





Agenda

- Operating Updates
- Fund Facts
- Your Relationship with CTPF
- What type of benefit plan is CTPF?
- Contributions & Pension Eligibility
- Survivor Benefits

- Maximizing Your Pension
- Understanding Post-Retirement Health Insurance
- Leaving Employment
- Information & Resources
- Questions

Questions will be taken throughout the presentation. Please enter any questions in the "Q&A" section. Member Services Representatives will respond to you during the presentation. We will have additional time at the end to answer some questions live.

Important Updates

Resources for Members



Member Services accepts calls from 8:00 a.m. until 5:00 p.m., Monday-Friday. Call Member Services with questions at 312.641.4464.

Email Member Services at memberservices@ctpf.org and your message will be returned.



CTPF's Member Services team offers phone, video, and in-person counseling appointments.



You can access active member resources at ctpf.org/member-resources/active-members

IMPORTANT CTPF UPDATES:

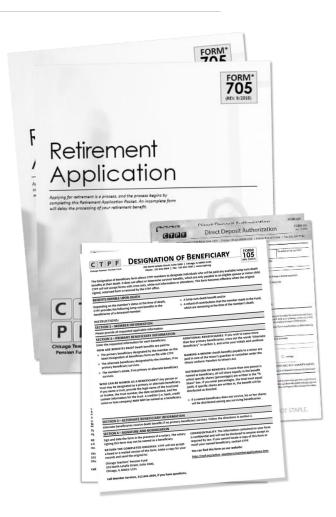
SUBMITTING DOCUMENTS

The best way to send documents to CTPF is electronically:

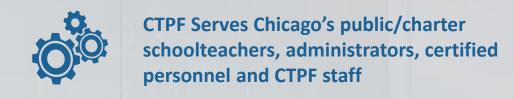
- Fax to 312.641.7185 or
- Email with attachment to imaging@ctpf.org

We highly encourage electronic document submission.

After documents are sent via fax or e-mail, please send the originals to CTPF.



Fund Facts



CTPF Membership includes more than **94,000 members**: serving Chicago's public/charter school teachers, administrators, certified personnel, and CTPF staff.

27,474

Annuitants

31,842

Active Members

6,947

Vested Terminated

27,834

Unvested Terminated



CTPF is independently, governed by 12 Trustees: six elected by active members, three elected by pensioners, one elected by the principals/administrators, and two appointed by the Chicago Board of Education

Fund Facts



CTPF is the oldest pension system in Illinois and the second oldest in the country.



One of 646 public pension systems in Illinois

\$12.1 Billion in Assets (June 30, 2023) **47.2% Funded** (June 30, 2023)



CTPF members do not contribute to Social Security during employment by CPS and other participating employers. Employee contributions are **9%** of pensionable earnings.



In addition to investment returns, CTPF receives contributions from the State of Illinois, a tax levy, CPS, and employees. CTPF recognized approximately \$1.09 billion in revenue for Fiscal Year 2023. The Fund made nearly \$1.6 billion in payments to annuitants for pensions and health insurance.



CTPF invests funds for the long-term and has achieved an average growth rate of **8.5**% over the past **35 years**. CTPF values diversity with **48**% of our assets managed by MWDBE firms. We invest close to home with **\$2.2 billion** managed by Illinois-based investment managers.



Enrollment*

Automatic Enrollment: Any employee who qualifies as a Member of CTPF automatically becomes a Member as a condition of employment and is deemed to consent to deductions from his or her salary for CTPF contributions.

Membership: Means any licensed/certified teachers or staff regardless of their position shall presumptively be participants in the Fund.

*Exceptions Apply

As a member what do I do first?

Register for myCTPF



Protect your loved ones by providing your beneficiary information



Register for myCTPF

CTPF has launched a Self-Service Portal, myCTPF. Members who register for myCTPF create their own unique User ID and password. Once an account is created, members can use myCTPF to securely access CTPF documents and information.



Registered members can:

- View and update your address (if you are not currently contributing to CTPF).
- Keep your phone number and email address up to date with CTPF.
- View your benefit status information.
- View and download your annual Member Statement if you have service credit with CTPF.
- Request an estimate of your CTPF retirement benefit (if you meet the eligibility requirements).

