



Chicago Teachers' Pension Fund

127TH
Popular Annual
Financial Report



2022

For the years ended June 30, 2022 and 2021

MESSAGE

We look forward to continuing to **CREATE LASTING INITIATIVES** that will bring **POSITIVE CHANGE** for the Fund and **ENHANCE** the **CURRENT** and **FUTURE ECONOMIC WELL BEING** of our members.



Each year, CTPF documents its financial position in the form of a Annual Comprehensive Financial Report (ACFR), which includes audited financial statements and a complete financial picture of CTPF. This *Popular Annual Financial Report* (PAFR) summarizes the major activities for the fiscal year ended June 30, 2022, our 127th continuous year of operation, as reported in the ACFR, and provides insights into the history of CTPF's pension funding, our commitment to diversity, and our member demographics.

Carlton W. Lenoir Sr.

Carlton W. Lenoir, Sr.
Executive Director

2022 ACFR HIGHLIGHTS

The *Popular Annual Financial Report* (PAFR) summarizes the 127th *Annual Comprehensive Financial Report* (ACFR) of the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF) for the fiscal year ended June 30, 2022, offering a snapshot of CTPF and its operations for the fiscal year. The full 2022 *Annual Comprehensive Financial Report* is available at ctpf.org.



FINANCIAL

At the close of the 2022 Fiscal Year, CTPF had \$11.8 billion in assets and paid members \$1.6 billion in service retirement, disability, refunds, and survivor benefits, and an additional \$61.3 million for health care benefits. CTPF received total contributions of \$1.2 billion from the tax levy, employee contributions, the Employer (CPS), and the State of Illinois.

The funded ratio based on actuarial value of assets decreased to 46.8% in fiscal year 2022 from 47.5% in fiscal year 2021. The decrease is due to unfavorable investment returns for the fiscal year ended June 30, 2022. See the Financial section of the ACFR (*page 19*), for more detailed information on the:

- Independent Auditor's Report
- Statement of Fiduciary Net Position
- Schedule of Changes in Employer's Net Pension Liability
- Schedule of Employer's Contribution
- Actuarial Methods and Assumptions

INVESTMENTS

Investment returns in fiscal year 2022 exceeded the benchmarks. This was reflective of the Fund's longer-term experience. The investment rate of return for fiscal year 2022 on a time-weighted basis was (8.5)% (benchmark of 11.1% following fiscal year 2021's return of 29.2%). Five and ten-year annualized returns were 7.3% (benchmark of 6.2%) and 8.5% (benchmark of 7.5%), respectively. See the Investments section of the ACFR (*page 65*) for the following detailed reports and summaries:

- Master Custodian Reports
- Investment Consultant Reports
- Total Annual Fund Rate of Return
- Investment Portfolio Summary
- Broker Commission Reports

ACTUARIAL

Every year an actuarial valuation is performed to determine the amount of required contributions from the Board of Education and the State of Illinois in accordance with the Illinois Compiled Statutes (Public Act 89-15). CTPF employed Gabriel, Roeder, Smith & Company to produce the 2022 actuarial valuation. The fiscal year 2023 Board of Education and State of Illinois required contributions are \$551.7 million and \$308.7 million, respectively, for a total

of \$860.3 million. In accordance with Public Acts 099-0521 and 100-0465, portions of the Board of Education's required contribution are expected to be paid from the property tax levy, other Board of Education revenues, and the State of Illinois. The Actuarial section of the ACFR (*page 91*), includes the following detailed information:

- Summary of the Actuarial Valuation
- Actuarial Determinations and Projections
- Fund Assets
- Participant Data
- Actuarial Methods and Assumptions

STATISTICAL

The Statistical section includes 10-year historical financial information and statistical information about participating members, annuitants, and the benefits paid to them. See the Statistical section of the ACFR (*page 141*) for the following additional detailed information:

- Statement of Changes in Fiduciary Net Position
- Distribution of Current Annuitants by Benefit Type
- Schedule of Average Benefit Payments
- Number of Active Member

FISCAL YEAR 2022 REVIEW



FINANCIAL REVIEW

CTPF's two basic financial statements are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Statement of Fiduciary Net Position is a measure of CTPF's assets and liabilities at the close of the fiscal year. Total assets less liabilities equals net position restricted for benefits. Fiduciary net position was \$11.8 billion in 2022, from \$13.4 billion at June 30, 2021.

The Statement of Changes in Fiduciary Net Position shows revenues (additions) and expenses (deductions) for the fiscal year. The net increase (or decrease) is the change in net assets available for benefits since the end of the previous fiscal year. Additions to fiduciary net position, which are needed to finance statutory benefit obligations, come from public sources such as state appropriations, employer and employee contributions, net earnings on investments, and miscellaneous sources. For the year ended June 30, 2022, total additions totaled \$45.4 million compared to \$4.0 billion at June 30, 2021.

