It’s one thing for CTPF to explain the impact of our employer skipping pension payments for more than a decade — but it’s another to get confirmation from an independent, neutral, and objective organization — and that’s why a recent report from the Center for Tax and Budget Accountability (CTBA) came as a refreshing and welcome addition to the pension dialogue.

The CTBA, a nonprofit, independent research and advocacy think-tank committed to ensuring that tax, spending and economic policies are fair, conducted an objective and exhaustive review of the CPS 2014 budget. Their research determined that the financial challenges facing CTPF can be attributed to nearly 20 years of short-sighted decisions involving diverted tax levies and General Assembly-approved skipped payments.

Kevin B. Huber, executive director
or reduced contributions by Chicago Public Schools — not from benefits now paid to retired teachers or promised to future ones.

While CPS blames the lack of pension reform in Springfield as the cause of its budget woes, the report counters with the fact that the district has been well aware of the impending increases in pension payments. Further, CTBA said that, while it’s the responsibility of the employer to pay the annual interest cost of the unfunded liability, CPS’ only action has been an attempt to extend its pension holiday for two more years — a move that would have further eroded CTPF’s funding status.

While underfunding is the primary cause of our financial woes, we also know that the State of Illinois has played a role in our situation. When we lost our tax levy in 1995, the state agreed to support CTPF at a rate proportional to the downstate teachers — but that funding has failed to materialize, and has fallen dramatically in recent years. This year CTPF received $11.9 million in State funding. TRS, the downstate/suburban system, received $3.4 billion. We receive less than a penny for every dollar our state spends on downstate/suburban pensions.

What can we do? Much of the focus in the media has been on so called benefit reform — yet excessive benefits did not bring us to this point — as the CTBA report clearly illustrated — a lack of revenue did. When we look back at the past, it’s easy to understand the damage that a lack of revenue has done to our Fund. The CTPF trustees have taken the position that revenue reform must occur before benefit reform. We need to remedy this basic problem before trying to implement any other additional “solutions.”

The remedies can come in many forms, including increasing taxes, restoring our dedicated tax levy, refinancing pension debt, and eliminating funding schemes that caused artificially lower payments.

One of the criticisms offered in the CTBA report was that CPS did little to prepare for their escalating pension payments other than to ask legislators for another pension “holiday.” This strategy of simply pushing debt down the road seems to be losing its effectiveness, as our message of full funding is making an impact on Illinois legislators. Last spring, a bill introduced to the Illinois legislature on May 31, which would have added a third CPS “holiday,” and short-changed CTPF by an additional $397 million over two years, was soundly rejected.

While many factors contributed to the bill’s rejection, increased activism by our members played a critical role. Our Ambassador program now includes nearly 2,000 CTPF members who are educating legislators and stakeholders, see page 6.

CTPF has done and continues to do its part. We have acted cautiously and invested prudently. Our long-term rate of return is 8.7% (35 years), which exceeds our 8.0% benchmark. We can’t, however, invest our way to financial security — we need revenue.

The employer, employees, retirees, and the state must learn the lessons of the past and work together to come up with a plan to stabilize CTPF. We know that excessive benefits didn’t cause this problem, and cutting benefits alone won’t solve it. We have looked at the past and learned difficult lessons — we hope CPS will do the same.
Health Insurance: What’s new in 2014?

Non-Medicare Plans
All non-Medicare plans offered in 2013 will be offered in 2014. Members currently enrolled in these plans do not need to take any action to stay enrolled.

HSA Contribution Limits Raised
Members who participate in the High Deductible Plan with HSA can make an annual contribution up to $3,300 per individual or $6,550 per family in 2014.

CTPF Medicare Plans
The BCBS HMO Illinois Plan for Medicare Eligible Members has been eliminated for 2014 (see box below). CTPF will offer three health insurance plans for members over age 65:

- AARP Medicare Supplement Plan F (UnitedHealthcare) with Express Scripts Medicare (PDP)
- Blue Cross and Blue Shield (BCBS) Supplement to Medicare with Express Scripts Medicare (PDP)
- Humana Group Medicare HMO with Part D Pharmacy

Members currently enrolled in these plans do not need to take any action to stay enrolled.

New Cards
Humana Medicare HMO members will receive new insurance cards in 2014.

