2020 Retirement Seminar

RETIREMENT ON THE HORIZON
INTRODUCTION OF OUR PARTNERS

Organizations here today can help answer your retirement questions.

Partnering Organizations

ORGANIZATIONS ATTENDING

WE KNOW RETIREMENT.

EMPOWER

RETIREMENT®

OVERVIEW: CELEBRATING 125 YEARS

Happy Birthday to CTPF!

CTPF is a well-managed Fund with diversified revenue sources necessary to fund pensions and provide financial security for its members.

Our fiscal year began July 1, 2019, and we are celebrating our 125th year of continuous operation.
Independent Fund, governed by 12-Member Board of Trustees

Trustees include six trustees elected by the active teacher membership, one trustee elected by the active principals and administrators, three trustees elected by the retired membership, and two trustees appointed by the Board of Education.

CTPF RETIREMENT vs. SOCIAL SECURITY

- CTPF members do not contribute to Social Security during employment
- Each pay period, pension contributions are withheld by the employer and sent to CTPF
- CTPF members contribute 9% of salary to retirement, nearly 50% more than Social Security contributors

CTPF TODAY

One of 646 public pensions in Illinois
Oldest in Illinois (1895)

Membership includes more than 88,000 members:

- 29,295 Active members
- 28,549 Annuitants
- 9,926 Vested terminated members
- 20,621 Unvested terminated members

Serves Chicago’s public/charter school teachers, administrators, certified personnel and CTPF staff
In addition to revenue from investments, CTPF now receives contributions from four major sources: the State of Illinois, a tax levy, CPS, and employees.

CTPF received approximately $999.2 million in revenue for FY 2019 including:

- $190.6 million from employee contributions (19%)
- $442.8 million in property tax receipts (44%)
- $238.9 million from the State of Illinois (24%)
- $126.9 million from the Chicago Board of Education (CPS 13%)


CTPF’s fiscal year runs July 1 to June 30.
CTPF INVESTMENTS

Total Assets as of June 30, 2019: $11 billion
Funded Ratio June 30, 2019: 47.5%
Investment returns:
10.02% (10 years)
8.37% (25 years)
8.54% (35 years)

Calendar Year 2019
Investment returns were 19.82% for the 2019 calendar year ending December 31, 2019.

INVESTMENT RETURNS

Investment Return Assumption is 7.0%

CTPF Annual Rate of Return 1985-2019
35-Year Average Growth Rate 8.54%

SERVICE TO MEMBERS

New Office Address
Chicago Teachers’ Pension Fund
425 S. Financial Place | Suite 1400
Chicago, IL 60605-1000

CTPF Office Hours
Monday through Friday
Member Services 8:00 a.m. – 5:00 p.m.
Administrative Offices 9:00 a.m. – 5:00 p.m.

Phone and fax numbers (have not changed)
General: 312.641.1400
Members: 312.641.4464
Fax: 312.641.7168
SHARE YOUR STORY

As part of the 2020 celebration, the Fund is seeking photos and memories/reflections of CTPF educators.

We’re collecting memories and encourage you to share your words of wisdom.

- Email a photo of yourself in your work environment to communications@ctpf.org.
- Please include your name, school, and year taken (approximate is fine).
- Submissions may be shared in a special video and on social media (full name will not be used).

LOOKING AHEAD

We are modernizing processes, IT infrastructure and data so that we can provide additional Member Self Service functions later this year.

We will hold elections for two CTPF Teacher Trustees in the Fall.

If you decide not to retire, we encourage you to participate in the election process.

If you are retiring and currently serve as a Pension Representative, please email pensionreps@ctpf.org and let us know. We appreciate your help in finding a replacement.

