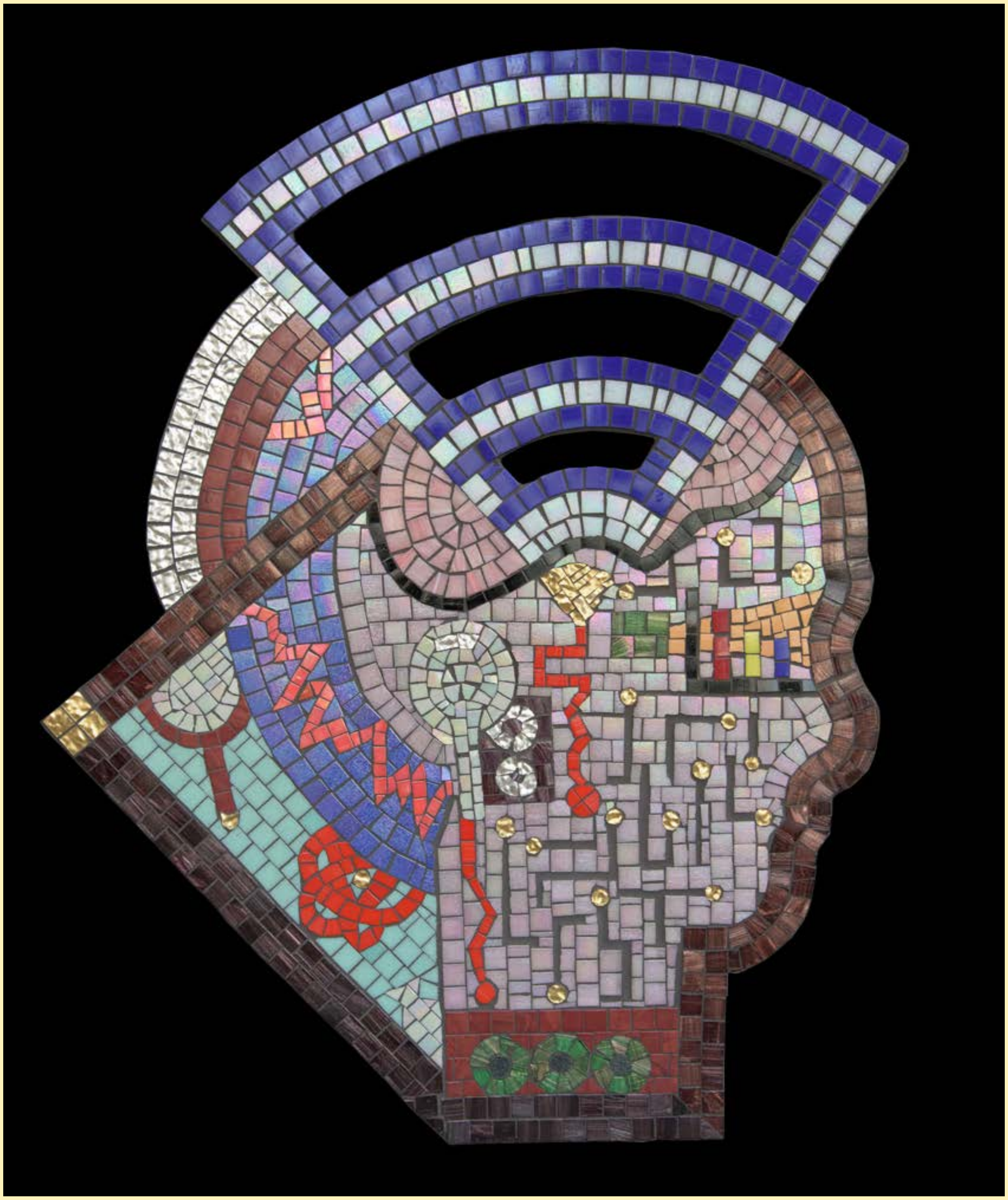
Chicago Teachers' Pension Fund

120th Comprehensive Annual Financial Report

For the year ended June 30, 2015 ■ Chicago, Illinois

Chicago Teachers' Pension Fund 120th Anniversary
Caring for Teachers . . . Preparing for the Future
July 1, 1895 July 1, 2015



CTPF
Chicago Teachers' Pension Fund

2015 Student Art Contest

The Chicago Teachers' Pension Fund was founded on July 1, 1895, and celebrated its 120th Anniversary on July 1, 2015. The Fund commemorated the occasion by partnering with the After School Matters program to host a Student Fine Arts Contest.

The contest encouraged students to think, dream, and create in any form of art medium that captures the image, spirit, or possibilities of education 120 years in the future. Students were asked to submit artwork based on the theme, "My Vision for Education in the Year 2135."

The contest was open to all students in grades seven through high school, currently enrolled in a Chicago Public /Charter School, and all forms of fine arts were accepted.

The Fund received excellent work ranging from essays to mosaics. The first place glass mosaic winner is pictured on the cover, and the divider pages and inside back cover feature other entries.

Thank you to all the student artists who participated in the contest and shared their exceptional work and helped us capture the spirit of education in the next century.

Cover artwork: Glass Mosaic 1st Place Winner

Title: Personal Connection

Artists: Kevin Arce, Israel Garcia, Leslie Hurtado, Waleed Khan, Michelle Kwoh, Denisse Reyes, and Vivian Soto

Instructors: Mirtes Zwierzynski and Alex Goldin, After School Matters

Medium: Venetian glass mosaic

Artists' Statement: "Our collaboration, Personal Connection, was created by our group using Venetian glass tiles. The piece looks at the flow of information on an individual level; depicting the brain, eyes, and ears as a transmitter, both receiving and sending knowledge. Our idea of the future of education was the empowerment of each and every person."

Chicago Teachers' Pension Fund

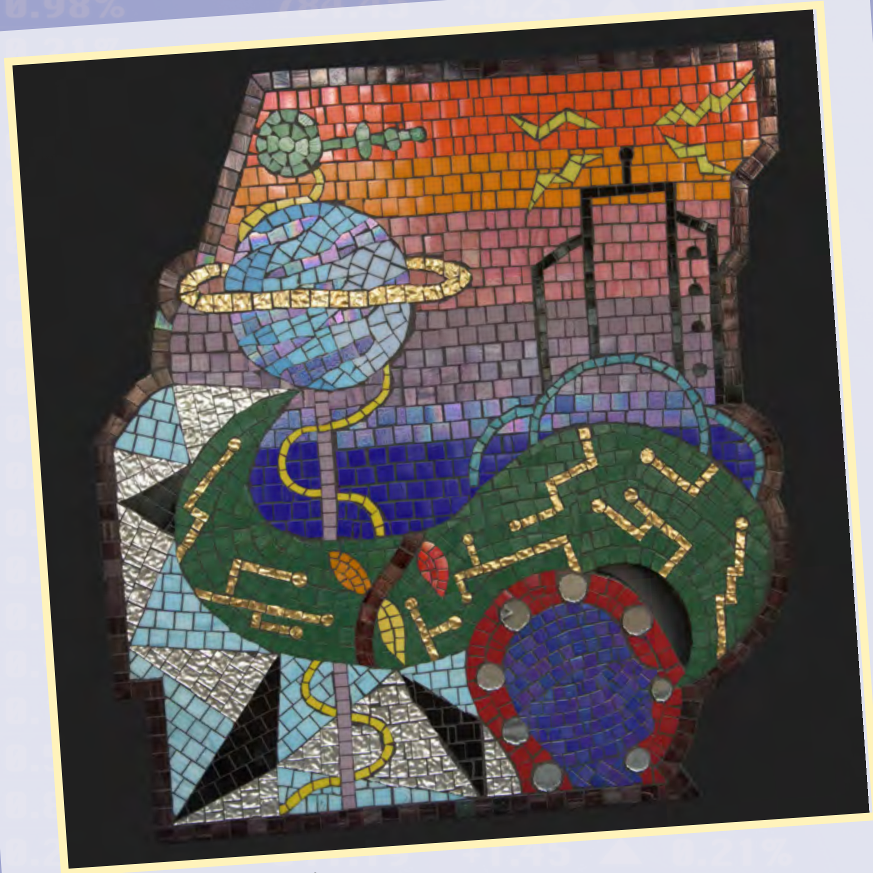
120th Comprehensive Annual Financial Report

For the year ended June 30, 2015
Chicago, Illinois

Public School Teachers' Pension and Retirement Fund of Chicago

Report prepared by the staff of the Public School Teachers' Pension and Retirement Fund of Chicago

Table of Contents



Title: Cosmic Transmissions

Artists: Deysi Flores, Rebecca Karpen-King, Katherine Lacroix, Jessie Ornelas, Ricki Ornelas, Daniela Roldan, Jessica Steiner, and Alondra Vazquez

Medium: Venetian glass mosaic

Instructors: Mirtes Zwierzynski and Alex Goldin, After School Matters

Artists' Statement: "Our intention with Cosmic Transmissions was to explore the future of education by looking at the concept of the connections between human beings and the universe around them. Through the union of nature and technology, the ease of the spread of information will benefit the learning process and be the future of education."

Introduction

This section provides information regarding the Chicago Teachers' Pension Fund Board of Trustees and its consultants, an organizational chart, a Certificate of Achievement, a Letter of Transmittal, and additional administrative information.

Board of Trustees

As of June 30, 2015

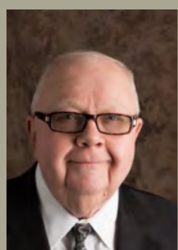

Jay C. Rehak


Lois W. Ashford


Bernice Eshoo


Raymond Wohl


Carlos M. Azcoitia


Robert F. Bures


Jeffery Blackwell


Tina Padilla


Walter E. Pilditch


Mary Sharon Reilly


Jerry Travlos

Executive Director

Charles A. Burbridge

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public School Teachers'

Pension and Retirement Fund of Chicago

Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Consultants

As of June 30, 2015

LEGAL COUNSEL

Foster Pepper PLLC
1111 Third Avenue, suite 3400
Seattle, Washington 98101

Jacobs, Burns, Orlove, and Hernandez
150 North Michigan, suite 1000
Chicago, Illinois 60601

Steptoe and Johnson LLP
115 South LaSalle Street, suite 3100
Chicago, Illinois 60603

INVESTMENT CONSULTANTS

Callan Associates Inc.
120 North LaSalle Street, suite 2100
Chicago, Illinois 60602

The Townsend Group
Skylight Office Tower
1660 West Second Street, suite 450
Cleveland, Ohio 44113

HEALTH INSURANCE CONSULTANTS

Aon Hewitt
200 East Randolph Street, suite 900
Chicago, Illinois 60601

The Segal Company
101 North Wacker Drive, suite 500
Chicago, Illinois 60606

BANK CUSTODIANS

The Northern Trust Company, as of 12/31/2014
50 South LaSalle Street
Chicago, Illinois 60675

Bank of New York, beginning 01/01/2015
500 Grant Street
Pittsburgh, PA 15258

AUDITOR

Mitchell & Titus, LLP
333 West Wacker Drive
Chicago, Illinois 60606

CONSULTING ACTUARY

The Segal Company
101 North Wacker Drive, suite 500
Chicago, Illinois 60606

INFORMATION TECHNOLOGY CONSULTANT

Bradley Consulting Group, Inc.
14234 South Bell Road, PMB 104
Homer Glenn, IL 60491

Organizational Chart

June 30, 2015

Board of Trustees

Robert Jurinek
Internal Auditor

Charles A. Burbridge
Executive Director

Frances Radencic
Special Assistant to the Executive Director

Gail Davis
Manager of Administrative Services

Tiffany Reeves
Deputy Executive Director and Chief Legal Officer

Mary Cavallaro
Chief Benefits Officer

Kasthuri Henry
Chief Financial Officer

Angela Miller-May
Director of Investments

Vandana Vohra
Director of IT Applications

Thomas Gajewicz
Director of IT Infrastructure

Sheron Banks-Fallis
Director of Member Services

CTPF
Chicago Teachers' Pension Fund
203 North LaSalle Street, suite 2600
Chicago, IL 60601-1231

Letter of Transmittal

January 29, 2016

The Pension Board of Trustees and Fund Members
Public School Teachers' Pension and Retirement Fund of Chicago
203 North LaSalle Street, suite 2600
Chicago, Illinois 60601

Dear Pension Board of Trustees, Contributors, Pensioners, and Members of the Public:

This is the 120th Comprehensive Annual Financial Report of the Public School Teachers' Pension and Retirement Fund of Chicago (Fund) that covers the fiscal year ended June 30, 2015. Illinois Pension Code provide for a Board of Trustees to be responsible for the administration of the Fund. An important aspect of the administration is the presentation of a detailed annual report of system finances and operations. This publication is intended for all stakeholders as well as for the public at large.

The financial statements and their content are the responsibility of the Fund's management. This report provides a review of the financial, investment, actuarial, and operational conditions of the Fund. It contains financial statements with some comparative data, which were subject to an independent audit conducted by Illinois licensed certified public accountants, an actuarial valuation prepared by the Fund's consulting actuary, a description of benefits as set forth in the Illinois Pension Code, and other relevant information.

The Fund is a public employee pension fund established by the State of Illinois to provide annuity, disability, survivor, death, and health care subsidy for certain certified teachers and other employees of the Chicago Public Schools and approved City of Chicago charter schools. It is administered in accordance with Chapter 40, Act 5, Articles 1, 17, and 20 of the Illinois Compiled Statutes.

Overview

The Fund's membership increased to 63,284 members as of June 30, 2015, reflecting 0.1% growth over prior-year membership of 63,194. The 120th year of continuous operations ended with the Fund's financial condition remaining relatively unchanged. The June 30, 2015, value of net assets held in trust for pension and health benefits amounted to $10.7 billion,a 1.3% decrease from the $10.9 billion of the previous year.

The actuarial value of assets of the Pension Fund, calculated on a 4-year smoothed market value basis and used in the determination of the funding ratio, amounted to $10.3 billion. A comparison of the actuarial value of assets to the actuarial accrued liabilities of $19.0 billion yields a 51.9% actuarial funding ratio, a slight increase from the 51.5% funding ratio of June 30, 2014.

