Executive Director’s Letter

If I asked you to commit to a second job that required between 5 and 15 hours each week, including evenings and weekends, and asked you to assume responsibility for $13 billion in assets and the well-being of 55,000 individuals – but offered no compensation – you might have to think long and hard before accepting the offer.

Each year, however, 12 dedicated and talented individuals do accept this offer and donate their time and talent as volunteer trustees for CTPF. These individuals have an important responsibility: ensuring that the pensions of more than 55,000 individuals are sound and funded for life.

Our trustees include 6 members elected from the contributors; 1 elected representative from the principals/administrators; 3 elected representatives from the pensioners, and 2 appointees from the CPS Board of Education (BOE). Their terms are staggered so that CTPF never replaces an entire board in any year. This fall we conducted elections for contributor, administrator/principal, and pensioner representatives and installed the newly elected board in November.

We want to thank our outgoing trustees Vaughan J. Barber, James A. Cosme, and Mary Hanson for their tremendous service to the fund. We appreciate their time and expertise.

We also welcome our new and returning trustees: Linda S. Goff and

Continued on page 3

2007-2008 Board of Trustees Installed

The Chicago Teachers’ Pension Fund Board of Trustees pictured, back row, from left to right: Walter E. Philbrick, Peggy A. Davis, James F. Ward, Linda S. Goff, Maria J. Rodriguez, Mary Sharon Reilly, Alberto A. Carrero, Jr., and Chris N. Kotis. Front row, 2007-2008 Officers: Financial Secretary Reina Otero, Vice President Lois Nelson, President John F. O’Brill, and Recording Secretary Nancy Williams.

November 20, 2007, the Chicago Teachers’ Pension Fund formally swore in new trustees and elected new officers.

Teachers

Linda S. Goff and Lois Nelson submitted petitions and were certified to run for the two open positions in the Teacher Trustee Elections.

“Because the number of candidates equaled the number of open positions, the individuals who submitted petitions were elected and the elections, previously scheduled for October 26, were cancelled,” explained Frances Radenic, CTPF election coordinator.

Goff and Nelson will serve three-year terms from November 2007 until November 2010.

Goff has more than 20 years experience teaching in CPS and 5 years of experience in commercial banking. She holds a master’s degree in special education and currently teaches at Chappell Elementary.

Nelson has served on the CTPF Board of Trustees since 2005. She holds a master’s degree in education and a gifted teacher certificate. She currently teaches at Earle Elementary School.

Principal/Administrator

Chris N. Kotis was elected to serve as representative for the principals/administrators. He will serve a three-year term from November 2007 until November 2010.

Kotis has served in the CPS system for more than 30 years and has been principal of the Beaubien Elementary School since June 1992. He holds a bachelor’s degree from Northeastern Illinois University and a master’s degree from University of Illinois Chicago. He serves as a school board member for St. John the Baptist Greek Orthodox Church Guardian Angels School.

Continued on page 3
CTPF Financial Snapshot

CTPF Return on Investments
As of September 30, 2007

<table>
<thead>
<tr>
<th>Rate of Return</th>
<th>Total Fund Benchmarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>15.6</td>
</tr>
<tr>
<td>3 year</td>
<td>13.4</td>
</tr>
<tr>
<td>5 year</td>
<td>13.9</td>
</tr>
<tr>
<td>10 year</td>
<td>8.5</td>
</tr>
</tbody>
</table>

*As of September 30, 2007, the approximate current value of CTPF's investments was $12.8 billion.

Prepare Now for Retirement

Life Plans

While the weather may not feel like spring, now is the time to begin preparing for retirement in 2008. The CTPF staff offer this advice to members considering retirement.

START NOW

Retirement preparations should begin at least six months before you plan to retire.

- Check on the status of any unpaid optional service or 2.2 upgrade contracts. Make sure you pay these contracts before you retire.
- Ask the Board of Education about PEP and ERO to see if it is to your advantage to participate.

BUDGET

- Budget for the "gap period" post-retirement while your pension is processed. Have at least three months of expenses saved before you retire.

CONSIDER HEALTH INSURANCE

- If you are under age 65, you will need to apply for COBRA health insurance coverage with your employer.
- If you are or will be over age 65 at retirement, apply for interim coverage with your employer and apply for Medicare with the Social Security Administration.

CONTACT

- If applying for a reciprocal pension, you must also contact the other system to apply for a reciprocal pension benefit.
- Contact your employer and resign.

Obtain copies of your vital records. These include your birth certificate, your spouse's birth certificate (or death certificate), and your marriage certificate or divorce decree, if applicable.

INVESTIGATE

- Find out whether it would be to your advantage to purchase optional service for any approved leaves.

2008 Retirement Seminars

In 2008, CTPF will host six retirement seminars to educate and inform members planning to retire. The seminars provide an overview of retirement benefits, discuss health insurance options, and review the retirement process. Sessions are 9:00 a.m. - 10:30 a.m. and 1:00 p.m. - 3:30 p.m. Members need only attend one session.

Seminars will be held:
- February 12, Holiday Inn Chicago Mart Plaza, 350 North Orleans, Chicago
- February 18, O'Hare Marriott, 8535 West Higgins Rd., Chicago
- March 18, Hilton Oak Lawn, 9333 South Cicero Avenue, Oak Lawn

During the session, CTPF staff will help members complete the retirement application, provide notary service, and accept completed applications. The seminars will feature a presentation by CTPF and CPS staff, followed by a question-and-answer session.

