

# PENSION NEWS

SPRING/SUMMER 2010

## Inside this Issue

### Financial Snapshot

An expanded review of CTPF financial performance

3

### Health Insurance Rebate

Retiree applications due by June 30

4

### Understanding Health Care Reform

Focus on changes that affect you

4

### Legislative Update

Contact your legislator

5

### Pension Payment Schedule

Check mailing and direct deposit dates

6



## CTPF LAUNCHES ELECTRONIC UPDATES

CTPF launched an e-mail registration system in April 2010. Members can register for electronic updates at [www.ctpf.org](http://www.ctpf.org).

“We encourage all members to register for electronic updates,” remarked Member and Office Services Director Frances Radenic. “This medium offers a timely way to communicate with members and is an important tool in our communications program.”

Members who register for the electronic updates will receive periodic e-mail on current topics or issues that may impact CTPF members.

## EXECUTIVE DIRECTOR'S LETTER

*“Our members earn pensions based on their salary and service – not market conditions.”*



Kevin B. Huber, executive director

**Accountants love numbers and I am no exception.** Spreadsheets analyze the cost of funding pensions. Investment managers offer reports about their investment performance. Auditors examine our financial statements and certify their accuracy. I spend many days examining numbers and statistics to make sure we have adequate funds to pay for our future needs.

A few times each year, though, I step away from the numbers and meet the people who make up our fund. CTPF's retirement seminars, held in February and March, bring together hundreds of teachers preparing to retire. Now in their 5th year, the seminars allow us to turn the tables

and work as educators for a few days. This past spring, CTPF hosted six seminars that served more than 700 individuals. I enjoyed the opportunity to explain that our fund provides a defined benefit retirement pension. This program guarantees income for life and increases annually. Our members earn pensions based on their salary and service – not market conditions. These words prove reassuring during difficult economic times.

Recognizing that our members need information about retirement benefits and post-retirement health care long before they hand in a retirement application, we recently launched two new educational initiatives for

**EXECUTIVE DIRECTOR'S LETTER** *continued from cover*

members. Regional Information Fairs, held in April and May, provided a broad range of information about CTPF benefits. Electronic updates, available to members who register at [www.ctpf.org](http://www.ctpf.org), will help us communicate timely information on topics of importance.

The spring market rally brought strong returns for the fund and a sigh of relief among fund managers. The fund is a long-term investor, so we view short-term returns with caution, but also with appreciation. We continue to pursue a strategy that promotes

must also pay an additional \$500 million.

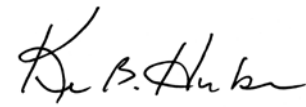
The merit of a two-tier system and its true impact on budgets will inspire debate for years to come. The danger in failing to fund pensions, however, requires no debate. The practice is universally recognized as fiscally irresponsible.

The CPS funding relief granted in PA 96-0889 will further erode CTPF's funded ratio, which fell 28% between 1999 and 2009.

