This spring I’ve had a number of opportunities to go out into the community and talk about the state of pension funding in Illinois and about CTPF. Sometimes the audience was filled with retired teachers, like at the recent Retired Teachers of Chicago (RTAC) 90th Anniversary Celebration.

RTAC gives voice to the issues of retired teachers and is a staunch ally in protecting your pension and health insurance benefits. Keeping retirees informed is important because your financial security is dependent on receiving your pension. We appreciate their work on behalf of our members.
There is a great deal of talk going
around today saying pensions are
a financial burden on the State and
wanting to pin that burden on teachers.
The truth is pensions aren’t given, they
are earned. Teachers have always done
their part by going to work every day,
teaching students and paying into the
pension fund. Your pension is a promise
made for financial security in your
retirement.

We believe CTPF has done its part
by investing the money wisely and
making improvements when and where
we can. There are several pages at the
end of this newsletter highlighting last
fiscal year showing how we performed
as a Fund. You can view the full report
on our website.

Instead of talking about pension
burdens, we should be talking about
education equity. Education funding in
Illinois needs to be fixed. It’s needed to
be fixed for many years. In fact, I have
reports in my personal files dating back
two decades stating Illinois education
funding needs to be fixed and putting
forth recommendations.

There is a financial and social
impact that results from putting off
fixing what needs to be fixed. We know
this. It’s not a new idea. Sooner or
later someone – mostly our children
– pay a bigger price when we put off to
tomorrow what should have been done
yesterday. This is a very important time
for all of us who are members of CTPF to
be willing to talk about education equity.
If we don’t talk about the importance
of fully funding education (and this
includes pensions for the teachers), other
people will do the talking in our place.

In the final days of June, the state
legislature restored the dedicated tax
levy for teacher pensions and made a
one-year commitment to an increased
state contribution while a negotiated
agreement on future education funding
is being discussed. This funding is
contingent on reaching an agreement.

We must make sure this discussion
includes fair funding for Chicago’s
teachers – retired and active.

I encourage you to learn as much
as you can about education equity and
pension funding. And I promise you
we’ll do our part to secure the Fund for
your retirement. Maybe together, we can
encourage others to do their part and
fix the problem with education funding
because we can’t afford to wait another
20 years.

Charles A. Burbridge, executive director
Legislative Update Continued

Senate Bill 2822, legislation that substantially increases the state payment to the Fund for at least one year, passed the House and Senate. The bill requires the state to appropriate $215.2 million to CTPF for FY2017, but will not move out of the Senate unless agreements are reached on a negotiated pension reform package. This is a crucial step in getting the pension debt paid.

“These are significant steps made in a time when progress has been slow and agreements few in coming,” said Charles A. Burbridge, CTPF executive director. “We would like to note the efforts made by all of the legislators who took action, especially those who advocated for education and pension funding so vehemently.”

CTPF members can join education and advocacy efforts by becoming Pension Ambassadors and teaching their neighbors, friends and elected representatives the importance of fairly funding the full cost of public education now – and every day to come. Learn more about the program at www.ctpf.org.

Retirement Seminars

Several hundred members attended Retirement Seminars held at the Hilton Chicago/Oak Lawn and at Harold Washington Library in Chicago. If you know a member considering retirement, encourage him/her to attend a seminar to learn the facts and prepare for the process.

2017 Board of Trustees Elections

This fall elections will be held for ACTIVE teachers and ADMINISTRATORS only. If you know a qualified individual, encourage them to consider running. Retirees are represented by three elected members who serve two-year terms each. The next retiree election will be held November 2017.

2016 Pension Payment Schedule

The schedule for mailing checks/direct deposit pay advices and the date for posting direct deposits is listed below.

<table>
<thead>
<tr>
<th>Month</th>
<th>Check Mailing Date</th>
<th>Direct Deposit Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2016</td>
<td>July 28, 2016</td>
<td>August 1, 2016</td>
</tr>
<tr>
<td>September 2016</td>
<td>August 30, 2016</td>
<td>September 1, 2016</td>
</tr>
<tr>
<td>October 2016</td>
<td>September 29, 2016</td>
<td>October 3, 2016</td>
</tr>
<tr>
<td>November 2016</td>
<td>October 28, 2016</td>
<td>November 1, 2016</td>
</tr>
<tr>
<td>December 2016</td>
<td>November 29, 2016</td>
<td>December 1, 2016</td>
</tr>
</tbody>
</table>

Office/Mailing Address
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 Preview

Open Enrollment Materials
CTPF mails the Health Insurance Handbook to all retired members before Open Enrollment begins. A copy can also be downloaded from www.ctpf.org. Fund staff work diligently on negotiating benefits up to the print deadline and the book is released at the latest possible date in September to ensure that all benefits and changes are included. Call Member Services at 1.312.641.4464 if you do not receive a handbook by October 1.