CONDENSED STATEMENT OF FIDUCIARY NET POSITION*

As of June 30, 2022, with comparative totals for 2021

	2022	2021
Cash and cash equivalents	\$ 2,290,096	\$ 4,198,799
Receivables	409,183,615	367,133,714
Investments, at fair value	11,611,814,115	13,247,621,342
Securities lending collateral	895,171,463	886,541,946
Capital assets, net of accumulated depreciation	892,772	1,335,968
Prepaid expense	1,006,691	753,553
Total assets	12,920,358,752	14,507,585,322
Total liabilities	1,155,416,871	1,134,543,730
Net position restricted for benefits	\$ 11,764,941,881	\$ 13,373,041,592

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*

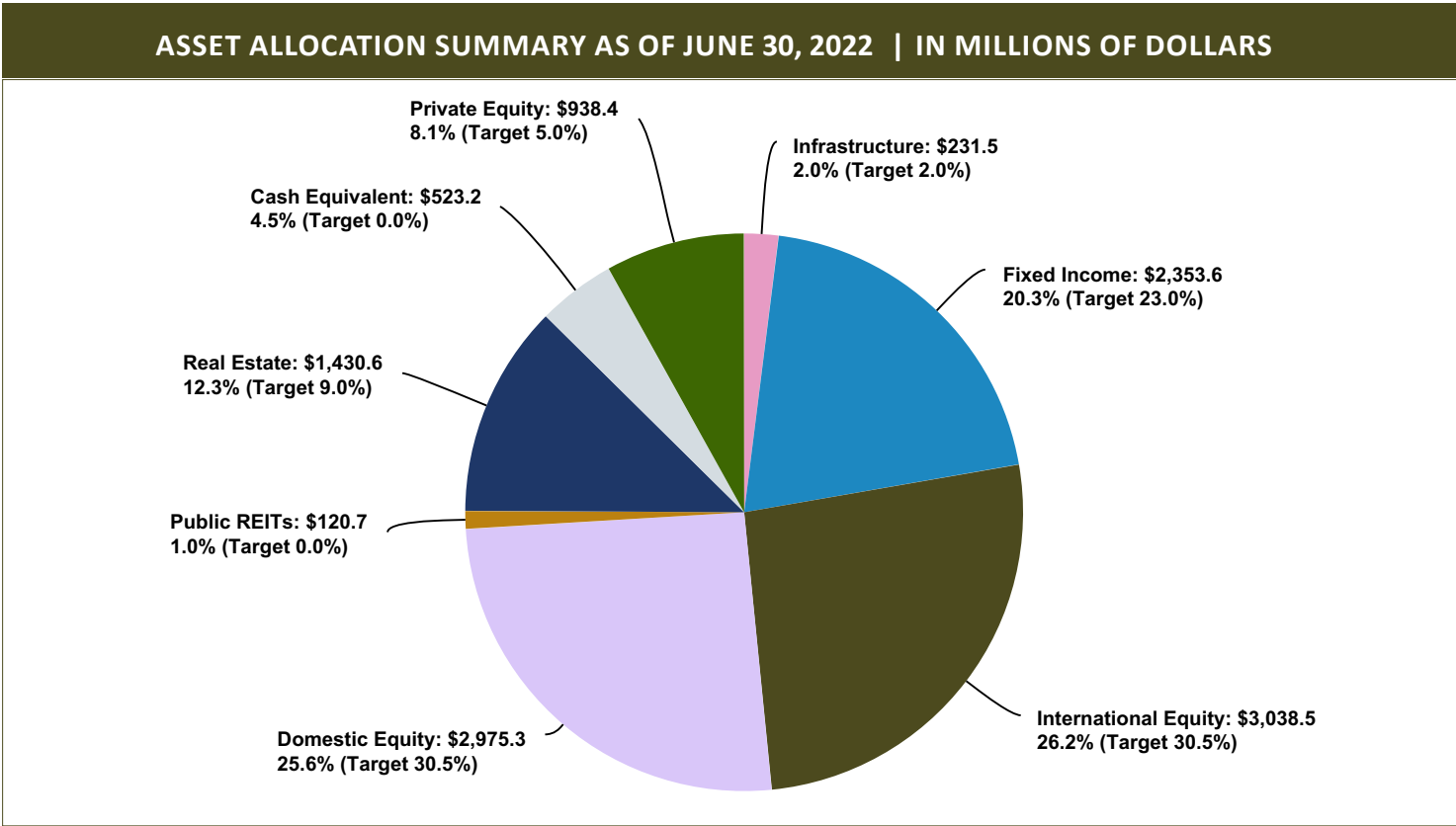
For the year ended June 30, 2022, with comparative totals for 2021

