Often in life, we forget the 2 simplest words – Thank You. I want to start my first letter off to you with those words. As a government agency, we sometimes forget that we are not only here to serve our members, but also to provide excellent customer service. Thank you for this opportunity.

I want to welcome our new teachers who joined the Pension Fund. If you have any questions regarding the Pension Fund, please call us. Also, I want to congratulate our new retirees. We processed over 1200 retirement applications since January so the pensioner family is rapidly growing. The Pension Fund hopes that your hard work pays off in a joyful retirement.

You may have read about the troubles with the Teachers’ Retirement System of the State of Illinois (TRS). The allegations of impropriety and corruption against TRS, its Board of Trustees, and its attorney are confined to that agency, not YOUR pension fund. I have received numerous calls to make sure that these allegations were not against the Chicago Teachers’ Pension Fund. None of our Trustees or management have been contacted concerning any allegations or improprieties. TRS has a Board of Trustees with eleven members; four are appointed by the Governor and are not members of the TRS Fund. Your Board of Trustees is comprised of ten trustees elected by the active contributors and pensioners, and two trustees appointed by the Chicago Public Schools which is responsible for the financing of the pension fund. Every CTPF Board member is committed to ensuring the integrity and success of CTPF. CTPF Board members have worked diligently to keep CTPF separate from TRS in order maintain local control of our fund and to prevent any merger that would weaken our financial position.

The annual election of Trustees will be conducted on October 28 (Four teachers elected to serve either a 2-year or 3-year term) and November 4 (three pensioners to serve a 2-year term). The teacher election will be conducted at the schools and the pensioner election will be conducted via mail. We encourage members to vote in their respective election.

We are currently in the annual health insurance open enrollment period. Open enrollment runs from September 15 to November 1. CTPF provides the opportunity for retirees to enroll in one of our sponsored group health insurance plans (1) when they leave their employer (CPS or Charter School) and exhaust all COBRA rights or (2) as a one-time entry option if they meet certain criteria. During open enrollment, members can also change their health insurance coverage. Please contact our office if you have any questions concerning health insurance plans. The federal government has introduced its Medicare D program effective January 1, 2006. We have dedicated a page to providing what we hope are clear explanations of actions our retired members may need to take.
The Trustees and staff have been working extremely hard for the membership over the past year. As noted in previous newsletters, the pension fund moved its headquarters to 203 North LaSalle on May 23 and implemented a new database system on August 8, 2005 that brought its technology into the 21st century. Active members will notice a change in the appearance and information on the annual member statement. For our pensioners, the continued processing of your pension check is assured for the next decade.

Some recent CTPF accomplishments:
• The Trustees approved a reorganization plan that included a new unit, field services, whose sole responsibility will be to visit the schools and work with members to make sure they understand their pension fund benefits.
• The Fund’s Trustees held an all day strategic planning retreat in the Fund’s offices on August 19, 2005 to set the direction of the Fund for the upcoming year as well as the foreseeable future.
• On September 28, 2005, the Fund testified before the State Senate committee on Pensions Laws and Rules regarding CTPF’s hiring of minority - and female-owned money managers and brokers. The Senators were highly complimentary of the Fund. Currently, over 20% (approximately $1.3 billion) of our active assets are managed by minority or female managers. The Trustees are extremely proud of their reputation as a pension fund that is inclusive.
• Health insurance rates, through diligent negotiations by the Trustees, were reduced by an average of 10.5% for the year January 1, 2006 through December 31, 2006.
• Open enrollment health insurance seminars were held on October 3 and 4, 2005. Close to 1000 members attended the seminars
• A training seminar for school pension representatives was conducted on October 8, 2005. Pension representatives serve as the liason between CTPF and the members at each school. They are also responsible for conducting the teacher election in October. Over 330 pension representatives were in attendance.

In this copy of our newsletter, we present more detail surrounding the upcoming elections, the new Medicare D prescription drug program and the Fund’s investments. We hope that 2005 ends on a grand basis for all of you and we look forward to 2006.
Candidates Announced
On October 28 members of CTPF will be electing their representatives to sit on the Board of Trustees. A total of four positions will be elected. Nominees are:

2-Year Position (Two to be elected)
Rose Mary Finnegan
Mary Hanson
Patricia Knazze
Harold Matz
Lois Nelson

3-Year Position (Two to be elected)
Earnestine Murphy
John O’Brill
Maria Rodriguez
Jacquelyn Price Ward

Information regarding the candidates has been distributed to the schools and other places of employment and can also be found on the web at www.ctpf.org.

Eligible Voters
All active contributors (with the exclusion of administrators) who have made contributions to CTPF during the period from July 1, 2005 to the last reporting date provided by the employer are eligible to vote in this Election.

Those eligible to vote include all certificated teachers, teacher-nurse, teacher-librarian, teacher-audiologist, teacher-speech pathologist; day-to-day subs, cadre subs, provisional subs, part-time teachers, city wide or traveling teachers, counselors, and ROTC instructors, certain employees of the Board of Education, contributing Charter School teachers, and contributing employees of CTPF.