Seminars and Webinars
CTPF offers seminars and webinars which feature an overview of the 2017 health plan choices and any changes to the plans from the prior year. Seminars will be held at 9:00 a.m. (Medicare plans) and 1:00 p.m. (non-Medicare plans) on October 11 at the Harold Washington Library, 400 S. State Street, Chicago, and October 13 at the Hilton Oak Lawn, 9333 South Cicero Ave., Oak Lawn.

Seminar registration begins Monday, October 3. Full details will be listed in the Health Insurance Handbook.

Webinars feature the same information as the seminars and can be accessed from a computer or hand-held electronic device. Live webinars will be presented October 4 at 1:00 p.m. (Medicare plans) and October 6 at 10:00 a.m. (Non-Medicare plans). The webinars will be available online following the live presentations. Register for webinars at www.ctpf.org.

Frequently asked Health Insurance questions:

How are the premium costs for Pension Fund Health Insurance plans determined each year?
CTPF health insurance premiums are based on the benefits offered and claims cost incurred by the plan. Premium costs are also affected by federal Affordable Care Act fees and medical inflation, which the Fund cannot affect.

I am turning age 65 in 2017. What should I do?
CTPF offers bimonthly Medicare “Birthday Parties” designed to help members turning age 65 evaluate their options and enroll in Medicare. You will receive an invitation to this event if you or your dependent are on a CTPF health plan and are turning age 65 in 2017. You can also begin the Medicare enrollment process by visiting your local Social Security Administration (SSA) office or by visiting www.Medicare.gov. Start the process three months prior to your 65th birthday.

Why are the health insurance plan premiums for members with Medicare so much less than the plans for members under age 65?
When a member becomes age 65 and enrolls in Medicare Part A and Part B, Medicare becomes the primary payer of health care costs. These plans work with Medicare and help pay costs not covered by Medicare.

Can I re-enroll in a CTPF health plan if I cancel my plan to try another non-CTPF option?
Under most conditions, once you un-enrolled in a CTPF plan, you cannot re-enroll, even if you regret the decision. To be considered for re-enrollment, you must experience a qualifying event. You have 30 days after a qualifying event to join a plan, change plans, or add an eligible dependent. Qualifying events may include:

- change in permanent address that affects the availability of an HMO or Medicare Advantage plan
- marriage/civil union or divorce/dissolution
- birth/ADOPTION/legal guardianship
- termination of a Primary Care Physician for HMO plan enrollees
- within 30 days of first becoming eligible for Medicare

Continued from page 1
Each year, CTPF is required to document its financial position in the form of a Comprehensive Annual Financial Report (CAFR), which includes an overview and analysis of the financial activities of the Fund. The Fund also produces a Popular Report offering a consolidated view of the CAFR. The complete 2015 CAFR/PAFR documents can be found at www.ctpf.org.

**Financial Overview**
The Fund’s membership increased to 63,284 members as of June 30, 2015, reflecting 0.1% growth over prior-year membership. A comparison of the actuarial value of assets to the actuarial accrued liabilities yields a 51.8% actuarial funding ratio, a slight increase from the 51.5% funding ratio of June 30, 2014. Audited financial statements can be found on pages 24 and 25 of the CAFR.

**Condensed Statement of Changes in Fiduciary Net Position**
*For the year ended June 30, 2015, with comparative totals for 2014*

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$899,900,298</td>
<td>$838,262,206</td>
</tr>
<tr>
<td>Investment income</td>
<td>381,740,298</td>
<td>1,685,134,974</td>
</tr>
<tr>
<td>Insurance reimbursements</td>
<td>–</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>943,946</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td>1,282,584,542</td>
<td>2,531,397,180</td>
</tr>
<tr>
<td>Pension benefits</td>
<td>1,304,494,978</td>
<td>1,269,835,064</td>
</tr>
<tr>
<td>Refunds</td>
<td>23,264,403</td>
<td>31,242,999</td>
</tr>
<tr>
<td>2.2 Legislative refunds</td>
<td>615,393</td>
<td>1,589,172</td>
</tr>
<tr>
<td>Refund of insurance premiums</td>
<td>79,316,153</td>
<td>72,874,594</td>
</tr>
<tr>
<td>Death benefits</td>
<td>3,192,632</td>
<td>3,674,621</td>
</tr>
<tr>
<td>Administrative and miscellaneous expenses</td>
<td>11,705,562</td>
<td>10,494,139</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td>1,422,589,121</td>
<td>1,389,710,589</td>
</tr>
<tr>
<td>Net increase (decrease)</td>
<td>(140,004,579)</td>
<td>1,141,686,591</td>
</tr>
<tr>
<td>Net assets held in trust for benefits: Beginning of year</td>
<td>10,851,672,058</td>
<td>9,709,985,467</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td>$10,711,667,479</td>
<td>$10,851,672,058</td>
</tr>
</tbody>
</table>