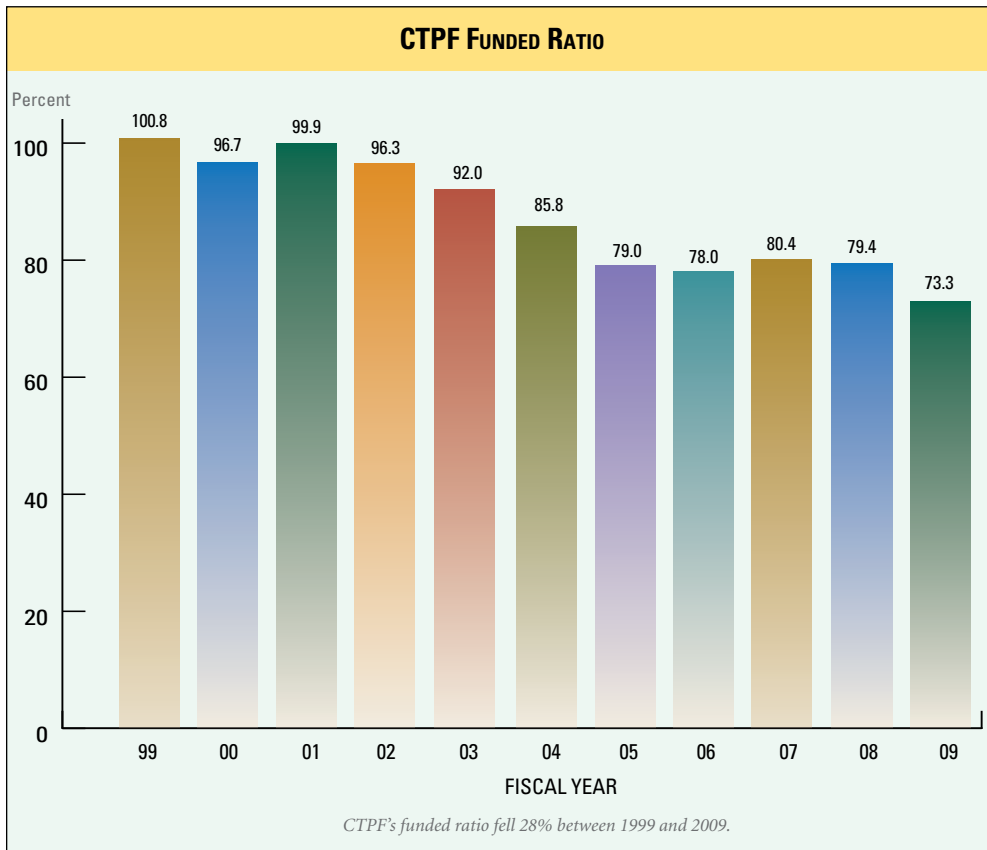
Changing demographics and a lack of employer contributions account for

from many members, angry about these cuts, and we appreciate your support. Please continue to contact your Illinois legislators and leadership in the Illinois House and Senate to share support for CTPF's priorities. We will continue to educate Illinois legislators about CTPF's funding needs and to make the case that budgets cannot be balanced by mortgaging pensions.

Even with the frustrations we face with pension funding, my experience at the spring retirement seminars reminded me that a career in teaching is an investment in the future. The investment our teachers make cannot be measured by spreadsheets or calculated by actuaries. I want to thank our retiring teachers for their service and the contributions they have made to Chicago's children. We look forward to serving you in retirement.



— Kevin B. Huber, executive director

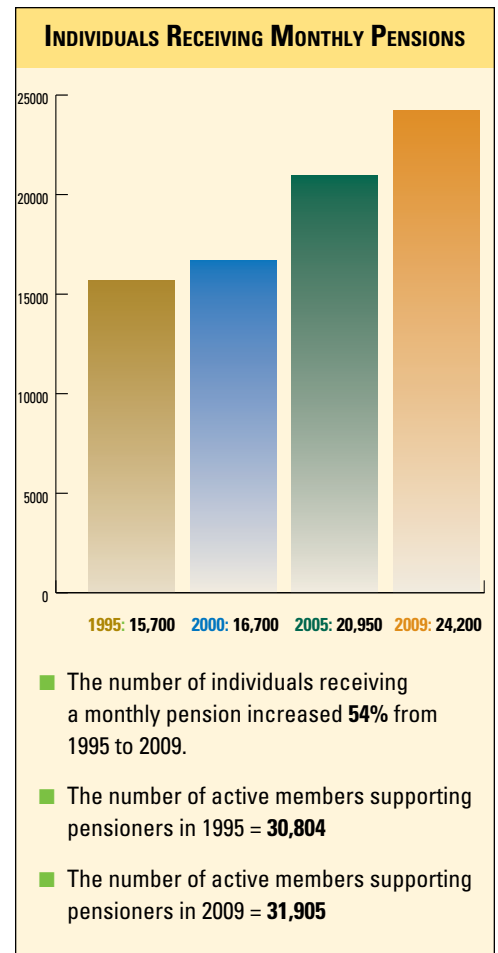


long-term growth and solid investments and our patience is beginning to pay dividends.