A Change in Voter Eligibility
This year the Pension Statute regarding the election of Trustees was amended to read that “all administrators employed on a type-75 certificate vote for the Principal trustee.” Therefore principals, assistant principals, associate principals, acting principals, and area instructional officers are NOT eligible to vote for Teacher-Trustees.

In addition, retired teachers and educational support personnel are NOT eligible to vote in the Teacher-Trustee Election.

Times and Places for Voting
Voting will take place in the schools from 7:00 a.m to 9:00 a.m. Elections will be conducted by the pension representative in each school assisted by other contributing members. In addition, the following polling sites are available: the Board of Education, 125 S. Clark, Room 1908 (on the Clark Side) from 8:00 a.m. to 10:00 a.m.; Chicago Teachers’ Pension Fund office, 203 N. LaSalle St., Suite 2600, south conference room from 7:00 a.m. to 10:00 a.m.; and the Chicago Teachers’ Union, 222 Merchandise Mart, Suite 400 from 7:00 a.m. to 10:00 a.m.

All eligible voters currently assigned to a school or other work unit will vote at their place of employment. Citywide, traveling teachers or any contributor not at their normal place of employment on Election Day may vote at any Chicago Public school or one of the alternate sites – photo identification and CPS employee identification will be required to vote.

Official results will be announced by October 29, 2005. Newly elected Trustees will begin their term of office at the November meeting of the Board.
Candidates Announced
On November 4 CTPF pensioners will elect their representatives who will sit on the Board of Trustees for the next two year. Three trustees will be elected. Nominees are:

Shirley Anderson
Vaughn Barber
Marie Miller
Carole Nolan
Walter Pilditch
Mary Sharon Riley
James Ward

For the convenience of the members, a postage-paid envelope is included in the packet. Ballots should be sealed inside the Secret ballot envelope, placed in the postage-paid envelope and mailed immediately. Ballots must be postmarked by November 4th and received at Election Services Corporation no later than November 9, 2005.

Official results will be announced by November 10th. Newly elected Trustees will begin their term of office at the November meeting.

Eligible Voters
All service retirement, reciprocal and disability pensioners are eligible to vote in the Pensioner-Trustee Election.

Method of Voting
Ballot kits were mailed on October 17th to each eligible voter at the address on file with CTPF. Any member that has not received a ballot kit by October 24th should contact Election Services Corporation, 516-248-7833, to request a replacement ballot kit.

Information regarding the candidates will be included in the ballot packets that will be mailed to each service, reciprocal and disability pensioner and can also be found on the web at www.ctpf.org.
Medicare D – What You Need to Know

Medicare Part D is the government’s prescription drug program. It is administered through private companies, not the government. The Government reimburses these companies for providing the drug benefit. It is the prescription drug component of the government’s plan to provide complete health insurance along with Medicare Part A and Medicare Part B. Medicare Part D has confused many people and we hope to clarify some information for you.

If You Have the Fund’s Health Insurance

• The CTPF-sponsored plans are approved Medicare Prescription Drug Plans (Medicare D). You are enrolled in a prescription drug plan that is superior to the required, basic Medicare D coverage. YOU ARE DONE AND DO NOT NEED TO DO ANYTHING FURTHER.
• If you do enroll in a non CTPF-sponsored Medicare D Plan, you may be dis-enrolled from the CTPF-sponsored Medicare D plan by Medicare. This may cause you to lose your medical coverage through the Fund. If you lose coverage through the Fund, your eligible dependents will also lose coverage.

If You Do Not Have the Fund’s Health Insurance – You Are In An Outside Plan and You Are Eligible for Medicare.

• Check with your current provider to see if your current plan includes prescription drug coverage that either is a Medicare D Plan or is “creditable coverage.” Creditable coverage is defined as coverage at least as good as the basic Medicare D plan. Your provider, by law, must provide you with a notice explaining whether or not your plan provides creditable coverage.
• If your plan does not have Medicare D or creditable coverage and you have Medicare Part A and/or Part B, you will be subject to a lifetime premium penalty if you join a Medicare D plan after May 15, 2006. The increase will be 1% per month for every month after May 15, 2006 that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than the normal premium cost. In addition, you may have to wait until the next open enrollment period (November 15 through December 31 each year) to enroll.

Review all Materials Carefully

• Please be aware that starting in October, you will begin receiving materials from private Medicare D Plans encouraging you to join their programs. Beginning November 15, 2005, all Medicare-eligible individuals will have the opportunity to join a Medicare D Plan. This year the open enrollment period is November 15, 2005 through May 15, 2006. After this year, the enrollment period will be November 15 through December 31.
• Although there are minimum standards that all Medicare D Plans must meet, they will differ in plan provisions from which medications are covered to the amount of deductibles and premiums. There will be a substantial number of choices so please review all plans closely.