NEW SPACE TO SERVE MEMBERS

As part of the 2020 celebration, the Fund is seeking photos and memories/reflections of CTPF educators.
STAY INFORMED AND CONNECTED

1. Stay in Touch
   - Make sure you’re registered for monthly email updates
   - Follow us on social media

2. Keep us Up-to-Date
   Our information depends on your communication. Make sure you keep the Fund up-to-date with your personal data
   - Current members update through your employers
   - After retirement update through Member Services

3. Visit www.ctpf.org
   - Find news and information about the Fund

WELCOME & ACKNOWLEDGEMENTS

- To expedite application processing, please complete as much of your application as possible before meeting with a CTPF representative
- Evaluations – Please help us improve our presentation and provide useful information by completing and submitting the evaluations to our enrollment specialists
RESIGNATION PROCESS

- Contact CTPF for pre-retirement counseling (obtaining pension estimate)
- Complete an Application for Resignation before applying for your pension
  - Resignations are irrevocable upon receipt by the CPS Talent Office
  - Download your resignation application from the CPS employee portal at cps.edu/Pages/home.aspx
  - Employee Services is located at 2651 W. Washington Blvd, Chicago, IL 60612.

NOTE: Charter employees should contact their employer.
UNUSED SICK DAY PAYOUT

Unused Sick Day Payout is determined pursuant to Board Policy. Following are eligibility criteria used to determine payout.

<table>
<thead>
<tr>
<th>ELIGIBILITY CRITERIA</th>
<th>CALCULATION RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have 33.95 years of service with CPS</td>
<td>100%</td>
</tr>
<tr>
<td>Have a minimum of 20 years of service with CPS but less than 33.95 years</td>
<td>90%</td>
</tr>
<tr>
<td>Have attained the age of 65 and have less than 20 years of service before the start of the following school year</td>
<td>85%</td>
</tr>
</tbody>
</table>
unused sick day payout method*

The amounts derived based on the calculation rate will either be paid cash or deposited into an annuity.

Following are the rules for payout:

<table>
<thead>
<tr>
<th>PAYOUT AMOUNT</th>
<th>PAYOUT METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal to or less than $2,000</td>
<td>Cash</td>
</tr>
<tr>
<td>Between $2,000.01 and $80,000</td>
<td>Annuity Rollover</td>
</tr>
<tr>
<td>Amounts in excess of $80,000</td>
<td>Cash</td>
</tr>
</tbody>
</table>

* Sick days granted after 6/30/12 are non-compensable and thus will not be included in the sick day payout calculation.

rollover of unused sick days into an annuity

Chicago Public Schools contributes, on behalf of eligible retirees, the value of their unused sick pay to a 403(b) plan.

For A Participant Currently Enrolled in the 403(b) Plan:

- The payout will be made to the Plan Service Provider(s) to which the participant most recently allocated his/her salary reduction agreement; i.e., contributing to the plan on your last working paycheck. Does NOT include inactive accounts.
- The contribution will be sent to the service provider within 60 days of the final payout statement being issued to the employee.
- The contribution will be applied to the employee’s account based on the employee’s investment allocation. The employee has the option to leave the funds invested in the account after retirement or to move the funds (such as to an Individual Retirement Account).

rollover of unused sick days into an annuity

Rollover of Unused Sick Days into an Annuity

For an employee not currently enrolled in the 403(b) plan:

- At the time of the payout, if an employee is not enrolled in the 403(b) Plan, CPS will send the payout to Empower Retirement Services on the employee’s behalf. The payout will be within 60 days of the final payout statement being issued to the employee and will be placed in a Target Date Fund Account. The retiree may choose to invest the funds in this account with the service provider after retirement, or elect to move the funds (such as to an Individual Retirement Account).
- Any Union employee may voluntarily enroll in the 403(b) Plan by contacting one of the preferred service providers to begin making tax deferred contributions from one’s paycheck. Please check the HR4U Portal for a list of vendors and links to their websites.
ROLLOVER OF UNUSED SICK DAYS INTO AN ANNUITY