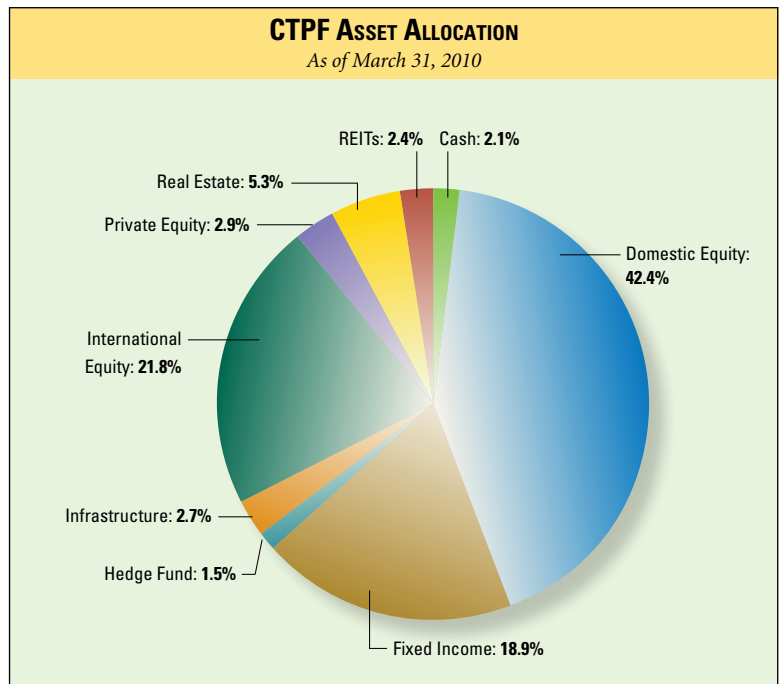
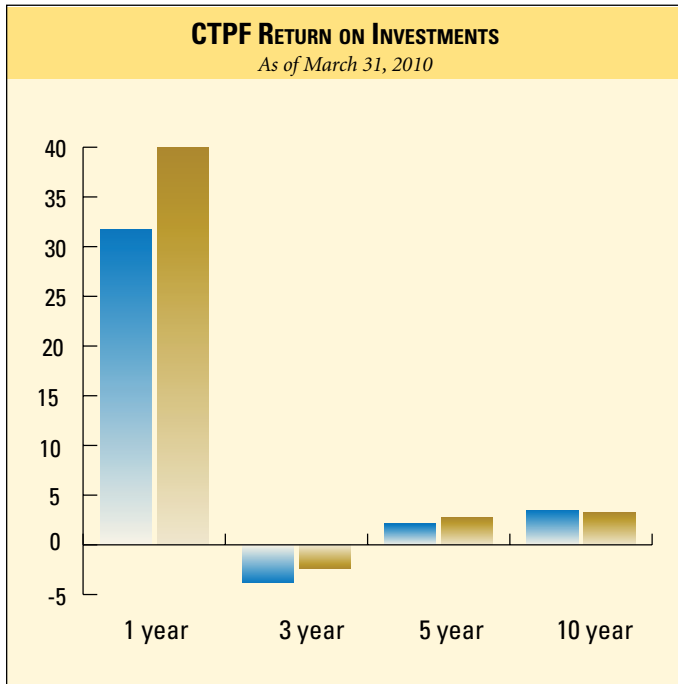
A disappointment from the spring was the passage of PA 96-0889. The law created a two-tier system of pension benefits (the law does not affect current employees – see page 5.) It also included a quiet provision which granted funding relief to CPS. The law reduced CPS required pension funding by more than a \$1.2 billion over the next three years and increased the payment period for pension debt. As a result, the total amount CPS must pay to fund pensions increased by more than \$12 billion. The State of Illinois

much of the decline in our funded position. During the past decade our fund has seen a 54% increase in the number of individuals receiving monthly pensions. In contrast, the number of active members supporting our retirees has remained relatively stable. Even in the best market conditions, supporting a growing number of retirees without additional members, is difficult. Additional contributions from CPS, are essential for the future health of our fund.

