Public School Teachers' Pension and Retirement Fund of Chicago
205 West Wacker Drive, Chicago, Illinois 60606

PENSION NEWS

January, 1983

BOARD PRESIDENT RESPONDS TO MAYOR'S REPORT

The following press release was issued on December 13, 1982:

Robert T. Wilkie, President of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago has responded with alarm and concern to a report by the Mayor's Pension Fund Advisory Committee, as disclosed in the Mayor's press conference of Thursday, December 9, 1982.

In a message to Mayor Byrne, Mr. Wilkie stated: "News reports have resulted in a barrage of inquiries from contributors and pensioners alike. The Fund was done a disservice in light of a good investment record. We call upon you to set the record straight to quiet the fears of 28,000 teachers and 9,300 pensioners who depend on the Fund for their retirement security."

"No one would dispute that the financial markets in recent years have been erratic and unpredictable. Piecemeal statistics, however, taken out of context, do not give a true picture of any fund's performance. We urge you to consider all of the facts, and hope that you will not use any deceptive statistical measurements as a basis for unnecessary and potentially damaging changes in our pension law."

"The report of the committee, according to the newspapers, was that our investment return was poor. That is not true. The 2.3% return quoted as an average for city pension investments does not reflect this Fund's successful record, and we most strongly object to this misleading premise. A true comparison of our returns with other public pension funds, with the Standard and Poor's index, and with major bond indices demonstrates our success. Figures show how our investments substantially exceed the 2.3% return quoted in the newspapers."

"Further, these results were accomplished within the framework of a conservative legislative authority resulting in a total return that has grown to 11.4% as of August 31, 1982 on book value and 20% return including unrealized appreciation. Certainly you are aware that the legislative authority for this Fund was revised in December, 1981, and now allows a broader range of investments than during the time of your committee's study."

"The news reports suggested that unpaid managers selected by you would do a better job than our existing trustees, seven of whom are elected by Fund members. Since 1895, our trustee boards (also unpaid) have done an excellent job of managing assets and benefit payments (now over $85,000,000 per year) while maintaining the Fund's separate financial status."

"We urge you to move slowly in any change in our pension statutes that would modify the Fund's separate legal identity. This may be the appropriate time to remind you that the only defaulted investment ever made by our trustees was $100 of tax anticipation bonds signed by Mayor Kelly in 1931."

Mr. Wilkie noted that when the Mayor announced the formation of a Pension Fund Advisory Committee on March 3, 1981, four City of Chicago employee pension funds were targeted. The Chicago Teachers' Pension Fund was not included. Mr. Wilkie stated, "It is likely that the conclusions reached by the Mayor's Committee were not intended to apply to this Fund, and that our inclusion was for comparative purposes only. An examination of all of the data will disclose that a change in the laws governing the investment account of the Chicago Teachers' Pension Fund is unnecessary and unwarranted. However, justice requires that the record be set straight, and we ask the Mayor to clarify her position on this matter for all present and retired Chicago school teachers."

TO CONTACT YOUR LEGISLATORS

If you wish to contact your legislators regarding any pension issue, the following addresses may be helpful.

State Legislators:	City Officials:
Illinois General Assembly State House Springfield, Illinois 62706	City Hall 121 North La Salle Street Chicago, Illinois 60602

TRUSTEES ACT TO PROTECT PENSION RESERVES

The trustees have only newspaper accounts of proposed laws to transfer fund assets to a new board of non-paid managers to be named by the current and future Mayors. Nevertheless, to protect members' rights regarding their pension reserves the trustees approved the following addition to their 1983 Legislative Program.

> 17-146.2— Referendum to divest assets. The Retirement Board shall not transfer any investments owned by the Fund to any legal person or entity unless such transfer has first been approved by a majority vote of the contributors and annuitants of the Fund, such vote to be taken at the time of regular trustees elections, as provided for in the Illinois Revised Statutes, Chapter 108-1/2, Section 17-139.

1983 LEGISLATIVE PROPOSALS

At the regular meeting of the Board of Trustees on November 22, 1982, the following proposals were adopted as the 1983 Legislative Program with appropriation measures receiving first priority.

1. Revise the automatic annual increase from 3% to 4% per year.
2. Reduce the penalty for retirement before age 60 from 1/2% to 1/4% for each month under age 60 beginning with retirements occurring on or after July 1, 1983.
3. Start automatic annual increase at age 56 instead of age 61.
4. Grant military service credit (up to 2 years) served before the pension period, subject to statutory cost requirements.
5. Revise the $7,500 single payment death benefit maximum by raising it to $10,000. Change the 1/5 per year decrease of death benefit after retirement to 1/10 per year with a minimum of $5,000.
6. Revise the automatic annual increase to include all those receiving survivor's pensions.
7. Change the reversionary pension to restore the original pension to the pensioner when the reversionary beneficiary predeceases the pensioner.
8. Allow remarriage of surviving spouse with no loss of survivor's pension after age 55.
9. Amend the early retirement provisions to provide the same early retirement benefits to Chicago teachers as currently exist for all other K-12 teachers in Illinois.
10. Amend provisions for contributions for leaves of absence granted for service with teacher organizations to contribute on actual salary rather than the salary rate to which they would have advanced in their last position(s) with the Board of Education.
11. Amend provisions for contributions for leave of absence to include granted study leaves.
12. Provide partial or full reimbursement of the cost of premium payments for group health insurance for annuitants on the rolls as of September 1st of each year whose base pension is less than $1500 per month to a statutory limit of $1,000,000 total per fiscal year. Appropriates $1,000,000 funding.

The Trustees' Legislative Proposals will be presented to the Illinois General Assembly, shortly after it convenes in Springfield on January 12, 1983.