*This statement combines the assets of the Pension Fund and Health Insurance Fund.*

**HEALTH INSURANCE**
- CTPF offers comprehensive group health insurance coverage for eligible retired members.
- CTPF offers a subsidy to help pay for the cost of retiree health insurance. The subsidy was 50% in 2015.
- The Fund paid $79.3 million in health insurance subsidies in 2015.
**Investments**

CTPF Trustees have responsibility for making financial decisions and follow a disciplined, long-term strategy: invest for a lifetime and maintain a diverse mix of assets with an appropriate level of risk. For fiscal year 2015, the Fund’s total investment performance resulted in a 3.5% gain, following exceptional returns of 18.4% in 2014 and 13.3% in fiscal year 2013. As long-term investors, performance is more significant over time. The Fund’s annualized return over the past 35 years is 8.94%, exceeding the performance benchmark of 7.75%. The Fund continues to be committed to diversity and as of June 30, 2015, approximately 35.6% ($3.6 billion) of the Fund’s assets were managed by qualified minority-, women-, and disabled person-owned investment managers.

**Funding Goals**

CTPF’s funding policy provides for employer contributions which, when added to contributions received from employee members and earnings on investments, will meet the actuarially determined obligations of the Fund. CPS made a $634 million contribution in fiscal year 2015, and the State of Illinois contributed a total of $62.1 million. The CPS required contribution for fiscal year 2016 is $687.9 million, and the State of Illinois must contribute an additional $12.1 million.
**Member Information**

The Chicago Teachers’ Pension Fund serves 63,284 members. During fiscal year 2015, the Fund served more than 28,114 annuitants. The Fund has 29,706 active contributing members, and 5,464 vested terminated members who are eligible for but not yet receiving benefits.

CTPF saw continued decrease in active contributors and an increase in annuitants and vested members eligible to receive or receiving pensions, with total membership increasing 0.1% over 2014.

**Operations**

CTPF paid more than $100 million per month in benefits, $1.3 billion annually, to annuitants in 2015. The Fund paid an additional $79.3 million for health insurance premium subsidies to annuitants. Total benefit payments have increased 77% in the past 10 years.

CTPF operates transparently, and Fund management continues to focus on strengthening operations, improving internal controls, modernizing key infrastructure components, and emphasizing customer service.

The Fund continued to work with its primary employer, Chicago Public Schools, to resolve payroll system issues that impacted pension fund data while establishing a robust process to work with the increasing number of Charter School employers.

The Fund’s former Executive Director, Kevin B. Huber, began a medical leave in May 2014. The Board of Trustees subsequently appointed the Board President Jay C. Rehak, interim executive director, to provide leadership through August 2014. President Rehak returned to his teaching position in August and the Board of Trustees named Peter A. Driscoll, interim executive director. Driscoll served as interim executive director until March 2015, when the Board of Trustees concluded a national search and appointed Charles A. Burbridge executive director.

**Additional Information**

CTPF 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
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Bernice Eshoo, financial secretary
Robert F. Bures, recording secretary
Jeffery Blackwell
Mark F. Furlong
Tina Padilla
Walter E. Pilditch
Mary Sharon Reilly
Jerry Travlos
Gail D. Ward
Raymond Wohl
Charles A. Burbridge, executive director

Student Art Contest

CTPF celebrated its 120th Anniversary by hosting a Student Fine Arts Contest in partnership with the After School Matters program. Students submitted artwork based on the theme, “My Vision for Education in the Year 2135.” The first place winner was featured on the cover of the 2015 Comprehensive and Popular Annual Financial Report, and several award-winning entries are now displayed in the CTPF office.

1st Place Overall Winner

Title: Personal Connection
Artists: Kevin Arce, Israel Garcia, Leslie Hurtado, Waleed Khan, Michelle Kwoh, Denisse Reyes, and Vivian Soto
Medium: Venetian glass mosaic

Trustees met with the student winners for “Personal Connection,” and their teachers. Pictured, back row, left to right: Trustee Jeffery Blackwell, After School Matters Instructor Alex Goldin, Waleed Khan, Trustee Raymond Wohl, Kevin Arce, and Board President Jay C. Rehak. Second row, right to left: Trustee Bernice Eshoo, Denise Reyes, Vivian Soto, Michelle Kwoh, and Trustee Mary Sharon Reilly. Front row, left to right: Rebecca Karpen-King, After School Matters Instructor Mirtes Zwierzynski and Leslie Hurtado.