What type of benefit plan is CTPF?

Defined Benefit Plan

CTPF is an employer-sponsored retirement plan where employee benefits are computed using a formula that considers factors such as length of employment and salary history.

This means:



- Your pension is not based on market conditions
- Is paid throughout your lifetime
- Includes a survivor benefit
- Is calculated using a pre-determined formula

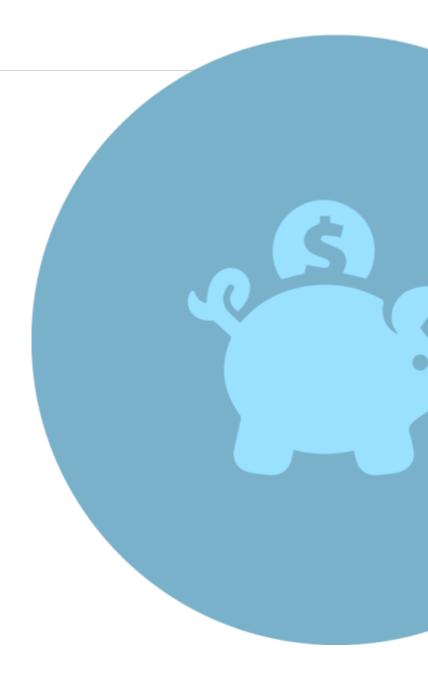
Contributions & Pension Eligibility

Contributions

1 Total 9% Contribution.

Each Charter School may pick up a portion of the 9%
 contribution on behalf of the member. This pick up portion varies. Contact your school's HR department for further details.

Total contributions are included on your annual member statement.



Tier 1 vs. Tier 2 Pensions

Benefit	Tier 1: Members who joined CTPF or a qualified reciprocal system before January 1, 2011	Tier 2: Members who join CTPF on or after January 1, 2011
Retirement age for a pension without a reduction	 62 with 5 years of service 60 with at least 20 years of service 55 with at least 33.91 years of service* 	67 with 10 years of service
Retirement age for a reduced pension	55 with 20 years of service	62 with 10 years of service
Final Average Salary calculation	Average of 4 highest consecutive years in the 10 years preceding retirement	Average of 8 highest consecutive years in the 10 years preceding retirement
Pensionable Earnings Cap	The annual salaries used in the calculation of the final average salary are capped from year-to-year at 120% of previous year's salary.	Final average salary used to calculate pensions capped at \$125,773.73 in 2024. The cap increases by 3% or one-half of the increase in Consumer Price Index (CPI) for the preceding year, whichever is lower.
Annual Pension Increase	3% of pension compounded annually, beginning 1 year after retirement, or at age 61, whichever occurs later.	3% or 1/2 of any increase in the CPI for the preceding year, beginning 1 year after retirement or at age 67, whichever occurs later.
Survivor Pensions	50% of the retired member's retirement annuity; surviving spouse must be age 50 or have surviving minor children.	66 2/3% of the retired member's pension at date of death. 66 2/3% of the earned annuity of the unretired member; no age reduction

Eligibility for Tier 1 vs. Tier 2

Tier 1

Age & Service for Unreduced benefits:

Age 60 with at least 20 years of service

OR

Age 62 with at least 5 years of service

Age and Service for Reduced Benefits: Age 55 with at least 20 years of service Reduction of 6% per year Tier 2

Age & Service for Unreduced benefits:

Age 67 with 10 years of service

Age and Service for Reduced Benefits:

Age 62 with 10 years of service Reduction of 6% per year



Eligibility for Tier 1 vs. Tier 2

Example of Tier 1:

John Smith has eligibility under Tier 1. He has earned 23 years of service and he is turning 58. He has decided to move out of state and begin collecting his pension. Since he earned more than 20 years of service, he is eligible to retire early. The benefit will be reduced by 12%.

