Continued on page 2

New Year’s Eve may be months away, but for many of our retired members, the habit of thinking of a new year starting at Labor Day is hard to break.

The fund’s fiscal year begins on July 1, so we also see the start of the academic year as a time to look forward and back, and to reflect on achievements and challenges.

Our financial position at the year ended June 30, 2010, showed considerable improvement over the previous year, with a one-year return of 13.4%. While we are always careful not to draw conclusions based on a single year, we are pleased to report a positive return. Our fund’s assets at June 30 were just under $9B (see page 2).

The economy poses unprecedented challenges, and CTPF continues to pursue a conservative investment strategy, guided by prudent advice and careful practice. The addition of our new Director of Investments, Carmen A. Heredia-Lopez (see page 3), underscores CTPF’s commitment to this philosophy. Ms. Heredia-Lopez brings a wealth of experience and strong credentials to the fund. She will use her expertise to implement the investment strategy...
Executive Director’s Letter  continued from cover

approved by the Board of Trustees and manage our investment portfolio.

I also want to welcome our new retirees. The addition of 1,058 annuitants in 2010 boosts our total number of beneficiaries well above 24,000. The trustees and the CTPF community wish you a long and healthy retirement. The pension you have earned provides a lifetime benefit, protected from inflation. This modest but stable income enables our retirees to contribute to the economic growth and stability in their local communities, a significant stimulus in challenging times.

Our retiree ranks continue to grow as the number of active contributors decreases. This demographic trend reminds us of the importance of fiscal discipline, sound investing, and most importantly, collecting funds earned by members and owed to CTPF.

Our philosophy of protecting pension benefits for members, collecting what is owed to the Fund, and seeking adequate funding for CTPF has been the focus of the last fiscal year, and I expect these priorities to remain the same in the months ahead. Last year I logged many miles driving to Springfield, Ill., for meetings with legislators and legislative leaders. As the State of Illinois continues to struggle with budget-related issues, we must continue to make the case for fair funding and adequate health insurance reimbursements for our retirees. The Legislative Update on page 6 suggests ways you can help deliver this message.

In addition to pension benefits, CTPF provides a comprehensive health insurance program for retired members. The Open Enrollment Period for 2011 runs from October 1 – November 12, 2010. Enrollment materials were sent in September, please read them thoroughly and carefully evaluate your health insurance needs. Staying healthy should be a priority for our retired members. Preventive care benefits have been expanded and we hope you will take full advantage of these benefits and enjoy a long and productive retirement. We look forward to serving you.

Sincerely,

Kevin B. Huber, executive director

As of June 30, 2010, the approximate current value of CTPF’s investments was $8.92 billion.
2009 Annual Report Released
CTPF’s auditor finalized the necessary data and completed the 2009 fiscal year audit. The Comprehensive Annual Financial Report, detailing the fund’s financial position is available online at www.ctpf.org. Limited copies are available on CD. Call Member Services to request a copy.

CTPF Health Insurance Premium Subsidy Extended
August 19, 2010, CTPF Trustees voted to continue to offer a health insurance premium subsidy to members enrolled in non-CTPF health insurance plans, until further analysis can be performed.

This action suspended the Trustees’ June 22, 2010, decision limiting the subsidy eligibility to members enrolled in a CTPF or CPS/Charter School COBRA health insurance plan. Trustees determined that the potential impact to retirees warranted additional review.

CTPF Files Suit Against CPS
On July 8, 2010, CTPF filed a lawsuit against the Chicago Board of Education. The suit seeks $40 million in funding that the CPS board failed to pay for the 2009-2010 fiscal year. This lawsuit attempts to collect the legally required amount specified in the Illinois Pension Code.

“In these difficult financial times, we want to make sure CTPF receives all the funds legally due,” said Kevin B. Huber, executive director.

The complete text of the suit can be found at www.ctpf.org.

Register for Electronic Updates
CTPF continues to collect e-mail addresses for electronic updates. Members can register for electronic updates at www.ctpf.org. CTPF will send periodic updates to individuals who register for this free service.

CTPF Introduces Director of Investments
Carmen A. Heredia-Lopez joined CTPF as Director of Investments in August. She reports to the Executive Director and is responsible for the general management of the fund’s externally managed portfolio of equities, fixed-income, real estate, and alternative investments.

