-owned investment consultants at our May meeting
- **CTPF's appropriation from the State of Illinois was included** in the budget passed by the ILGA this past weekend.

Finances and Funding Overview

- While this situation with a pandemic was impossible to anticipate, markets have been volatile for some time now, and CTPF has been preparing for a market correction or downturn.
- We assumed that after a 10-year bull run that the market would experience a correction or recession-like environment in the near term.
- Beginning December 2019, CTPF's Investment Staff and Investment Consultants began working on an Asset Liability Study.
- The study focused on the lasting impact of a market downturn, not short-term volatility.

Finances and Funding Overview

The study examined current assumptions, stress testing them against different scenarios and historical events.

Extensive analysis underscored the need for a conservative, diversified, long-term investment strategy:

- Staff and consultants recommend that the current, conservative policy which has held up well over the long-term should remain in effect.
- CTPF Trustees remain committed to our disciplined asset allocation policy, investment policy, investment philosophies and objectives, and will review and consider the recommendations from the Asset Allocation Study at a meeting in the near future.

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Member Actions

Celebrating 125 Years



Happy Birthday to CTPF!

July 1 we celebrate our 125 years of serving members.

We are celebrating by sharing stories and photos of our members and we encourage you to share your stories at rebrand.ly/CTPF125

Stay Informed and Connected

1. Stay in Touch

- Make sure you're registered for monthly email updates
- Follow us on social media
- Send documents electronically

2. Keep us Up-to-Date

Our information depends on your communication. Make sure you keep the Fund up-to-date with your personal data

- Current members update through your employers
- Retirees update through member services

3. Visit www.ctpf.org

Find news and information about the Fund

Follow Us!



@ Chicago Teachers' Pension Fund



Thank you