Example of Tier 2:

Mary Thomas has eligibility under Tier 2. She earned 12 years of service and is turning 62. Mary has decided to retire at the end of the school year, and she will have 12 years of service credit. She is eligible to retire; however, she will receive a reduced pension because she 62. Her benefit will be reduced by 30% since she is retiring 5 years early.

Calculating a Pension: Tier 1 vs. Tier 2

Service x Pension Multiplier x Final Average Salary = Pension Benefit (for both Tiers)

Final Average Salary:

Tier 1	Tier 2
Average of highest 4 consecutive years of last 10 preceding retirement	Average of highest 8 consecutive years of last 10 preceding retirement

Note: Tier 2 has an annual salary cap.

The 2024 pension cap is \$125,773.73

Calculating a Pension: Tier 1 vs. Tier 2 CONT.

Example of Pension Calculation

PENSION MULTIPLIER

Years of Service x 2.2% x Final Average Salary

34 years \times 2.2% \times \$80,000 = \$60,000 Annual Pension

The example above is calculated using the maximum available pension at 75% of your FAS.





Survivor Pensions

Tier 1

50% of the retired member's retirement annuity

Tier 2

66 2/3% of the retired member's retirement annuity

Surviving spouse must be age 50 or have surviving minor children.



Survivor Pensions CONT.

Tier 1

50% of the retired member's retirement annuity

Example: If members monthly benefit is \$5,000 the surviving spouse pension will be \$2,500

Tier 2

66 2/3% of the retired member's retirement annuity

Example: If members monthly benefit is \$5,000 the surviving spouse pension will be \$3,333



Survivor Pensions

Eligibility for Tier 1 and Tier 2 Members:

Members that are not receiving a pension benefit:

☐ At least 1.5 years of service for active members and at least 10 years of CTPF service for members whose status is inactive or deferred.

Active members and members receiving a pension benefit:

- ☐ Must have been married/in a civil union for at least one year immediately prior to the date of the member's death.
- Spousal pension is payable immediately while minor child(ren) are in spouse's custody or at age 50, for life.



Death Benefits

- Death benefits payable to designated beneficiaries
- Must have current designation on file
- Keep designations and beneficiary contact information up to date: submit updated form at least every five years
- Check your annual member statement



Your Member Statement

- Your Member Statement, sent annually, includes a summary of your benefits and contributions
- Examine your name, address, and personal data to make sure the information on file with CTPF is correct.
- Current Charter or Contract School employees contact your Human Resources department.
- Inactive members contact Member Services to update your record.





Making the Most of Your Benefit

Service x Pension Multiplier x Final Average Salary = Pension Benefit (for both Tiers)

Understanding The 2.2 Upgrade

For service credit earned prior to July 1, 1998, the percentage used in the pension formula is determined using pension multipliers as low as 1.67%.

What is the 2.2 Upgrade?

The 2.2 upgrade refers to increasing the pension multiplier for years of service earned prior to July 1, 1998. The goal is to upgrade to the highest percentage possible which is 2.2%.

Years of Service Credit	Before July 1, 1998	After July 1, 1998
First 10 years	1.67% per year	2.2% per year
Second 10 years	1.9% per year	2.2% per year
Third 10 Years	2.1% per year	2.2% per year
Years beyond 30	2.3% per year	2.2% per year

Paying for the 2.2 Formula

Cost to Upgrade

Cost: The upgrade is based on your highest annual salary in the 4 years prior to the year in which you apply for the upgrade, multiplied by 1% for each year of service. The cost to upgrade is shown on your estimate, if applicable. **Discount:** Each 3 years of service after July 1, 1998, decreases the cost by 1 year.

Members with 30+ years receive the upgrade at no cost (includes reciprocal time if CTPF is final system).

Payment options from retirement app:

- Choose 24 deductions from finalized pension (recommended)
- Lump Sum



Example of the 2.2 Formula

How the 2.2 Upgrade Works

Jerry is a current Tier 1 member who plans to retire at age 60 with 29 years of service credit. He earned 9 years before July 1, 1998, and 20 years after July 1, 1998. His highest salary in the previous 4 years was \$90,000.