“We are pleased to welcome Ms. Heredia-Lopez to our staff,” remarked Kevin B. Huber, executive director. “Her depth of experience, excellent credentials, and strategic insight will help ensure that the fund continues to produce the best possible returns for our members.”

Prior to joining CTPF, Heredia-Lopez worked as an Investment Analyst at the $22 billion Illinois Municipal Retirement Fund. During her tenure in asset management she has also held roles in investment research, business development, client servicing, and operations. She has worked for Fortaleza Asset Management (Chicago), Hotchkiss Associates (Chicago), and JP Morgan Investment Management (London, New York).

Heredia-Lopez graduated magna cum laude with a degree in international management and marketing from Georgetown University, studied at the London School of Economics, and earned an International MBA from the University of Chicago. Heredia-Lopez received her CFA charter in 2001 and is a past member of the Board of Directors of the CFA Society of Chicago.
2011 Post-Retirement Health Insurance Subsidy

CTPF provides a comprehensive program of quality health-care plans for retired teachers and their eligible dependents. CTPF also offers a health insurance premium subsidy, designed to reduce the cost of health insurance, for qualified retirees and survivors.

How Much is the Subsidy?

Each year, the CTPF Board of Trustees determines a premium subsidy based on available funding and Illinois law. The subsidy is not guaranteed and is subject to change at the discretion of the Board.

On June 22, 2010, CTPF Trustees voted to offer a 60% premium subsidy, a reduction from the current 70%, effective January 1, 2011. Trustees determined that a reduction was necessary for several reasons.

1. State funding for CTPF was cut in half during the past fiscal year. Since 1998, CTPF has received $65 million in state funds. As a result of the state’s fiscal crisis, the CTPF allocation was cut to $32.5 million in 2009.

2. Illinois pension code limits the amount CTPF can spend on the subsidy to $65 million per year, plus any previous-year amounts authorized but not spent. In recent years, the amount required to subsidize members has exceeded the $65 million available. Carryover funds have been used to maintain a 70% subsidy. With carryover funds being depleted, the reduction was necessary to ensure that a subsidy was available in the future.

3. Changing demographic trends and an overall increase in the cost of health insurance continue to put pressure on available funds. The number of CTPF retirees increased almost 36% between 2002 and 2009. During this period, the amount CTPF refunded for health insurance premiums increased more than 72% from $44.1 million in 2002 to $75.8 million in 2009.

“Our trustees examined our current situation and determined that a reduction in the current premium subsidy was a difficult, but necessary change,” explained Kevin B. Huber, executive director. “Our costs continue to increase, but our spending is limited and funding has been cut. Our trustees were forced to take action to ensure that we have future funding for this program.”

Who Qualifies for a Subsidy?

If CTPF was your final system and you receive a retirement, disability, or survivor’s pension, you qualify for a partial subsidy of your health insurance premium. The subsidy applies only to the member’s portion of the health insurance premium. Premium costs for a spouse, domestic partner, or dependent are not eligible.

How Do I Receive My Subsidy?

Members enrolled in non-CTPF individual or group health insurance plans may apply for an annual reimbursement. The subsidy is paid retroactively in an annual payment. Premium payment documentation is required and detailed in the application.
Retirees who want to continue coverage under their current health plan do not need to take any action. As long as your plan is being offered in 2011, current coverage will continue.

“We are pleased to offer our retirees excellent health care options and choices,” remarked Mary Cavallaro, health benefits manager. “Open Enrollment is a time for our retirees to fully consider their health insurance options and make an informed decision about coverage. We encourage our retirees to evaluate their needs and to research the plans we offer.”

Retirees who want to continue coverage under their current health plan do not need to take any action... coverage will continue in 2011.

2011 Changes
On June 22, 2010, CTPF Trustees voted to reduce the health insurance premium subsidy to 60%, from the current 70%, effective January 1, 2011. See page 4.

CTPF and its health insurance plan administrators have eliminated lifetime limits on benefits, and now offer enhanced preventive benefits as outlined under the Federal Patient Protection and Affordable Care Act of 2010.

Plans and Options
Detailed information about plan offerings as well as benefit changes to existing plans can be found in the 2011 Health Insurance Handbook and Open Enrollment Guide, sent to all retirees in September. Retirees should carefully review the handbook to make sure they fully understand their 2011 health plan options and benefit changes.