Contribution Amount

- The maximum contribution is $80,000.
- If a retired employee has more than $80,000 in accumulated sick pay, the excess will be paid directly to the retired employee.
- The maximum annual contribution limit for 2019 was $56,000. If the retired employee was contributing to a 403(b) plan, the amount would be subtracted from the $56,000.
- Example: If the retired employee had already contributed $16,000 in 2019, the maximum contribution from the unused sick pay would be $40,000 for the 2019 calendar year. If the sick pay were greater than $40,000, the excess payment would be made in subsequent years.
MAXIMIZING YOUR PENSION

2.2 Upgrade

Purchasing Service

Reciprocity

UNDERSTANDING THE 2.2 UPGRADE

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

<table>
<thead>
<tr>
<th>Years of Service Credit</th>
<th>Before July 1, 1998</th>
<th>After July 1, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 10 years</td>
<td>1.67% per year</td>
<td>2.2% per year</td>
</tr>
<tr>
<td>Second 10 years</td>
<td>1.9% per year</td>
<td>2.2% per year</td>
</tr>
<tr>
<td>Third 10 years</td>
<td>2.1% per year</td>
<td>2.2% per year</td>
</tr>
<tr>
<td>Years beyond 30 years</td>
<td>2.3% per year</td>
<td>2.2% per year</td>
</tr>
</tbody>
</table>

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.

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).
**NOTES**

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### UNDERSTANDING 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 final average salary (FAS) is $90,000.

- **Annual Pension without the 2.2 upgrade**: $53,127
- **Annual Pension with the 2.2 upgrade**: $57,420
- **Pension Increase**: $4,293

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

- **Cost to Upgrade**: $2,700

*(In Jerry’s case, CTPF upgraded 6 years at no cost)*

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### 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.

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### 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 from 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.

THE RECIPROCITY PROCESS

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

- Apply with each system.
- 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.

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
5. 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
PENSION FACTS

- Pension effective date is the first day after resignation, unless the resignation date falls within the last payroll period worked, then the effective date becomes the day following the close of that payroll period, or the time the person resigning or retiring attains eligibility age, or on a date elected by the teacher, whichever shall be latest.
- Paid for life
- Payable on the first business day of each month
- Pensions may be exempt from state income tax depending on state of residence (e.g., Illinois exempt)
- Pensions are subject to federal income tax

AUTOMATIC ANNUAL INCREASE

- 3% Automatic Annual Increase eligible after your 61st birthday or the 1st anniversary from start of your pension, whichever is later
- Paid in January after eligibility date and each subsequent January
SOCIAL SECURITY AND YOUR PENSION

- Your CTPF pension is not affected by a Social Security benefit.
- For those eligible for Social Security benefits, there are two provisions that may apply to you:
  - The Windfall Elimination Provision – If your Social Security benefit is based on your own contributions, this may result in a lower Social Security benefit.
  - The Government Pension Offset – If your Social Security benefit is based on your spouse’s contributions, your Social Security benefit will be reduced by two-thirds of your CTPF pension.

For additional information on these provisions, visit www.socialsecurity.gov or call toll-free 1-800-772-1213.

SURVIVOR PENSIONS

- Survivor pensions payable to eligible spouse and/or minor children
- 50% of a retired teacher’s pension is split between eligible survivors

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
RE-EMPLOYMENT

- Permanent re-employment in the Chicago Public Schools or at a Charter school in Chicago on a permanent or annual basis cancels your CTPF pension on the date your re-employment begins or on the first day of the payroll period for which service credit is validated, whichever is earlier.

- Temporary and Non-Annual Employment Retirees may return to work for an Employer(s) subject to CTPF re-employment rules (120-day limit & compensation limit) as long as re-employment is not pre-arranged prior to retirement. There is a special limit for drivers education instructors for FY 2018 and going forward as described in an upcoming slide.

The Re-employment Rules are included in the retirement packet. (See Form 717)

If you are thinking about future re-employment with either CPS or a Charter school you must submit CTPF Form 770 or Form 773.