The new law may have concealed the CPS funding cuts, but it also unearthed the anger of Chicago's teachers. We have heard



# CTPF EXPANDED FINANCIAL SNAPSHOT



■ CTPF Rate of Return  
■ Total Fund Benchmarks

	CTPF Rate of Return	Total Fund Benchmarks
1 Year	31.7	40.0
3 Year	-3.8	-2.4
5 Year	2.1	2.8
10 Year	3.5	3.3

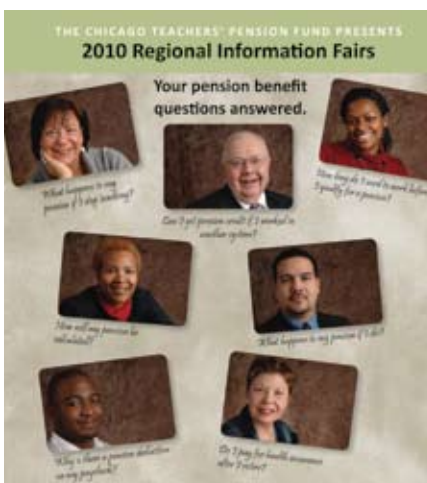
As of March 31, 2010, the approximate current value of CTPF's investments was \$9.4 billion.

A review of CTPF financial performance for the first three quarters of the 2010 fiscal year, (July 1, 2009, through March 31, 2010), showed substantial improvement over the close of the fiscal year at June 30, 2009. The fund's one-year rate of return at March 31, 2010, was 31.7 percent. The approximate current market value of CTPF's investments was \$9.4 billion, a 11.5% increase over the close at the end of the 2009 fiscal year.

The 2009 fiscal year, which closed last June, ended with a -22 percent return. The Russell 3000 Broad Market Index had a -26.6

return for the same period. "We suffered along with the rest of the investment world, explained Kevin B. Huber, executive director. "We welcome the turnaround in performance, but remain cautious. These are very short-term returns and the fund is a long-term investor. We have weathered recessions, the Great Depression, wars and disasters. We continue to pursue a diverse portfolio and solid investments that produce steady returns for our members."

## REGIONAL INFORMATION FAIRS DEBUT



common questions. Presentations were held April 27 at the Area 6 Office, May 5, at Lane Technical High School, and May 26 at Whitney Young High School.

"Pensions are a valuable asset and we want our members, at all stages of their careers, to understand their benefits," explained Member Services Manager Sheron Banks-Fallis.

The Information Fairs, hosted by CTPF Field Service staff, focused on a series of common member questions, ranging from "How long do I need to work before I qualify for a pension?" to "How will my pension be calculated?" The seminars also provided time for individual counseling. "The feedback



CTPF members check in during the Regional Information Fair held at Lane Technical High school on May 5.

CTPF recently launched a series of Regional Information Fairs, designed to inform members about their CTPF benefits and answer

from the seminars was overwhelmingly positive," commented Banks-Fallis. "We plan to continue and expand the program."



## 2010 ELECTION NOTICE

### TEACHER TRUSTEES

The Teacher Trustee Election will be conducted in schools and at other designated polling places on Friday, October 29, 2010. Teachers and other active contributors will elect two trustees to serve three-year terms from November 2010 to November 2013.

### PRINCIPAL/ ADMINISTRATOR TRUSTEE

The Principal/Administrator Election will be conducted by mail ballot, with results tabulated on Friday, November 5, 2010. Principal/Administrators will elect one trustee to serve a three-year term from November 2010 to November 2013.

### CANDIDATE ELIGIBILITY

Candidates for a Teacher Trustee position must hold an Illinois State Teaching Certificate, be current CTPF contributors, and have been assigned on a regular certificate in the Chicago Public or Charter Schools for a minimum of 10 years.

Candidates for the Principal/Administrator position must hold and be employed under a State of Illinois Type 75 Administrative Certificate.

### NOMINATION PACKETS

Members interested in running for office should request a nomination packet from CTPF's election coordinator at 312.604.1400, ext. 234. Eligibility will be verified before the packet is issued. Petitions must be returned by 5:00 p.m., Friday, October 1, 2010.

### ADDITIONAL INFORMATION

Additional information is available in the *Election Policies and Procedures Handbook*, at [www.ctpf.org](http://www.ctpf.org), or from the election coordinator. Call 312.604.1400, ext. 234.

