

**Public School Teachers' Pension and Retirement Fund
of Chicago
www.ctpf.org**

PENSION NEWS

July 2002 Issue

Legislative Update. Great news! The recently approved and signed State of Illinois budget includes \$65 million to CTPF to help fund retiree health care. Appropriation bill SB2393 was signed into law (P.A.92-0538) on June 10, 2002 and will take effect July 1, 2002. *Please call, write or email Governor Ryan thanking him for support of the full \$65 million for Chicago teacher retiree health care: Governor George H. Ryan, 207 State House, Springfield, IL 62706; (217) 782-6830; or by e-mail governor@state.il.us.*

Secondly, House Bill 5168 was signed by *Governor George Ryan* (P.A.92-0599) on June 28, 2002 and provides for the following:

- Members will continue to be allowed the option to pay for 2.2 upgrade by deduction from their pension check (existing law provided that this option was to expire June 30, 2003).
- A teacher or retiree's failure to complete payment of the 2.2 upgrade contributions, because of the death of the teacher or retiree, will *not* jeopardize receipt of the upgraded benefit to the surviving spouse or children; their benefit will be computed as if all contributions required by the teacher or retiree had been paid in full (existing law prohibited the survivors from receiving the 2.2 benefit unless the 2.2 upgrade contributions had been paid in full).
- In the event of death of a teacher or retired teacher, a surviving spouse will be entitled to a survivor benefit provided the surviving spouse has been married to the teacher or retired teacher for at least 1 year prior to the date of death (existing law required the marriage to have taken place 1 ½ years prior to the date of death or date of retirement, whichever first occurred).
- Beginning January 1, 2003, the remarriage of a surviving spouse at any age will not terminate his or her survivor's pension (existing law provided that remarriage of a surviving spouse after attainment of age 55 would not terminate the survivor's pension).
- A surviving spouse, whose survivor's pension was previously terminated because of remarriage, may apply for reinstatement of the previous survivor's pension by contacting the pension fund office, completing the application and repaying any refund of contributions for the survivor's pension along with interest.
- A teacher in service may purchase up to 36 months of optional service credit for any employer approved leave of absence (existing law provided no more than 12 months of sick leave, maternity leave or paternity leave eligible for purchase of optional service credit).
- A pensioner may be reemployed by the Chicago Public Schools on a temporary and non-annual basis or on an hourly basis and will *no longer be limited* to working 150 days at substitute teacher pay. Pensions will *not* be cancelled if pensioners are re-employed by CPS on a *temporary and non-annual basis or on an hourly basis*. However, pensions *will* be cancelled if pensioners are re-employed by CPS on a *permanent or annual basis*.

House Bill 5168 can be viewed in its entirety on the web by accessing www.legis.state.il.us/legisnet/legisnet92/92gatoc.html and entering the bill number: **HB5168**

Appreciation is extended to the Chicago Teachers Union, with special thanks to *President Deborah Lynch and Vice President Howard Heath*, the Chicago Public Schools, the Illinois Federation of Teachers, the Chicago Principals and Administrators Association, and the Retired Teachers Association of Chicago for their support for Chicago teacher pension issues. Lobbyists for the pension fund, Henry Anselmo and Eugene Barnes, worked diligently to help accomplish this year's

legislative agenda.

Special thanks to *Governor George Ryan, Senate President James "Pate" Philip and his Chief of Staff, Carter Hendren, Speaker of the House Michael Madigan, Senate Democratic Leader Emil Jones, Jr., Republican Leader Lee Daniels, Senators Robert Molaro and James DeLeo, and Representatives Harold Murphy, Doug Hoeft and Angelo "Skip" Saviano.* We appreciate their leadership, guidance, support and commitment to resolving Chicago teacher pension and benefit concerns!

CTPF Investments Earned 5.8% for 12-month Period Ended March 31, 2002. The recent report of Mercer Investment Consulting reflected the annual return for CTPF of 5.8% in the top ten percent ranking of all similar public pension funds. The 5-year annualized return as of March 31, 2002 was 9.7%, ranking in the top 22 percent of all similar public pension funds.

Development of New Database and Member Information System. Staff at the pension fund office continues to develop a new database and member information system that will greatly improve information flow and the time required to calculate and pay out benefits. Once the database is completed and tested (est. 2003), the next set of projects will include making the database interactive with the new CTPF website at www.ctpf.org.

For Our Retirees

Health Insurance Rebate Approved for 85% for Next Year. Quality and affordable health care is extremely important to the Board of Trustees. At their February meeting, the Trustees approved the health insurance rebate of 85% for the next fiscal year from July 1, 2002 through June 30, 2003, subject to the final budget passed by the Illinois Legislature and limits provided in the by-laws and rules of the pension fund. The Trustees are pleased to extend the 85% rebate to pensioners for another year!

Retirees and Spouses Currently Receiving COBRA Benefits. Please inquire about health insurance with the pension fund no less than three months prior to your COBRA termination date. This provides ample time to make an educated health insurance decision and complete the necessary paperwork.

Recently Retired Members and/or Spouses Approaching Age 65. Those about to reach age 65 and planning to enroll in any of the pension fund health insurance plans should contact the local Social Security office three months prior to reaching age 65 and arrange for Medicare A and B coverage.