In addition to administering pension benefits, the Fund administers a health care subsidy program, also known as Health Insurance Plan. In accordance with GASB 43, the health care subsidy program falls under Other Post-Employment Benefit (OPEB), which requires separate reporting. The actuarial value of assets of the Health Insurance Fund amounted to $22.0 million. A comparison of the actuarial value of assets to the actuarial accrued liabilities of $1.9 billion yields a 1.1% actuarial funding ratio, a decrease from the prior year funding ratio of 1.9%.

The Financial Statements in this report were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. The specific accounting treatment of transactions is described in the Summary of Significant Accounting Policies in the Notes to the Financial Statements. We encourage readers to consider additional financial information in this introductory section, and in the overview and analysis sections of management's discussion and analysis of the financial report.

Investment Authority and Performance

The Trustees' investment authority is set forth in the Illinois Compiled Statutes, Chapter 40, Act 5, Articles 1 and 17. A discussion of the specific investment authority, policy provisions, diversification posture, performance objective, and asset allocation is provided in the Investments Section of this report.

As of June 30, 2015, investments at fair value plus cash and receivables totaled $10.8 billion reflecting a 4% decrease from the $11.2 billion value of June 30, 2014. The Fund's investment performance for the one-year and ten-year periods ended June 30, 2015, was 3.5% and 6.6% respectively. Refer to the Investments Section of this report for more detailed performance information.

The Board of Trustees, with the aid of the CTPF investment staff and investment consultants, make decisions consistent with their fiduciary obligations under Article 1 of the Illinois Pension Code. The Board approves an asset allocation program designed to obtain the highest expected return on investments with an acceptable level of risk. The Board relies on CTPF investment staff and investment consultants to monitor and evaluate the investment management firms' performance, to aid in the selection of investment management firms and to assist in the development of investment policy. Opportunities to improve the financial strength of the Fund will continue to be explored in accordance with the prudent person standard. Refer to the Manager Analysis and Broker Commission Report in the Investment Section of this report for information regarding investment management firms and brokerage firms that provide services to the Fund.

Accounting System and Internal Controls

This report was prepared to conform to the principles of governmental accounting and reporting as pronounced by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The accrual basis of accounting was used to record the assets, liabilities, revenues and expenses of the Fund. Revenues are recognized in the accounting period in which they are earned, without regard to the date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

In developing the Fund's accounting system, consideration is given to the adequacy of internal accounting controls. Although these controls are designed to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records, the Fund continues to recognize that the anticipated costs should not exceed the projected benefits. Constant effort is directed by the Fund administration towards improving the level of internal accounting control to ensure the members of the Fund belong to a financially sound retirement system.

Economic Review and Outlook

The economy and its stabilization continue to be relevant to the Fund and its overall performance. The fiscal year ended June 30, 2015, reflects a return to a slower growth rate in the U.S. economy. Moderately rising prices and a slow growth in leading economic indicators signaled moderation in the economy at the end of the fiscal year. The economy continued to expand with a real GDP growth rate of 3.9%, but at a slower pace compared to the 4.6% GDP growth of fiscal year 2014. The unemployment rate fell to a five-year low of 5.3%. Over the last 12 months, the inflation index increased 0.5% before seasonal adjustment. At June 30, 2015, the Federal funds rate was 0.13%, its lowest level since 2001. The Federal Reserve Board continued its policy of maintaining interest rates near 0% over the 12 months ended June 2015, with the anticipation of a slight interest rate increase in fiscal year 2016.

Economic growth in the U.S. likely slowed in the first quarter of fiscal year 2016, mainly due to a reduction in inventories and decline in exports. Consumer fundamentals remain positive, though, and support expectations of continued progress in the quarters ahead. Real gross domestic product (GDP) is projected to advance 2.7% during 2016, while the unemployment rate should stabilize around 5.0%. Labor market data suggests the Fed is moving close to its employment mandate, but inflation numbers are far below the 2.0% target. Inflation is predicted to inch forward only gradually in the quarters ahead. Further improvements in the labor market and better readings on wage growth will help to seal the case for reducing monetary policy accommodation. China's slowing economy, the strong dollar, and the contraction in the U.S. energy industry will remain headwinds in the 2016 fiscal year.

Funding Goals

The funding policy of the Fund provides for employer contributions which, when added to contributions received from employee members and earnings on investments, will be sufficient to meet the actuarially determined obligations of the Fund.

On an annual basis, an actuarial valuation is performed in order to determine the amount of required contributions in accordance with the Illinois Compiled Statutes (40 ILCS S/17-129).

The Chicago Board of Education (employer) is required by law to make contributions to the Fund in order to ensure the actuarial value of assets is 90% of the actuarial value of liabilities by the end of a predetermined funding period. In years where the funding ratio exceeds 90%, no employer contribution is required.

Amendments to Article 17 of the Illinois Pension Code during fiscal year 2010 changed the funding requirements for future years. Section 17-129 limits the contributions required to be made to the Fund by the Chicago Board of Education to $187 million for fiscal year 2011, $192 million for fiscal year 2012, and $196 million for fiscal year 2013. Under the amended statute, the Chicago Board of Education was provided a 14-year extension, until the end of 2059, to make contributions which ensure that the Fund's projected actuarial value of assets is 90% of the Fund's projected actuarial liabilities. For fiscal year 2015 and 2014, the required contributions were $709 million and $625 million, respectively. The employer is also required by law to fund over $700 million in employer contributions for fiscal year 2016 and over $745 million in fiscal year 2017. Historically, the employer has achieved significant funding reductions through legislative measures, as recently as 2010.

In addition, sections 17-129 and 17-127.2 provide that the Chicago Board of Education (employer) and the State of Illinois (State) are required to make additional contributions as a percentage of payroll to offset a portion of the cost of benefit increases granted under Public Act 90-582.

Major Initiatives

The Fund and its Trustees continue to work to enhance the Fund's investment program, improve office operations, and safeguard the assets of the Fund.

Investments

The Fund's rate of return for the year ended June 30, 2015, was 3.5% as performance of the portfolio was reflective of the equity market's volatility. The Fund maintained a diversified portfolio consisting of equities (domestic and international), fixed income, real assets and alternative investments. The Fund continued to attempt to maximize investment performance while maintaining acceptable levels of risk.

The Board has established asset class allocation targets. The Board's policy targets are global equity at 63% (comprised of domestic equity at 30%, international equity at 30%, and private equity at 3%); fixed income at 23%; real assets at 12% (comprised of private real estate at 7%, REITs at 2%, infrastructure at 3%); and diversifying assets at 2%.

During the year, the Board and Staff performed regular due diligence of the Fund's investment managers in order to monitor performance and compliance. The Fund continued its formal manager performance review process in order to monitor managers in all asset classes. During the year ended June 30, 2015, the Fund increased its commitment to three existing private equity fund-of-funds managers. In the real estate asset class, the Fund initiated investment with an emerging real estate manager. 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. Additionally, the Fund directed 36% ($1,376,588) of commissions to qualified minority, women and disabled person owned brokers/dealers in fiscal year 2015.

Legislative

The following Public Acts were enacted in fiscal year 2015:

Public Act 98-0675 appropriated and approved $50.0 million to the Fund in fiscal year 2015. This payment supplements the state contribution of 0.544% of the Fund's total teacher payroll, which is required of the State when the funded ratio is below 90%. The $50.0 million represents a historical contribution which the State has not appropriated since fiscal year 2011.

Public Act 98-1022 enacted January 1, 2015, states that no contract for investment or consulting services or commitment to a private market fund shall be awarded by a retirement system, pension fund or investment board unless such entity first discloses the following:

- The number and percentage of its investment and senior staff who are minority, female, or disabled;
- The number of contracts with a minority owned businesses, female owned businesses, or businesses owned by a person with a disability;
- The number of contracts with businesses other than a minority owned businesses, female owned businesses, businesses owned by a person with a disability, if more than 50% of the services under that contract are performed by a minority person, a female, or a person with disability; and
- A retirement system must consider such information (within the bounds of financial and fiduciary prudence) before awarding a contract for investment services, consulting services, or commitment to a private market firm.

If an investment firm meeting the system's criteria responds to a request for proposal (RFP) for investment services and meets the definition of a minority owned business, then that firm shall be allowed to present to the Board before a final decision is made for that RFP. In addition, the law codifies that the boards of an Illinois retirement system, pension fund, or investment board shall establish goals for utilization of investment managers that meet the definition of minority owned businesses, female owned businesses, and disabled person owned businesses. The Illinois retirement system, pension fund, or investment board is required to set a goal for each category.

Public Act 99-0176 added a provision clarifying that no contributor shall earn more than one day of service credit per calendar day, and no contributor shall earn more than ten days of service credit in any two calendar week period. The law also required that payroll records report any salary paid by an Employer that is considered compensation for validated service, and payroll records shall identify the number of service days rendered by the member and whether each service day represents a partial or whole day of service. This law also added a provision that requires the Pension Officers of each Charter School to certify all payroll information, including contribution due and certified sick days payable.

Public Act 96–0005 appropriated $12,105,000 from the General Revenue Fund to the Public School Teachers' Pension and Retirement Fund of Chicago for the fiscal year beginning July 1, 2015. State funding for CTPF is historically provided through two line items: one containing an appropriation that the State contributes and a second line added in fiscal year 1999 when the State is statutorily required to pay 0.544% of the Fund's teacher payroll if the funded ratio is below 90%.

Public Act 99–0462 amended the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. It defines "emerging investment manager" as an investment manager having assets under management below $10 billion. The bill also added a goal to use emerging investment managers for not less than 20% of the total funds under management. The law is applicable to all pension systems and retirement funds throughout the State, universities, community colleges, state agencies, boards, and commissions.

During the year, the Trustees and Fund Administrators have diligently exercised their fiduciary responsibilities and vigorously opposed legislative changes that negatively impact the financial stability and future of the Fund. The Trustees and Fund Administrators, in conjunction with the Fund's consultants, continue to work in Springfield to represent the interests of the members and maintain the financial stability of the Fund.

Operations

Fund management continued to focus on strengthening operations, improving internal controls, modernizing key infrastructure components of the Fund, and emphasizing customer service for our members.

Mitchell and Titus LLP conducted the fiscal year 2015 audit. Segal Consulting produced the fiscal year 2015 actuarial valuation.

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 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 at the Fund through August 2014. President Rehak returned to his teaching position in August and the Board of Trustees named Peter A. Driscoll, interim executive director in August 2014. 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.

The Board has supported the administrative staff and is committed to moving into an automated work environment and organizational structure that will continue the Fund's long history of superior customer service. Management's Discussion and Analysis (page 17) contains a detailed discussion of the Fund's financial operations.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Public School Teachers' Pension and Retirement Fund of Chicago for its Comprehensive Annual Financial Report for the period ended June 30, 2014. This was the 24th year that the Fund has received this prestigious award. In order to be awarded a Certificate of Achievement, the Fund must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Concluding Comments

In the fiscal year 2015 election, Trustees Tina Padilla and Raymond Wohl were unopposed and declared elected in the Teacher Trustee Election. There was no Administrator Trustee Election or Pensioner Trustee Election.

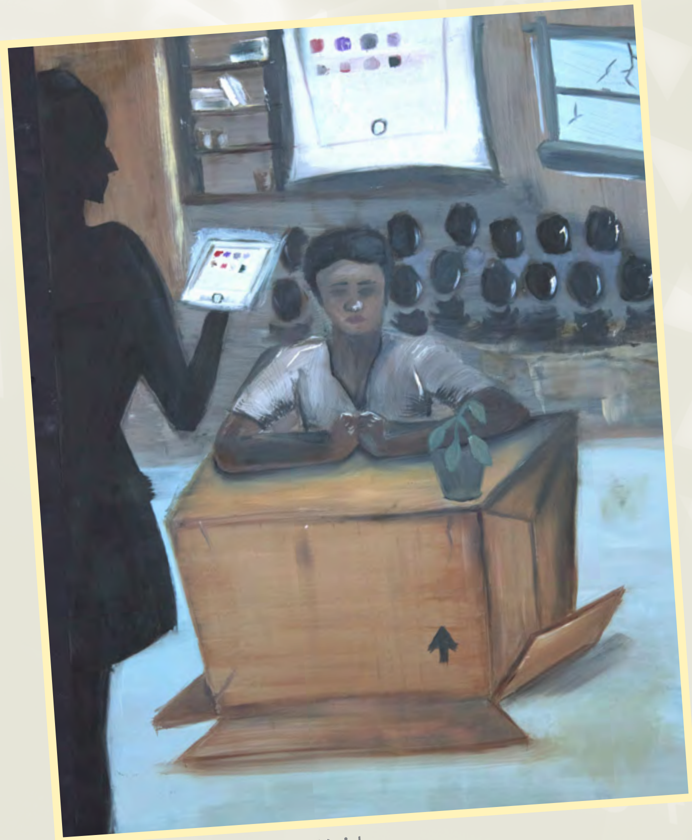
In the election for Board officers, Jay C. Rehak was elected president; Lois W. Ashford, vice president; Bernice Eshoo, financial secretary; and Raymond Wohl, recording secretary.

Chairs of standing committees included: Tina Padilla, Investments; Jeffery Blackwell, Claims and Service Credit; Bernice Eshoo, Finance and Audit; and Lois W. Ashford, Pension Law and Rules.

This annual report of the Public School Teachers' Pension and Retirement Fund of Chicago was prepared through the combined efforts of the Pension Board of Trustees, the Fund's actuary, certified public accountants, and administrative staff. We want to express our gratitude and appreciation for the diligence of all contributors in the preparation of this publication.

Charles A. Burbridge
Executive Director

Saron Tegegne
Director of Finance



Title: The Race into the Void
Artist: Xin Mei
Medium: Oil paint on mylar
Instructor: Miriam Socoloff, After School Matters
Artist statement: "This piece of art was inspired by the recent protests regarding the budget crisis in CPS and the State of Illinois. It represents the future of how education will evolve, portraying a student in a classroom, his desk replaced by a shabby cardboard box. In the background, other students are in a similar situation. There are no supplies in the room. This piece depicts how as technology integrates itself further into our school, we will never catch up because there is not enough funding for education to continue."