	2022	2021
Contributions	\$ 1,166,318,463	\$ 1,100,986,566
Investment income	1,125,306,444	2,935,790,801
Interest on late required contribution payments	4,082,944	1,761,509
Miscellaneous	337,453	64,687
Total additions	45,432,416	4,038,603,563
Pension benefits	1,543,936,297	1,512,582,986
Refunds	21,506,750	18,056,876
2.2 Legislative refunds	349,346	168,585
Refund of insurance premiums	61,286,124	168,585
Death benefits	4,154,352	3,442,403
Administrative and miscellaneous expenses	22,299,258	17,657,211
Total deductions	\$ 1,653,532,127	1,602,623,992
Net increase (decrease)	1,608,099,711	2,435,979,571
Net assets held in trust for benefits:		
Beginning of year	13,373,041,592	10,937,062,021
End of year	\$ 11,764,941,881	\$ 13,373,041,592

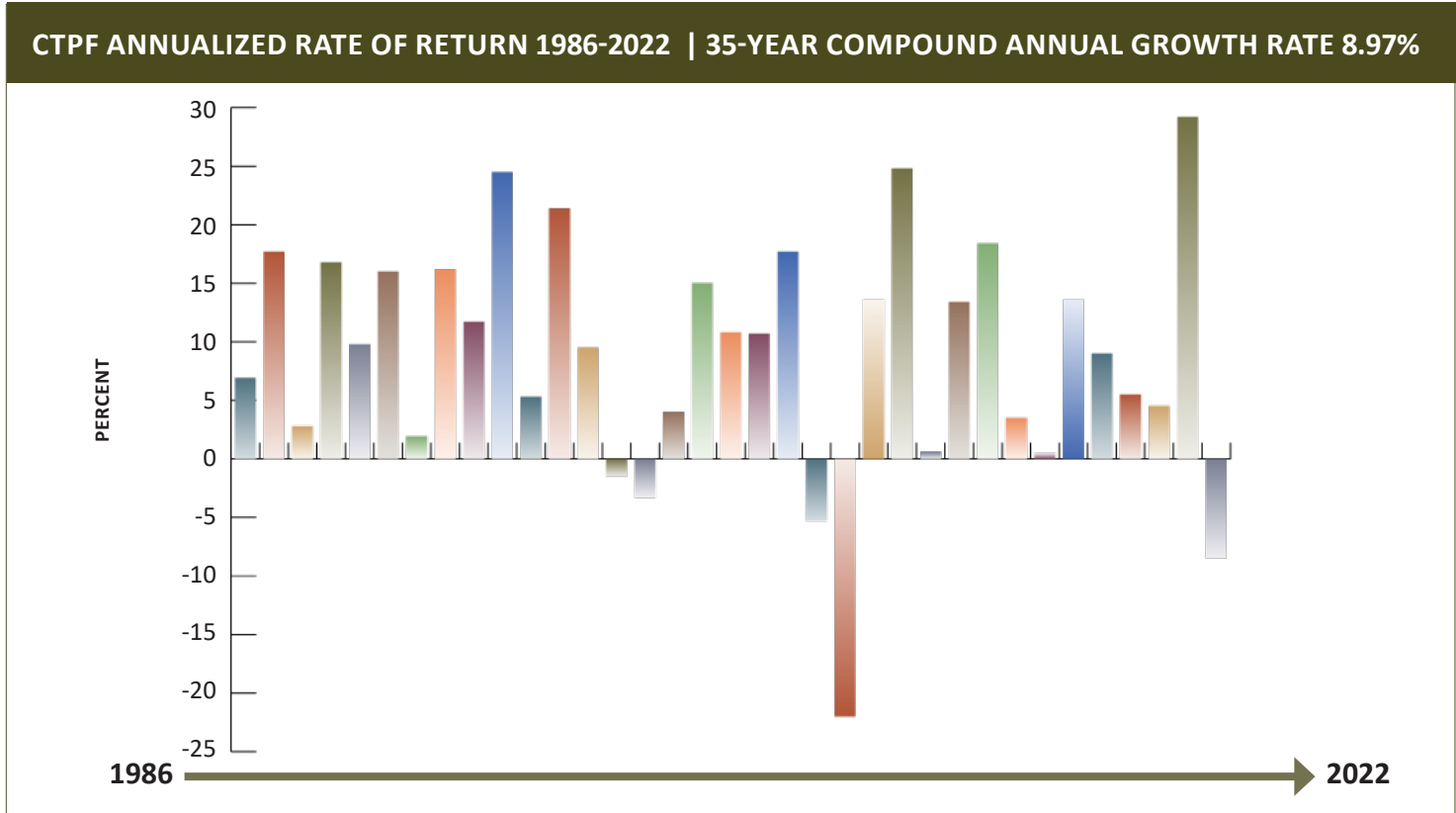
* Readers can find complete financial statements on pages 32 and 33 of the *Annual Comprehensive Financial Report*, available at ctpf.org.

INVESTMENT REVIEW

CTPF’s investment rate of return for Fiscal Year 2022 was (8.5)%. CTPF maintained a diversified portfolio consisting of equities (*domestic and international*), fixed income, real assets, and infrastructure. CTPF continued to attempt to maximize investment performance while maintaining acceptable levels of risk.