Retirees and Spouses Already Age 65 or Older. Open enrollment for Medicare Parts A and B is during the months of January – March. Pensioners age 65 or older without Medicare Parts A and B will *not* be eligible to purchase health insurance from the pension fund beyond June 30, 2002. Contact the local Social Security office for more details.

1993 5+5 Pension Adjustments. The projects for 1993 5+5 *estimated* payments and rollovers were completed in December 2001. Next steps include computing the *revised* pensions and final payments for these 1993 5+5 benefits. Please be patient while we recompute these pensions.

2.2 Upgrade Costs for Members with 30 or More Years of Service. Payments of pensions and refunds to pensioners that retired prior to the change in the law with at least 30 years of service are in the mail. Pensioners that had 2.2 upgrade costs deducted from their pension checks saw those deductions stopped beginning *October 1, 2001*. In accordance with current state and federal laws, current teachers are paid their 2.2 upgrade refunds only upon retirement. CPS has discontinued 2.2 payroll deductions from teachers with 30 or more years of service. Refunds from the pension fund of 2.2 upgrade costs, currently provided at the time of retirement, include interest of 5% per year from the date of receipt to the date of refund.

For Our Active Teachers

Have Questions About Your CTPF Benefits? Representatives are available Monday - Friday (312) 641-4464, from 7:30 a.m. to 5:00 p.m. In-person counseling is available by appointments from 7:30 a.m. to 4:00 p.m. Walk-ins are welcome. However, without an appointment, walk-ins may have to wait 30 minutes or so for a counselor. It's best to call for an appointment.

Reminder About Optional Service Credit in the Public Schools. If you intend to purchase optional service you will save time and money by requesting the bill be computed and then, once received, paying the bill as soon as possible. In addition, you will have fewer complications at retirement if your optional service is paid at least one year before applying for pension. This is especially true for optional service for outside teaching service requiring affidavits from former employers and pension systems. Please contact the pension fund office if you have questions.

For Everyone

Keeping in Touch. When writing or e-mailing our office, please remember to include your name, address, social security number and telephone number if you wish to be contacted. It is also helpful to know whether your teaching status is active, former or retired. Thank you for helping us to help you!

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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 efforts, utilizing sound actuarial and accounting principles, investment policies, and management expertise, in compliance with applicable laws and standards."

BOARD RESPONSIBILITIES

Illinois statutes provide for a Board of Trustees to be responsible for the administration of the Fund. The Board of Trustees appoints the Executive Director to operate the Fund. The Executive Director and the Board of Trustees hire and monitor independent advisors to facilitate the operations of the Fund. These advisors work with Fund management and staff to assist in achieving objectives and goals of the Fund. Advisors include investment managers, investment consultants, a master custodian, a Fund actuary, independent certified public accountants, a Fund attorney, and other operational consultants.

GENERAL GOALS

General goals put in place to help achieve this mission include:

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- to achieve customer service excellence;
 - to preserve fiscal integrity and financial stability;
 - to conduct all phases of operation under the highest standards of ethics and morality;
 - to improve the quality of fund personnel by employing the most careful method of selection, training, and promotion; and
 - to regularly inform our members, pensioners, and beneficiaries regarding our plans and progress towards our overall mission.

Public Pension Principles

Advocated by the National Council on Teacher Retirement (NCTR). As a member of NCTR, this retirement system is committed to the NCTR Principles and WE PLEDGE:

Courteous Service: To give members prompt and courteous service and provide complete and accurate information.

Member Statements: To provide each active member with an annual statement that includes the member's accrued service credit, employee contributions, and other related information.

Information: To provide new participants in the system a summary plan description that clearly and simply summarizes the benefit provisions of the plan. The systems will make available information on changes made on benefits.

Annual Reports: Full disclosure of financial, actuarial and investment information in a detailed annual report that will be available for members, elected officials and the public.

Financial Audits: To prepare or cause to be prepared an annual financial statement in accordance with generally accepted accounting principles and have an annual audit of the system's financial statement in accordance with generally accepted auditing standards.

Actuarial Studies: To have an annual or biennial actuarial valuation performed by an enrolled actuary in accordance with actuarial standards and an actuarial experience study at least every 5 years.

Adequate Funding: To work to obtain adequate funding of all promised benefits and to ensure the financial integrity of this system.

Independence of Retirement Systems: To work for a retirement system which functions as an independent retirement trust, separate from state and local government. Such independence to include the power of trustees to set actuarial assumptions, appoint professionals such as actuaries and attorneys on whom they must rely to carry out their responsibilities, and to establish a budget for the system which ensures the delivery of high quality, cost-effective service to their members.

Exclusive Benefit: To act for the exclusive benefit of our members as fiduciaries entrusted with the management and payment of retirement benefits.

Prudent Investments: To adopt comprehensive objectives, methods for evaluation of performance, and policies which will ensure both the prudent investment of plan assets and the attainment of the highest possible investment return.

Ethical Conduct: To adhere to the highest standards of conduct set out in the terms of the trust, state statute or other law.

State and Local Government Authority: To support the continuation of state and local pension plan oversight by the respective state or local government to ensure that decisions are made at the appropriate level of government.