Financial

This section contains the report of the independent public accountants, the financial statements of the Fund and their analysis, and supplemental financial information.

MITCHELL TITUS

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Public School Teachers' Pension and Retirement
Fund of Chicago

Report on the Financial Statements

We have audited the accompanying financial statements of the Public School Teachers' Pension and Retirement Fund of Chicago (the Fund), which comprise the statement of fiduciary net position as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public School Teachers' Pension and Retirement Fund of Chicago at June 30, 2015, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Adoption of GASB Statement Nos. 68 and 71

As discussed in Note 2 to the financial statements, the Fund adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this matter.

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MITCHELL TITUS

Report on Summarized Comparative Information

We have previously audited the Fund's 2014 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the schedules of changes in employer's net pension liability, employer's net pension liability, employer's contributions, money-weighted rate of return, funding progress and employer contributions on pages 17 through 23 and pages 43 through 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of administrative and miscellaneous expenses, schedule of cash receipts and disbursements, schedule of manager fees, and schedule of consultant payments are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary information included in the introductory section, the investments section, the actuarial section, and the statistical section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mitchell & Titus, LLP

January 29, 2016

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mitchelltitus.com

Management's Discussion and Analysis (Unaudited)

June 30, 2015

Management is pleased to provide this overview and analysis of the financial activities of the Public School Teachers' Pension and Retirement Fund of Chicago (the Fund) for the year ended June 30, 2015. This information is intended to supplement the financial statements, which begin on page 25 of this report. We encourage readers to consider additional information and data in the Fund's *2015 Comprehensive Annual Financial Report*.

Annual Financial Review

The Fund maintains a highly diversified portfolio of investments for the purpose of accumulating sufficient assets to provide benefits to members and survivors. Diversification of investments among U.S. stocks, real estate, fixed income, private equity, and international investments provides risk-adjusted returns while allowing the Fund to "ride out" short-term fluctuations in individual asset classes. Due to the volatility of equity markets, the Fund returned 3.5% in fiscal year 2015. The sharp decline in value across investment classes in previous years brought the Fund's 10-year compounded rate of return down to 6.61%, slightly lower than the actuarial assumption of 7.75%.

The Fund's consulting actuary has certified the total actuarial accrued liability of the Pension Fund to be $20 billion as of June 30, 2015. This represents an increase in the total actuarial accrued liability of $0.5 billion when compared to the actuarial accrued liability of $19.5 billion as of June 30, 2014. The unfunded actuarial accrued liability increased slightly from $9.5 billion to $9.6 billion during the year. The Fund's consulting actuary has also certified the actuarial accrued liability and unfunded actuarial accrued liability for the Health Insurance Fund, each to be $1.9 billion, which relatively remained unchanged from the previous fiscal year.

Financial Highlights

- Investment returns were unfavorable in comparison to the previous fiscal year. The investment rate of return for fiscal year 2015 was 3.5% (benchmark of 2.7%) following fiscal year 2014's return of 18.4% and fiscal year 2013's return of 13.3%. Five and ten-year annualized returns were 11.7% (vs. benchmark of 11.1%) and 6.6% (vs. benchmark of 6.4%), respectively.

- Total plan fiduciary net position decreased during the fiscal year to $10.7 billion at June 30, 2015, from $10.9 billion at June 30, 2014.

- The Fund paid members $1.3 billion in service retirement, disability, and survivor benefits, and an additional $79.3 million for healthcare benefits, a 2% increase over fiscal year 2014.

- Total additions to plan fiduciary net position were $1.3 billion for fiscal year 2015, including a net investment gain of $381.7 million and total contributions of $899.9 million.

- The funded ratio for pension benefits increased to 51.8% as of June 30, 2015, from 51.5% at the end of the previous year.

Overview of the Financial Statements of the fund

The two basic financial statements of the Fund are the *statement of fiduciary net position* and the *statement of changes in fiduciary net position.* Statements are shown for the most recent and previous fiscal years for comparison and analysis of changes in individual line items. The statements are prepared in conformity with U.S. generally accepted accounting principles.

The s*tatement of fiduciary net position* is a measure of the Fund's assets and liabilities at the close of the fiscal year. Total assets less liabilities equal net position restricted for benefits.

The *statement of changes in fiduciary net position* shows revenues (additions) and expenses (deductions) for the fiscal year. The net increase (or decrease) is the change in net position restricted for benefits since the end of the previous fiscal year.

For financial reporting purposes, the Fund's assets are divided into two primary funds: the Pension Fund (a defined benefit plan) and the Health Insurance Fund (a postemployment healthcare plan). The Pension Fund includes member contributions and investment earnings used to pay service retirement benefits for participants. The Fund pays service retirement benefits using a fixed formula based on years of service and salary, subject to certain age requirements. In addition to service retirement, participants are eligible for disability and survivor benefits. The Health Insurance Fund consists of assets set aside to subsidize healthcare premiums for members receiving pension benefits.

The *notes to financial statements* are a fundamental part of the financial statements and provide important information to augment the understanding of the figures in the financial statements. The notes describe accounting policies along with plan membership and benefits. Supplementary disclosures of selected financial data are included in the notes.

In addition to the basic financial statements, a *schedule of changes in the employer's net pension liability, a schedule of the employer's net pension liability, a schedule of employer's contribution and a schedule of money-weighted rate of return* are included as required supplementary information for the pension plan; and a *schedule of funding progress and a schedule of employer contributions* are included as required supplementary information for the health insurance plan. The *schedule of the employer's net pension liability* and the *schedule of changes in the employer's net pension liability* show the liability of employer and nonemployer contributing entities to plan members for benefits provided through the pension plan and the changes thereof during the year. The *schedule of money-weighted rate of return* shows the period-by-period returns on pension plan investments that adjust for the changing amounts actually invested. It represents an internal rate of return on pension plan investments, net of pension plan investment expenses.

The *schedule of funding progress-Health Insurance Plan* shows actuarial trend information for the Health Insurance Plan for the past ten years. The schedule includes the ratio of actuarial value of assets to the actuarial accrued liability (funded ratio). The funded ratio increases or decreases over time based upon the relationships between contributions, investment performance, benefit changes, and actuarial assumption changes based upon participant information and characteristics. This schedule shows the unfunded actuarial accrued liability as a percentage of member payroll. This schedule also shows the relationship between the funding status of the plan and the growth of payroll.

The *schedule of employer contributions-Health Insurance Plan* shows the amount of required contributions and the percentage actually allocated to the Health Insurance Plan.

Investment Performance

For the fiscal year 2015, the Fund's total investment performance resulted in a 3.5% gain. Domestic and private equity as well as fixed income, real estate, public REITs and hedge funds generated positive returns. International equity and infrastructure experienced negative returns driven by foreign currency exchange rates and a strengthening U.S. dollar. The Fund's portfolio of domestic equity reported a 7.5% return, international equity reported a -1.8% return, fixed income reported a 1.5% return, private equity reported a 11.3% return, real estate reported a 15.6% return, public REITs reported a 2.7% return, infrastructure reported a -6.7% return, and hedge funds reported a 3.2% return. The Fund's money weighted rate of return for the year ended June 30, 2015, is 3.2%.

1-Year Returns (2015)

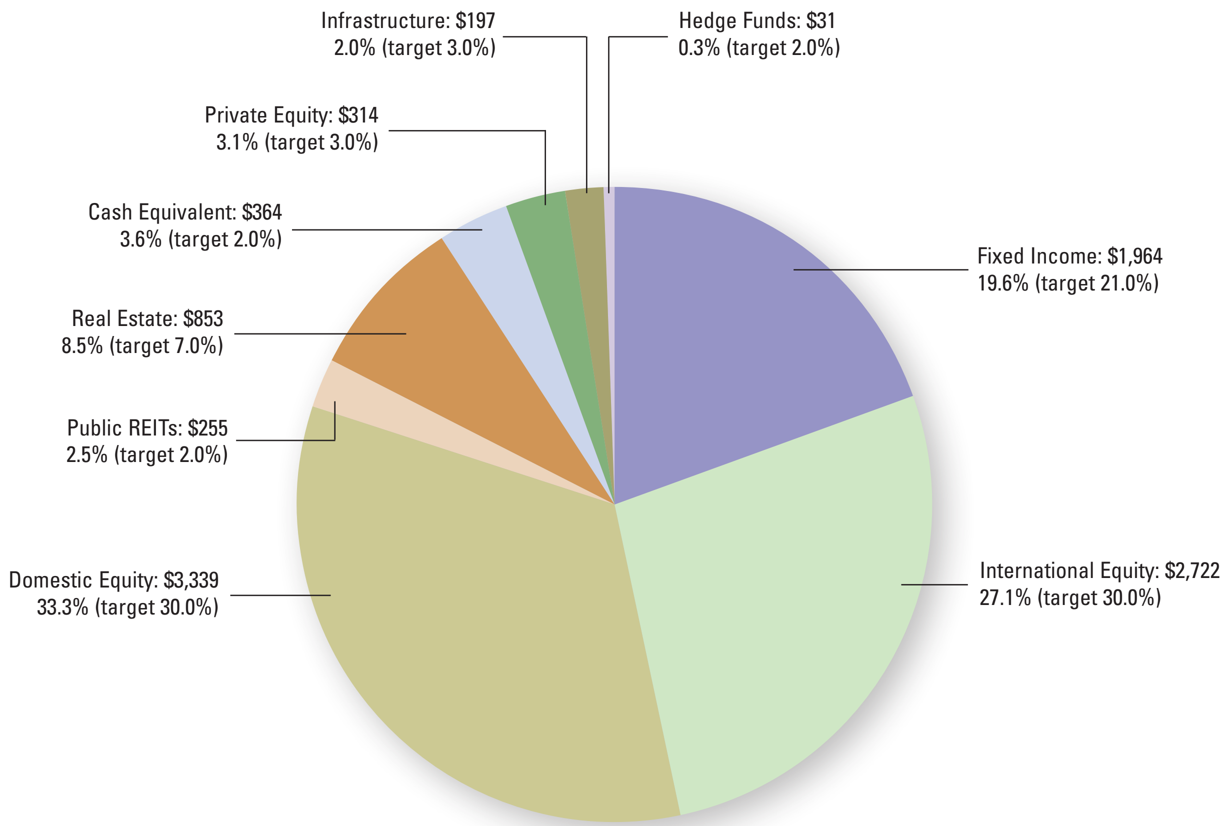
Asset Category	Fund Return	Index Name	Index Return
Total Fund	3.5%	Fund Benchmark Index	2.7%
Domestic Equity	7.5%	Domestic Equity Benchmark	7.3%
International Equity	(1.8%)	MSCI ACWI ex US Index	(4.9%)
Fixed Income	1.5%	Barclays Aggregate Index	1.9%
Private Equity	11.3%	Russell 3000 Index	7.3%
Real Estate	15.6%	NFI-ODCE Equal Weight Index	13.4%
Real Estate Investment Trusts (REITs)	2.7%	EPRA/NAREIT Developed REIT Index	0.41%
Infrastructure	(6.7%)	Absolute Benchmark	8.0%
Hedge Funds	3.2%	T-Bills +5	5.0%

5-Year Returns (2015)

Asset Category	Fund Return	Index Name	Index Return
Total Fund	11.7%	Fund Benchmark Index	11.1%
Domestic Equity	17.6%	Domestic Equity Benchmark	17.4%
International Equity	10.9%	MSCI ACWI ex US Index	8.2%
Fixed Income	4.1%	Barclays Aggregate Index	3.4%
Private Equity	12.6%	Russell 3000 Index	17.5%
Real Estate	13.1%	NFI-ODCE Equal Weight Index	13.3%
Real Estate Investment Trusts (REITs)	12.8%	EPRA/NAREIT Developed REIT Index	12.4%
Infrastructure	5.5%	Absolute Benchmark	8.0%
Hedge Funds	4.7%	T-Bills +5	5.1%

Asset Allocation Summary as of June 30, 2015

in millions of dollars*



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

Financial Statement Analysis

PLAN FIDUCIARY NET POSITION

The plan fiduciary net position decreased $140 million (1.3%) during the fiscal year. The decrease reflects expenditures exceeding revenue. That, in turn, is impaired by the underfunding of pension by the employer.

Cash and cash equivalent increased by $641.5 million (5,444.7%). This is mainly due to the statutorily required contribution from the Board of Education which was deposited in a cash account since it was received on the last day of the fiscal year, where traditionally the required contribution was deposited into an investment account.

As of June 30, 2015, total receivables, excluding amounts due from brokers, increased by $18.7 million from 2014. The change in receivables is primarily the result of employer contributions receivable at year end. Due from Brokers (proceeds from investment sales) decreased by $4.6 million due to the timing of investment sales at year end.

In order to transition the Security Lending program from the Northern Trust Company to Deutsche Bank AG, the Fund executed a Security Lending Fund Advance Agreement on December 4, 2014. As part of this agreement, $14.8 million was transferred to the Northern Trust Company for the purpose of facilitating a transition of CTPF's securities lending activities to Deutsche Bank on January 2, 2015. Such advances were repaid immediately through CTPF's cash collateral account creating a shortfall in the cash collateral account and an outstanding liability obligation to Deutsche Bank in the amount of $13.6 million as of June 30, 2015. The Fund continues to pay the collateral deficiency owed to Deutsche Bank by applying realized monthly income as part of the security-lending program until such collateral deficiency is paid in full.

Due to Brokers (the cash due for investment purchases) decreased by $347.9 million due to the timing of investment purchases at year-end.