Annual Pension without the 2.2 upgrade

\$53,127

Annual Pension with the 2.2 upgrade

\$57,420

Pension Increase

If Jerry decides to purchase the 2.2 upgrade, his annual base pension will increase by \$4,293.

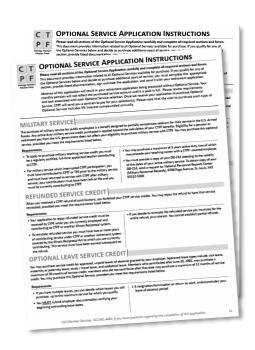
Cost to Upgrade

1% x \$90,000 x 3 years = \$2,700 (Jerry received 6 years at no cost)



Purchasing Service

Service may be purchased for the following:



- Approved, unpaid leaves (Form 645)
- Refunded service (Form 635)
- Public teaching service as a certified teacher in a public school (Form 655)
- Military service (Form 625)
- If you are purchasing service at the time you submit your retirement application, you must use Form 621 instead.

How to Purchase Service

Steps for Completing the Purchase Process

- 1. It is your responsibility to complete an application for the specific type of service for which you wish to apply. Applications are available on the CTPF Website or contact Member Services.
- 2. Upon receipt of your application with required supporting documentation, CTPF will send you a bill for the service purchase. You must pay the Fund in full or indicate in writing that you do not intend to purchase service.
- 3. You must complete payment in order for CTPF to finalize your pension. Your pension cannot be finalized until you complete Step 2.



Understanding Reciprocity

The provisions of the Illinois Retirement Systems Reciprocal Act (reciprocal act or reciprocity) allow individuals who earn service in more than one covered system to combine their service and coordinate benefits at retirement. Thirteen Illinois public pension systems are covered under the Reciprocal Act.

When you choose to retire with a reciprocal pension, each system calculates benefits based on your highest final average salary (FAS) and pays a proportion of your pension. Concurrent service will not be awarded.



Advantages of Reciprocity

If you do not have enough service to retire, combining service from reciprocal systems may allow you to meet eligibility requirements and receive pensions from all systems.

• With reciprocity, your highest Final Average Salary from all systems is used to calculate benefits. In most cases, this enhances your final pension.

Who Is Eligible?

To retire under the Reciprocal Act you must meet the following conditions:

- The service you earned in each reciprocal system must equal one year or more.
- Your combined service must meet the vesting and age requirements of each system.

Each reciprocal system has different vesting requirements. The CTPF vesting requirement is 5 years of service for employees who joined CTPF or a reciprocal system before January 1, 2011, and 10 years of service for employees who joined on or after January 1, 2011.

Reciprocity and Concurrent Service

Your total service credit with all retirement systems must meet the longest vesting requirement of all the systems under which you plan to retire.

Example:

If your first system requires 10 years of service credit to vest and your second system requires five years of service credit to vest and you have only eight years of combined service credit under both systems—you are not eligible to retire under the Reciprocal Act because you have not met the longest vesting period of 10 years.

Concurrent Service:

Concurrent service occurs when a member earned service by more than one reciprocal fund for the same year. By law, the member can only be credited with one year of service in a 12-month period.

If a member has concurrent service, a reduction in service will be made to maintain the maximum of one year in the 12-month time frame.

The Reciprocal Process

To retire under the reciprocal act you must meet the following conditions:

- Resign with all employers and <u>apply with each system.</u>
- The service you earned in each reciprocal system must be at least one year.
- Your combined service must meet the vesting and age requirements of each system before payment can begin.

Note: You will receive a payment from each system.



