

PENSION NEWS

FALL 2011 FOR RETIREES

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2012 HEALTH INSURANCE OPEN ENROLLMENT AROUND THE CORNER



OPEN ENROLLMENT WILL BE OCTOBER 1 – 31

The Open Enrollment Period for the CTPF 2012 health insurance program will be **October 1 – October 31, 2011.**

During Open Enrollment, eligible retirees may enroll in a CTPF-sponsored health plan for the first time, change their health insurance plan or carrier, or add an eligible dependent to a health plan. Changes made during Open Enrollment go into effect January 1, 2012.

All current health plan administrators: Blue Cross/Blue Shield (BCBS), UnitedHealthcare (UHC), and Humana will continue to offer plans in 2012. Retirees who want to continue coverage under their current health plan **do not need to take any action to stay enrolled**, current coverage will continue.

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EXECUTIVE DIRECTOR'S LETTER



Kevin B. Huber, executive director

The Chicago Public School (CPS) system recently released its budget and must increase taxes to help ease deficits. This action has again ignited cries for “reform” as various organizations decry the cost of retirement benefits.

I cringe every time I read the words “Pension Reform.” While Illinois legislators create bills euphemistically called pension reform, the solutions offered fail to solve any of the problems our pension fund faces.

Reform means a correction of an abuse. When you correct an abuse, you punish the abuser – not the victim. The

abuses in our pension system can be traced to a long history of underfunding and failing to pay for pensions – not from teachers earning benefits guaranteed by the Illinois constitution.

Teachers, who do not participate in Social Security and must pay for their health insurance when they retire, contribute to their retirement from each and every paycheck they receive.

The same cannot be said for the Chicago Public School system (CPS), our largest employer, and the State of Illinois.

In 1995, CTPF became a victim of its own success. At that time, our fund

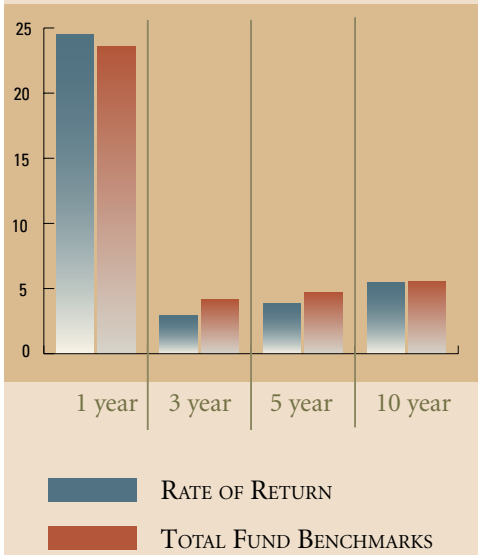
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CTPF FINANCIAL SNAPSHOT

CTPF RETURN ON INVESTMENTS

June 30, 2011

	RATE OF RETURN	TOTAL FUND BENCHMARKS
1 year	24.49	23.55
3 year	2.95	4.13
5 year	3.87	4.69
10 year	5.43	5.58



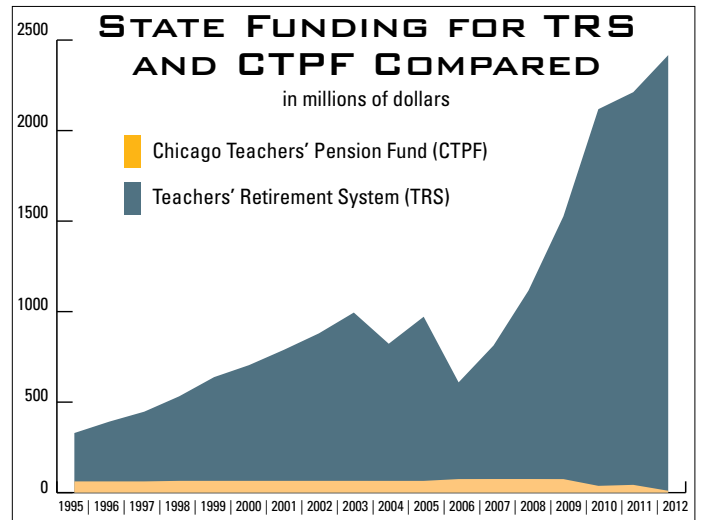
As of June 30, 2011, the approximate current value of CTPF's investments was \$10.23 billion.