The following is a summary of the fiduciary net position at June 30, 2015 and 2014:

	Fiscal Year	
	2015	2014
	(in millions)	
Cash and cash equivalents	$ 653.3	$ 11.8
Receivables	80.0	61.3
Due from brokers	103.5	108.1
Investments, at fair value	10,035.5	11,185.6
Securities lending collateral	485.6	505.3
Capital assets, net	1.0	1.5
Total assets	**11,358.9**	**11,873.6**
Benefits and refunds payable	11.5	16.1
Accounts and administrative expenses payable	14.7	16.0
Securities lending collateral payable	499.2	520.1
Due to brokers	121.8	469.7
Total liabilities	**647.2**	**1,021.9**
Net position restricted for benefits	**$ 10,711.7**	**$ 10,851.7**

ADDITIONS TO PLAN FIDUCIARY NET POSITION

Additions to plan fiduciary net position which are needed to finance statutory benefit obligations come from public sources such as state and federal appropriations, employer and employee contributions, net earnings on investments, and miscellaneous sources.

For the year ended June 30, 2015, additions totaled $1,282.5 million, compared to $2,531.4 million for the year ended June 30, 2014. Federal health insurance reimbursement represents funds from federal sources and health insurance companies which provide reimbursement to health plan sponsors for a portion of the costs of providing health coverage to retirees. There were no health insurance reimbursements from federal and health insurance companies in fiscal year 2015.

Minimum funding requirement represents additional employer contributions required by state law when the funding level drops below 90%. In fiscal years 2015 and 2014, the Employer made an additional contribution of $633.6 million and $625.8 million, respectively.

Net investment income decreased mainly due to the underperformance of the Fund's investment portfolio when compared to the prior year. The Fund's portfolio experienced a 3.5% gain for the year ended June 30, 2015, compared to an 18.4% gain for the year ended June 30, 2014.

The following is a summary of additions to plan fiduciary net position for the years ended June 30, 2015 and 2014:

	Fiscal Year	
	2015	2014
	(in millions)	
Intergovernmental, net	$ 75.1	$ 24.6
Federal health insurance reimbursement and miscellaneous	0.9	8.0
Employee contributions	191.2	187.9
Minimum funding requirement (employer)	633.6	625.8
Net investment income	381.7	1,685.1
Total additions	$ 1,282.5	$ 2,531.4

DEDUCTIONS FROM PLAN ASSETS

Deductions from plan fiduciary net position are representative of an actuarially mature employee group, with modest increases in most benefit categories. Pension benefits increased as new pensioners were added to the pension benefit. Additionally, the annual AAI, automatic annual increase of 3% was granted to existing retirees during the fiscal year. Refunds decreased by $9.0 million as fewer inactive and non-vested members applied for refunds. The health insurance premium subsidies increased by $6.4 million mainly due to the added new pensioners. In addition, premiums were subsidized at 60% and 50% for the first and second half of the fiscal year, respectively. Total deductions from plan fiduciary net position remained relatively unchanged from the previous year.

The following is a summary of deductions from plan fiduciary net position for the years ended June 30, 2015 and 2014:

	Fiscal Year	
	2015	2014
	(in millions)	
Pension benefits	$ 1,304.5	$ 1,269.8
Refunds	23.9	32.8
Death benefits	3.2	3.7
Health insurance premium subsidies	79.3	72.9
Administration and miscellaneous expenses	11.7	10.5
Total deductions	$ 1,422.6	$ 1,389.7

FUNDING ANALYSIS

Under the funding plan established by the State of Illinois, the employer is not required to make a minimum contribution to the Fund unless the Fund's funding level falls below 90% for a fiscal year. The employer is then required to make a minimum contribution to the Fund in order to bring the total assets of the Fund up to 90% of the total actuarial liabilities of the Fund, by the end of a predetermined funding period.

Amendments to the statute during fiscal year 2010 changed the funding requirements for future years. Minimum contributions for fiscal years 2011, 2012, and 2013 were limited to $187 million, $192 million, and $196 million, respectively. These amounts are substantially lower than the $600 million contribution in each fiscal year prior to the amendment. Additionally, under the amended statute, the funding period was extended from 2045 to 2059. Minimum contribution increased to $626 in fiscal year 2014 and $696 in fiscal year 2015. State law also requires state contributions and other employer contributions to provide for benefit increases when the funding level drops below 90%. Accordingly, the State of Illinois is required to remit $12.2 million and $12.1 million for the periods ending June 30, 2015, and June 2016, respectively. The primary employer of the Fund is required to remit additional other contributions of $13.0 million and $12.9 million during the fiscal years ending June 30, 2015, and June 30, 2016, respectively. During fiscal year 2015, the employer and state paid a total of $684.4 million.

Based upon actuarial valuation, the total pension liability and plan fiduciary net position are $20.7 billion and $10.7 billion, respectively. This resulted in net pension liability of $10.0 billion as of June 30, 2015.

Amendments to the statute which were effective during fiscal year 2011 will have a longer-term impact on funding. Public Act 96-0889, effective January 1, 2011, created a second tier of benefits for those who first participate in the system after that date. The amendment caps the salary amount that can be used in the calculation of pensions in the future, increases the minimum retirement age, and limits post-retirement increases to pensions.

The funded ratio for the pension plan increased from 51.5% in 2014 to 51.8% in 2015. The funded ratio for the health insurance plan decreased from 1.86% in 2014 to 1.14% in 2015. The increase in the pension plan's funded ratio was due to the substantial employer contribution in 2014 and 2015 and investment returns. The funded ratio is expected to slightly increase to 53.2% in fiscal year 2016 due to recognition of prior year's investment gains. The funded ratios of the pension and health insurance plans have ranged from 49.5% to 80.1% and 1.0% to 2.3%, respectively, over the last 10 years.

As previously mentioned, the *schedule of employer contributions* shows the amount of required contributions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans and GASB Statement No. 43, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* As exhibited in the schedules, the employer has not been not making required contributions sufficient to meet the increasing liability of the Fund.

Requests for Information

Questions about any information provided in this report should be addressed to:

Public School Teachers' Pension and Retirement Fund of Chicago
ATTN: Executive Director
203 North LaSalle Street, suite 2600
Chicago, IL 60601-1231

Statement of Fiduciary Net Position

As of June 30, 2015, with comparative totals for 2014

	Pension Fund	Health Insurance Fund	Total 2015	Total 2014
ASSETS:				
Cash	$ 653,289,409	–	653,289,409	11,782,210
Prepaid expense	13,815	–	13,815	13,150
Receivables:				
Intergovernmental	22,508,007	–	22,508,007	1,989,382
Employee	18,307,057	–	18,307,057	25,342,007
Accrued investment income	29,577,957	–	29,577,957	28,285,880
Due from brokers	103,463,808	–	103,463,808	108,094,193
Participating teachers' accounts for contributions	4,385,374	–	4,385,374	4,444,343
Other receivables	5,235,433		5,235,433	1,248,241
Total receivables	183,477,636	–	183,477,636	169,404,046
Investments, at fair value:				
U.S. government and agency fixed income	1,077,869,710	–	1,077,869,710	1,107,489,659
U.S. corporate fixed income	800,744,544	–	800,744,544	633,125,800
Foreign fixed income securities	25,771,310	–	25,771,310	258,105,275
Commingled funds	1,301,799,976	–	1,301,799,976	1,230,947,404
U.S. equities	2,915,296,096	–	2,915,296,096	3,361,490,945
Foreign equities	2,722,416,454	–	2,722,416,454	2,872,532,046
Public REITs	143,138,024	–	143,138,024	52,778,941
Pooled short-term investment funds	335,430,363	24,478,159	359,908,522	929,886,758
Real estate	266,567,126	–	266,567,126	299,147,976
Infrastructure	107,591,285	–	107,591,285	141,571,217
Private equity	314,350,916	–	314,350,916	297,705,749
Margin cash	65,287	–	65,287	790,472
Total investments	10,011,041,091	24,478,159	10,035,519,250	11,185,572,242
Securities lending collateral	485,612,851	–	485,612,851	505,301,189
Capital assets, net of accumulated depreciation	1,003,753	–	1,003,753	1,506,069
Total assets	**11,334,438,555**	**24,478,159**	**11,358,916,714**	**11,873,578,906**
LIABILITIES:				
Benefits payable	3,058,200	–	3,058,200	3,551,111
Refunds payable	8,462,208	–	8,462,208	12,537,535
Accounts and administrative expenses payable	11,926,791	2,765,000	14,691,791	16,009,074
Securities lending collateral payable	499,244,106	–	499,244,106	520,146,384
Due to brokers	121,792,930	–	121,792,930	469,662,744
Total liabilities	**644,484,235**	**2,765,000**	**647,249,235**	**1,021,906,848**
Net Position Restricted for Benefits	$ 10,689,954,320	21,713,159	10,711,667,479	10,851,672,058

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position

For fiscal year ended June 30, 2015,
with comparative totals for 2014

	Pension Fund	Health Insurance Fund	Total 2015	Total 2014
ADDITIONS:				
Contributions:				
Intergovernmental, net	$ 75,093,000	–	75,093,000	24,594,000
Employee	191,233,298	–	191,233,298	187,846,065
Minimum funding requirement (employer)	568,574,000	65,000,000	633,574,000	625,822,141
Total contributions	834,900,298	65,000,000	899,900,298	838,262,206
Investment income:				
Net appreciation in fair value	187,218,929	–	187,218,929	1,486,073,269
Interest	93,736,889	51,868	93,788,757	96,526,346
Dividends	155,466,372	–	155,466,372	140,397,418
Miscellaneous	1,001,561	–	1,001,561	216,064
Securities lending income	(17,725,693)	–	(17,725,693)	2,999,976
Less investment expense:				
Investment advisory and custodial fees	(38,009,628)	–	(38,009,628)	(41,078,099)
Net Investment Income	381,688,430	51,868	381,740,298	1,685,134,974
Insurance company reimbursement	–	–	–	8,000,000
Miscellaneous	943,946	–	943,946	–
Total additions	1,217,532,674	65,051,868	1,282,584,542	2,531,397,180
DEDUCTIONS:				
Pension benefits	1,304,494,978	–	1,304,494,978	1,269,835,064
Refunds	23,264,403	–	23,264,403	31,242,999
2.2 Legislative refunds	615,393	–	615,393	1,589,172
Refund of insurance premiums	–	79,316,153	79,316,153	72,874,594
Death benefits	3,192,632	–	3,192,632	3,674,621
	1,331,567,406	79,316,153	1,410,883,559	1,379,216,450
Administrative and miscellaneous expenses	11,705,562	–	11,705,562	10,494,139
Total deductions	1,343,272,968	79,316,153	1,422,589,121	1,389,710,589
Net (decrease) increase	(125,740,294)	(14,264,285)	(140,004,579)	1,141,686,591
Net Position Restricted for Benefits Beginning of Year	10,815,694,614	35,977,444	10,851,672,058	9,709,985,467
End of Year	**$ 10,689,954,320**	**21,713,159**	**10,711,667,479**	**10,851,672,058**

The accompanying notes are an integral part of these financial statements.

(1) Description of Pension and Health Insurance Plans

(A) PENSION PLAN

The Public School Teachers' Pension and Retirement Fund of Chicago (the Fund) is the administrator of a multi-employer, defined benefit public employee retirement system with special funding situations. The state legislature established the Fund in 1895 to provide retirement, survivor, and disability benefits for certain certified teachers and employees of the Chicago Public and Charter Schools as well as Fund employees. The Fund is administered in accordance with Illinois Compiled Statutes (ILCS) Chapter 40, Act 5, Article 1, 17, 20. The Fund is governed by a 12-member Board of Trustees (six elected by the teacher contributors, three elected by the annuitants, one elected by the principal and administrator contributors, and two appointed by the primary employer, the Chicago Board of Education). The Board of Trustees is authorized by state law to make investments, pay benefits, hire staff and consultants, and carry out all necessary functions in compliance with the Illinois Pension Code.

As of June 30, 2015 and 2014, the Fund membership consisted of the following:

	2015	2014
Retirees and beneficiaries currently receiving benefits	28,114	27,722
Terminated members entitled to benefits but not yet receiving them	5,464	4,818
Current members:		
Vested	19,213	19,997
Nonvested	10,493	10,657
	63,284	63,194

The State of Illinois Public Act (P.A.) 96-0889 created a second tier of benefits for teachers who first become participants in the Fund, or other public pension funds in the State of Illinois, after January 1, 2011. Plan provisions for the two tiers are described below:

TIER I

A member with at least 20 years of service and who has attained 55 years of age is entitled to a pension. A member with at least 5 but less than 20 years of service is entitled to a pension upon attainment of age 62. In the case of retirement prior to age 60 with less than 33.95 years of service, the retirement pension is reduced one-half of 1% for each month that the member is under age 60.

A retirement pension is determined by either (1) applying specified percentages which vary with years of service to the average of the four highest years of salary earned or (2) applying a flat 2.2% to the average of the four highest consecutive years of salary earned in the 10 years preceding retirement. P.A. 90-852 increased the retirement annuity formula to 2.2% of final average salary for each year of service earned after June 30, 1998. Employees may upgrade service to the 2.2 formula for years prior to July 1, 1998, by making certain additional contributions to the Fund. To qualify for the 2.2 upgrade, employees must have been employed at the time the law became effective or earned at least one year of service after the effective date. Beginning July 1, 1998, employee contributions increased from 8% to 9% of salary to account for the increased benefit. Annuitants who retired after 1959 receive an annual 3% increase in the retirement pension beginning January 1 following the member's 61st birthday or the first anniversary of retirement, whichever is later.

A survivor pension is payable upon the death of a contributor or retired member of the Fund. The benefit is the greater of 50% of earned pension or an amount based on the average of the four highest years of salary in the last 10 years of service or on the average salary for the total service, if less than 4 years, with certain qualifications. A 3% automatic annual increase is paid on survivor pension benefits. A single-sum death benefit is also payable on the death of a contributor or retired member of the Fund, with certain qualifications.

A disability pension is payable in the event of total or permanent disability with certain qualifications and service requirements. A duty disability benefit, equal to 75% of final salary, is provided upon the total incapacity for further teaching as a result of an injury sustained while in teaching service. A nonduty disability is payable after 10 or more years of service and is determined by either (1) applying specified percentages which vary with years of service to the average salary earned or (2) applying a flat 2.2% to the average salary earned for each year of service. A 3% automatic annual increase is paid on disability pensions after the first anniversary of the pension or the pensioner's 61st birthday, whichever is later.

