



Chicago Teachers' Pension Fund

When you leave employment, you must decide how to manage the pension assets you have accumulated in CTPF. The decision you make can have a significant impact on your future financial security and your tax burden.

Generally, members have three options when they leave employment:

- **Retire.** You may retire with a pension, if you meet age and vesting requirements.
- **Leave your pension contributions at the fund.** You may leave your pension assets at CTPF until you reach retirement age.
- **Accept a refund of contributions.** Contributions may be rolled over into another qualified retirement plan or paid to you. When you accept a refund you forfeit all future benefits.



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Refund of Contributions

Leaving Your Contributions in the Pension Fund Means

- A guaranteed pension for life (when you meet eligibility requirements) based on your final average salary, years of service, and pension multiplier.
- If you return to a CTPF Employer or accept employment within the Illinois reciprocal systems, your contributions and service credit can be combined (*see page 2 for a list of reciprocal systems*).
- You can designate a beneficiary to receive a lump-sum payment of your pension contributions upon your death.

Taking a Refund of Your CTPF Contributions Means

- You forfeit your service retirement benefits with CTPF, including survivor, disability, and post-retirement health insurance benefits.
- If you return to a CTPF Employer, you must earn a minimum of 2 years of active service to qualify for reinstatement of your refunded service.
- Your refund may be taxed as income unless you choose to rollover pension contributions to a qualified retirement plan.

Leaving Contributions Means Keeping Your Service Credit

If you leave your contributions at CTPF, you keep your service credit.

At retirement, CTPF will calculate your retirement benefit based on a three-part formula: $(\text{service credit} \times \text{pension multiplier}) \times \text{final average salary} = \text{your retirement benefit} \times \text{maximum of 75\%}$

Summary of Retirement Benefits & Vesting Requirements		
Benefit	Tier 1	Tier 2
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 33.91 years of service	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	The annual salaries used in the calculation of the final average salary are capped from year-to-year at 120% of previous year's salary.*	Final average salary used to calculate pensions capped at 119,892.41 in 2022. 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.
Surviving Spouse Annuity	50% of the pension the member had earned at the date of death	66% of the retired member's pension at date of death. 66% of the earned annuity of the unretired member; no age reduction.

* Applies to members who began employment on or after September 1, 1983.

Illinois Reciprocal Systems

Combining service from reciprocal systems may allow you to meet eligibility requirements and receive pensions from all systems. The service earned must be one year or more and your combined service must meet the vesting and age requirements of each system.

Participating systems include:

Chicago Teachers' Pension Fund

www.ctpf.org

County Employees' Annuity and Benefit Fund of Cook County and Forest Preserve Employees' Annuity and Benefit Fund of Cook County

www.cookcountypension.com

General Assembly and Judges' Retirement System of Illinois

www.srs.illinois.gov

Illinois Municipal Retirement Fund

www.imrf.org

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

www.labfchicago.org

Metropolitan Water Reclamation District Retirement Fund

www.mwrdrf.org

Municipal Employees' Annuity and Benefit Fund of Chicago

www.meabf.org

Park Employees' Annuity & Benefit Fund of Chicago

www.chicagoparkpension.org

State Employees' Retirement System of Illinois

www.srs.illinois.gov

State Universities Retirement System of Illinois

www.surs.org

Teachers' Retirement System

www.trsil.org

Estimating Your Pension

CTPF's Monthly Pension Planner, available at www.ctpf.org, can give you a general estimate of what your pension would be at retirement. You can also request an estimate of your retirement benefit from CTPF's Member Services Department.

Applying for a Refund

If you choose a refund of contributions, follow these steps:

- Complete an Application for Refund of Contributions. This form can be obtained from our website www.ctpf.org or from CTPF's Member Services Department.
- Submit the completed application to our office by mail, fax, or email.

Illinois Statutes requires a 60-day waiting period from the date of termination from your Employer. Once the waiting period is completed, please allow up to twelve weeks for processing of a complete application.

Federal Tax Impact

If you choose a refund of contributions, the type of distribution determines if you will pay taxes, penalties, or both. Your refund options may include:

- Full distribution. The distribution is paid directly to you, less mandatory 20% federal income tax withholding of taxable amount
- Full rollover. The distribution is sent to a qualified retirement plan of your choice.
- Partial rollover and distribution. The refund may be divided. A portion can be rolled over into a qualified retirement plan, and the balance paid directly to you less the mandatory 20% withholding of the taxable amount.

For more information regarding amounts in your CTPF account that are eligible for rollover, see Special Tax Notice attached to the Application for Refund of Contributions.