*Note: Percentage indicates actual category weight as a percentage of the entire portfolio.
Public REIT exposure is provided for informational purpose only. CTPF does not have a separate target allocation to Public REITs.

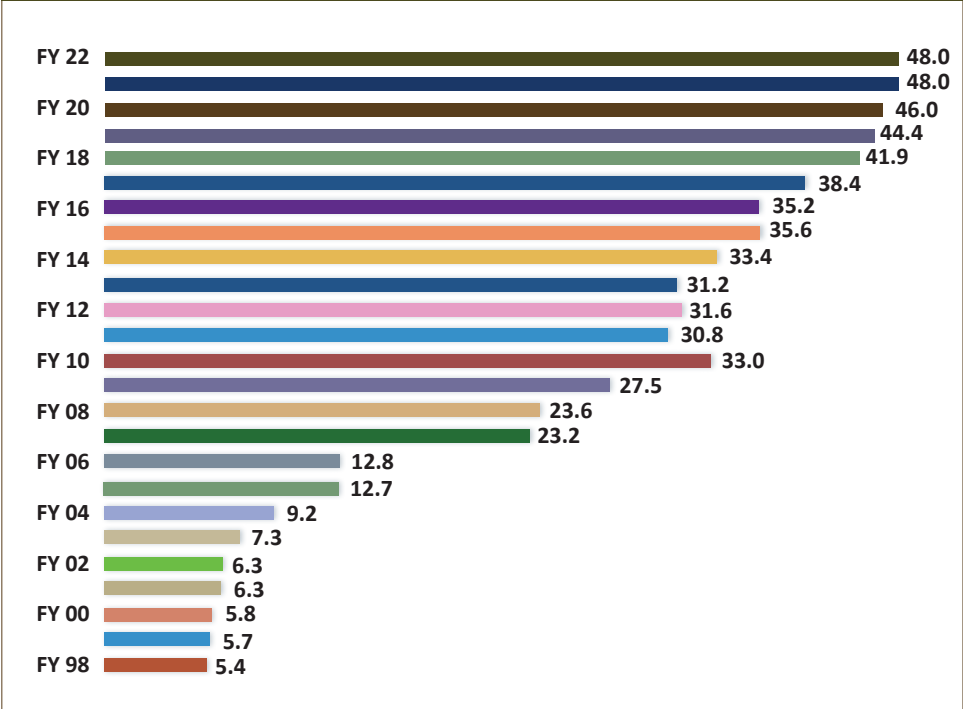


COMMITMENT TO DIVERSITY

Since the 1990s, CTPF has been at the forefront of pension and retirement systems throughout the United States, ensuring that minorities, women, and persons with disabilities (MWDBE) have access to the many opportunities to conduct business with CTPF. The CTPF Board of Trustees supports policies which encourage diversity and equality among our employees, vendors, and investment professionals. CTPF invested \$5.5 billion, approximately 48% of total fund assets, with MWDBE firms in Fiscal Year 2022.

CTPF has seen dramatic growth in MWDBE investments since the early 1990s when commitment to diversity within its portfolio was first formalized. Annually since 2007, the Fund has exceeded the goal of investing 20% of Fund assets with MWDBE firms.

TOTAL MWDBE INVESTMENT % GROWTH SINCE 1998



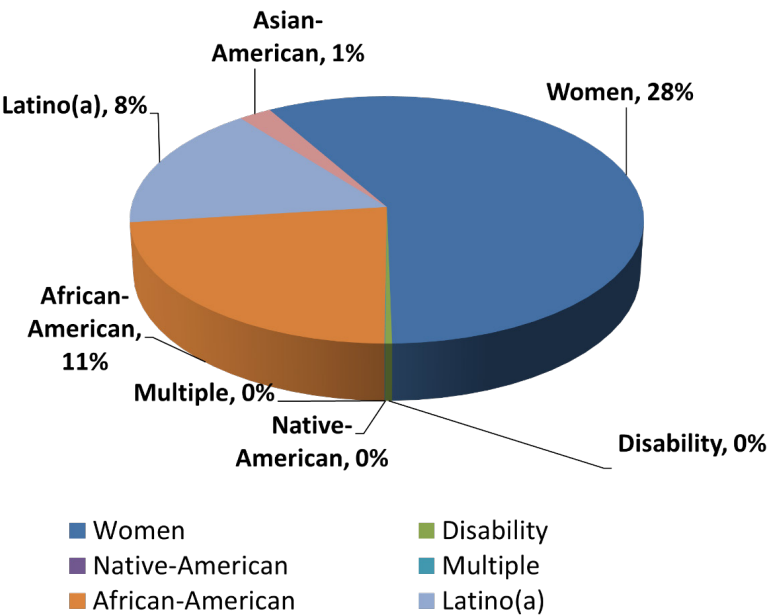
* Learn more about our commitment to diversity by reading our 2022 Diversity Report, available at ctpf.org.