TIER II

The Tier II benefit structure is applicable to persons who first became a member or a participant under any reciprocal retirement system or pension fund established under the Illinois Pension Code on or after January 1, 2011. A member with at least 10 years of service and who has attained 67 years of age is entitled to an unreduced pension. A member with at least 10 years of service and who has attained 62 years of age is entitled to a reduced pension. In the case of retirement prior to age 67, the retirement pension is reduced one-half of 1% for each month that the member is under age 67.

A retirement pension is determined by applying a flat 2.2% to the average of the eight highest consecutive years of salary earned in the 10 years preceding retirement. In accordance with Public Acts 96-0889, 96-1490, 96-1495, 98-0622, and 98-641, the Department of Insurance (Department) is to annually determine certain annuity limitations for use in benefit determination by pension funds operating under the Illinois Pension Code. For calendar year 2015, the Department determined that the maximum earnings, salary, or wages that can be used in calculating pension is $111,572.

Tier II members who retire receive an automatic annual increase, equal to the lesser of 3% of the annual pension or one-half the increase in the Consumer Price Index for all Urban Consumers, for the preceding year. The automatic annual increase is paid beginning January 1 following the member's 67th birthday or the first anniversary of retirement, whichever occurs later.

A survivor pension is payable upon the death of a contributor or retired member of the Fund. The survivor's pension for an eligible survivor of a retired Tier II member is 66 2/3% of the retirement annuity at the date of death. In the case of a Tier II member who was not retired at the time of death the survivor's pension is 66 2/3% of the earned annuity without a reduction for age. An automatic annual increase, equal to the lesser of 3% of the annual pension or one-half the annual increase in the Consumer Price Index for all Urban Consumers of the original survivor's pension amount is paid: 1) on each January 1 occurring on or after the commencement of the survivor's pension, if the deceased member died while receiving a retirement pension, or 2) on each January 1 after the first anniversary of the commencement of the survivor's pension, if the deceased member dies before retirement. A single-sum death benefit is also payable upon the death of a contributor or retired member of the Fund, with certain qualifications.

A disability pension is payable in the event of permanent disability with certain qualifications and service requirements. A nonduty disability pension is payable after 10 or more years of service, and is determined by applying a flat 2.2% to the average of the eight highest consecutive years of salary earned within the last ten years. An automatic annual increase, equal to the lesser of 3% of the annual pension or one-half the increase in the Consumer Price Index for all Urban Consumers of the original pension amount, is paid on disability pensions after the first anniversary of the pension or the pensioner's 67th birthday, whichever is later. A duty disability benefit, equal to 75% of final salary, may be payable when the teacher becomes wholly and presumably incapacitated for duty as a result of an injury sustained while on duty.

(B) HEALTH INSURANCE PLAN

The Fund administers a health insurance program that includes three external health insurance providers. A recipient of a retirement pension, survivor pension, or disability pension may be eligible to participate in a health insurance program and receive a premium rebate sponsored by the Fund, provided the Fund is the member's final pension system prior to retirement. The purpose of the program is to help defray the retired member's premium cost for health insurance. The member is responsible for paying the cost of the insurance and may purchase insurance from the Fund's providers or other outside providers. Each year, the Board of Trustees establishes a rebate percentage that is used to defray a portion of the cost of the insurance. The rebate percentages were 60% for the first half of fiscal year 2015 and 50% for the second half of fiscal year 2015. In accordance with Chapter 40, Act 5, Article 17, Section 17-142.1 of the ILCS, the total health insurance benefits provided in any one year may not exceed $65,000,000 plus any previous years' amounts authorized but not expended. Of the plan net position in the health insurance fund, previous years' amounts authorized but not expended at June 30, 2015 and 2014 are $21,713,159 and $35,977,444, respectively. The Fund has total discretion over the program, and no employee or employer contributions are made for the subsidy.

As of June 30, 2015 and 2014, health insurance membership consisted of the following:

	2015	2014
Retirees and beneficiaries currently receiving health insurance benefits	17,490	18,171
Terminated employees entitled to benefits but not yet receiving them	5,464	4,818
Retirees and beneficiaries entitled to health benefits but not currently receiving them	10,575	9,501
Active Members	29,706	30,653
	63,235	63,143

(2) Summary of Significant Accounting Policies

(A) REPORTING ENTITY

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), a financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

(1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

(2) Fiscal dependency on the primary government.

Based upon the required criteria, the Fund has no component units and is not a component unit of any other entity.

(B) BASIS OF ACCOUNTING

The Fund's financial statements are prepared using the accrual basis of accounting, following standards promulgated by the GASB. Employee and employer contributions are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized as deductions when due and payable, in accordance with the terms of the plan.

(C) CASH AND INVESTMENTS

Cash includes amounts in demand deposits and uninvested funds held by the Fund's investment managers.

Investments are governed by Chapter 40, Act 5, Article 17 of the ILCS. These statutes authorize the Fund to invest in accordance with the prudent person rule, which states that fiduciaries will exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity with such matters would use in the conduct of an enterprise of a like character with like aims.

Investments are reported at fair value. Where appropriate, the fair value includes estimated disposition costs. Fair value for equity securities is determined by using the closing price listed on the national securities exchanges as of June 30. Fair value for fixed income securities are determined principally by using quoted market prices provided by independent pricing services. For commingled funds, the net asset value is determined and certified by the commingled fund manager as of June 30. Alternative investments, which include private equity, real estate, infrastructure and hedge funds, are valued based on amounts established by the fund managers or general partners which are subject to annual audit. The fair value of the derivative instruments that are not exchange traded is determined by external pricing services using various pricing methods which are based upon the type of the derivative instrument.

(D) CAPITAL ASSETS

Capital assets are reported at cost. Depreciation is computed by the straight-line method based upon estimated useful lives of 50 years for building and improvements, 10 years for the benefit payment system, and 3 to 5 years for furniture and equipment.

(E) ADMINISTRATIVE EXPENSES

Administrative expenses are budgeted and approved by the Fund's Board of Trustees. Funding for these expenses is included in the employer contributions as determined by the annual actuarial valuation.

(F) RECLASSIFICATIONS

Certain 2014 amounts have been reclassified to conform with the 2015 presentation.

(G) RISKS AND UNCERTAINTIES

The Fund invests in various investment securities. Investment securities are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

(H) USE OF ESTIMATES

In preparing financial statements in conformity with U.S. generally accepted accounting principles, the Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates and assumptions.

(I) COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

(J) NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

During fiscal year 2015, the Fund adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.* GASB Statement No. 68 improves accounting and financial reporting of pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures for pension plans. GASB Statement No. 71 addresses an issue in GASB Statement No. 68 regarding pension contributions made to the pension plan after the measurement date of the government's beginning net pension liability. The adoption of GASB Statement Nos. 68 and 71 has no effect on the Fund's financial statements since the primary employer, the Chicago Board of Education, recognizes the Fund's proportionate share of the collective net pension liability under a special funding situation.

(3) Receivables

As of June 30, 2015, intergovernmental receivables included required contribution due from the Chicago Board of Education of $12,145,000 and appropriations due from the State of Illinois of $10,363,007. As of June 30, 2014, intergovernmental receivable included due from the State of Illinois of $1,989,382. Employee receivables included retirement contributions deducted from employees' compensations by Employer during the year to be remitted to the Fund, and contributions to be made by employees to upgrade to the 2.2 pension formula. The employer owed $15,662,887 and $22,298,545,on behalf of the employees, at June 30, 2015 and 2014, respectively. Employees owed the Fund $2,644,170 and $3,043,462 for the 2.2 pension formula upgrade at June 30, 2015 and 2014, respectively.

(4) Investment Policies, Asset Allocation and Money-Weighted Rate of Return

INVESTMENT POLICY

The Board is responsible overall for the prudent investment and expenditure of the Fund's assets, specifically with regard to investments. The Board of Trustees has the authority to establish and amend investment policy decisions.

ASSET ALLOCATION

The pension plan's policy with respect to the allocation of invested assets is established and may be amended by the Fund's Board of Trustees. The following table represents the Board's adopted asset allocation policy as of June 30, 2015.

Asset Class	Target Allocation
Fixed Income	21.0%
Equity	60.0
Public REITs	2.0
Real Estate	7.0
Cash Equivalents	2.0
Private Equity	3.0
Infrastructure	3.0
Hedge Funds	2.0
Grand Total	**100.0**

MONEY-WEIGHTED RATE OF RETURN

For the year ended June 30, 2015, the annual money-weighted rate of return on the plan investments, net of investment expense, was 3.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(5) deposits and Investments

CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the Fund's deposits may not be returned. All noninvestment-related bank balances at year-end are insured or collateralized by securities recorded in the Fund's name and held by the Fund's agent, its master custodians (Northern Trust Bank as of December 31, 2014 and BNY Mellon after January 1, 2015). Cash held in the investment-related bank account is neither insured nor collateralized for amounts in excess of $250,000. There is no deposit policy for custodial credit risk.

Cash balances at June 30, 2015		
Carrying amount	$	653,289,409
Bank balance		651,288,044
Amount exposed to custodial credit risk	$	2,001,365

INVESTMENTS

The following table presents a summary of the Fund's investments at fair values at June 30, 2015:

Investments		Fair Value
U.S. government and agency fixed income	$	1,077,869,710
U.S. corporate fixed income		800,744,544
Foreign fixed income securities		25,771,310
Commingled common stock		273,157,871
Commingled emerging markets		150,545,005
Commingled public REITs		111,701,888
Commingled corporate bonds		59,289,870
Commingled hedge fund		36,010,127
Commingled infrastructure		89,476,708
Commingled real estate		581,618,507
U.S. equities		2,915,296,096
Foreign equities		2,722,416,454
Public REITs		33,038,354
Foreign Public REITs		110,099,670
Pooled short-term investment funds		359,908,522
Real estate		266,567,126
Infrastructure		107,591,285
Private equity		314,350,916
Margin cash		65,287
Total investments	**$**	**10,035,519,250**

(A) CUSTODIAL CREDIT RISK - INVESTMENTS

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The Fund does not have a formal investment policy which limits its exposure to custodial credit risk. As of June 30, 2015, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department but not the Fund's name:

Custodial Credit Risk	June 30, 2015
Margin cash	$ 65,287

(B) CREDIT RISK

Credit risk is the risk that the Fund will not recover its investments due to the inability of the counterparty to fulfill its obligation. The Fund does not have a formal investment policy which limits its exposure to credit risk. The following table presents the quality ratings of debt securities held by the Fund as of June 30, 2015:

S&P Credit Ratings	Commercial Mortgage Backed	Commingled Fixed Income	Corporate Bonds	Government Agencies	Government Bonds	Government Mortgage Backed	Municipal Bonds
AAA	$ 19,490,338	–	36,675,270	814,028	293,539	–	3,622,374
AA	11,886,054	–	69,586,177	7,167,026	720,104,914	–	13,366,350
A	5,002,317	–	244,921,154	16,495,587	5,081,964	–	7,523,666
BBB	3,904,512	–	297,632,036	19,765,133	447,901	–	154,539
BB	774,208	–	46,341,499	2,433,003	–	–	–
B	717,240	–	10,183,640	–	–	–	–
CCC	5,751,530	–	4,133,725	–	–	–	–
CC	1,081,079	–	76,443	–	–	–	–
D	490,131	–	145,150	–	–	–	–
Not Rated	31,291,026	59,289,870	10,831,970	11,798,797	9,398,989	21,590,201	1,017,467
US Gov+t Agency	–	–	–	2,304,942	–	260,089,645	–
	$ 80,388,435	**59,289,870**	**720,527,064**	**60,778,516**	**735,327,307**	**281,679,846**	**25,684,396**

(C) CONCENTRATION OF CREDIT RISK

There are no investments in any issuer that represent 5% or more of fiduciary net position as of June 30, 2015.

(D) INTEREST RATE RISK

Interest rate risk is the risk that the fair value of the Fund's investments will decrease as a result of an increase in interest rates. The Fund uses Effective Duration methodology which considers the impact of future interest rate change on expected cash flow. The following table presents the weighted average maturity of debt securities held by the Fund as of June 30, 2015:

Investment Type	Fair Value	Effective Duration (Years)
Commercial Mortgage Backed	$ 80,388,435	0.19
Commingled Fixed Income Funds	59,289,870	0.11
Corporate Bonds	720,527,064	2.46
Government Agencies	60,778,516	0.25
Government Bonds	735,327,307	2.29
Government Mortgage Backed	281,679,846	0.45
Municipal Bonds	25,684,396	0.11

Investment Type	Fair Value	Effective Duration (years)
Total	$ 1,963,675,434	

The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

(E) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund does not have a formal investment policy which limits its exposure to foreign currency risk. The following table presents the foreign currency risk by type of investment as of June 30, 2015:

Currency	Base Market Value	Percentage
Foreign equities:		
Australian dollar	$ 54,577,894	2.00%
Brazil real	28,094,319	1.03
British pound sterling	544,821,258	20.01
Canadian dollar	67,671,693	2.49
Chilean peso	127,328	0.00
Colombian peso	29,980	0.00
Croatian kuna	51,456	0.00
Czech koruna	9,592,592	0.35
Danish krone	29,085,750	1.07
Euro	552,503,735	20.29
Hong Kong dollar	109,623,728	4.03
Hungarian forint	78,491	0.00
Indian rupee	36,120,292	1.33
Indonesian rupiah	10,507,907	0.39
Israeli shekel	6,616,647	0.24
Japanese yen	431,807,457	15.86
Malaysian ringgit	3,605,366	0.13
Mexican peso	12,024,778	0.44
Moroccan dirham	43,753	0.00
New Taiwan dollar	46,937,747	1.72
New Turkish lira	18,151,638	0.67
New Zealand dollar	2,868,772	0.11
Norwegian krone	35,668,151	1.31
Pakistan rupee	97,409	0.00
Philippines peso	609,444	0.02
Polish zloty	566,161	0.02
Qatari riyal	169,063	0.01
Singapore dollar	17,325,864	0.64