enjoyed nearly 100% funding while CPS suffered a financial crisis. Seeing an opportunity, the cash-strapped school system asked Illinois lawmakers to redirect pension revenue directly into the CPS operating budget. During the period 1995-2005, CPS collected more than \$2 billion in pension tax revenue and contributed \$0 to the pension fund. When CPS was again legally required to contribute to the fund, it asked for and received more than a billion dollars in short-term funding relief from the Illinois legislature. That "relief" will eventually cost tax payers more than \$12 billion.

The State of Illinois has also failed Chicago's teachers. It has not fulfilled its promise to provide CTPF with 20-30% of the funding it provides to the Teachers' Retirement System (TRS). Instead, state revenue for CTPF has declined since 1995, and CTPF will receive no state funding in 2011. These actions have shortchanged CTPF by approximately \$2 billion since 1995. The chart illustrates the vast divide between state funding for TRS and CTPF.

Even with CTPF's healthy 20-year investment return of 8.42%, without revenue, a fund cannot survive. Today, our pension is underfunded and the bill is due. Revenue, diverted for years to fund operations, can no longer be deferred. Teachers did not cause this problem – administrators and legislators who failed to plan – did.



Last spring's legislative proposals touted as reform shifted more of the funding burden from the employer to the employee. Instead of 9% each paycheck, teachers would pay 12.4% – or be forced to select a plan with reduced benefits.

Some have suggested merging our fund with TRS, but this also fails to address the basic funding problem.

The savings offered from benefit reductions and mergers are the equivalent of raindrops in Lake Michigan. None of the current "solutions" address the fundamental issue – the employer and State's failure to fund pension obligations. If revenue was collected when it was due, we would have 100% funding today.

Now, more than ever, our members must speak up to protect pensions. Please contact your legislators to protest unfair proposals made in the name of reform. Let your elected officials know that you support real reform, which begins with a funding guarantee from the employer and the state.

Chicago's teachers have faithfully funded their pensions and contributed towards retirement from every paycheck for the past 116 years. It's time for the state and CPS to do the same.

STAY INFORMED. REGISTER FOR CTPF E-LETS AND E-NEWS AT WWW.CTPF.ORG

PREMIUM SUBSIDY

The health insurance premium subsidy will continue to be 60%.

COVERAGE FOR PARTNERS IN CIVIL UNIONS

Illinois law changed on June 1, 2011, to allow same- and opposite-sex couples to establish civil unions. Under this law, partners to civil unions and their eligible dependents may qualify for health insurance coverage. Individuals who join civil unions must provide documentation to qualify for insurance benefits. CTPF will no longer offer health insurance coverage to domestic partners beginning January 1, 2012.

PLANS AND OPTIONS

Detailed information about plan offerings as well as benefit changes to existing plans can be found in the *2012 Health Insurance Handbook and Open Enrollment Guide*, which will be mailed to all eligible retirees in late September. Even if you want to keep the same insurance coverage, you should carefully review the handbook to make sure you understand the 2012 benefit changes.

MAKE THE MOST OUT OF OPEN ENROLLMENT RESEARCH

Adequate research can help you decide on the best health insurance plan to meet your needs.

- Read CTPF's *2012 Health Insurance Handbook and Open Enrollment Guide* and familiarize yourself with the available plans and options. Even if you plan to keep the same health insurance, benefits may change annually. Make sure you understand any changes that may impact you.
- Review information from health plan administrators. Administrators offer a variety of information and decision support tools on their web sites. Find links at www.ctpf.org.

2012 HEALTH INSURANCE OPEN ENROLLMENT SEMINARS AND NEW WEBINAR

You can find the information you need to make an informed health insurance choice at an Open Enrollment Health Insurance Seminar or Webinar. These sessions include an overview of 2012 plan information followed by a question and answer period with plan administrators. CTPF staff will also answer questions and assist with the completion of enrollment forms.