TOTAL FUND BREAKDOWN BY MWDBE STATUS*

A breakdown of assets by classification as of June 30, 2022, includes:

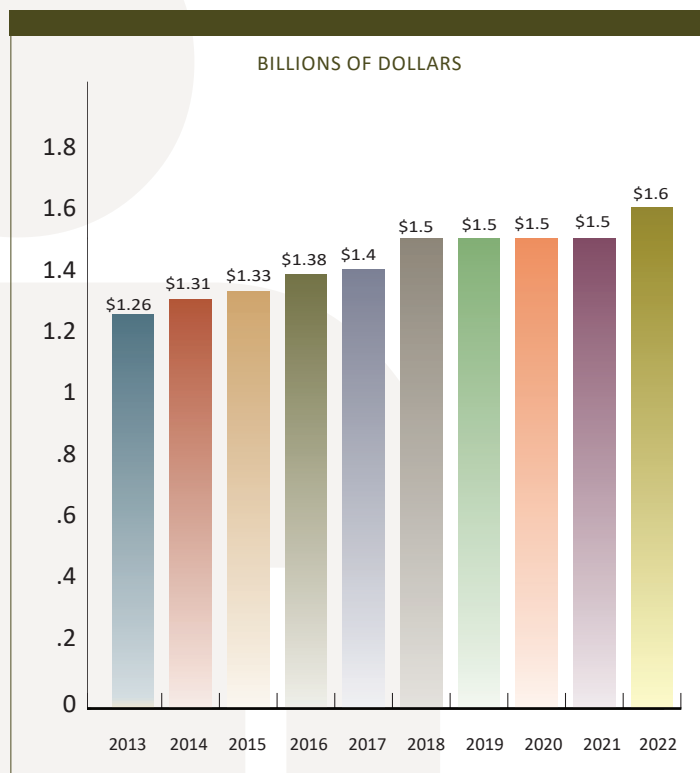
- \$3.19B managed by Women-owned firms
- \$1.26B managed by African-American owned firms
- \$897.4M managed by Latino(a)-owned firms
- \$126.2M managed by Asian-American owned firms
- \$20.9M managed by Disability-owned firms
- \$57k was managed by Native American firms
- \$2.4M managed by Multiple Minority-owned firms



MEMBER DEMOGRAPHICS

CTPF membership totals more than 92,000 members. The total includes 31,261 active contributing members, 6,861 vested, inactive members entitled to an annuity, 26,630 inactive, non-vested members, and 27,638 annuitants.

PENSION BENEFITS PAID*



CTPF paid \$1.6 billion in pension benefits to annuitants in 2022. Pension benefit payments have increased 27.0% in the past 10 years, up from \$1.26 billion in 2013.

* Benefit payments include pension benefits, refunds, and death benefits.