Make the Most of Open Enrollment
2011 Open Enrollment, October 1 - November 12, 2010, is the time to join a CTPF plan, change your health insurance plan, or add a dependent. Open Enrollment is also a good time to consider your overall needs and to examine your insurance choices.

Research
Adequate research can help you decide on the best health insurance plan to meet your needs.

- Read CTPF’s 2011 Health Insurance Handbook and Open Enrollment Guide and familiarize yourself with the available plans and options. Even if you plan to keep the same health insurance, benefits may change annually. Make sure you understand any changes that may impact you.
- Review information from health plan administrators. Administrators offer a variety of information and decision support tools on their web sites. Find links to these resources at www.ctpf.org.
- Consider attending an Open Enrollment Health Insurance Seminar. See page 2 for more information.
- Contact Member Services for more help or additional information. Counselors are available weekdays from 8:00 a.m.-5:00 p.m.

Understand Your Expenses
Add up or estimate the amount of money you spent on your total health expenses. Make sure you consider:

- health insurance premium cost
- copays for prescription drugs and office visits
- deductibles
- coinsurance expenses
- other out-of-pocket costs

Understanding the amount you spend on health care expenses can help you select a plan that best meets your needs. Some plans may have higher monthly costs but offer higher benefit levels in areas you may utilize, lowering your overall costs. Compare costs and benefits levels carefully.

If you require any specialty medications, check to see if these are covered by your plan and how much they will cost.

Talk to Your Doctors
Find out if your primary care physician and any specialists you see regularly participate in the health insurance program you plan to select. Confirm this information with your provider. Almost all plans offer substantial discounts for utilizing network service providers. Some plans (like HMOs), require you to use network providers in order to receive benefits.

Take care
You pay for benefits, so make sure you understand them and make the most of the programs available to you.
Benefits provided by CTPF ensure a sound retirement for members and offer security for survivors upon the death of a retiree. CTPF offers the following survivor benefits:

- survivor pensions payable to an eligible spouse and/or minor children
- a death benefit payable to a member’s beneficiaries or estate

**Plan Ahead**
You may designate a beneficiary to ensure that any death benefit is paid according to your wishes.

Any person, trust, church, charity, or organization can be named a beneficiary. If you name more than one individual or organization, all share equally in the benefit, unless you designate specific percentages.

Review your Designation periodically and update it to account for any life change: marriage, death, births, etc.

**Confidentiality**
The information contained on the Designation form is confidential and will not be disclosed to anyone.

**Request a form**
If you cannot locate a copy of your form, or need to file a new one, call CTPF at 312.641.4464.

*Note: The only person who may sign and/or change a Designation of Beneficiary form is the CTPF member. A representative, including a power of attorney, guardian, conservator, trustee, or representative payee, cannot change or sign this form.*

**State of Illinois Budget Crisis Impacts CTPF**
The State of Illinois allocated CTPF $65 million annually from 1998 to 2008. Funding for CTPF was cut to $32.5 million in 2009.

State contributions help to fund retiree health insurance premium subsidies. The reduction in state funding was one of the reasons the subsidy was cut from 70% to 60%, effective January 1, 2011.

**Retirees Concerned**
Many retirees have expressed their concern with the reduction in the subsidy. CTPF encourages retirees to share these concerns with Illinois legislators.

The Chicago Teachers’ Pension Fund is governed by Illinois law. Changes to CTPF operations and funding come through legislation. Support CTPF by contacting your local and state legislative leaders. Legislators should understand three issues:

1. CTPF funding needs to be restored to support health insurance.
2. State legislators should raise the cap on health insurance spending.
3. Even in difficult financial times, the Chicago Public School system needs to fulfill its obligation to retired teachers. Legislation that passed in 2010 cut $1.2 billion in funding earmarked for CTPF. Budgets cannot be balanced by shortchanging retirees.

**Contact Your Legislator**
Personally contact your legislators and offer your support for issues that impact retirees. Locate your legislators through the link on the CTPF website.

CTPF will update members on issues and legislation of importance in the coming year. Check the website, www.ctpf.org, for updates and register for e-mail updates to stay informed on current issues.

**Snowbird Alert**
Heading south for the winter? Notify CTPF of any address changes, temporary or permanent, so that you continue to receive benefit checks and fund information.