Plans and Options
CTPF retirees can find detailed information about health insurance plans, costs and comparison information in the 2014 Health Insurance Handbook and Open Enrollment Guide, which was mailed to all eligible retirees on September 23.

If you are currently enrolled in a CTPF plan which is being offered in 2014 and you want to keep the same coverage, you do not need to take action. Your coverage will continue. If you are enrolled in the BCBS HMO Illinois for Medicare eligible members (see box below).

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HEALTH INSURANCE CHECKUP

BCBS HMO ILLINOIS FOR MEDICARE ELIGIBLE MEMBERS
The BCBS HMO Illinois Plan for Medicare-eligible members will not be offered in 2014. After extensive review and evaluation, the plan was eliminated due to its high premium cost to value ratio. If you are enrolled in this plan, you will be transferred to the BCBS Supplement to Medicare plan effective January 1, 2014. You can continue to use your current physician under this plan. You have the option of selecting a different plan during Open Enrollment. Your dependents will be transferred automatically into the BCBS PPO or BCBS Medicare.

CTPF Calendar
Trustee meetings, held in the CTPF office, are open to the public. Confirm meeting times/dates at www.ctpf.org.

October
8 CTPF Open Enrollment Seminar, see page 5 for information.
10 CTPF Open Enrollment Seminar, see page 5 for information.
14 Columbus Day, office closed.
24 9:30 a.m., trustee meeting, NOTE date change.
30 9:30 a.m., Ambassador training, see page 6.

November
8 2013 Board of Trustees Elections: Teachers, Administrator, and Retirees.
11 Veterans Day, office closed.
19 4:30 CTPF webinar: State of the Fund, register at www.ctpf.org
21 9:30 a.m., trustee meeting.
28-29 Thanksgiving holiday, office closed.

December
12 9:30 a.m., trustee meeting (tentative)
19 9:30 a.m., Ambassador training, see page 6.
25 Christmas, office closed.

Office Information
Chicago Teachers’ Pension Fund
203 North LaSalle Street, suite 2600
Chicago, Illinois 60601-1231
312.641.4464  fax: 312.641.7185
www.ctpf.org
memberservices@ctpf.org
Hours: 8:00 a.m. – 5:00 p.m. M-F
Open Enrollment for CTPF health insurance runs October 1-31, 2013. Now is the time to consider carefully your health insurance needs and options for 2014.

“The truth is that there are no shortcuts when it comes to evaluating your health insurance options,” explains Mary Cavallaro, health benefits director for CTPF. “Each retiree has different health needs and financial resources. The plan your friend is happy with might not be a good fit for you. You can’t rely on someone else’s opinion for this decision.”

Read and Reflect
Now is the time to reflect on your expenses for the past year, and to start planning for the next. The 2014 Health Insurance Handbook and Open Enrollment Guide offers an overview of health insurance plans, and comparison charts so you can examine the differences in coverage and the cost of plans. Make sure you read the information in the handbook and review the plan comparison charts to understand how your plan covers services you may utilize.

Understanding how you spend your health insurance dollars can help you select a plan which will meet your needs. Gather your receipts from last year and break down your expenses by category: hospital, pharmacy, professional services, behavioral health, and add up how much you spent. Some plans may have higher monthly premium costs, but offer higher benefit levels in areas you may utilize, lowering your overall cost. If you have dependents on your plan, make sure you include their expenses as well.

Consider Your Options
The type of plan you select, a Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), or a High Deductible Plan will determine the way you access care and the price you will pay for services. Some plans have geographic restrictions and may not be a good choice if you travel frequently or have dependents away from home.

Assistance
There are many ways to find help with health insurance choices. Consider attending an Open Enrollment Seminar, view a Health Insurance Webinar, or find information on the Open Enrollment Central page at www.ctpf.org.

Seminars offer the chance to review health plan choices and changes, speak with CTPF staff and health insurance companies, and receive assistance filling out forms, see page 5. Webinars offer the same presentation and access to a Frequently Asked Questions document. The Open Enrollment Central page at www.ctpf.org has general information and links to vendors.

If you need additional assistance, call Member Services at 312.641.4464.

Turn in Forms
Once you’ve done your research and made your choice, turn in your forms by October 31 to CTPF. Changes made during open enrollment become effective January 1, 2014.

