Public School Teachers' Pension and Retirement Fund of Chicago

228 North La Salle Street, Chicago, Illinois 60601

PENSION NEWS

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ANNUAL REPORT

A copy of the 81st Annual Report of the Public School Teacher's Pension and Retirement Fund of Chicago will be sent to the pension representative of each school about March 15. This report should be placed where all contributors have an opportunity to review its contents. The Fund suggests the school library or the place where professional materials are housed.

John N. Ryan, President of the Board of Trustees, presents a summary of the year's operations which includes information on several important aspects of the Fund's operations and the management concerns of the Board covering the 1976 fiscal year.

The trustees are interested principally in adequate funding and will continue their efforts toward obtaining revenues to maintain a sound and secure financial condition of the Fund.

A. A. Weinberg presents the report of the actuary and includes a financial statement in the form of an actuarial balance sheet showing the total accrued liabilities of $1,315,423,181 and the net present assets of $480,228,514 available to meet these liabilities. In his report he explains the method applied in valuation, the basis for valuation and the long-term aspects. It is interesting to note that the normal cost per year for pension is 20.2% of payroll. The contributor pays 8% of payroll and the employer (city and state) must finance the Fund with 12.2% of payroll. This meets current cost and makes no provision to reduce the unfunded liability. Interest alone on the unfunded liability at 5% is 7.6% of payroll or $41,088,801.

If one is interested in the funding problem, this section of the Annual Report is enlightening.

Peat, Marwick, Mitchell & Co. have completed an independent audit of all our financial activities. They have examined our books and found our balance sheets and statements of revenue, expenditures, reserve provisions and deficit present fairly the financial position of the Fund.

Presented in the appendix of the report is a summary of principal benefit and contribution provisions of the pension law and statistical data.

We trust many contributors will find this report interesting.

PENSION EDUCATION MEETINGS

A personal invitation has been sent to all school pension representatives to attend one of the three meetings listed below:

Time: 3:30 to 4:00 p.m. ... "Coffee and"
4:00 to 5:00 p.m. ... Meeting

Thursday,	March 24, 1977	- Lane Technical High School
Monday,	March 28, 1977	- Curie High School
Wednesday,	March 30, 1977	- Dunbar Vocational High School

The purpose of these meetings is to identify the role of the school pension representatives and provide more pension information to them so they can better assist the contributors in their schools. In each school the pension representative is the liaison between the pension office and the contributor. This professional volunteer service should be recognized and appreciated by both the contributor and the pension office.

At these meetings there will be a presentation followed by a general question and answer period. The Pension Fund urges each school pension representative to attend one of the meetings. We promise to make it worthwhile.

PENSION BOARD ADOPTS 1977 LEGISLATIVE PROGRAM

As a result of recommendations of the Legislative Committee of the Pension Board, the 1977 legislative program will include the following proposals adopted by the trustees at their February 18 meeting.

1. The Board will submit and sponsor a bill to reduce from 35 years to 30 years the service retirement period for retirement beginning at age 55, without discount.

The normal cost effect by this change is .18% of payroll or about $900,000 per year. The accrued liability would be increased about $11,000,000.

2. The Board will submit and sponsor a bill to revise the automatic annual increase in the retirement pension from the present 2% per year to 3%.

The normal cost to the Fund for this benefit will be about .6% of payroll or $3,000,000 per year or an increase in the accrued liability of $29,000,000.

3. The Board will submit and sponsor a bill to increase the authority to invest in equities from 33-1/3% of portfolio to 40%.

There is no cost factor and it would give more flexibility to the portfolio if desired.

4. The Board will submit and sponsor (1) a bill to increase minimum pensions and (2) a companion bill to provide supplementary appropriations for any such benefit.

At present the minimum pension is $100.00 per year for every year of service.

5. The Board will support a bill being introduced and sponsored by the Chicago Principals' Association which will provide contributors the opportunity to make payment toward pension credit for time lost during lay-off in 1976.

It is estimated that the employer's cost for this benefit could be up to $500,000.

It will be difficult to have any legislation passed which will require additional funding. Concentration will be placed on increased appropriations to improve our present funding ratio. It must be understood--additional benefits costing money will be most unpopular during this legislative session.

More on our progress to come in the next issue of Pension News.

PRE-RETIREMENT CONFERENCES

Four years ago the pension office initiated a series of meetings for contributors who were approaching compulsory retirement. The meetings proved so beneficial to both the retiree and our office that we continue the practice. Each spring the Pension Fund invites the contributors listed on the Board of Education compulsory retirement report to attend a meeting to fill out the retirement application and to learn about retirement benefits and services.

A series of meetings have been scheduled in April and May for this year's "graduates." Invitations will be sent for a specific date with a response card. An alternate date may be chosen if the date selected presents a problem for the contributor. We look forward to meeting these 139 new pensioners.

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