Participating Reciprocal Systems

- 1. Chicago Teachers' Pension Fund
- 2. County Employees' Annuity and Benefit Fund of Cook County
- 3. Forest Preserve Employees'
 Annuity and Benefit Fund of Cook
 County
- 4. General Assembly Retirement System
- Judges' Retirement System of Illinois
- 6. Illinois Municipal Retirement Fund
- 7. Laborers' Annuity and Benefit Fund of Chicago
- 8. Metropolitan Water Reclamation District Retirement Fund

- 9. Municipal Employees' Annuity and Benefit Fund of Chicago
- 10. Park Employees' Annuity and Benefit Fund of Chicago
- 11. State Employees' Retirement System of Illinois
- 12. State Universities Retirement System of Illinois
- 13. State Teachers' Retirement System

Contact information for each reciprocal fund is available on ctpf.org



Eligible Refunds

Refund of survivor's contributions

No eligible spouse or minor children

2.2 Upgrade Refund with interest, if you previously paid the 2.2 Upgrade cost and meet the criteria to receive the upgrade for free or at a reduced cost based on:

- 30 or more years of service credit
- 3 for 1 calculation

Members with at least 37.8 years of service credit may qualify for an additional (1%) refund.

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CTPF will automatically assess your eligibility for these refunds upon retirement

Leaving Employment

What if I Leave Employment?

When you leave employment, you must decide how to manage the pension assets you have accumulated with the Chicago Teachers' Pension Fund (CTPF).

The decision you make can have a significant impact on your future financial security.



What if I Leave Employment? CONT.

Vested Member

You have earned enough service credit to qualify for a pension, your option are:

Retire You may retire with a pension if you meet age and service credit requirements.

Defer your pension You may wait to apply for a pension until you reach retirement eligibility.

Accept a refund

Take refund of contributions and forfeit all future CTPF retirement benefits (including health insurance).

What if I Leave Employment? CONT.

Non-Vested Member

You can choose to leave your contributions and service credit at CTPF.

- If you return to work for a CTPF Employer or accept employment within the Illinois reciprocal systems in the future, your earnings and credit will be available.
- If you choose this option, make sure you designate a beneficiary to receive a lump-sum payment of your pension contributions upon your death

You can take a refund of your contributions

What if I Leave Employment? CONT.

Accepting a Refund

Taking a Refund of Your CTPF Contributions Means:

- You forfeit your service retirement benefits with CTPF, including survivor, disability, and post-retirement health insurance benefits.
- If you return to a CPS/Charter or Contract or Contract school Employer or a reciprocal system, you must earn a minimum of 2 years of active service to qualify for reinstatement/repayment of your refunded service.
- Your refund may be taxed as income unless you choose to rollover pension contributions to a qualified retirement plan.



Health Insurance

What are Your Insurance Options?

- Up to 18 months Continuation of Coverage (COBRA) through your employer (CPS or CPS and/or Charter or Contract Schools school) if under Age 65
- A CTPF-Sponsored Health Insurance Plan
- Other coverage (group insurance through a spouse or private coverage on open market)

CTPF Subsidizes Health Insurance Premiums

Currently 60% of health plan premiums, including COBRA (under age 65) and base
 Medicare premiums

PLEASE NOTE: CTPF does not offer vision, dental insurance or an FSA. Make sure you utilize all your FSA funds before you terminate coverage. You have up to 90 days after your retirement date to submit claims incurred prior to retirement.

Resources & Information

Pension Representatives

Pension Representatives (Pension Reps) are valuable members of CTPF. They assist in building and maintaining the vital connection between teachers and CTPF and assist with Trustee elections and other duties as detailed below.

Who Can be a Pension Representative?

A pension rep must be a certified, active teacher in a CPS or CPS and/or Charter or Contract Schools School; retirees and administrators cannot serve in the role of pension rep.

A school's pension rep may be determined by a vote among the faculty, a volunteer may come forward, or the principal may select a suitable candidate.



Pension Representatives CONT.

Does your school have a Pension Rep vacancy?



If so, are you interested in filling the position?

Contact CTPF at pensionreps@ctpf.org for more information and to obtain a Pension Rep Credentials form.

Pension Representatives CONT.

Pension Representative Responsibilities:



- Distribution of pension-related materials in their school (i.e., newsletters, forms, Trustee election materials)
- Assisting with Trustee elections
- Coordinating field service presentations

Pension Reps can earn a stipend of up to \$100 per year.



Thank You



CTPF Member Services

Members: 312.641.4464 Fax: 312.641.7185

Email: memberservices@ctpf.org

Documents: imaging@ctpf.org

Call Center Hours: Mon- Fri: 8AM-5PM

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