New WEBINAR

Avoid the hassles of travel and find all the information you need without leaving home. Join CTPF's live WEBINAR with interactive Q and A. Register in advance and receive login instructions at www.ctpf.org.

Monday, October 3, 2011

Medicare and Non-Medicare Plans

TRADITIONAL OPEN ENROLLMENT SEMINARS

Wednesday, October 5, 2011

James R. Thompson Center, Assembly Hall J (lower level) 100 W. Randolph Street Chicago, IL 60601

- 9:00 a.m. Medicare plans
- 1:00 p.m. Non-Medicare plans

Tuesday, October 11, 2011

Hilton Oak Lawn 9333 South Cicero Ave. Oak Lawn, Illinois 60453

- 9:00 a.m. Medicare plans
- 1:00 p.m. Non-Medicare plans

REGISTRATION

Webinar: visit www.ctpf.org for login/registration instructions.

Traditional Seminars: advance registration is required and space is limited, call 312.641.4464 to register.

- Consider attending an Open Enrollment Seminar or Webinar.

UNDERSTAND YOUR EXPENSES

Determine the amount of money you spent on health care during the past year. Understanding your expenses can help you select a plan that best meets your needs. Some plans may have higher monthly costs, but offer higher benefit levels in areas you may utilize, lowering your overall cost. Make sure you include:

- monthly premiums
- copays for prescription drugs and office visits
- deductibles
- coinsurance expenses
- other out-of-pocket costs

If you require any specialty medications, check to see if these are covered by your plan and how much they will cost.

TALK TO YOUR DOCTORS

Find out if your primary care physician and any specialists you see regularly participate in the health insurance program you plan to select. Confirm this information with your provider. Almost all plans offer substantial discounts for utilizing network service providers. Some plans (like HMOs), require you to use network providers in order to receive benefits.

TAKE CARE OF YOURSELF

You pay for benefits, so make sure you understand them and make the most of the programs available to you.

CTPF RE-EMPLOYMENT POLICY

Important information for retirees who may return to work

The Chicago Teachers' Pension Fund provides benefits to retirees who are no longer working as teachers for CPS or a charter school. Under the Illinois Pension Code, retirees cannot continue to receive a pension if they return to work as teachers, except in strictly limited circumstances, and provided the teaching position is "temporary and non-annual." A retiree cannot work in a "permanent or annual position" while receiving a pension.



CTPF retirees may return to work for any employer not covered by the CTPF pension system without restriction. If you do not know if your employer is covered by the CTPF pension system, contact CTPF Member Services before returning to work.

To provide guidance to retirees who may return to work, the CTPF Board of Trustees has adopted new re-employment rules.

ALL RETIREES

Please take the time to read and fully understand this new policy. Retirees who violate the return to work rules may have their pensions cancelled and be obligated to repay all benefits earned while working in a permanent or annual position.

IF YOU HAVE RETURNED TO WORK

If you have returned to work in a position covered by CTPF, other than as a day-to-day substitute teacher, you must complete CTPF Form 770, Notice of Return to Work. A copy of the form can be found at www.ctpf.org or contact Member Services at 312.641.4464.

RE-EMPLOYMENT RULES

These Rules shall apply to the re-employment of retirees in educational, administrative, or professional positions in the Chicago Public Schools or a charter school. The term "teacher," as used in these Rules, includes "members of the teaching force" as defined in 40 ILCS 5/17-106 and "Administrators" as defined in 40 ILCS 5/17-106.1.

I. Presumptions

These rules create presumptions regarding the re-employment of retired teachers. Whenever, under these Rules, a retired teacher is presumed to be engaged in "permanent or annual" employment as a teacher for CPS or for a charter school, the retired teacher's pension will be cancelled, and the retired teacher will be required to repay the pension benefits received while the retired teacher was working in the permanent or annual position, **unless the retired teacher produces sufficient evidence to rebut the presumption.**

II. Notices to Retired Teachers

A. Upon Retirement

Applicants for pension benefits will be provided with a copy of these Rules and will be required to complete CTPF Form 717, Acknowledgement of CTPF Re-Employment Rules.