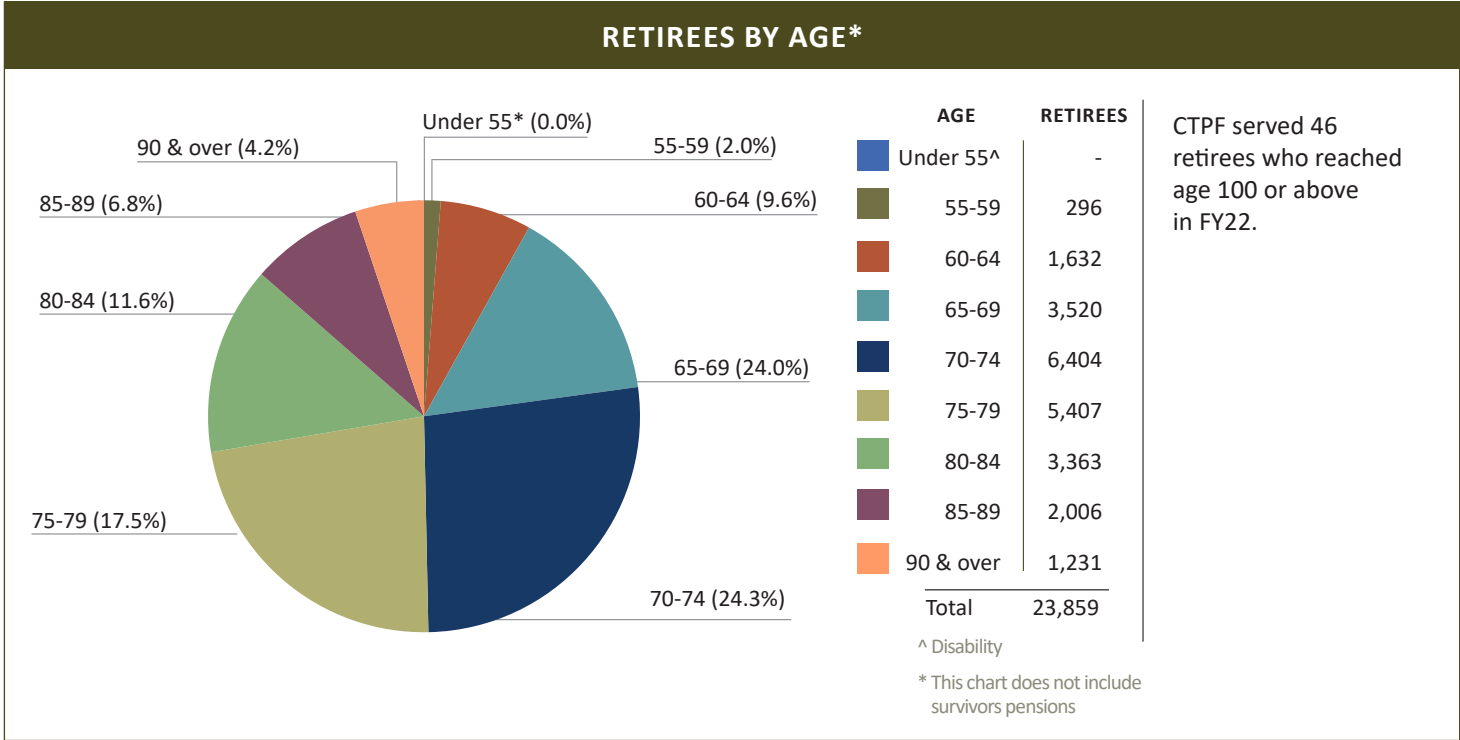
NUMBER OF RETIREES & BENEFICIARIES & AVERAGE PENSION

FISCAL YEAR	RETIREES AND BENEFICIARIES	AVERAGE PENSION
2018	28,549	50,583
2019	28,317	51,878
2020	28,015	53,141
2021	27,610	54,546
2022	27,638	55,902

SUMMARY OF ACTIVE MEMBERSHIP

	JUNE 30, 2022	JUNE 30, 2021
Total Active Members	31,261	31,215
Average Age	42.6	42.6
Average Service	11.1	11.1
Average Annual Salary	\$ 80,681	\$ 75,994
Total Active Vested Participants	16,302	16,382
Male Members	7,440	7,356
Female Members	23,821	23,859
Tier 1 Members	16,811	17,815
Tier 2 Members	14,450	13,400

Retired CTPF members make an immeasurable impact as consumers, taxpayers, and contributors to the local communities. About 91% of all CTPF members including 83% of annuitants, live in Illinois. CTPF members spend their pension payments close to home, supporting their communities and continuing to shape Illinois and Chicago long after ending their service with the Chicago Public Schools.



REDEFINING RETIREMENT: MEET MICHAEL BURNS

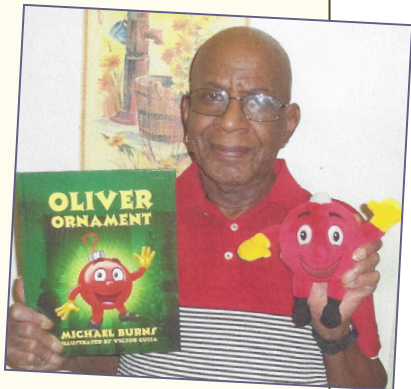
CTPF’s retired members continue to make an impact on their communities, enriching and building upon the work they began during their careers. CTPF highlights these contributions through its cfeatures which appear on social media and on the Fund’s website.

Retired CPS teacher Michael Burns started his career in the early 70s at Chopin Elementary School. Throughout the years, he taught at Wendell Smith and Wentworth Elementary School before becoming a substitute teacher. Michael retired in 2014 after several years as a day-to-day substitute teacher at various elementary schools.

Michael awoke one day feeling inspired to write a children’s book about Christmas. The idea stuck in his mind for several years until he retired and finally decided to write the book. Michael released his self-published Christmas story, *Oliver Ornament*, in 2014 and went onto be listed in the Illinois Author Directory.

Aside from his children’s book, Michael writes poetry and has entered a variety of poetry competitions. “Poetry allows me to express my emotions, ideas, and opinions in various forms of communications,” says Michael. He also finds volunteering in retirement extremely important. “Volunteering after retiring is important for a retiree to retain and maintain beneficial mental health, cognitive, and social skills.”

Michael has volunteered for the Chicago Interfaith Committee on Worker Issues, a nonprofit dedicated to educating and actively involving the Chicago metropolitan religious community in issues and campaigns that improve wages, benefits, and working conditions for low-wage workers. He also participated in a labor-faith-community project named The Building Bridges Project. As for other teachers who are recently retired or considering retirement, Michael shared this advice for a successful retirement, “Get involved in activities in your communities to enhance the quality of life of others and you will enrich yourself.”