Representatives of the Chicago Board of Education, the Social Security Administration, financial service vendors, and health care vendors will also be available to answer individual questions.

The seminar is free but registration is required and space limited. Call Member Services today at 312.641.4464 to reserve.
PENSIONERS
Three retirees were elected to represent the pensioners on the CTPF Board of Trustees. Walter E. Pilditch, Mary Sharon Reilly, and James F. Ward will serve two-year terms from November 2007 until November 2009.

Walter E. Pilditch served as the principal trustee from 1995 through 2001 and was elected pensioner trustee in 2003. He serves as a director for several other organizations including the Chicago chapters of the American Cancer Society and the Boy Scouts of America.

Mary Sharon Reilly served as a member of the CTPF Board of Trustees for 11 years and 9 as president. She holds a master’s degree in guidance and counseling and is a board member of the Retired Teachers Association of Chicago (RTAC) and the Mundelein College Alumnae Association.

James Ward has served as a CTPF board member since 1997 when he retired as the fund’s director, having served the fund from 1967-1997. A member and former president of RTAC, Ward holds an MBA in accountancy and is a chartered financial analyst.

BOARD OF EDUCATION
Peggy Davis was reappointed representative for the Board of Education and will serve from November 2007 to November 2009.

Davis holds a bachelor’s degree in social welfare and a J.D., both from the University of Wisconsin. She serves as vice president of diversity and compliance at the Exelon Business Services Corporation.

OFFICERS
At the November 20, 2007, meeting the newly installed board elected the following individuals officers for the 2007-2008 year.

President, John F. O’Brill
Vice President, Lois Nelson
Recording Secretary, Nancy Williams
Financial Secretary, Reina Otero

2007-2008
CTPF Trustees

Representing the Contributors
Linda S. Goff
Lois Nelson
John F. O’Brill
Reina Otero
Maria J. Rodriguez
Nancy Williams

Representing the Pensioners
Walter E. Pilditch
Mary Sharon Reilly
James F. Ward

Representing the Principals/Administrators
Chris N. Kotis

Representing the Board of Education
Alberto A. Carrero, Jr.
Peggy A. Davis

Executive Staff
Executive Director, Kevin B. Huber
Chief Operating Officer, Patricia Hambrick

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

January
1 New Year’s holiday, office closed
15 M.L. King’s birthday, office closed
17 9:30 a.m. Trustee special meeting

February
12 Lincoln’s birthday, office closed
12 9:00 a.m. and 1:00 p.m. (attend one), CTPF retirement seminar, Holiday Inn Mart Plaza, Chicago
13 9:30 a.m. Trustee meeting
18 President’s Day, office closed
18 9:00 a.m. and 1:00 p.m. (attend one), CTPF retirement seminar, O’Hare Marriott, Chicago

March
5 C. Pulaski’s birthday, office closed
13 9:30 a.m. Trustee special meeting
18 9:00 a.m. and 1:00 p.m. (attend one), CTPF retirement seminar, Hilton Oak Lawn, Oak Lawn

Office/Mailing Address
Chicago Teachers’ Pension Fund
203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1210
312.641.4464 phone 312.641.7185 fax
www.ctpf.org memberservices@ctpf.org
Office hours: 7:30 a.m. to 5:00 p.m. M-F

Executive Director’s Letter continued from cover

Lois Nelson, representing contributors; Chris Kotis representing principals/administrators; Walter E. Pilditch, Mary Sharon Reilly, and James F. Ward, representing pensioners; and Peggy A. Davis, BOE representative. Their experience and talent will enable CTPF to continue on its steady path with strong performance.

We see evidence of CTPF’s strong performance in our return on investment. At the end of the fiscal year (June 30, 2007), we posted a one-year return of 17.3% with a five-year return of 11.5%. Our current funded ratio, 78%, is among the state’s highest for pension funds.

Even with the good news, CTPF faces challenges. This summer we welcomed more than 1,600 new retirees who will enjoy pensions for life. Unfortunately, the BOE has been unable to provide CTPF with accurate and complete final payroll data for 2007. Therefore we have issued preliminary pensions to these individuals. We will recalculate and issue final pensions as soon as the BOE makes final data available.

The same issue affects our active BOE employees. Because we do not have final data from the BOE, this year’s annual member statements will only include data from July 1, 2006, through March 2007.

We regret the difficulty this has caused our members and continue to work diligently with the BOE to resolve their payroll issues. We encourage you to visit www.ctpf.org for regular updates.

As we deal with daily challenges we cannot lose our long-term perspective. We work to maintain our funded ratio as we expect the number of retiring teachers to increase. We seek ways to control rising health-insurance premiums and we strive to provide excellent customer service to our members.

With the guidance of our trustees who share the voices of their constituents, we will continue to meet these challenges and support our members.

Kevin B. Huber, executive director
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

- John F. O’Brill, president
- Lois Nelson, vice president
- Nancy Williams, recording secretary
- Reina Otero, financial secretary
- Alberto A. Carrero, Jr.
- Peggy A. Davis
- Linda S. Goff
- Chris N. Kotis
- Walter E. Pilditch
- Mary Sharon Reilly
- Maria J. Rodriguez
- James F. Ward
- Kevin B. Huber, executive director

Planning to retire in 2008? Make plans to attend one of CTPF’s 2008 retirement seminars, scheduled for February 12, February 18, and March 18. See page 2 for more information.