Currency	Base Market Value		Percentage
South African rand	$	19,093,846	0.70%
South Korean won		43,411,947	1.59
Swedish krona		56,323,464	2.07
Swiss franc		181,670,059	6.67
Thailand baht		9,780,251	0.36
U.S. dollar		392,758,214	14.43
Total	**$**	**2,722,416,454**	**100.00**
Foreign Fixed Income			
Australian dollar	$	119,273	0.46
Brazil real		2,759,869	10.71
British pound sterling		1,348,503	5.23
Canadian dollar		256,812	1.00
Danish krone		36,727	0.14
Euro		9,516,726	36.93
Japanese yen		320,285	1.24
Mexican peso		8,749,911	33.95
New Zealand dollar		377,209	1.46
Polish zloty		2,285,995	8.87
Total	**$**	**25,771,310**	**100.00**
Foreign Public REITs			
Canadian dollar		120,428	0.36
Euro		7,962,173	24.10
Hong Kong dollar		4,727,954	14.31
Japanese yen		6,139,085	18.58
Mexican peso		902,869	2.73
British pound sterling		11,106,169	33.62
Singapore dollar		697,817	2.11
South African rand		1,209,663	3.66
U.S. dollar		172,200	0.52
Total	**$**	**33,038,358**	**100.00**
Foreign Infrastructure			
British pound sterling		63,245,924	100.0
Total	**$**	**63,245,924**	**100.00**
Foreign Real Estate			
Euro		15,646,146	0.37
Japanese yen		16,583,755	0.39
U.S. dollar		10,408,423	0.24
Total	**$**	**42,638,324**	**100.00**

(6) Derivatives

The Fund accounts for its derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. A derivative instrument is an instrument or contract whose value is derived from that of other financial instruments such as stocks, bonds, and commodities, interest rates or a market index. The Fund's derivatives are considered investment derivative instruments. The following table summarizes the derivatives held within the Fund's investment portfolio as of June 30, 2015:

Derivative Type			Notional Amounts	Fair Value
A.	**Foreign currency contracts purchased**		$ –	102,436,102
	Foreign currency contracts sold		–	(103,550,324)
B.	**Futures:**			
		Long equity	11,862,535	(156,269)
		Long fixed income	54,965,082	(728,635)
		Short fixed income	(292,534,518)	201,081
C.	**Options:**			
		Purchased	–	12,406
		Written		(192,072)
D.	**Rights/Warrants**		–	439,332
E.	**Swaps:**			
		Credit Default Swaps	–	64,569
		Interest Rate Swaps	–	241,445
		Total	**$ (225,706,901)**	**(1,232,365)**

(A) FORWARD CURRENCY FORWARD CONTRACTS

Forward currency contracts are two-sided contracts in the form of either forward purchases or forward sales. The Fund's use of these securities is limited to small positions in the Fund's portfolio to hedge fluctuations in foreign currency. The fair value of forward currency contracts outstanding at June 30, 2015, is as follows:

Currency	Fair Value
Foreign currency exchange sales	
Australian dollar	$ (53,715)
Brazilian real	(2,711,741)
British pound sterling	(4,159,907)
Canadian dollar	(184,156)
Danish krone	(33,809)
Euro	(18,482,308)
Hong Kong dollar	(1,467,320)
Indonesian rupiah	(2,096)
Japanese yen	(50,839,514)
Mexican peso	(234,677)
Thai baht	(2,139,072)
New Zealand dollar	(391,261)

Currency		Fair Value
Philippines peso	$	(507,730)
Polish zloty		(190,987)
South African rand		(289,659)
Swedish krona		(328,072)
U.S. Dollar		(21,534,300)
Total	**$**	**(103,550,324)**
Foreign currency exchange purchases		
Australian dollar	$	218,990
Brazilian real		2,711,587
British pound sterling		5,334,346
Canadian dollar		337,512
Danish krone		21,674
Euro		4,770,493
Hong Kong dollar		119,840
Israeli shekel		77,652
Indian rupee		3,670,508
Japanese yen		4,368,828
Mexican peso		157,795
Polish zloty		63,767
Swedish krona		258,410
U.S. Dollar		80,324,700
Total	**$**	**102,436,102**

(B) OPTIONS

Options represent a financial derivative that represents a contract sold by one party to another party. The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial assets at an agreed-upon price during a certain period of time or a specific date. The Fund's use of options investment vehicle is limited to small positions in the Fund's portfolio due to the sophistication and risky nature of options.

(C) FUTURES CONTRACTS

Financial futures are agreements to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed-upon price. The Fund's managers use financial futures to improve yield, to adjust the duration of the fixed income portfolio, and to replicate an index.

(D) STOCK RIGHTS AND WARRANTS

A stock right is the right to the holder as a current shareholder in a company to buy additional shares at a discount over the current market price. Warrants are instruments which when purchased are priced above the current market, and allow the holder to purchase shares in a company at a specified future point in time. As a holder of warrants, the Fund bears the risk that the share price will drop below the cost of the warrant.

(E) SWAPS

Swaps are agreements to exchange currency or assets. The Fund invests in swaps to manage exposure to credit, currency, inflation, and interest rate risks. Credit default swap and synthetic default swap agreements involve one party making a stream of payments (the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation or index.

(F) CHANGES IN FAIR VALUE

The following table summarizes the changes in fair value, which were recognized as investment income in the Fund's statement of changes in fiduciary net position for the year ended June 30, 2015:

Derivative Type	Changes in Fair Value
Foreign currency contracts	$ (1,114,222)
Options	(143,356)
Rights and warrants	208,136
Swaps	171,3654
Total	$ (878,078)

(G) CREDIT RISK

Credit risk is the risk that the Fund will not recover its investments due to the inability of the counterparty to fulfill its obligation. It is the Fund's policy to enter into netting arrangements whenever it has more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

(H) INTEREST RATE RISK

The Fund manages its exposure to fair value losses from interest rate risk for the derivatives portfolio using the effective duration contribution method on the portfolio as a whole. Duration is a weighted average of the maturity of all the income streams from the portfolio of the fixed income instruments. Following is the effective duration of the Fund's fixed income derivatives at June 30, 2015:

Derivative Type	Fair Value	Effective Duration (years)
Futures fixed income (long and short, net)	$ (527,554)	0.63
Options	(167,259)	(0.19)
Total	**$ (694,813)**	

(7) Unfunded Commitments

Alternative investment portfolio includes private equity, real estate, infrastructure and hedge funds. At June 30, 2015, the Fund had future commitments for additional contributions to infrastructure, private equity, and real estate managers in the amount of $8 million, $222 million, and $61 million, respectively.

(8) Securities Lending

The Fund's policies permit the Fund to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Deutsche Bank AG, New York Branch, the Fund's third party agent lender as of June 30, 2015, loaned securities in exchange for cash collateral at 102% for U.S. securities and 105% for Non-U.S. securities. At year-end, the Fund had no credit risk exposure as a result of its securities lending program as the collateral received exceeded the fair value of the securities loaned. The contract with the Fund's third party agent lender requires it to indemnify the Fund if the borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the Fund for income distributions by the securities' issuers while the securities are out on loan.

All securities loans can be terminated on demand by either the Fund or the borrower, although the average term of the loans is 1.27 days. Cash collateral is invested in indemnified repurchase agreements, which as of June 30, 2015, had a weighted average final maturity of 17.65 days and a weighted average reset of 13.53 days. The Fund cannot pledge or sell collateral securities without borrower default.

Loans Outstanding	2015	2014
Fair value of securities loaned for cash collateral	$ 474,318,109	$ 493,273,887
Fair value of securities loaned for noncash collateral	–	77,498,573
Total fair value of securities loaned	**474,318,109**	**570,772,460**
Fair value of cash collateral from borrowers	485,612,851	505,301,189
Fair value of noncash collateral from borrowers	–	82,161,233
Total fair value of collateral from borrowers	**$ 485,612,851**	**$ 587,462,422**

(9) Contributions and Reserves

The funding policy of the Fund provides for employer contributions, which, when added to contributions received from employee members and earnings on investments, will be sufficient to meet the actuarially determined obligations of the Fund. On an annual basis, an actuarial valuation is performed in order to determine the amount of required contributions on behalf of the Fund. The ILCS (Public Act 89-15) provides for an actuarially determined funding plan intended to maintain the assets of the Fund at a level equal to 90% of the liabilities of the Fund. The Chicago Board of Education (employer) is required by law to make contributions to the Fund only to the extent that the Fund's actuarially determined funding level drops below 90% by the end of the fiscal year. The employer is then required to make contributions to the Fund in order to ensure the actuarial value of assets is 90% of the actuarial value of liabilities by 2059. In years where the funding rate exceeds 90%, no employer contribution is required. In fiscal years 2015 and 2014, the employer and state were required to make contributions of $708.7 million and $624.6 million, respectively. Accordingly, the employer and state paid $696.5 million and $612.7 million in fiscal years 2015 and 2014, respectively. The remaining $24 million is owed from the employer.

During the year ended June 30, 2015, the Fund did not receive state funding for the health insurance plan. As a result, the Fund allocated $65 million of the employer contribution to the Health Insurance Fund to pay health benefits to Fund retirees.

(A) MEMBER CONTRIBUTIONS

Member contributions, established by the ILCS, are 9% of the full salary rate, of which 1% applies to survivor's and children's pension benefits. Fund employees also participate as members in the Fund and are included in the total current members. Contributions made by the Fund for Fund employees totaled $356,508 and $337,880 for the years ended June 30, 2015 and 2014, respectively, which is 100% of the employee contributions required to be made by the Fund.

(B) OTHER CONTRIBUTIONS

As noted above, the State of Illinois makes an annual contribution to the Fund to supplement any employer contribution. This contribution is considered an intergovernmental contribution. Federal funds, which are included in the employer minimum funding requirement, are actuarially based amounts contributed to the Fund for the accruing pension cost of teachers whose salaries are paid from special trusts or federal funds. Federal insurance reimbursement represents funds from Federal programs providing reimbursement to health plan sponsors for a portion of the costs of providing health coverage to early retirees.

(10) Net Pension Liability of Participating Employer

The components of the net pension liability at June 30, 2015, were as follows:

Total pension liability	$ 20,713,217,296
Plan fiduciary net position	10,689,954,320
Employer's net pension liability	$ 10,023,262,976
Plan fiduciary net position as a percentage of the total pension liability	51.61%

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan
Actuarial Cost Method	Entry Age Method
Cost of living adjustments	3% compound for Tier 1 members; the lesser of 3% or ½ of CPI, simple, for Tier 2 Participants
Inflation	2.75%
Investment rate of return	7.75%, net of investment expense
Salary Increases	4.25% to 15.75%, varying by age

For healthy participants, mortality rates were based on the RP-2000 Healthy Mortality Table for Males or Females, as appropriate, set back 2 years and adjusted for mortality improvements generationally from 2004 based on Scale AA. For disabled participants, mortality rates were based on RP-2000 Disabled Mortality Table, set back 3 years.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an experience study for the period of July 1, 2007, through June 30, 2012.

The long-term expected rate of return on pension plan investments was determined under a building-block method by using the current risk free rate and historical risk premium for each major asset class to develop the best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major asset class. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

	Long-Term Expected Real Rate of Return
Equities	5.6%
Fixed Income	0.8%
Real Estate	3.9%
Private Equity	6.3%
Hedge Funds	3.0%
Commodities	0.5%
Cash Equivalents	0.0%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made as specified by Public Act 96-0889. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return (7.75%) on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability as of June 30, 2015, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

Net pension liability	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% increase (8.75%)
June 30, 2015	$ 12,677,155,748	10,023,262,976	7,826,251,619

(11) Funded Status and Funding Progress – Health Insurance Plan

As of June 30, 2015, the funded status, annual covered payroll, and unfunded actuarial accrued liability for the Health Insurance Plan were as follows:

		Health Insurance Plan
Actuarial accrued liability	$	1,910,991,991
Less actuarial value of assets		21,713,159
Unfunded actuarial accrued liability	$	1,889,278,832
Funded ratio		1.14%
Annual covered payroll	$	2,155,604,327
Unfunded actuarial accrued liability as a percentage of annual covered payroll		87.64%

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Because actuarial calculations reflect a long term perspective, actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates made about the future. Examples include assumptions about mortality, investment returns, and healthcare cost trends. The schedules of funding progress-Health Insurance Plan, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of the Health Insurance Plan's net position is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

The following represents the actuarial methods and assumptions for the Health Insurance Plan as of June 30, 2015:

	Health Insurance Plan
Valuation date	June 30, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of salary
Amortization approach	Closed
Amortization period	30 years (28 years remaining)
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	4.5%
Inflation rate	2.8%
Medical trend rate:	
2016	7.5% per year
2017	7.0% per year
2018	6.5% per year
2019	6.0% per year
2020	5.5% per year
2021 and later	5.0% per year

(12) Insurance Coverage

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fund has minimized the risk of loss through private insurance carriers with deductibles for coverage ranging up to $1,000 per occurrence. The amount of settlements has not exceeded insurance coverage in any of the previous three fiscal years.

(13) Litigation

There are several pending lawsuits in which the Fund is involved. Management believes that the potential claims against the Fund would not materially affect the financial position of the Fund.

(14) Operating Leases

The Fund's office lease provides that the lessee pay its proportionate share of the operating costs plus a base rental amount. Included in this lease are provisions for 32 monthly periods of "free rent." In conformity with accounting requirements, the Fund will recognize office rent expense on a straight-line basis over the 16-year lease term. As an inducement, the lessor agreed to provide the Fund an allowance of $1,971,610 to be used for leasehold improvements, fixed asset purchases, or monthly rental payments. If the allowance is used for leasehold improvements or fixed asset purchases, the Fund must submit the paid invoices to the lessor for reimbursement. If the Fund chooses to use the allowance for a monthly rental payment, the Fund must inform the lessor of this intent.