## UNDERSTANDING THE IMPACT OF FEDERAL HEALTH CARE REFORM

Retirees may be concerned about the impact of Federal Health Care Reform on CTPF health insurance coverage. "We continue to analyze and learn the full impact of the new law," remarked Mary Cavallaro, health benefits manager. "The following key provisions may apply to retirees enrolled in CTPF health insurance plans."



■ January 1, 2011, **maximum limits** on "essential benefits" will be eliminated. Essential benefits have been broadly defined at this time as emergency services, hospitalization, maternity and newborn care, mental and substance abuse services and pediatric services.

■ January 1, 2011, **annual limits** on coverage of "essential benefits" will be

restricted. These restrictions are to be further defined by the U.S. Department of Health and Human Services. CTPF expects this provision will have little impact on benefit levels for current members.

■ Dependent coverage extended until age 26. CTPF health insurance plans already allow dependent coverage up until age 26 for unmarried dependents.

■ Help for early retirees. The program creates a temporary, limited reinsurance program for some early retiree health care costs to help offset the costs of group retiree plans. CTPF will work with health insurance vendors to utilize this program.

■ January 1, 2011, new Medicare wellness benefits will be offered. Medicare will eliminate copayments for preventive

services and will exempt preventive services from Medicare deductibles. The Medicare program will provide additional information on these benefits.

Additional information about the specific changes will be published in the *2011 Health Insurance Handbook*, available in early fall.

## 2008-2009 HEALTH INSURANCE REBATE DEADLINE

Retirees who have not yet applied for the CTPF's health insurance premium subsidy for fiscal year 2009 must do so by June 30, 2010. This subsidy is available to retirees who did not participate in a CTPF-sponsored health insurance plan but had other health insurance coverage between July 1, 2008, and June 30, 2009. The subsidy covers retirees, not dependents. Surviving spouses and surviving eligible dependents may also qualify.

CTPF mailed applications in summer 2009. If you need a replacement, call Member Services at 312.641.4464.

Applications for the 2009-2010 subsidy will be mailed to members in late summer.





## LEGISLATIVE UPDATE

### PA 96-0889

April 14, 2010, Governor Quinn signed Public Act 96-0889 into law. This law creates a second tier of pension benefits for individuals who join most Illinois public pension systems on or after January 1, 2011. **Current CTPF members and retirees are considered Tier 1. The law does not change benefits for Tier 1 members.** Furthermore, members with contributions on deposit prior to January 1, 2011, who join another covered system after January 1, 2011, retain Tier 1 benefits in both systems.

The law also includes a provision reducing the required contribution Chicago Public Schools must pay CTPF by \$1.2 billion dollars, while increasing long-term taxpayer liability by more than \$12 billion.

A summary of current pension law and the new provisions follows:

Benefit	Tier 1: Current Members	Tier 2: Members who join CTPF on or after 1/1/2011
Retirement age for a pension without a reduction	<ul style="list-style-type: none"> <li>■ 62 with 5 years of service</li> <li>■ 60 with at least 20 years of service</li> <li>■ 55 with at least 33.95 years of service</li> </ul>	67 with 10 years of service
Retirement age for a reduced pension	55 with 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% increase, applicable to total pension payable at time of increase	3% increase or one-half of the CPI, whichever is lower, calculated on amount of initial pension
Surviving Spouse Annuity	50% of the deceased member's annuity	66 <sup>2</sup> / <sub>3</sub> % of the deceased member's pension earned at date of death

### HB 4826: PROTECT RETIREE HEALTH INSURANCE

Each year CTPF strives to rebate 70% of retirees' health insurance premium costs. Illinois law limits the amount CTPF can spend for this purpose to \$65 million annually (plus any amount not previously spent).

House Bill 4826 would increase the maximum amount CTPF can spend on retiree health insurance premium subsidies from \$65 to \$100 million. The health insurance premium subsidy was capped at \$65 million in 2003-2004 when CTPF supported 18,500 pensioners. Today, CTPF supports 24,000+ pensioners. CTPF will be forced to reduce the 70% subsidy without this measure.