HEALTH INSURANCE CHECKUP

When Can I Enroll in a CTPF Plan?
You and/or your dependents can enroll in a CTPF health insurance plan once in your lifetime unless you experience a qualifying event. Keep in mind that if you are under 65 and choose to purchase coverage in the new Marketplace, but later decide that you’re unhappy with it, you can only return to a CTPF plan when you experience a qualifying event. You can find more information about enrollment on page 13 of the Health Insurance Handbook or at Open Enrollment Central at www.ctpf.org.
Open Enrollment Seminars

Open Enrollment Seminars are designed to make sure you have the information you need to make an informed decision about your 2014 health care.

CTPF will offer four seminars in October: two for Medicare-eligible members and two for non-Medicare eligible members. If you will become eligible for Medicare in 2014, or if you have one family member who is Medicare eligible and one who is not, consider attending both sessions.

Tuesday, October 8
Chicago Cultural Center,
4th Floor, Sidney R. Yates Gallery
78 East Washington Street
Chicago, Illinois 60602
- 9:00 a.m. Medicare plans
- 1:00 p.m. Non-Medicare plans

Thursday, October 10
Hilton Oak Lawn, Ballroom
9333 South Cicero Ave.
Oak Lawn, Illinois 60453
- 9:00 a.m. Medicare plans
- 1:00 p.m. Non-Medicare

Reserve Today
Registration is required for all seminars and space is limited. Call 312.641.4464 to register.

2014 Health Care Marketplace...

On October 1, 2013, the Health Insurance Marketplace (or Health Insurance Exchange) will open online, selling insurance coverage which begins January 1, 2014. The Marketplace, a key component of the Affordable Care Act of 2010, makes insurance accessible to approximately 48 million people under age 65 who do not currently have health insurance or have been denied coverage in the past.

Those that already have health insurance coverage are not required to do anything with the new Marketplace.

How the Marketplace Works
The online Marketplace will allow individuals under age 65 to make side-by-side comparisons of health plans, find out if they are eligible for tax credits or health programs, and enroll in a health plan.

Plan Comparison
Under the Marketplace all plans cover the same set of essential health benefits, and are rated bronze, silver, gold or platinum. The categories do not reflect the quality or amount of care the plans provide. The category affects how much your premium costs, the portion of the bill you pay, and your total out-of-pocket costs. In general, when choosing your health plan, keep this in mind: the lower the premium, the higher the out-of-pocket costs when you need care; the higher the premium, the lower the out-of-pocket costs when you need care.

CTPF offers five plans to members who are under age 65. If you’re wondering how they compare to Marketplace plans, their ratings are as follows:

CTPF Non-Medicare Plan Comparison

<table>
<thead>
<tr>
<th>Platinum Plans</th>
<th>Gold Plan</th>
<th>Bronze Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Cross and Blue Shield PPO</td>
<td>UnitedHealthcare Choice Plus PPO</td>
<td>UnitedHealthcare High Deductible Plan with HSA</td>
</tr>
<tr>
<td>Blue Cross and Blue Shield HMO Illinois</td>
<td>UnitedHealthcare Choice HMO</td>
<td></td>
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</tbody>
</table>

Consider This...
CTPF members enrolled in a non-Medicare plan already receive a 60% health insurance premium subsidy. Most participate in a platinum-level plan with benefits that exceed those offered in a majority of Marketplace plans.

If you currently cover a dependent under a CTPF plan, you may want to review his or her coverage options in the Marketplace, since dependents do not qualify for a CTPF premium subsidy. If your dependent chooses to purchase private coverage from the Marketplace, make sure you understand that if they’re not happy with the coverage, they can only return as a dependent under your plan with a qualifying event. Find a list of qualifying events on page 13 of the Health Insurance Handbook or on Open Enrollment Central at www.ctpf.org.
Umbles Appointed Communications Specialist

Jackie Umbles, a seven-year veteran CTPF Pension Resource Specialist, has accepted the position of CTPF Communications Specialist. Umbles, who holds a bachelor’s degree in computer science and an MBA in marketing, will coordinate the Pension Fund Ambassadors, manage internal communications and social media, and conduct training programs.

“We’re thrilled to have Jackie join our communications staff,” said Frances Radencic, CTPF director of communications. “We know that she will put her expertise in marketing and communications, and her extensive knowledge of the Fund to good use educating our members and stakeholders.”