The minimum future rental lease payments through April 30, 2021, are as follows:

Year Ended June 30:	Amount
2016	$ 550,623
2017	563,281
2018	575,939
2019	588,597
2020	601,255
2021	510,539
Total minimum future rental payments	**$ 3,390.234**

Rent expense was $537,965 and $525,307 in fiscal years 2015 and 2014, respectively.

(15) Subsequent Event

Management evaluated subsequent events through January 29, 2016, the date the basic financial statements were available for issuance. There were no subsequent material events or transactions that have an impact on the June 30, 2015, financial statements.

Required Supplementary Information

Schedule of Changes in Employer's Net Pension Liability (Unaudited)

Pension Plan

SCHEDULE 1

	2015	2014
Total pension liability		
Service cost	$ 318,734,274	$ 332,188,481
Interest	1,547,663,416	1,509,307,860
Differences between expected and actual experience	(138,512,940)	(14,177,102)
Benefit payments, including refunds of employee contributions	(1,331,567,406)	(1,306,341,856)
Net change in total pension liability	**396,317,344**	**520,977,383**
Total pension liability – beginning	**20,316,899,952**	**19,795,922,569**
Total pension liability – ending (a)	**$ 20,713,217,296**	**$ 20,316,899,952**
Plan fiduciary net position		
Contributions – employer	$ 643,667,000	$ 585,416,141
Contributions – employee	191,233,298	187,846,065
Net investment income	381,688,430	1,685,079,840
Benefit payments, including refunds of employee contributions	(1,331,567,406)	(1,306,341,856)
Administrative expense	(11,705,562)	(10,494,139)
Other	943,946	–
Net change in plan fiduciary net position	**(125,740,294)**	**1,141,506,051**
Plan fiduciary net position – beginning	**10,815,694,614**	**9,674,188,563**
Plan fiduciary net position – ending (b)	**$ 10,689,954,320**	**$ 10,815,694,614**
Employer's net pension liability – ending (a) – (b)	**$ 10,023,262,976**	**$ 9,501,205,338**

The information above is required beginning fiscal year 2014. Information for the next 8 years will be presented in future fiscal years.

Required Supplementary Information

Schedule of the Employer's Net Pension Liability (Unaudited)

Pension Plan

SCHEDULE 2

	2015	2014
Total pension liability	$ 20,713,217,296	$ 20,316,899,952
Plan fiduciary net position	10,689,954,320	10,815,694,614
Employer's net pension liability	**$ 10,023,262,976**	**$ 9,501,205,338**
Plan fiduciary net position as a percentage of the total pension liability	51.61%	53.23%
Covered-employee payroll	$ 2,273,551,432	$ 2,233,280,995
Employer's net pension liability as a percentage of covered-employee payroll	440.86%	425.44%

The information above is required beginning fiscal year 2014. Information for the next 8 years will be presented in future fiscal years.

Required Supplementary Information

Schedule of the Employer's Contribution (Unaudited)

Pension Plan

SCHEDULE 3

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Actual Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2006	$ 328,365,821	$ 52,789,706	$ 275,576,115	$ 1,944,358,215	2.72%
2007	311,139,800	103,761,750	207,378,050	1,863,182,086	5.57%
2008	290,072,885	164,270,412	125,802,473	1,914,558,916	8.58%
2009	292,145,359	198,069,327	94,076,032	1,996,194,224	9.92%
2010	355,846,125	290,759,950	65,086,175	2,107,934,080	13.79%
2011	430,091,545	143,589,994	286,501,551	2,090,131,858	6.87%
2012	510,101,466	138,729,011	371,372,455	2,224,903,121	6.24%
2013	585,444,539	142,654,000	442,790,539	2,239,347,051	6.37%
2014	719,781,746	585,416,141	134,365,605	2,233,280,995	26.21%
2015	728,488,520	643,667,000	84,821,520	2,273,551,432	28.31%

Schedule of Money-Weighted Rate of Return (Unaudited)

Pension Plan

SCHEDULE 4

Year Ended June 30	Annual Money-Weighted Rate of Return, net of investment expense
2012	0.11%
2013	13.13%
2014	18.01%
2015	3.20%

Required Supplementary Information

Schedule of Funding Progress (Unaudited)

Health Insurance Plan – last ten fiscal years

SCHEDULE 5

Fiscal Year Ending June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	[Assets as a percentage of actuarial liability] Funded Ratio (c) = (a)/(b)	Unfunded AAL (UAAL) (d) = (b)-(a)	Active Member Payroll (e)	UAAL as a percentage of Active Member Payroll (f) = (d)/ (e)
2006	$ 41,057,585	$ 2,373,773,770	1.73%	$ 2,332,716,185	$ 1,944,358,215	119.97%
2007	47,401,758	2,022,007,643	2.34%	1,974,605,885	1,863,182,086	105.98%
2008	44,989,385	2,407,122,492	1.87%	2,362,133,107	1,914,558,916	123.38%
2009	49,691,750	2,670,282,662	1.86%	2,620,590,912	1,996,194,224	131.28%
2010	34,857,732	2,864,877,305	1.22%	2,830,019,573	2,107,934,080	134.26%
2011	31,324,572	3,071,516,739	1.02%	3,040,192,167	2,090,131,858	145.45%
2012	34,124,958	3,110,316,263	1.10%	3,076,191,305	2,224,903,121	138.26%
2013	35,796,904	2,386,105,927	1.50%	2,350,309,023	2,239,347,051	104.96%
2014	35,977,444	1,938,855,895	1.86%	1,902,878,451	2,233,280,995	85.21%
2015	21,713,159	1,910,991,991	1.14%	1,889,278,832	2,155,604,327	87.64%

Schedule of Employer Contributions (Unaudited)

Health Insurance Plan – last ten fiscal years

SCHEDULE 6

Fiscal Year Ending June 30	Annual Required Contribution	Actual Contributions	Percentage Contributed
2006	$ 213,315,753	$ 65,000,000	30.47%
2007	209,446,107	65,000,000	31.03%
2008	150,033,070	65,000,000	43.32%
2009	171,880,428	65,000,000	37.82%
2010	186,231,574	65,000,000	34.90%
2011	215,797,617	65,000,000	30.12%
2012	218,842,221	65,000,000	29.70%
2013	216,163,148	65,000,000	30.07%
2014	165,115,403	65,000,000	39.37%
2015	135,728,777	65,000,000	47.89%

Notes to Required Supplementary Information

Actuarial Methods and Assumptions

Pension and Health Insurance Plans

The following represents the actuarial methods and assumptions for the Pension and Health Insurance Plans as of June 30, 2015:

	Pension Plan	**Health Insurance Plan**
Valuation date	June 30, 2015	June 30, 2015
Actuarial cost method	Entry Age (GASB purposes) Projected Unit Credit (Funding Purposes)	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll
Amortization approach	Closed	Closed
Amortization period	30 years (28 years remaining)	30 years (28 years remaining)
Asset valuation method	4-year smoothed market	Market
Actuarial assumptions:		
Investment rate of return	7.75%, net of investment expense	4.5%
Projected salary increases	Rate of increase is age based ranging from 15.75% to 4.25%	N/A
Inflation rate	2.75%	2.75%
	Post-retirement benefit increase:	**Healthcare cost trend rate:**
2016		8.0% per year
2017		7.5% per year
2018	3% compound (Tier I) participants; lesser of 3% or ½ of CPI simple (Tier II)	7.0% per year
2019		6.5% per year
2020		6.0% per year
2021		5.5% per year
2022 and later		5.0% per year

Schedule of Administrative and Miscellaneous Expenses

for the years ended June 30, 2015 and 2014

SCHEDULE 7

	2015	2014
Salaries	$ 6,027,989	$ 5,001,454
Accrued leave	173,450	247,861
Actuary fees	86,400	114,000
Auditing	146,632	179,200
Banking fees	78,246	54,734
Data processing	43,113	47,675
Depreciation	562,341	571,202
Election expense	43,910	74,132
Employees' health insurance	995,809	915,845
Field services/pension rep	31,554	53,281
Health insurance consulting	106,301	15,171
Insurance premium	44,066	47,384
Legal fees	453,000	346,502
Legislative expense	129,471	144,546
Maintenance of equipment, systems, software, and support	185,433	161,035
Medical fees	44,483	46,480
Miscellaneous	179,212	98,745
Office forms and supplies	57,567	64,378
Office rent and utilities	989,862	986,576
Postage	193,709	197,799
Professional services - Non IT	73,287	31,112
Publications/communication	410,257	387,858
System consulting	477,619	573,953
Trustee conferences, seminars, and meetings	95,111	95,999
Tuition and training/educational conference	76,740	37,217
Total	**$ 11,705,562**	**$ 10,494,139**

See accompanying independent auditors' report

Schedule of Cash Receipts and Disbursements

for the years ended June 30, 2015 and 2014

SCHEDULE 8

	2015	2014
Cash and cash equivalents at beginning of period	$ 941,668,969	$ 537,231,668
Add receipts:		
Member contributions	194,340,025	189,994,049
Public revenues	687,204,429	658,248,619
Interest and dividends	230,237,359	243,597,875
Net investment sales	426,313,008	748,465,323
Total cash receipts	**1,538,094,821**	**1,840,305,866**
Less disbursements:		
Pension benefits	1,308,180,521	1,273,535,266
Refunds	27,339,730	30,710,239
2.2 legislative refunds	615,393	1,589,172
Refund of insurance premiums	79,451,153	73,828,453
Investment and administrative expenses	50,979,062	56,205,436
Total cash disbursements	**1,466,565,859**	**1,435,868,566**
Net increase (decrease) in cash and cash equivalents	71,528,962	404,437,300
Cash and cash equivalents at end of period	**$ 1,013,197,931**	**$ 941,668,968**

See accompanying independent auditors' report.

Schedule of Manager Fees

for the years ended June 30, 2015 and 2014

SCHEDULE 9

	2015	2014
Manager Fees	$ 36,052,416	$ 37,670,848
Consultant Fees	1,227,118	1,169,080
Banking and Foreign Exchange Fees	730,094	2,238,171
Total	**$ 38,009,628**	**$ 41,078,099**

See accompanying independent auditors' report.

Schedule of Consultant Payments

for the years ended June 30, 2015 and 2014

SCHEDULE 10

	2015	2014
Anselmo and Associates	$ –	$ 44,204
Aspen Marketing	–	350
Baker & McKenzie, LLP	11,702	31,644
BogFire Inc.	21,196	28,461
Bradley Consulting Group, Inc.	477,619	558,016
Chicago Press Corporation	–	17,738
Comgraphic Inc.	163,318	179,790
Data Consultants	45,361	75,837
Election Service Corporation	14,950	54,820
Fleishman-Hillard Inc.	71,436	–
Governmental Consulting	60,000	45,000
Imaging Office Systems	32,101	49,844
Jacobs, Burns, Orlove, Stanton & Hernandez	303,103	252,679
Kay Scholer LLP	74,390	38,196
Michelle Holleman	125,909	120,120
Mitchell & Titus LLP	143,500	135,000
North Shore Printers	61,223	54,755
Rider Dickerson	125,351	104,253
Sikich, LLP	72,705	153,697
The Segal Company	104,553	114,000
Vision Mai, LLC	75,833	63,654
Total	**$ 1,984,250**	**$ 2,122,058**

See accompanying independent auditors' report

Title: Technology Dependency

Artist: Meitan Aaron, grade 10

Medium: Acrylic paint and collage on plaster

Instructor: Miriam Socoloff, After School Matters

Artist statement: "My piece represents the technological dependency that I foresee for not only the future of our educational system but for our society in its entirety. Is technological dependency necessarily a bad thing? What does this mean for disadvantaged children and schools that cannot afford expensive technology? What resources will be available to bridge the socioeconomic gap that could be widened by technological dependency between students in the future to secure an equally fruitful education?"

Investments

This section includes a synopsis of the Fund's investment authority, summary tables of investment data, and a digest of the current year's investment activity and performance.

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60675

Northern Trust

To the Board of Trustees and the Executive Director:

The Northern Trust Company as custodian ("Master Custodian") of assets of the Public School Teachers' Pension and Retirement Fund of Chicago ("Fund") held by it in a custodial account (the "Account") has provided annual Statements of Account for the Account to the Fund which, to the best of its knowledge, provide a complete and accurate reflection of The Northern Trust Company's record of the investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Account for the period July 1, 2014 through December 31, 2014.

In addition to the custody of assets in the Account, pursuant to and in accordance with the terms of the Master Custody Agreement among the Board of Trustees of the Fund, The City Treasurer of the City of Chicago, and The Northern Trust Company dated October 25th, 1989 as amended (the "Custody Agreement"), The Northern Trust Company provided the following services as Master Custodian:

1. Receive and hold all amounts paid to the Account by the Board of Trustees.
2. Accept and deliver securities in connection with investment transactions in the Account in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
5. Lend Securities in the Account pursuant to a Securities Lending Agreement entered into by and between the Board of Trustees, the City Treasurer of the City of Chicago, and The Northern Trust Company.
6. Invest cash balances held from time to time in the individual investment management accounts of the Account in short term-cash equivalent securities.
7. Facilitate the exercising of rights of ownership, including but not limited to, proxy voting, stock subscriptions and conversion rights as directed by the Fund or its appointed investment managers.
8. Hold securities in the Account in the name of the Fund or nominee form or other means as provided in the Custody Agreement.
9. Use the Federal Book Entry Account System for deposit of Treasury securities and clearing corporations as defined in Article 8 of the Illinois Uniform Commercial Code for the deposit of securities.
10. Employ agents to the extent provided in the Custody Agreement.
11. Provide disbursement services.
12. Provide performance returns and compliance monitoring pursuant to documents separate from the Custody Agreement.
13. Provide security fail float income to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.

THE NORTHERN TRUST COMPANY

By: Kathryn M Stevenson.

Kathryn M. Stevenson, Senior Vice President

BNY MELLON

Asset Servicing

Michael J. Beggy
Vice President

January 6, 2016

To the Board of Trustees and the Executive Director,

BNY Mellon as custodian of the assets of The Public School Teachers' Pension and Retirement Fund of Chicago (the "client") has agreed to perform certain obligations under the Master Custody Agreement dated November 25, 2014. In order to perform its obligations, BNY Mellon has established an "Account" which holds client property in safekeeping of the Custodian (or other custodian banks or clearing operations). BNY Mellon has provided recordkeeping of certain property of the client and completed the annual accounting certification for the year January 1, 2015 through December 31, 2015.