Are you redefining retirement? Let us know by contacting communications@ctpf.org with your information and we may contact you for a feature.

CTPF FUNDING HISTORY

Established in 1895, the Chicago Teachers' Pension Fund has provided secure and stable retirements for teachers, administrators, and public school personnel, and has served as an economic engine for the City of Chicago and State of Illinois for more than 125 years.



Recent legislation corrected long-standing funding shortfalls. Illinois law specifies that funding for Chicago teachers' pensions shall be a combination of employer contributions, state appropriations, employee contributions, and earnings on investments (40 ILCS 5/17-127).

Prior to 1995, CTPF was funded through the City of Chicago tax levy. A funding crisis at the Chicago Public Schools in the mid-1990s fundamentally changed the structure of pension funding.

CPS administrators in need of operating revenue supported legislation, enacted in 1995, which allowed the school district to use money earmarked for pensions (the tax levy) for operating costs.

As a component of the 1995 agreement, the State agreed to formalize a long-standing practice of making an annual contribution to CTPF: "The General Assembly finds that for many years the State has contributed to the Fund an annual amount that is between 20% and 30% of the amount of the annual State contribution to the

Article 16 Teachers' Retirement System of the State of Illinois (TRS), and the General Assembly declares that it is its goal and intention to continue this level of contribution to the Fund in the future." (40 ILCS 5/17-127).

The State of Illinois did not appropriate funds consistent with its goal and intent. Instead, between 1995 and 2016, State funding for CTPF dropped to less than 1% of the funding provided to downstate/suburban teacher pensions (TRS).

During this same period, CTPF lost an additional \$3.2 billion in revenue from its employer. From 1996 through 2005 and 2011 to 2013 the employer deprived CTPF of critical revenue and the opportunity to benefit from additional investment returns. Lacking stable sources of revenue, CTPF liquidated assets and relied on investment earnings to pay pension obligations.

Decades of concern from CTPF members and a funded ratio dipping below 50% demonstrated the critical

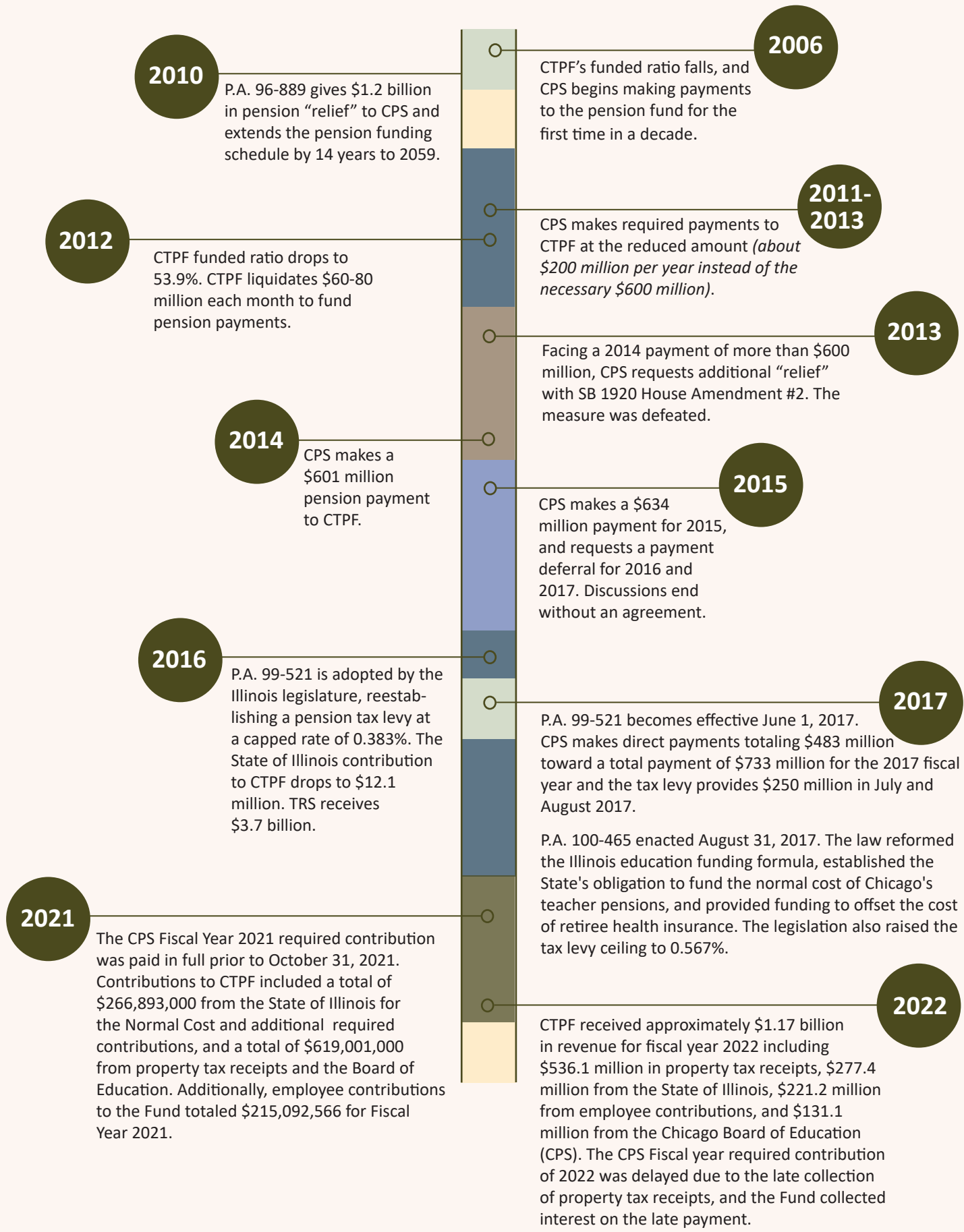
need for change. Improvements began when legislation signed in 2016 (Public Act 99-521) reestablished the CTPF tax levy. The levy, initially capped at 0.383% of Chicago's property value, sent revenue directly to CTPF. Collected for the first time in Fiscal Year 2017, the levy generated approximately \$250 million toward CPS's \$733 million contribution for Fiscal Year 2017.