Rules for Temporary and Non-Annual Employment

<table>
<thead>
<tr>
<th>Retiree Type</th>
<th>Employment Limit</th>
<th>Compensation Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTPF retirees who only teach</td>
<td>900 hours</td>
<td>$30,000 or The daily rate paid to retired principals multiplied by 100 for individuals who retired with 5 years of service as a principal</td>
</tr>
<tr>
<td>Drivers Education courses in the school year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other CTPF retirees</td>
<td>120 days</td>
<td>$30,000 or The daily rate paid to retired principals multiplied by 100 for individuals who retired with 5 years of service as a principal</td>
</tr>
<tr>
<td></td>
<td>Effective July 1, 2019</td>
<td></td>
</tr>
</tbody>
</table>
RETIREE PROCESS

1. Resign from Board of Education or Charter School
2. Complete the Retirement Application and Submit to CTPF:
   - Form 705 Retirement Application
   - Form 717 Acknowledgement of CTPF Re-employment Rules
   - Form 730 Retiree Acknowledgement of Health Insurance Responsibility and Intent

You may make an appointment with Member Services to go over the application and answer any questions.

ADDITIONAL REQUIRED FORMS

- Form 735 (If Applicable) Health Information Release
- Form 105 Designation of Beneficiary
- Form 621 (If Applicable) Optional Service Application

Reminder
If retiring under reciprocity submit an application to the reciprocal system as well

REQUIRED DOCUMENTS

Notice of Legal Name Requirement
You must provide evidence of your legal name at retirement. The documents you present as proof of identity including your Social Security card, photo identification, and Medicare card/letter (if applicable), must bear the same legal name.

All Applicants:
1. **Proof of age:** birth certificate, naturalization papers, or current passport
2. **Proof of Social Security number:** Social Security card or recent W-2
3. **Photo identification:** current driver’s license, state identification, or current passport
4. **If 65, a copy of Medicare A & B card or letter of entitlement from Medicare**
MONTHLY PENSION BENEFIT PAYMENT

- Assuming retirement in June, expect your first preliminary monthly pension benefit by September.

- If your pension includes any reciprocal service, receipt of your first preliminary monthly pension benefit will depend upon when CTPF receives certification from the other system(s). This notification process can often take 3 months or more.
ELIGIBLE REFUNDS

- 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.
- Refund of survivor’s contributions
  - No eligible spouse or minor children

Chicago Teachers’ Pension Fund

Post-Retirement Health Insurance Options

HEALTH INSURANCE

What are Your Insurance Options?

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

PLEASE NOTE: CTPF does not offer vision, dental insurance or an FSA. COBRA only covers your Medical Insurance. 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.

CTPF Subsidizes Health Insurance Premiums

- 2020: Currently 50% of health plan premiums, including COBRA (under age 65) and base Medicare premiums
## New Referee Health Insurance Options

### Retirement Age

**Under age 65**

- Two months prior to retirement:
  - Enroll in a health insurance continuation coverage (HCMS) through the CPS COBRA program. CTPF will make monthly payments to cover the monthly cost of the HCMS. This will be billed to you.
  - HCMS coverage generally ends at the earlier of:
    - Two months following CTPF retirement
    - Trace retirement

- Three months prior to COBRA coverage ending:
  - Enroll in an alternative plan if you wish to change health insurance plans.
  - If your dependent is also a CTPF retiree whose final teaching service was with the Chicago Public or Charter Schools, they may qualify for a CTPF subsidy. Please contact CTPF to obtain further information.

- At least one month prior to COBRA coverage ending:
  - Submit enrollment applications for the plan of your choice to be effective the first of the month following CTPF retirement.

**Age 65 or over**

- Three months prior to retirement:
  - Ensure the Social Security Administration is aware of your retirement in Medicare Parts A and B.
  - Enroll in Medicare Parts A and B as soon as possible to ensure your eligibility of Medicare.
  - You may be eligible for Medicare Part D.

- If you have an alternative plan:
  - Submit enrollment applications for the plan of your choice to be effective the first of the month following CTPF retirement.
  - Submit enrollment applications for Medicare Parts A, B, and D.