B. Upon Return to Work

A retiree who fails to provide timely notice to the Fund of his or her return to work as a teacher will be presumed to be working in a "permanent or annual position." Any retired teacher who is receiving a pension from the Fund who returns to work as a teacher in a position other than a day-to-day substitute for CPS or for a charter school must notify the Fund in writing within 30 days of his or her return to work. This notice is to be provided by completing CTPF Form 770, Notice of Return to Work, available from Member Services or at www.ctpf.org.

III. 145 Work Day Limit

Subject to the rules set forth below, a retired teacher re-employed as a teacher for more than 145 days per school year for a CTPF-covered employer will be presumed to be employed in a "permanent or annual" position, unless the retired teacher can establish otherwise.

IV. Rules Regarding Definition of "Temporary" work

A. Categories of "Temporary" work

In order for **any** re-employment to be considered "temporary and non-annual," such employment **must** fall into one of the following categories:

- i. Work as a substitute teacher
- ii. Temporary assignment to a teaching position, which is normally filled by an appointed teacher, known as an "encumbered" position, when the appointed teacher filling the position is on a CPS or charter school approved leave, and is, therefore, expected to return. Temporary assignments **cannot** be made to "vacant" positions, except in cases of emergency.

IV. Rules Regarding Definition of “Temporary” work continued

B. No Return to Pre-Retirement Position

Retired teachers may not return to the attendance center or position the teacher held immediately prior to retirement, except as a day-to-day substitute teacher. Any retired teacher who returns to his or her pre-retirement position will be presumed to be working in a “permanent or annual position.”

C. School Year Limit

A temporary assignment may not extend beyond the end of the school year in which the temporary assignment begins. Any retired teacher who continues to work beyond a single school year in an assignment will be presumed to be working in a “permanent or annual position.”

V. Procedures

Once the Fund determines that a presumption of “permanent or annual” employment exists, the following procedures will apply:

A. Notification

The Fund will notify the retired teacher of the presumption and that the retired teacher’s failure to rebut the presumption will result in cancellation of the pension and the obligation to repay all benefits the retired teacher received while working in “permanent or annual” employment.

B. Administrative Hearing

Prior to the cancellation of the pension, the retired teacher will be given the opportunity to request an administrative hearing. The Fund will establish expedited administrative hearing procedures for the conduct of such hearings.

BENEFITS AVAILABLE FOR PARTIES TO CIVIL UNIONS

Effective June 1, 2011, an Illinois law went into effect which entitles parties to a registered civil union to all the benefits of married couples. Parties to a civil union may be same- or opposite-sex couples.

As a result of this law, all CTPF pension benefits previously made available to a married person and his or her spouse are now benefits available to the parties of a civil union. These benefits include a surviving spouse pension and the right to continue health insurance following the death of a qualified member.

If you have become a party to a civil union, contact CTPF to update your records.

TURNING 65?

Turning 65 is an important milestone for retirees because many become eligible to enroll in Medicare for the first time. Health insurance premiums are generally lower under Medicare, so if you (or your spouse) will turn 65 in the near future, make sure you are prepared.

Apply for Medicare three months before the month you turn 65 (apply online at www.medicare.gov or visit a local social security office), and contact CTPF when you receive notice of your Medicare

eligibility. If you plan to enroll in a CTPF Medicare plan, provide CTPF with proof of enrollment **the month before your 65th birthday**. Acceptable proof includes:

- a copy of your Medicare card, or
- an entitlement letter from the Social Security Administration verifying enrollment, with effective dates

If you are currently enrolled in a CTPF non-Medicare plan and fail to provide documentation for Medicare Part A and Part B coverage prior to turning 65, your insurance premium will increase significantly when you turn 65.



REMINDER: 2010-2011 HEALTH INSURANCE SUBSIDY DEADLINE

Retirees who plan to apply for a health insurance premium subsidy for the period July 1 – December 31, 2010, must turn in applications no later than **September 30, 2011**. Subsidy applications were mailed to qualified retirees in April.

If you have questions about the subsidy or need a replacement form, call Member Services at 312.641.4464.

CTPF CALENDAR

CTPF Board of Trustees meetings, held in CTPF offices, are open to the public.