### Contact Your Legislator

CTPF is governed by Illinois law and changes to CTPF operations and funding come through legislation. Call Illinois legislative leaders and ask for their support of HB 4826.

Reach Speaker of the House Michael Madigan at 217.782.5350 or 773.581.8000, and Senate President John J. Cullerton at 217.782.2728 or 773.883.0770.

## CTPF CALENDAR

*Trustee meetings, held in CTPF offices, are open to the public.*

### JUNE

- 15 9:30 a.m., trustee meeting
- 30 Last day to submit Health Insurance Rebate forms for the 2008-2009 fiscal year; see pg. 4

### JULY

- 5 Independence Day observed, office closed
- 15 9:30 a.m., trustee meeting

### AUGUST

- 19 9:30 a.m., trustee meeting

### SEPTEMBER

- 6 Labor Day, office closed
- 16 9:30 a.m., trustee meeting

### OCTOBER

- 1 5:00 p.m., CTPF election nominating petitions due
- 11 Columbus Day, office closed
- 21 9:30 a.m., trustee meeting
- 29 2010 Teacher Trustee election

### NOVEMBER

- 5 2010 Principal Trustee election
- 11 Veterans Day, office closed
- 23 9:30 a.m., trustee meeting
- 25-26 Thanksgiving holiday, office closed

### DECEMBER

- 14 9:30 a.m., trustee meeting
- 24 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](http://www.ctpf.org) [memberservices@ctpf.org](mailto:memberservices@ctpf.org)

Office hours: 8:00 a.m. – 5:00 p.m. M-F



Appointments with Member Services counselors are available Monday through Friday from 8:00 a.m. to 4:00 p.m. Walk-in appointments are accepted on a first-come, first-served basis but an appointment is always recommended. Call 312.641.4464 to schedule an appointment.

### Getting Here

CTPF is located at 203 North LaSalle Street, suite 2600, Chicago, Illinois 60601-1231

The 203 North LaSalle building has a self-park garage, and parking is also available nearby. CTA blue, green, brown, pink, purple, and orange lines all stop at Clark and Lake with easy entry to 203 North LaSalle Street.



### ASSISTANCE FOR JUNE RETIREES

If you plan a June retirement but have not made advance preparation, individual counseling sessions are available with Member Services representatives. Call 312.641.4464 to schedule an appointment. Essential retirement information, including the Retirement Application Packet and the Life Plans series of brochures, can be found at [www.ctpf.org](http://www.ctpf.org).

## PENSION PAYMENT SCHEDULE

The schedule for mailing checks/direct deposit advices and the date for posting direct deposits is listed below. Please use this as a guide for budgeting.

Mail delivery usually takes two or three days. Members who receive checks by mail may not have the check in hand on the first of the month. If you have not received your check five business days after the posted mailing date, please contact CTPF. Direct deposit funds are normally available on their posting date.

Month	Mailing Date	Direct Deposit Date
July 2010	June 29, 2010	July 1, 2010
August 2010	July 30, 2010	August 2, 2010
September 2010	August 30, 2010	September 1, 2010
October 2010	September 29, 2010	October 1, 2010
November 2010	October 29, 2010	November 1, 2010
December 2010	November 29, 2010	December 1, 2010
January 2011	December 30, 2010	January 3, 2011
February 2011	January 28, 2011	February 1, 2011
March 2011	February 25, 2011	March 1, 2011
April 2011	March 30, 2011	April 1, 2011
May 2011	April 29, 2011	May 2, 2011
June 2011	May 30, 2011	June 1, 2011

## DIRECT DEPOSIT

Direct deposit electronically remits your benefit payment directly into your personal bank account. This convenient option, used by 90% of retirees, eliminates the problems associated with mail delivery and offers same-day availability of funds. Find direct deposit authorization forms at [www.ctpf.org](http://www.ctpf.org) or request one from Member Services at 312.641.4464.

### Direct Deposit Advice

A direct deposit advice with information about the amount and the date of deposit is issued:

- every December
- every January
- whenever your payment changes

The direct deposit advice provides a breakdown of the current payment and year-to-date figures. If you prefer a monthly advice, call Member Services to arrange this option.