- At least one month prior to COBRA coverage ending:
  - Submit enrollment applications for the plan of your choice to be effective the first of the month following CTPF retirement.

### 2020 CPS COBRA Rates

<table>
<thead>
<tr>
<th>BC/BS - BA HMO</th>
<th>COBRA Premium</th>
<th>With 50% CTPF Retiree Subsidy Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Only</td>
<td>$516.15</td>
<td>$258.08</td>
</tr>
<tr>
<td>EE + 1 Dep</td>
<td>$1,032.30</td>
<td>$774.23*</td>
</tr>
<tr>
<td>Family</td>
<td>$1,548.44</td>
<td>$1,290.37*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BC/BS - PPO</th>
<th>COBRA Premium</th>
<th>With 50% CTPF Retiree Subsidy Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Only</td>
<td>$623.32</td>
<td>$311.66</td>
</tr>
<tr>
<td>EE + 1 Dep</td>
<td>$1,246.62</td>
<td>$934.96*</td>
</tr>
<tr>
<td>Family</td>
<td>$1,869.96</td>
<td>$1,558.30*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BCBS - H.S.A. Plan</th>
<th>COBRA Premium</th>
<th>With 50% CTPF Retiree Subsidy Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Only</td>
<td>$557.53</td>
<td>$278.77</td>
</tr>
<tr>
<td>EE + 1 Dep</td>
<td>$1,115.06</td>
<td>$836.30*</td>
</tr>
<tr>
<td>Family</td>
<td>$1,672.60</td>
<td>$1,393.84*</td>
</tr>
</tbody>
</table>

*If your dependent is also a CTPF retiree whose final teaching service was with the Chicago Public or Charter Schools, they may qualify for a CTPF subsidy. Please contact CTPF to obtain further information.

### COBRA Premiums and Payments

- The premium includes the individual monthly cost plus a 2% administration fee.
- Once you have elected COBRA coverage, you have 45 days to make your initial premium payment. Your initial premium payment may include several months. All CPS COBRA payments are made payable to PayFlex. Charter school members should check payment arrangement with their employer.
- Remaining payments are due on the first day of each month. If payment is not received within your 30-day grace period, your coverage will be terminated.

**Terminated coverage cannot be reinstated.**
ADVANTAGES OF CTPF INSURANCE PLANS

- Guaranteed enrollment
- Dependent coverage
- Comprehensive coverage with competitive premiums
- Your share of premium costs deducted monthly from pension check
- Your subsidy paid every month in your pension check

Please contact PayFlex for CPS COBRA questions at 800-359-3921.

NOTE: PayFlex is not able to process COBRA elections in advance of retirement/resignation/termination dates. They will not be equipped to answer specific questions for future participants.

CTPF 2020 RETIREMENT SEMINAR PRESENTATION
Part B: (Medical Insurance) Premium
For 2020, all eligible members will receive a Medicare Part B subsidy in the amount of $70.80. This amount is based on the standard Part B premium of $144.60. (Of this amount, the included $3 Part B government surcharge is not eligible for subsidy.)

<table>
<thead>
<tr>
<th>Medical Part A</th>
<th>Medicare Part B Cost</th>
<th>CTPF Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 quarters</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>30-39 quarters</td>
<td>$252</td>
<td>$126</td>
</tr>
<tr>
<td>Less than 30</td>
<td>$458</td>
<td>$229</td>
</tr>
</tbody>
</table>

Note: Members who retire with a benefit effective date of July 1, 2016 or later, are not eligible for the Medicare Part A subsidy.

Part B: (Medical Insurance) Premium
For 2020, all eligible members will receive a Medicare Part B subsidy in the amount of $70.80. This amount is based on the standard Part B premium of $144.60. (Of this amount, the included $3 Part B government surcharge is not eligible for subsidy.)