Education and Advocacy Update

CTPF will offer several education and training sessions to CTPF Members and Ambassadors this fall.

October 30, 9:30-11:30 a.m.
CTPF Ambassador Training Session
Hands-on training session designed to help ambassadors learn to use the tools CTPF has available for educating legislators. Open to registered ambassadors. Training will be in the CTPF office. Call Member Services 312.641.4464 to register.

November 1-4
In District Outreach Days
Trained Ambassadors will call on legislators in district offices in advance of the November veto session.

November 19, 4:30 p.m.
CTPF Webinar: State of the Fund
An update on the Fund following the fall legislative session. Open to all Members. Register at goo.gl/asyHjX or on the Education and Advocacy page at www.ctpf.org.

December 19, 9:30-11:30 a.m.
CTPF Ambassador Training Session
Hands-on training session designed to help ambassadors learn to use the tools CTPF has available for educating legislators. Open to registered ambassadors. Training will be in the CTPF office. Call Member Services 312.641.4464 to register.

PENSIONS MATTER: Join CTPF Ambassadors
Visit the Education and Advocacy page at www.ctpf.org and click on the Legislative Action Center to register as a CTPF Ambassador.

CTBA Report Highlights Underfunding

September 3 – The financial challenges facing the Chicago Teachers’ Pension Fund can be attributed to nearly 20 years of short-sighted decisions involving diverted tax levies and General Assembly-approved skipped or reduced contributions by Chicago Public Schools – not from benefits now paid to retired teachers or promised to future ones.

That’s one conclusion of a report issued by the Center for Tax and Budget Accountability (CTBA), an independent research and advocacy group.

“We’re pleased to see a bipartisan group such as the CTBA study and report the real issues that led to our plan’s financial condition,” said CTPF Board of Trustees President Jay C. Rehak.

Independent Review Shows UNO School System Not Reporting All Teachers to CTPF

September 16 – CTPF completed a comprehensive review of the United Neighborhood Organization (UNO) charter school system’s pension fund contributions. The review, conducted by an independent accounting firm, found that the UNO system had not made pension contributions on behalf of more than 90 certified teachers, and had made inadequate contributions on behalf of 30 additional plan-eligible employees.

“CTPF is a well-managed but under-funded pension plan,” said Jay C. Rehak, president of the CTPF Board of Trustees. “These findings demonstrate the reason we’ve undertaken a comprehensive review of charter schools.”

Bernie Eshoo Appointed to Board of Trustees

Bernie Eshoo was selected to fill the Teacher Trustee vacancy on the CTPF Board of Trustees. Eshoo’s appointment fills the vacancy created when Jeanne Marie Freed retired at the end of June 2013. Eshoo’s appointment will run through November 2013.

“We welcome Ms. Eshoo to our board and want to thank Ms. Freed for her dedicated service,” said Executive Director Kevin B. Huber.

Scott A. Miller Named Chief Legal Officer

CTPF recently named Scott A. Miller, J.D., Chief Legal Officer. Miller has more than 15 years of experience providing legal counsel and consulting services to pension systems and other institutional investors.

“Scott brings a wealth of experience to our Fund,” said CTPF Executive Director Kevin B. Huber. “The combination of his legal background and administrative consulting experience are a good fit for CTPF, and we welcome him to our team.”
“Like Us” on Facebook and follow us on Twitter

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.

Board of Trustees
Jay C. Rehak, president
Lois W. Ashford, vice president
Tina Padilla, financial secretary
Raymond Wohl, recording secretary
Carlos M. Azcoitia
Jeffery Blackwell
Bernie Eshoo
Walter E. Pilditch
Mary Sharon Reilly
Jerry Travlos
James F. Ward
Andrea L. Zopp
Kevin B. Huber, executive director

2013 Board of Trustees Elections

Friday, November 8, 2013, CTPF will hold elections for:
- Two Teacher Trustees to serve from November 2013-2016
- One Administrator Trustee to serve from November 2013-2016
- Three Pensioner Trustees to serve from November 2013-2015

Voting
Pensioner Trustee Election
The Pensioner Trustee Election will be conducted by mail ballot. Ballots will be mailed to all eligible voters in October, and results will be tabulated on Friday, November 8, 2013.

Additional Information
Members can find more election information and a copy of the Election Policies and Procedures Handbook on the Election Central page at www.ctpf.org.