2017 CAFR & PAFR RELEASED
A LOOK AT CTPF’S ANNUAL FINANCIAL REPORTS

2018 NOTICE OF ELECTION
NOMINATION PACKETS NOW AVAILABLE

CONTACTING MEMBER SERVICES
GET THE ASSISTANCE YOU NEED QUICKLY & EFFICIENTLY

HEALTH INSURANCE
DIGITAL ACCESS
DISCOVER YOUR PLAN’S ONLINE & APP RESOURCES
As many of you are undoubtedly aware, pensions have been in the news lately and it has many of our members worried about whether CTPF will be able to pay out retirement benefits.

I’d like to reassure you that CTPF has a stable funding plan, and that pensions for CTPF members are guaranteed. In its 122 years of existence, CTPF has never missed a pension payment.

Illinois law specifies that funding for Chicago teachers’ pensions shall be a combination of employer contributions, state appropriations, employee contributions, and earnings on investments. A funding crisis at the Chicago Public Schools (CPS) in the mid-1990s fundamentally changed the structure of pension funding. CPS administrators used a series of pension “holidays” to shore up their operating budgets, cutting resources from CTPF, and causing our funded ratio to fall.

Decades of concern from CTPF members and a funded ratio dipping below 50% demonstrated the critical need for change, and improvements began when legislation signed in 2016 (Public Act 99-521) reestablished the CTPF tax levy. 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 legislation also increased the ceiling for the tax levy to 0.567%. All of these changes have helped put CTPF on a path toward full funding for the first time in decades.

We are a transparent organization, accountable to you and the Illinois taxpayers. The recently released 2017 Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR)—summarized in this newsletter—tell a clear story of where CTPF’s funding is currently. Our investments saw a rate of return of 13.6%, compared to 0.5% in the previous year, and we can expect contributions of more than $784 million from CPS and the State in 2018. We will continue to make all of our financial information readily available, and uphold our reputation of being responsible stewards of public funds.

Concerns have also been voiced about what our pension fund means for Illinois, with many taxpayers wondering if pensions are a drain on the state’s economy. The 2018 CTPF Economic Impact Statement shows that just the opposite is true. More than 80% of CTPF members continue to live in Illinois after they retire, contributing close to $2 billion to the state’s economic activity, and helping to support over 14,000 jobs. Additionally, recent research released by the National Institute on Retirement Security (NIRS) finds that pensions cost about half as much as 401(k) plans.

CTPF’s current funding plan puts us at 90% funded by the year 2059, and we are on track to meet that target through CPS and state payments, member contributions, and wise investments. The system works when we all work together.

Charles A. Burbridge
Executive Director
LOIS NELSON APPOINTED TO FILL PENSIONER TRUSTEE VACANCY

Thursday, March 15, 2018, the Chicago Teachers’ Pension Fund Board of Trustees appointed Lois Nelson to serve as a Pensioner Trustee until the Board's November 2018 meeting. Trustee Nelson temporarily fills the vacancy created by Dr. Walter E. Pilditch’s passing on December 24, 2017. There will be an election in November to complete the remaining year of Dr. Pilditch’s two-year Pensioner Trustee term.

Trustee Nelson earned a BS in Education from Chicago State University and an MS in Education from Governors State University. She was a teacher at Earle Elementary School for more than 40 years and retired in 2011. She served the CTPF Board as a Teacher Trustee from 2005-2010, including spending parts of her tenure as Financial Secretary and Vice President. Trustee Nelson has been an active member of several groups and organizations, including the Chicago Teachers Union Retiree Functional Group, Caucus of Rank and File Educators (CORE), and AFT Black Caucus Chicago Chapter.

“We appreciate Ms. Nelson’s previous service to CTPF and welcome her back to the Board of Trustees representing our pensioners,” said Charles A. Burbridge, CTPF Executive Director. “We value the experience and dedication that she brings to the Board and look forward to working with her in the months ahead.”

Based on the Vacancies section of CTPF’s bylaws, following the declaration of the vacancy on the Board, a Vacancy Committee was appointed to evaluate candidates and to recommend an individual to the Board to fill the vacancy. Seven retired members applied for the position. The committee met to evaluate applications and to interview finalists and made a formal recommendation which the Board accepted on March 15, 2018.

2018 ECONOMIC IMPACT STATEMENT

On April 25, 2018, the Chicago Teachers’ Pension Fund (CTPF) announced the release of its 2018 Economic Impact Statement. CTPF made $1.3 billion in direct payments to annuitants living in Illinois in 2017. Those payments had a $1.9 billion impact on the Illinois economy, supporting 14,704 jobs in the state. The Buck Stays Here: Understanding the Economic Impact of CTPF Benefit Payments on the State of Illinois and the City of Chicago is produced annually and details CTPF’s impact on the State of Illinois and the City of Chicago. The 2018 edition breaks out economic impact by Chicago Ward for the first time.