To get more information about Medicare Prescription Drug Coverage, you can:
• Visit www.medicare.gov for personalized help.
• Call your State Health Insurance Assistance Program (the telephone number will be included in the “Medicare & You 2006” handbook).
• Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare D Coverage is available. Information about this extra help is available from the Social Security Administration (SSA). To get more information about this extra help, you can:
• Visit www.socialsecurity.gov/prescriptionhelp
• Call 1-800-772-1213 (TTY 1-800-325-0778).

For those in CTPF-sponsored plans, you can call your current health insurance provider and they should answer any questions you may have.
The investments of the Chicago Teachers' Pension Fund (CTPF) were valued at $10.8 billion as of June 30, 2005. The investments are allocated among several asset classes as detailed in the following pie chart. For the twelve months ended June 30, 2005, CTPF experienced a 10.8% return, which outperformed its benchmark by 1.4%.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund</td>
<td>10.8%</td>
<td>9.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>10.7%</td>
<td>10.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>International Equity</td>
<td>14.5%</td>
<td>13.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>7.3%</td>
<td>6.2%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Private Real Estate</td>
<td>17.5%</td>
<td>12.1%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Public Real Estate Investment Trusts</td>
<td>37.7%</td>
<td>21.5%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>17.6%</td>
<td>5.3%</td>
<td>-</td>
</tr>
<tr>
<td>Cash Equivalent</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Asset Allocation**

**as of June 30, 2005**

- **Domestic Equity**: 50.8%
- **International Equity**: 13.3%
- **Fixed Income**: 25.0%
- **Private Real Estate**: 5.5%
- **Public REITs**: 2.1%
- **Private Equity**: 1.7%
- **Cash Equivalent**: 1.6%
Do you have a Designation of Beneficiary on file with CTPF?
Often teachers remember filling out a form when they were hired by the Board of Education and joined the Chicago Teachers’ Union and do not realize that there is a separate designation form required for CTPF members. It is also important for all members to update their designation periodically to make sure that it reflects the member’s wishes regarding beneficiaries. We recommend that you update your beneficiary information at least every five years.

Active members may request a form from their school pension representative, or from CTPF. Retired members should request a form from CTPF. Please call Member Services at 312-641-4464 for assistance.

Plans Underway to Establish a Field Service Unit
CTPF is committed to educating our members regarding the service retirement and other CTPF benefits. A major goal for this fiscal year is the development of a Field Service Unit. The purpose of this new unit is to provide comprehensive coverage to all Chicago Public and Charter schools by regular contact with members in the schools.

The main goals of the unit are to educate and empower the school pension representatives to effectively serve as a first line of contact with members and to regularly inform and educate active members through the use of published materials, CTPF website, in-service meetings, individual school visits, group workshops and seminars.

We plan to have this unit hired and trained by June 2006, and to begin regular contact with schools starting with the 2007 school year.

Do You Have a Break in Service?
During a teacher’s career there are occasions that may have caused a “break” in service. Examples of a break in service are maternity or paternity leave, sick leave, study leave, military leave or labor organization leave. Additionally, a teacher may have left the Chicago Public Schools or other service covered under the Illinois Retirement Systems Reciprocal Act, took a refund of contributions and later returned to service.

Members have the option to pay the pension contributions for these “breaks” in service. This payment is call optionally creditable service.

Purchasing optionally creditable service can enhance your retirement benefit. Members can purchase up to a maximum of 36 months of employer-approved leave, up to 5 years of military service, and up to a maximum of 10 years teaching time in public schools of the United States and its territories. Members can also repurchase previously refunded service credit.

Cost to purchase optionally creditable service or to repay a prior refund is calculated based on factors such as the salary at the time of the leave or the total amount of the prior refund. Interest charges (5%) are part of the repayment, and compound annually.

If you think you may be eligible to purchase optionally creditable service it is important to consider your options and to determine when or if purchasing this service will enhance your pension. Often, members do not remember or consider these breaks until the time of retirement and may discover the cost of the repurchase is significant or they experience delays waiting for a bill to be processed. Keep in mind, you are not obligated to pay for a bill at the time it is processed. Once a bill is completed it is kept on record and may be revised at any time. For further information please contact our Member Service department. Timing of purchasing service is dependent on each individual’s goals and financial position. For decisions regarding timing of purchasing optional service we recommend that you speak with your investment professional.
Address Alert
Active members are reminded to notify your employer of a change of address. The data provided by the employer is transmitted to our system each month. If you have previously reported a change of address to us, but have not notified your employer, please do so at your earliest opportunity, otherwise, your new address will not be reflected in our system. CPS teachers should report changes to CPS Records Department, 773-553-1112.

Pensioners are asked to report a change of address directly to our office. Please call the CTPF office to request a change of address form. For your protection, we cannot take a change of address report over the phone.

Office and Mailing Address
Chicago Teachers’ Pension Fund
203 N LaSalle, Suite 2600
Chicago, IL 60601-1210.

E-mail address
ctpf@ctpf.org

Office hours
7:30 a.m. to 5:00 p.m.
Monday through Friday

Telephone  (312) 641-4464
Fax  (312) 641-7185
Web site  www.ctpf.org

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.

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