<table>
<thead>
<tr>
<th>Standard Part B</th>
<th>$144.60</th>
<th>$70.80</th>
</tr>
</thead>
<tbody>
<tr>
<td>* IRMAA Adjusted Part B</td>
<td>$144.60 - $491.60</td>
<td>$70.80</td>
</tr>
</tbody>
</table>

IRMAA adjustments are applied to individuals whose adjusted gross income was higher than $87,000, and to couples whose income was higher than $174,000, in 2018. CTPF does not subsidize these additional amounts.

MEDICARE

Medicare Enrollment Periods

- Initial: at age 65 (3 months prior birthday)
- Special: if still working and covered as an active employee in a group health plan (3 months prior to retirement)
- General: January-March

ENROLLING IN NON-CTPF INSURANCE PLANS

- You retain the option on your own to enroll in non-CTPF sponsored insurance
- You pay all premiums and can apply for a rebate of health insurance and Medicare premiums once a year, retroactively at the applicable subsidy percentage
- CTPF mails a rebate application to those eligible. Proof of premium payment required
- "One and done" rule: The CTPF Board of Trustees voted to allow eligible members to re-enroll in a CTPF health insurance plan one time without a qualified change in status. Previously, enrollment was only allowed once in a lifetime, unless the member experienced a qualifying event (marriage, birth, death, etc.). Individuals who want to rejoin a CTPF plan must do so during an open enrollment period. A member applying to re-enroll must have proof of insurance coverage (medical and prescription drug) as of the beginning of the open enrollment period (October 1), and maintain coverage through December 31 of that year. CTPF insurance coverage becomes effective the following January 1.

CTPF HEALTH INSURANCE HANDBOOK

Consult your insurance handbook for details on CTPF health insurance plans.

You can find the CTPF Health Insurance Handbook at www.ctpf.org
What’s FICA?

• A U.S. federal payroll tax deducted from each paycheck
• Stands for the Federal Insurance Contributions Act
• Total deducted is 7.65%, your employer matches this for a total of 15.3%
• Helps fund both Social Security and Medicare programs, which provide benefits for:
  – Retirees
  – The Disabled
  – Children
How Do You Qualify for Retirement Benefits?

- By earning “credits” when you work and pay Social Security taxes
- You need 40 credits (10 years of work) and you must be 62 or older
- Each $1,410 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

*Payments rounded to whole dollar amounts

How Social Security Determines Your Benefit

Benefits are based on earnings

- **Step 1** - Your wages are adjusted for changes in wage levels over time
- **Step 2** - Find the monthly average of your 35 highest earnings years
- **Step 3** - Result is “average indexed monthly earnings”

2020 Retirement Benefit Formula

If your average monthly earnings are = $5,800
Then your full monthly benefit would be = $2,410

- 90% of First $960 = $864
- 32% of Earnings over $960 through $5,785 = $4,825 = $1,544
- 15% of Earnings over $5,583 = $5,800-$5,785 = $15 = $2

*Payments rounded to whole dollar amounts
Retirement Estimator

- Gives estimates based on your actual Social Security earnings record
- You can use the Retirement Estimator if:
  - You have enough Social Security credits at this time to qualify for benefits and
  - You are not:
    - Currently receiving benefits on your own Social Security record;
    - Waiting for a decision about your application for benefits or Medicare;
    - Age 62 or older and receiving benefits on another Social Security record; or
    - Eligible for a Pension Based on Work Not Covered By Social Security.

socialsecurity.gov/estimator

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We Wouldn’t Miss Your Retirement Party

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Percentages Based on Year of Birth

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
<th>% at age 62</th>
<th>% at age 70</th>
</tr>
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<tr>
<td>1943-1954</td>
<td>66</td>
<td>75.0%</td>
<td>132.00%</td>
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<tr>
<td>1955</td>
<td>66 + 2 months</td>
<td>74.2%</td>
<td>130.67%</td>
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<td>1956</td>
<td>66 + 4 months</td>
<td>73.3%</td>
<td>129.33%</td>
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<tr>
<td>1957</td>
<td>66 + 6 months</td>
<td>72.5%</td>
<td>128.00%</td>
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<tr>
<td>1958</td>
<td>66 + 8 months</td>
<td>71.7%</td>
<td>126.67%</td>
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<tr>
<td>1959</td>
<td>66 + 10 months</td>
<td>70.8%</td>
<td>125.33%</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67</td>
<td>70.0%</td>
<td>124.00%</td>
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</tbody>
</table>