“A majority of our members stay in Illinois after retirement, and the pensions they have earned are spent close to home, supporting local and regional economies. This spending across the state, and specifically in the City of Chicago, contributes to overall community vibrancy,” said Charles A. Burbridge, CTPF Executive Director. “CTPF pensions provide a sustainable retirement for 24,440 Illinois residents who continue to give back to their communities in countless ways.”

The report found that 84 percent of CTPF’s annuitants who collect a pension stay in the State of Illinois, with nearly half of that number continuing to call Chicago home. The beneficiaries residing in Chicago are responsible for approximately $1.0 billion in total economic impact and support 7,500 jobs across the city.

The study used standard economic multipliers from the U.S. Department of Commerce Bureau of Economic Analysis to assess the economic impact of spending. The report was mailed to all Illinois legislators and Chicago Aldermen. Visit www.ctpf.org to view the full report.
Each year, CTPF documents its financial position in the form of a Comprehensive Annual Financial Report (CAFR), which includes an overview and analysis of CTPF’s financial activities. CTPF also produces a Popular Annual Financial Report (PAFR) offering a consolidated view of the CAFR. The complete 2017 CAFR and PAFR documents can be found on www.ctpf.org.

FINANCIAL OVERVIEW
In 2017, CTPF paid members $1.4 billion in service retirement, disability, refunds, and survivor benefits, and an additional $48.5 million for health care benefits. CTPF received total contributions of $935.4 million from the newly reinstated tax levy, the employer, and other sources, and realized $1.2 billion in net investment income.

Years of underfunding have taken their toll on the Fund, and in spite of strong financial performance, the funded ratio for pension benefits, based on the actuarial value of assets, decreased to 50.10% as of June 30, 2017, from 52.51% at the end of the previous year.

MEMBERSHIP
Established by the State of Illinois on July 1, 1895, CTPF manages members’ assets and administers pensions and other benefits. CTPF serves nearly 86,000 members. During fiscal year 2017, CTPF paid more than $100 million per month in pension and health insurance benefits, totaling $1.4 billion annually to 28,439 beneficiaries. CTPF also serves 28,855 active contributing members, 6,062 vested terminated members who are eligible for but are not yet receiving benefits, and an additional 22,570 inactive, unvested members only eligible for a return of contributions.

INVESTMENT OVERVIEW
The Fund invests for a “lifetime,” maintaining a diverse mix of assets with an acceptable level of risk appropriate for a large public employee retirement system. CTPF enjoyed strong investment returns in 2017, with a 13.6% (benchmark of 13.1%) return compared to 2016’s return of 0.5% and fiscal year 2015’s return of 3.5%.

ACTUARIAL OVERVIEW
Every year, an actuarial valuation is performed in order 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 89-0015). This year CTPF employed a new actuary—Gabriel, Roeder, Smith & Company Holdings, Inc.—which produced the 2017 actuarial valuation. The actuary has determined that total required contributions for 2018 will be $551.4 million from the Board of Education and $233 million from the State of Illinois.

### CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2017, with comparative totals for 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$934,378,787</td>
<td>$891,952,430</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,233,003,939</td>
<td>(27,987,163)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>214,119</td>
<td>1,463,050</td>
</tr>
<tr>
<td>Total additions</td>
<td>2,167,596,845</td>
<td>865,428,317</td>
</tr>
<tr>
<td>Pension benefits</td>
<td>1,389,448,172</td>
<td>1,346,533,282</td>
</tr>
<tr>
<td>Refunds</td>
<td>31,428,981</td>
<td>32,134,384</td>
</tr>
<tr>
<td>2.2 Legislative refunds</td>
<td>780,389</td>
<td>1,441,215</td>
</tr>
<tr>
<td>Refund of insurance premiums</td>
<td>48,451,055</td>
<td>66,104,598</td>
</tr>
<tr>
<td>Death benefits</td>
<td>3,280,642</td>
<td>4,717,517</td>
</tr>
<tr>
<td>Administrative and miscellaneous expenses</td>
<td>14,330,989</td>
<td>12,867,490</td>
</tr>
<tr>
<td>Total deductions</td>
<td>1,487,720,228</td>
<td>1,463,798,486</td>
</tr>
<tr>
<td>Net increase (decrease)</td>
<td>679,876,617</td>
<td>(598,370,169)</td>
</tr>
<tr>
<td>Net assets held in trust for benefits:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>10,113,297,310</td>
<td>10,711,667,479</td>
</tr>
<tr>
<td>End of year</td>
<td>$10,793,173,927</td>
<td>$10,113,297,310</td>
</tr>
</tbody>
</table>
ASSET ALLOCATION SUMMARY AS OF JUNE 30, 2017
In Millions of Dollars*