Additional legislation signed on August 31, 2017, (Public Act 100-465), reformed the Illinois education funding formula, established the State's obligation to fund the normal cost of Chicago's teacher pensions, and provided funding to offset the cost of retiree health insurance. The 2017 legislation also increased the ceiling for the tax levy to 0.567%.

CTPF now has a solid path of diverse, stable, and equitable funding, ensuring that Chicago's educators can retire with dignity and security.



PENSION FUNDING THROUGH THE YEARS



CTPF BY THE NUMBERS

MISSION

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.

VISION

A premier retirement system, modeling diversity, equity and inclusion, consistently achieving top decile risk-adjusted returns and highly rated by our members for customer service excellence.

ESTABLISHED IN
1895



CTPF IS THE OLDEST PUBLIC PENSION FUND IN ILLINOIS & IS THE SECOND OLDEST IN THE NATION



31,261
ACTIVE MEMBERS



27,628
ANNUITANTS



9% IS CONTRIBUTED BY CTPF MEMBERS FOR THEIR RETIREMENT PENSIONS

— **VS.** —

6.2% IS CONTRIBUTED BY MOST AMERICANS FOR SOCIAL SECURITY RETIREMENT



CTPF MADE
\$1.6 BILLION
IN PAYMENTS TO MEMBERS
IN 2022



TRUST • INTEGRITY • STABILITY

CTPF is a member-focused organization, and every year we strive to provide exceptional customer service.

Here is a snapshot of highlights from Fiscal Year 2022*



72,045

MEMBER CALLS &
INQUIRIES RECEIVED
& ANSWERED



765

1:1 ONLINE CONSULTATIONS
WITH MEMBERS



11,223

MEMBER EMAILS
RECEIVED & ANSWERED



912

MEMBERS SERVED
AT RETIREMENT WEBINARS



500+

MEMBERS ASSISTED DURING HEALTH
INSURANCE OPEN ENROLLMENT WEBINARS

31,261 ACTIVE MEMBERS CONTRIBUTE TO CTPF

Active members include teachers, administrators, other certified individuals, and CTPF staff.

- 76% of active members are women.
- The averages for active members: age 42.6, 11 years of service, and annual salary of \$80,681 for 2022.
- Active members contribute 9% of their salary to the pension fund every pay period during employment.

ADDITIONAL MEMBERS

6,861 Inactive Vested Members

26,630 Inactive Non-Vested Members

27,638 BENEFICIARIES RECEIVE CTPF PENSIONS

23,859 Retirees

3,349 Survivors

430 Disability

- CTPF members do not make contributions to Social Security during employment.
- CTPF paid out \$1.6 billion in pension benefits in 2022.
- The average annual benefit in 2022 was \$55,546.
- The average age for retirees was 77.9 in 2022.

HEALTH INSURANCE

- CTPF offers group health insurance coverage for members who must pay for health insurance when they retire.
- CTPF offers a subsidy to help pay for the cost of retiree health insurance. The subsidy was 60% in 2022.

FUNDED RATIO

- CTPF's funded ratio based on actuarial value of assets as of June 30, 2022, was 46.8%.

*Fiscal Year 2022 runs from July 1, 2021, to June 30, 2022.

BOARD OF TRUSTEES

As of April 20, 2023

Jeffery Blackwell
President

Jacquelyn Price Ward
Vice President

Miguel del Valle

Maria J. Rodriguez

Quentin S. Washington

Mary Sharon Reilly
Financial Secretary

Lois Nelson
Recording Secretary

Miquel A. Lewis

Jerry Travlos

Philip Weiss

Victor Ochoa

Tammie F. Vinson