SEPTEMBER

- 15 9:30 a.m., Trustee meeting
- 30 5:00 p.m., election petitions due to CTPF Election Coordinator.
- 30 Last day to submit a 2010 Health insurance Premium Subsidy Application.

OCTOBER

- 1 2012 Health Insurance Open Enrollment Period begins.
- 3 Open Enrollment WEBINAR. See page 3 for information.
- 5 Open Enrollment Seminars, Assembly Hall, James R. Thompson Center, Chicago, see page 3.
- 10 Columbus Day, office closed
- 11 Open Enrollment Seminars, Hilton Oak Lawn, see page 3.
- 20 9:30 a.m., Trustee meeting
- 31 5:00 p.m., 2012 Open Enrollment ends. All enrollment materials must be postmarked by this date.

NOVEMBER

- 4 Pensioner Trustee Election conducted by mail.
- 11 Veterans Day, office closed
- 17 9:30 a.m., Trustee meeting
- 24-25 Thanksgiving holiday observed, office closed.

DECEMBER

- 8 9:30 a.m., Trustee meeting (tentative)
- 26 Christmas holiday observed, office closed.

OFFICE/MAILING ADDRESS

Chicago Teachers' Pension Fund
203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1231
312.641.4464 p. 312.641.7185 f.
www.ctpf.org
memberservices@ctpf.org
Office hours: 8:00 a.m. – 5:00 p.m. M-F



BENEFITS FOR SURVIVORS

Thinking about the unthinkable may be one of the best ways you can ensure your family's future financial security.

SURVIVOR'S PENSIONS

During active service, members contribute to their own pensions and also to the cost of a survivor's pension. When a retiree dies, his legal spouse or partner to a civil union may be eligible to receive a survivor's pension, for life.

A survivor's pension is 50% of the retiree's pension at the date of death for Tier 1 employees and 66% of the retiree's pension at the date of death for Tier 2 employees.

The surviving spouse must be at least 50 years old to receive the pension unless minor children also survive. In order to qualify, the couple must have been married or joined in a civil union for at least a year, prior to the member's death.

If you are not married or joined in a civil union when you retire, you will receive a refund of your survivor contributions.

REESTABLISHING A SURVIVOR'S PENSION

If you receive a refund of your survivor's pension at retirement, and later marry or join a civil union, you may opt to reestablish the survivor's pension for your spouse. The cost is the amount refunded plus 5% interest, compounded annually, from the refund date. A surviving spouse may also reestablish a survivor pension by repaying the survivor refund upon the death of the member. Contact Member Services for more information.

OTHER BENEFITS

Upon your death, your survivors may also be eligible for a lump-sum death benefit or a refund of any remaining contributions. These benefits are paid to individuals or organizations designated by the CTPF member.

PLAN AHEAD: DESIGNATE YOUR BENEFICIARIES

You may designate a beneficiary to ensure that any death benefit is paid according to your wishes. Any person, trust, church, charity, or organization can be named a beneficiary. If you name more than one individual or organization, all share equally in the benefit, unless you designate specific percentages. Review your Designation periodically and update it to account for any life change: marriage, death, births, etc.

CONFIDENTIALITY

The information contained on the Designation form is confidential and will not be disclosed to anyone. If you cannot locate a copy of your form, or need to file a new one, call CTPF at 312.641.4464.

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.

LEGISLATIVE UPDATE

The Chicago Teachers' Pension Fund is governed by Illinois law. Advocating for pension funding has become an important responsibility for CTPF members.

Educating Illinois legislators about the importance of pensions may be the most important step you can take to help protect your pension benefit. The most effective way to communicate with your legislator is through a face-to-face meeting. All lawmakers have local offices and most have office hours or open visiting hours.

Find additional information and legislative priorities at www.ctpf.org.