- Infrastructure: $241 (2.4% Target 2.0%)
- Private Equity: $281 (2.8% Target 5.0%)
- Cash Equivalent: $354 (3.5% Target 0.0%)
- Real Estate: $739 (7.3% Target 9.0%)
- Public REITs: $129 (1.3% Target 0.0%)
- Domestic Equity: $3,299 (32.8% Target 30.5%)
- International Equity: $3,019 (30.0% Target 30.5%)
- Fixed Income: $2,008 (19.9% Target 23.0%)

*Note: Percentage indicates actual category weight as a percentage of the entire portfolio.

CTPF ANNUALIZED RATE OF RETURN 1983-2017
35-YEAR COMPOUND ANNUAL GROWTH RATE 8.70%

The complete 2017 CAFR and PAFR documents can be found on www.ctpf.org.
HEALTH INSURANCE DIGITAL ACCESS

Members who are participating in a CTPF health insurance plan can access a wealth of information and services on their individual plan’s website and/or mobile app, such as:

- Getting information about your coverage, plan benefits, copays, and coinsurance
- Printing temporary ID cards and requesting replacement cards
- Finding Explanation of Benefits (EOB)
- Viewing your claims history
- Searching for a provider
- Contacting customer support
- Accessing your personal health records

WEBSTATS
Visit the following insurance carrier websites to register your account (all sites are mobile responsive for viewing on phones and/or tablets):

- Blue Cross Blue Shield non-Medicare PPO and HMO: [www.bcbsil.com](http://www.bcbsil.com)
- UnitedHealthcare PPO (non-Medicare plan only): [www.myuhc.com](http://www.myuhc.com)
- UnitedHealthcare Medicare Advantage PPO: [www.uhcretiree.com/ctpf](http://www.uhcretiree.com/ctpf)
- UnitedHealthcare AARP Plan F: [www.myAARPMedicare.com](http://www.myAARPMedicare.com)
- Humana Medicare Advantage HMO: [www.humana.com/registration](http://www.humana.com/registration)

MOBILE APPS
In addition to website access, many of our insurance carriers also have mobile apps that can be installed on your phone and/or tablet for easy, on-the-go access to prescription orders, pharmacy searches, claims updates, and more.

Access your mobile device’s app store (App Store for iPhone/iPad, Google Play for Android) to search for the following apps:

- BCBS: Blue Cross Blue Shield non-Medicare PPO and HMO plans (choose the app for your state)
- Health4Me: UnitedHealthcare PPO plan
- MyHumana & Humana Pharmacy: Humana Medicare Advantage HMO plan
- Express Scripts Mobile App: Express Scripts

Other insurance carriers have mobile apps currently in development—including UnitedHealthcare Medicare Advantage PPO and AARP Plan F—so be on the lookout for announcements about those releases to come directly from the carrier.

MIDA INVESTORS DELEGATION TO AFRICA

Mobilizing Institutional Investors to Develop Africa’s Infrastructure (MiDA), a NASP-USAID investment partnership that provides opportunities to co-invest in Africa’s infrastructure, hosted its second annual investors delegation in Cape Town and Johannesburg on March 4-10, preceded by US-Africa infrastructure workshops and an investors retreat in Dakar, Senegal, from February 28-March 4. CTPF Chief Investment Officer Angela Miller-May attended the workshops and retreat, which presented information and tours on infrastructure investment opportunities with the Dakar-Diamniadio new toll highway, Umoya Wind Farm, and a Contourglobal power plant, among others.

Miller-May participated on a panel discussion to share CTPF’s experience and perspective on investing in private equity, and was joined by CTPF Executive Director Charles A. Burbridge for the investors delegation, where he spoke about investment policies and market trends for co-investments. Learn more about MiDA and the investment opportunities they provide on [www.mida-infra.org](http://www.mida-infra.org).
HEALTH INSURANCE DIGITAL ACCESS

WHAT TO EXPECT WHEN CONTACTING MEMBER SERVICES

The CTPF Member Services office is always happy to assist all members—actives, inactives, and retirees—with any questions or concerns regarding pensions, retirement benefits, preparing for retirement, and all other CTPF-related matters. Below are some tips and information to help you get the assistance you need as quickly and smoothly as possible when contacting Member Services.