---
Working While Receiving Benefits

<table>
<thead>
<tr>
<th>If you are</th>
<th>You can make up to</th>
<th>If you earn more, some benefits will be withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Full Retirement Age</td>
<td>$18,240/yr.</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>The Year Full Retirement Age is Reached</td>
<td>$48,600/yr.</td>
<td>$1 for every $3</td>
</tr>
<tr>
<td>Month of Full Retirement Age and Above</td>
<td>No Limit</td>
<td>No Limit</td>
</tr>
</tbody>
</table>

**Note:** If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.

---

Earnings Test Calculator

*www.socialsecurity.gov/OACT/COLA/RTeffect.html*

**Retirement Earnings Test Calculator**

Enter your **date of birth**: Month: 6 Day: 2 Year: 1950

Your **estimated earnings**: $34,000

Your **estimated monthly benefit**: $1,479 (Before application of the retirement test)

Is the current year the first year you are receiving benefits? **Yes**

*Note: special rules apply in the first year you retire.*

Submit request Reset

---

We’re With You Through Life’s Journey
Windfall Elimination Provision (WEP)

<table>
<thead>
<tr>
<th>Normal Computation</th>
<th>WEP Computation</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% of the first $960</td>
<td>40% of the first $960</td>
</tr>
<tr>
<td>32% of the next $4,825</td>
<td>32% of the next $4,825</td>
</tr>
<tr>
<td>15% of the remainder</td>
<td>15% of the remainder</td>
</tr>
</tbody>
</table>

Max WEP loss for someone who turns 62 in 2020 is $480/month

Visit: [https://www.ssa.gov/planners/retire/wep-chart.html](https://www.ssa.gov/planners/retire/wep-chart.html)

Windfall Elimination Provision (WEP Version)

Date of birth:
Enter your date of birth in month, day, and year, separated by slashes. (Example: if you were born on May 7, 1965, enter 5/7/1965.)

Age of retirement:
Enter the age in years and months, when you plan to stop working. (Example: if you plan to stop working at age 62, enter 62.)

Estimate Social Security benefit:
Your estimated benefit is shown in today's dollars, unless you choose to have it shown in future (inflation) dollars. If you choose future (inflation) dollars, the calculation bases the results on our estimates of how inflation could affect your future benefit amount. (For a calculation using inflation dollars estimates to determine under retirement benefits payable under the SSA, visit: [https://www.ssa.gov/planners/retire/wep-chart.html](https://www.ssa.gov/planners/retire/wep-chart.html).)

Annual earnings covered by Social Security:
Enter your annual earnings on which you paid Social Security taxes from 1951 to 2018. Do not include earnings from the year in which you retired or your non-covered years.

Note: If you were born after 1951, any earnings you enter before your year of birth will be ignored.

AN EXCEPTION TO WEP

<table>
<thead>
<tr>
<th>Year</th>
<th>Substantial earnings</th>
<th>Year</th>
<th>Substantial earnings</th>
<th>Year</th>
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</tbody>
</table>

Vises of substantial earnings Percentage
10 or more 90 percent
9-9.99 85 percent
8-8.99 80 percent
7-7.99 75 percent
6-6.99 70 percent
5-5.99 65 percent
4-4.99 60 percent
3-3.99 55 percent
2-2.99 50 percent
1-1.99 45 percent
0 or less 40 percent

Max WEP loss for someone who turns 62 in 2020 is $480/month.
Spousal Benefits

- Benefit is 50% of worker’s unreduced benefit
- Reduction for early retirement
- If spouse’s own benefit is less than 50% of the worker’s, the benefits are combined
- Does not reduce payment to the worker
- Benefit is 100% regardless of age if spouse is caring for a child under age 16 or disabled

Benefits for Divorced Spouses

You may receive benefits on your ex-spouse’s record (even if he or she has remarried) if:

- You are unmarried;
- You are age 62 or older;
- Your ex-spouse is entitled to Social Security retirement or disability benefits; and
- The benefit you are entitled to receive based on your own work is less than the benefit you would receive based on your ex-spouse’s work.