### Dividing Your Deposit

Deposits may be divided between two bank accounts. If you deposit into two accounts, you must specify a flat dollar amount for one account, and the balance will be deposited into the other.



## 2010 RETIREMENT SEMINARS

More than 700 current teachers attended CTPF's 2010 Retirement Seminars, held February 12 at the O'Hare Marriott, and February 15 and March 1 at the Hilton Oak Lawn.

The seminars provided an overview of the retirement process and offered assistance to individuals who completed retirement applications. Representatives from CTPF and the Chicago Public Schools made presentations. The Social Security

Administration and vendors for retirement-related services also hosted informational booths and offered services to retirees.

"This was the fifth year we have offered these seminars. Retirement is a process and the seminars offer potential retirees a range of information and answers to questions ranging from sick pay to health insurance," remarked Member and Office Services Director Frances Radencic.



"Our members felt that their questions were answered and they could make informed decisions about their retirement plans," added Member Services Manager Sheron Banks-Fallis.

Vanessa Henri, a teacher at Hirsch Metro High School and CTPF Pension Representative, gave the seminar high marks. "I attend each year to make sure I stay up-to-date, on pension fund news," Henri remarked. "The seminars provide valuable information that I can take back and share with teachers at my school."



*Left: Teachers considering their retirement options gathered in the ballroom at the Marriott O'Hare on February 12 to gather additional information and turn in retirement applications. Above: Sheri Gold-Spivak meets with CTPF Benefits Supervisor Denise Valentovich following the retirement seminar presentation on February 12.*

## SITES FOR SENIORS

Need advice on Medicare or want to find a doctor? Find important and useful information at these sites:

### [www.usa.gov](http://www.usa.gov)

The US government gateway for all web-based information. The seniors tab offers a variety of resources on topics ranging from nutrition to legal advice.

### [www.medicare.gov](http://www.medicare.gov)

Information about Medicare benefits and forms.

### [www.ssa.gov](http://www.ssa.gov)

Apply for benefits, change of address, and other essential services.

### [www.aoa.gov](http://www.aoa.gov)

The Administration on Aging, a division of the United States Department of Health and Human Services, offers resources for seniors who may require assistance but want to remain in their homes.

### [www.ama-assn.org](http://www.ama-assn.org)

The American Medical Association offers a "doctor finder" feature which includes listings of almost all licensed physicians in the United States.

### [www.aarp.org](http://www.aarp.org)

One of the nation's largest senior organizations, offers a variety of online services.

### [www.bbb.org](http://www.bbb.org)

The website of the Better Business Bureau allows users to research a business, charity, or file a complaint.

### *Recommend a Site*

Do you have a favorite website to share with other retirees? E-mail your favorite site to [editor@ctpf.org](mailto:editor@ctpf.org) for consideration.







**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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## *The Last Word*

*Retirement in one sentence...*



*"This is the time to cover those miles we have yet to go, to fulfill the promises we have yet to keep, and to rediscover that road once not taken."*

*– Joann Podkul, former teacher, CTPF retiree*

Joann Podkul retired in 2004 from the Bowen Environmental Studies Team (BEST) High School after nearly 40 years of service. A lifelong resident of Chicago's Southeast Side, Podkul chairs (as a volunteer) the Calumet Stewardship Initiative, an umbrella organization for nearly 40 environmental, civic and cultural organizations serving the SE Side of Chicago and suburbs, as well as Northwest Indiana. She also volunteers at the Southeast Chicago Historical Society Museum and she and her husband, Kevin Murphy, serve on the South Chicago Chamber of Commerce Planning and Development Committee. As the 10th Ward moves from steel to green, Podkul and Murphy have worked with area organizations to spread the word and celebrate the community's efforts in an annual 10th Ward Green Summit begun in 2008. The City of Chicago recognized the couple as Community Heroes in 2009.

**Share your advice. Write a sentence with your thoughts on retirement and send it to [editor@ctpf.org](mailto:editor@ctpf.org).**