OFFICE HOURS & LOCATION:
The Member Services office is open Monday-Friday, 8:00 a.m. - 5:00 p.m., and is located at 203 North LaSalle Street, Suite 2600, Chicago, IL, 60601.

CONTACT INFORMATION:
To contact Member Services by phone, please call 312.641.4464. Phone calls are answered in the order in which they are received, and the average wait time is 2-3 minutes (sometimes longer on Mondays and the day after a holiday). To contact Member Services via email, please send all communications to MemberServices@ctpf.org. Emails and voicemails are typically answered within 24-48 hours (excluding weekends and holidays).

OFFICE APPOINTMENTS:
If you would like to meet with a Member Services representative in person, it is highly recommended that you make an appointment. Walk-ins are welcome, but will have an unpredictable wait time. Appointments can be scheduled between 8:00 a.m. - 4:00 p.m., and walk-ins are accepted from 9:00 a.m. - 3:00 p.m., Monday-Friday. To make an appointment, please call 312.641.4464.

HAVE INFORMATION READY:
When calling or visiting Member Services, the representative you speak with will first need to verify your identity. Having your Member ID ready is the fastest method of verifying your identity; otherwise you will need to provide your Social Security number and answer a series of security questions. Please also have any CTPF letters and/or literature relevant to your question(s) with you when calling or visiting the office (e.g., statement of estimated contribution and benefits, open enrollment letter, pay advice, specific forms, etc.).

All Member Services representatives have the knowledge and experience to help you with any CTPF business, and we encourage all members to reach out with their questions, small or large.

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

PENSIONER TRUSTEE ELECTION*
November 7, 2018, CTPF will hold an election for one (1) Pensioner Trustee to fill a vacancy for a term ending November 2019.

ELIGIBILITY
Candidates for Pensioner Trustee must be a service, reciprocal, or disability pensioner receiving monthly payments from CTPF, and be nominated by a petition signed by not less than 100 pensioners, as provided in 40 ILCS 5/17-139(2). Voters in the election shall be pensioners receiving a service, reciprocal, or disability pension from CTPF as of October 1, 2018.

NOMINATION PACKETS AVAILABLE
Individuals who meet the criteria listed above can request a nomination packet from the Chicago Teachers’ Pension Fund office. Call Gail Davis at 312.604.1400, ext. 402, or email elections@ctpf.org to request a packet. Completed petitions and candidate resumes must be submitted to the Chicago Teachers’ Pension Fund office, 203 North LaSalle Street, Suite 2600, Chicago, Illinois 60601-1231, on or before the close of business at 5:00 p.m. (CDT), Monday, October 1, 2018.

NOTICE OF ELECTION

SCHEDULE OF ELECTION EVENTS

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 15, 2018</td>
<td>Nomination packets available.</td>
</tr>
<tr>
<td>October 1, 2018</td>
<td>Nomination packets due to CTPF by 5:00 p.m.</td>
</tr>
<tr>
<td>November 1-7, 2018</td>
<td>Election materials mailed and online voting available for Pensioner Election.</td>
</tr>
<tr>
<td>November 7, 2018</td>
<td>Voting closes for election at 5:00 p.m. All mail-in ballots must be received by this date.</td>
</tr>
</tbody>
</table>

*An election for two (2) Teacher Trustees will also be held on November 7, 2018. Find additional information on the Election Central page on www.ctpf.org.
ARE YOU REDEFINING RETIREMENT?

We know that retirement represents a new beginning for many of our members.

What are you doing to stay active, creative, engaged, and involved?

Email your story to socialmedia@ctpf.org and we may contact you for a feature.

LAUNCH OF NEW CTPF WEBSITE

Yes, that's right! A new and improved CTPF website is underway. CTPF's current website has served its members for more than a decade, and we are gearing up for the re-launch. Be on the lookout over the next few months for more information about a new and improved www.ctpf.org.

PENSION PAYMENT SCHEDULE

The schedule for mailing checks/direct deposit pay advices and the date for posting direct deposits is listed below. To view the full payment schedule for 2018 please visit www.ctpf.org.

<table>
<thead>
<tr>
<th>Month</th>
<th>Check Mailing Date</th>
<th>Direct Deposit Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>May 30, 2018</td>
<td>June 1, 2018</td>
</tr>
<tr>
<td>July</td>
<td>June 28, 2018</td>
<td>July 2, 2018</td>
</tr>
<tr>
<td>August</td>
<td>July 30, 2018</td>
<td>August 1, 2018</td>
</tr>
<tr>
<td>September</td>
<td>August 30, 2018</td>
<td>September 4, 2018</td>
</tr>
<tr>
<td>October</td>
<td>September 27, 2018</td>
<td>October 1, 2018</td>
</tr>
</tbody>
</table>