Note: Marriage must have lasted 10 years or longer
GOVERNMENT PENSION OFFSET (GPO)

If you receive a government pension based on your work not covered by Social Security, your Social Security spouse’s or widow(er)’s benefits may be reduced.

**Spouse’s and Widows’ Benefits**

2/3 of amount of government pension will be used to reduce the Social Security spouse’s benefits

**EXAMPLE**

\[ \frac{2}{3} \times 1200 = 800 \]

Social Security spouse’s benefits = $750

No cash benefit payable by Social Security

---

**Survivor Benefits**

When you pass away, your surviving spouse may:

- At full retirement age, receive 100% of deceased worker’s unreduced benefit; or,
- At age 60, receive 71.5% of your full benefit and increases each month you wait up to 100% if you start at full retirement age; or
- Claim survivor benefits at any age between 60 and full retirement age.
Medicare

Part A = Hospital Insurance

Part B = Medical Insurance (2020 = $144.60/month)

Part C = Medicare Advantage Plans

Part D = Prescription Drug Plans

Visit Medicare.gov for details
Medicare Card

Your new card will have a new Medicare Number that's unique to you, instead of your Social Security number. This will help to protect your identity.
Beware of Social Security Phone Scams

Telephone scammers are pretending to be government employees. They may threaten you and may demand immediate payment to avoid arrest or other legal action. Do not be trusted.

1. Hang up!
2. DO NOT GIVE THEM MONEY OR PERSONAL INFORMATION!
3. REPORT THE SCAM AT OIG.SSA.GOV

What to look out for

- The caller claims there’s a problem with your Social Security number or account.
- Any call asking you to pay a fine or deposit with small gift cards, cash, wire transfers, or pre-paid debit cards.
- Scammers pretended to be from Social Security or another government agency. (Call 888-777-0000 or documents sent by email may look official but they are not.
- Calls threaten you with arrest or other legal action.

Be Alert

Social Security may call you in some situations but will never:
- Threaten you.
- Demand your Social Security number.
- Demand immediate payment or money.
- Demand payment by cash, gift card, pre-paid debit card, or wire transfer.

Be Active

Protect yourself and your friends and family:
- If you receive a questionable call, just hang up and report the call at oig.ssa.gov.
- Learn more at oig.ssa.gov/protect.
- Share this information with others.

Fraudulent Phone Calls

2 options to report:

- Online at oig.ssa.gov
- By phone 1-800-269-0271

POINTS TO REMEMBER

- Complete payment for any outstanding optional service bills
- Make arrangement for continued health insurance coverage
- Health insurance plans can be changed during:
  - Open Enrollment
  - Qualifying Event
- Plan on the receipt of your first pension payment in early fall
  - Budget your finances for the summer.
KEEP IN TOUCH WITH CTPF

- Address changes
- Bank account changes
- Tax withholding changes
- Designated beneficiary updates

CONTACT INFORMATION

CTPF Member Services
1-312-641-4464
memberservices@ctpf.org
www.ctpf.org

Chicago Public Schools: Talent Office
1-773-553-4748
http://cps.edu/HR4U

Social Security
1-800-772-1213
www.socialsecurity.gov

Medicare
1-800-633-4227
www.medicare.gov

QUESTIONS?

Office/Mailing Information:
425 S. Financial Place | Suite 1400
Chicago, IL 60605-1000
General: 312.604.1400
Members: 312.641.4464
Fax: 312.641.7185

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