A change of address form can be downloaded at www.ctpf.org or requested from Member Services. This form includes the option of filing a temporary mailing address for members who travel for extended periods or have a second home.

**Forwarding Mail**
CTPF does not forward benefit checks. If you do not have a change of address form on file, your benefit payment will be returned to CTPF and held at the office.

**Direct Deposit**
Members who travel may wish to have funds deposited directly into a personal bank account. More than 90% of retirees use direct deposit. Direct deposit offers the convenience of same day availability of funds. Direct deposit authorizations are available at www.ctpf.org or from Member Services.
Help With Insurance Questions

Navigating health insurance issues and questions can be complicated, and you may find that you want help from a family member or trusted friend. Privacy laws prohibit CTPF from discussing your Protected Health Information (PHI) with anyone else, unless you designate an Authorized Representative.

Authorized Representative

Your authorized representative can discuss your health insurance options or questions with a CTPF staff member. An Authorized Representative cannot make any of your care or treatment decisions but may help you navigate your questions or concerns. You may terminate the Authorized Representative at any time. CTPF Form 345 HIPAA Authorized Representative Designation is available at www.ctpf.org or from Member Services.

Retired and Turning 65 in 2011?

Turning 65 is an important milestone for retirees, because many become eligible to enroll in Medicare for the first time. Health insurance premiums are generally lower under Medicare, so if you (or your spouse) will turn 65 during 2011, make sure you are prepared.

Apply for Medicare three months before the month you turn 65 (apply online at www.medicare.gov or visit a local social security office), and contact CTPF when you receive notice of your Medicare eligibility. If you plan to enroll in a CTPF Medicare plan, provide CTPF with proof of enrollment before your 65th birthday. Acceptable proof includes:

- a copy of your Medicare card, or
- an entitlement letter from the Social Security Administration verifying enrollment, with effective dates

If you are currently enrolled in a CTPF non-Medicare plan and fail to provide documentation for Part A and Part B coverage prior to turning 65, your insurance premium will increase significantly when you turn 65.

Planning to Visit? Call Ahead

Appointments with Member Services counselors are available Monday through Friday from 8:00 a.m. - 3:30 p.m. Walk in appointments are available, but Member Services strongly recommends scheduling in advance. Call 312.641.4464 for an appointment.

CTPF is located at 203 North LaSalle Street, suite 2600 Chicago, Illinois 60601-1231.

The 203 North LaSalle building has a self-park garage and the CTA’s blue, green, brown, pink, purple, and orange lines all stop at Clark and Lake.

CTPF Calendar

Trustee meetings, held in CTPF offices, are open to the public.

October

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>1</td>
<td>2011 Health Insurance Open Enrollment Period begins</td>
</tr>
<tr>
<td>7</td>
<td>Open Enrollment Seminars, Marriott O’Hare, 8535 West Higgins Road, Chicago. See page 2.</td>
</tr>
<tr>
<td>11</td>
<td>Columbus Day, office closed</td>
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<tr>
<td>14</td>
<td>Open Enrollment Seminars, Hilton Oak Lawn, 9333 South Cicero Avenue. See page 2.</td>
</tr>
<tr>
<td>21</td>
<td>9:30 a.m., trustee meeting</td>
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November

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<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>11</td>
<td>Veterans Day, office closed</td>
</tr>
<tr>
<td>12</td>
<td>5:00 p.m., 2011 Open Enrollment ends. All enrollment materials must be postmarked by this date.</td>
</tr>
<tr>
<td>23</td>
<td>9:30 a.m., trustee meeting</td>
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<tr>
<td>25-26</td>
<td>Thanksgiving holiday, office closed</td>
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December

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<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>14</td>
<td>9:30 a.m., trustee meeting</td>
</tr>
<tr>
<td>24</td>
<td>Christmas holiday observed, office closed</td>
</tr>
<tr>
<td>31</td>
<td>Last day to submit a health insurance premium subsidy application or fiscal year 2010. See page 4.</td>
</tr>
<tr>
<td>31</td>
<td>New Year’s Day holiday observed, office closed</td>
</tr>
</tbody>
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Office and Mailing Address

Chicago Teachers’ Pension Fund
203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1231
312.641.4464 p.
312.641.7185 f.
www.ctpf.org
memberservices@ctpf.org
Office hours: 8:00 a.m. – 5:00 p.m., M-F
CTPF Board of Trustees’ 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, 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.

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