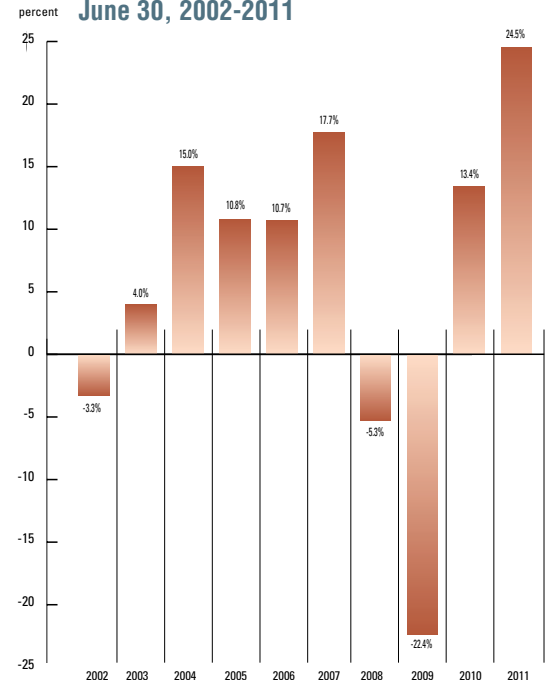
FUND POSTS STRONG PERFORMANCE

Investment returns for the fiscal year ended June 30, 2011, showed a one-year rate of return of 24.5%, which beat the Fund's comparison index performance of 23.6%.

"We are, of course, thrilled to see strong performance at the close of fiscal year 2011," remarked Kevin B. Huber, executive director. "We appreciate the guidance provided by our trustees and the hard work of our staff and fund managers. We always remember, though, that the fund is a long-term investor and we have to view our performance through that lens."

Returns are based on preliminary data and represent unaudited total fund returns at June 30, 2011.

Total Annual Fund Rate of Return June 30, 2002-2011



CPS APPOINTS TRUSTEES TO CTPF BOARD

The Chicago Board of Education has made two appointments to the Chicago Teachers' Pension Fund Board of Trustees.

Andrea Zopp will serve as a trustee to fill the unexpired term of Alberto A. Carerro, Jr. Trustee Zopp will serve from June 2011 until November 2012. Ms. Zopp is currently the president

and CEO of the Chicago Urban League and holds a bachelor's degree and JD from Harvard University.

Rodrigo A. Sierra will serve as a trustee to fill the unexpired term of Peggy Davis. Trustee Sierra will serve from June 2011 until November 2011. Sierra is the founder and principal partner at Sierra Strategies. He is a

graduate of Northwestern University, and holds an MBA from the Kellogg School of Management.

"We would like to thank outgoing Trustees Carerro and Davis for their service to the fund," remarked Kevin B. Huber, executive director. "We welcome Trustees Zopp and Sierra and look forward to working with them."

2011 TRUSTEE ELECTION NOTICE

The Chicago Teachers' Pension Fund will hold the 2011 Pensioner Trustee Election on November 4, 2011.

Pensioner Trustees

Pensioners will elect three Trustees to serve two-year terms from November 2011 to November 2013. The Pensioner Trustee Election will be conducted by mail ballot. The official date for the election will be November 4, 2011.

Candidate Eligibility

Candidates for a Pensioner Trustee position must be current service, reciprocal, or disability pension recipients.

Nomination Packets

Members interested in running for office should request a nomination packet by contacting the CTPF Election Team at

312.604.1400 ext. 132 or 169. Candidate eligibility will be verified before the packet can be issued. Nominating petitions must be returned by 5:00 p.m., Friday, September 30, 2011.

Additional Information

Additional information is available in the *Election Policies and Procedures Handbook*, at www.ctpf.org. Questions regarding the Election may be directed to the CTPF Election Team at 312.604.1400 ext. 132 or 169.





Chicago Teachers' Pension Fund

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CTPF BOARD OF TRUSTEES' MISSION STATEMENT

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.

BOARD OF TRUSTEES

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Walter E. Pilditch, financial secretary
Mary Sharon Reilly, recording secretary
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Jeanne Marie Freed
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Rodrigo A. Sierra
James F. Ward
Andrea L. Zopp

Kevin B. Huber, *executive director*

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HEALTH INSURANCE OPEN
ENROLLMENT MONTH.
2012 OPEN ENROLLMENT
BEGINS OCTOBER 1 AND
ENDS OCTOBER 31. FIND
IMPORTANT 2012 HEALTH
INSURANCE INFORMATION
INSIDE THIS ISSUE.**