In addition, in accordance with the terms of the Master Custody Agreement, BNY Mellon also provides the following services as Custodian (the terms of Master Custody Agreement dictate which services require a specific direction from Authorized Person of the client prior to the provision of such service):

- Hold any Securities in registered form in the name of the Custodian or one of its nominees.
- Settle purchases and sales of Securities and process other transactions, including free receipts and deliveries.
- Take actions necessary to settle transactions in connection with futures or options contracts, short selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments.
- Deliver Securities in the Account if an Authorized Person advises the Custodian that the Board has entered into a separate securities lending agreement, provided that the Board executes the agreements as Custodian may require.
- Invest available cash in any collective investment fund selected by the Board or deposit available cash in interest bearing accounts in the banking department of the Custodian or an affiliated banking organization.
- Utilize Subcustodians and Depositories in connection with its performance of the Agreement.
- Receive and collect income and other payments due to the Account.
- Make distributions or transfers out of an Account pursuant to Authorized Instructions.
- Carry out any exchanges of Securities or other corporate actions not requiring discretionary decisions.
- Credit the Account with the proceeds from the sale, redemption or other disposition of Securities or interest, dividends or other distributions payable on Securities.
- Facilitate access by the Board or its designee to ballots or online systems to assist in the voting of proxies received for eligible positions of Securities held in the Account.
- Report the value of the Account as agreed upon by the client and custodian.

Sincerely,

Michael J. Beggy
Service Director

Asset Servicing
Room 410 ~ One Mellon Center ~ Pittsburgh, PA 15258-0001

The Bank of New York Mellon

Callan

Callan Associates Inc.
120 North LaSalle Street
Suite 2100
Chicago, IL 60602

Main 312.346.3536
Fax 312.346.1356

www.callan.com

October 14, 2015

Board of Trustees
Public School Teachers' Pension and Retirement Fund of Chicago
203 North LaSalle, Suite 2600
Chicago, IL 60601-1210

Dear Trustees:

Callan Associates, Inc. is pleased to present the Public School Teachers' Pension and Retirement Fund of Chicago's ("Fund") results for fiscal year ended June 30, 2015. We observed a significant divergence in economic performance around the world during fiscal year 2015, and subsequently divergent returns across the capital markets existed. This economic divergence, coupled with geopolitical issues in the Middle East, Ukraine, Greece, Argentina, Puerto Rico, and other areas of the world all contributed to higher levels of volatility in the capital markets and a modest deceleration of global economic growth. Over the trailing twelve months the European economy has continued to struggle, and Asia has seen a modest decline in economic performance mainly due to deteriorating conditions in China. All of these factors contributed to volatility in the capital markets, resulting in lower market returns compared to the previous fiscal year.

As of June 30, 2015, the Fund's market value totaled $10.0 billion, a decrease of approximately $0.8 billion since June 30, 2014. During the past twelve month period:

- Domestic equity markets continued to advance. The S&P 500 Index, an index of domestic large capitalization stocks, increased 7.42% while the Russell 2000, and Index of smaller domestic stocks, advanced by 6.49%.
- Developed international equity markets registered a loss of 4.22%, as measured by the MSCI EAFE (Europe, Australasia, Far East) Index. Similarly, emerging markets posted a loss of 4.77%, as measured by the MSCI Emerging Markets Index.
- The fixed income market returned 1.86%, as measured by the Barclays Aggregate Bond Index.

Within this environment the Fund returned 3.27% net-of-fees (3.54% gross-of-fees) during the one-year period ended June 30, 2015, outperforming its benchmark by 0.61%. Over the trailing three-year period the Fund outperformed its benchmark by a similar margin, 0.61% net-of-fees, with an annualized return of 11.25%, and by 0.37% over the trailing five-year period, with an annualized net-of-fee return of 11.45%. Since inception, the Fund has returned 8.48% net-of-fees, outperforming its benchmark by 0.28% annually.

The Fund's domestic equity managers gained 7.26% on a net-of fee basis during the fiscal year, slightly underperforming the benchmark return of 7.29%. The Fund's international equity managers registered a negative return of 2.18% net-of-fees over the same period, but outperformed the passive benchmark by 2.7%. Except for the international small cap product managed by William Blair, all of the international equity managers outperformed their respective benchmarks over the period. Both Lazard Asset Management and the emerging markets product managed by EARNEST Partners posted particularly strong results, contributing to the Fund's success over the period.

The fixed income composite returned 1.43% net-of-fees compared to the benchmark return of 1.86% over the trailing 12 months. Overall, an underweight position to Treasury bonds detracted from results, as U.S. Treasuries outperformed like-duration spread sectors in three of the last four quarters in fiscal-year 2015. In addition, Garcia Hamilton and WAMCO's longer duration position relative to the benchmark detracted from results during the last quarter of the fiscal-year, as yields rose during the period.

Manager changes over the past year are summarized below:

New Manager	Asset Class	Inception Date*
Pantheon Global Fund	Private Equity	February-15
IC Berkeley Partners III	Real Estate	January-15

Terminated Manager	Asset Class	Termination Date*
Rhumbline Russell 1000 Gr Index	Domestic Equity	June-15
Lombardia Capital Partners	Domestic Equity	May-15
DuPont Capital Management	Emerging Markets Equity	May-15

** Inception dates for new managers denote the first full month of returns for the respective accounts. Termination dates indicate when the assets were completely removed from the account.*

The Public School Teachers' Pension & Retirement Fund of Chicago maintains an appropriately diversified strategy, designed to maximize return with an acceptable risk level. Callan supports the Fund's ongoing efforts to enhance investment and its continued due diligence activities. Callan is working on the continued enhancement of the Fund's investment strategy.

All performance returns for the Public School Teachers' Pension & Retirement Fund of Chicago presented in this report have been calculated by Callan Associates, Inc. using a time weighted rate of return calculation for accounts with daily pricing and using a modified BAI calculation for accounts without daily pricing.

Sincerely,

Gwelda Swiley-Burke

Matt Shirilla

Angel Haddad

TOWNSEND GROUP

skylight office tower
1660 west second street, suite 450
cleveland, ohio 44113

October 15, 2015

Board of Trustees
Chicago Teachers' Pension Fund
203 North LaSalle, Suite 2600
Chicago, IL 60601-1210

Re: Chicago Teachers' Pension Fund: Real Assets Investment Program

Dear Trustees,

We are pleased to present this overview of the real assets investment program of Chicago Teachers' Pension Fund ("CTPF"). Real assets are primarily private market investments, each of which is backed by a hard asset, such as a commercial property or a public or private infrastructure facility. CTPF invests in such assets in order to diversify its stock and bond portfolio and to serve as a potential hedge against inflation. In total, CTPF had $1.29 billion invested in real assets, which made up 12.9% of CTPF's total pension fund at June 30, 2015.

CTPF's real assets are diversified across a wide variety of investments, including private real estate ($841 million), public real estate securities or REITs ($216 million) and infrastructure ($232 million). Through partnerships, trusts and other corporate structures, CTPF has exposure to more than 1,000 individual investments including office buildings, apartment complexes, retail centers, public utilities, sustainable and traditional power facilities, industrial and other niche property types. The portfolio is diversified across locations in the U.S., including major gateway cities such as New York, Washington DC, Chicago and San Francisco. It also has exposure to international markets with 25% of real asset investments located overseas.

Real assets have contributed meaningfully to CTPF's investment objectives. Since the Global Financial Crisis in 2008/2009, CTPF's real assets portfolio has generated returns of 11.4% per year (net of all fees for the last five years). Investments have benefitted from price appreciation, while at the same time generating strong income and cash distributions. CTPF invests in real assets for the long term. Since the program's inception in 1995, CTPF's real assets have generated annualized returns after all fees of 8.6% per year, compared to a benchmark return of 8.4%.

In real assets, CTPF has invested in 33 distinct investment portfolios managed by 24 investment firms. One new infrastructure investment totaling $50 million was initiated over the last year. CTPF is able to leverage is size and scale in the industry in order to reduce investment costs. We estimate that CTPF secured fee breaks of nearly $1 million per year to offset costs and increase net performance for the real assets program.

Finally, we are proud to work diligently with CTPF to extend opportunities to emerging managers in real estate. We believe the added diversity of viewpoint and investment styles will enhance overall performance results over the long run. Through June 30, 2015, CTPF had committed nearly $270 million to 7 separate emerging managers in real assets (nearly one in three of CTPF's investment managers).

We thank you for the opportunity to serve CTPF and look forward to working collectively with the Board and your investment team to meet the challenges ahead. As real assets markets continue to strengthen domestically and abroad, we are confident that CTPF is well positioned for another successful year in 2016.

With kindest regards,

The Townsend Group

Rob M Kochis

Rob Kochis
Principal

OFFICE 216 781 9090
FAX 216 781 1407
townsendgroup.com

CLEVELAND | SAN FRANCISCO | LONDON | HONG KONG

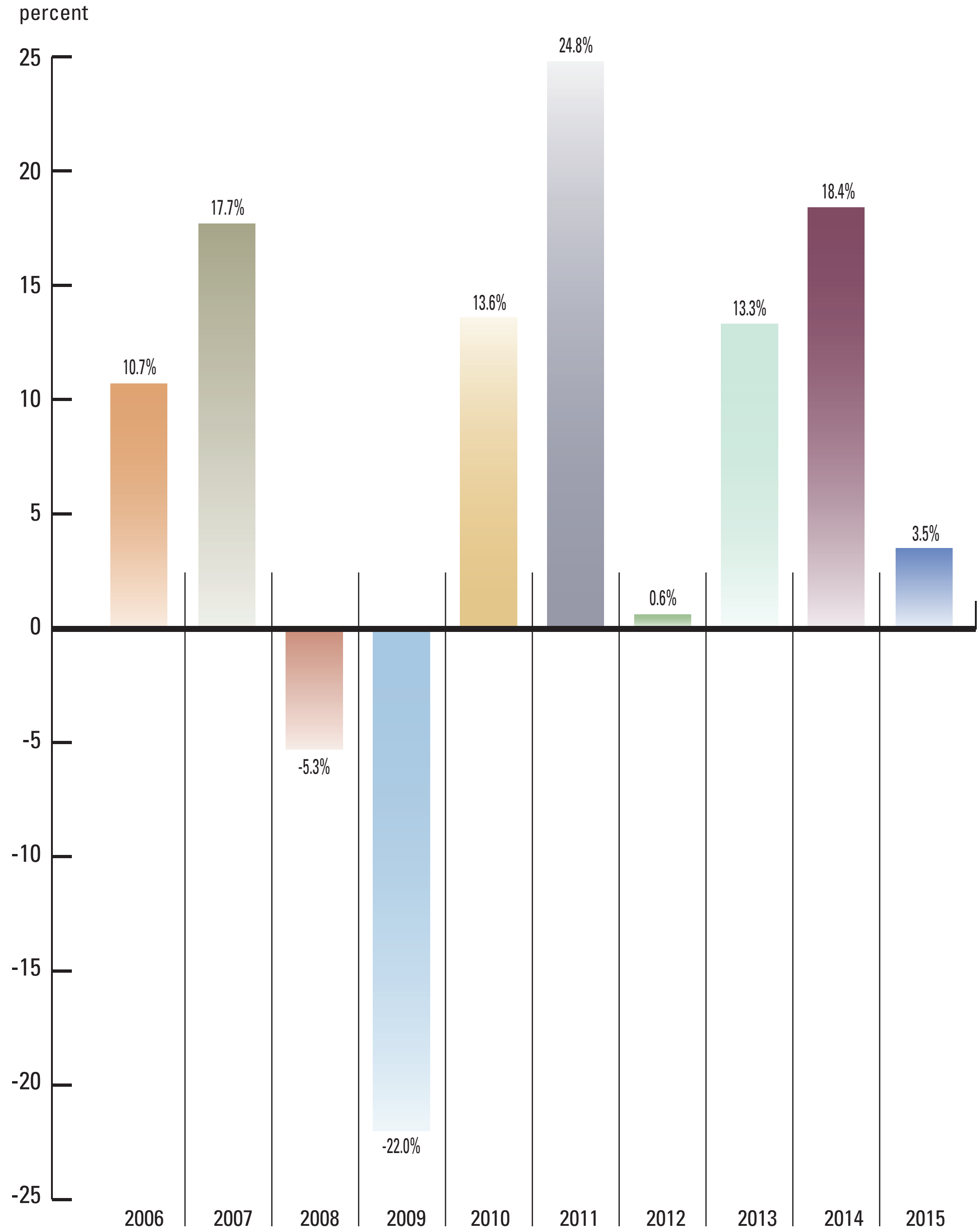
Investment Managers

As of June 30, 2015

Adams Street Partners, LLC
Adelante Capital Management, LLC
Ariel Capital Management, LLC
Attucks Asset Management, LLC
Blackstone Group
BMO Global Asset Management
Capri Capital Partners, LLC
CB Richard Ellis Investors, LLC
CenterSquare Investment Management, Inc.
Channing Capital Management, LLC
CityView
Deutsche Asset & Wealth Management
Dimensional Fund Advisors, LTD
Earnest Partners, LLC
Europa Capital Partners LLP
Fortress Investment Group, LLC
Franklin Templeton Real Estate Advisors, LLC
Fremont Realty Capital, LP
Garcia, Hamilton & Associates, LP
Greystar Equity Partners VII, LP
HarbourVest Partners, LLC
Hispania Capital Partners, LLC
Holland Capital Management, LP
Hudson Realty Capital, LLC
IC Berkeley III, LLC
ICV Capital Partners, LLC
Intercontinental Real Estate Corp.
J.P. Morgan Fleming Asset Management, Inc.
LaSalle Investment Management, Inc.
Lazard Asset Management, LLC
Leading Edge Investment Advisors, LLC
Lion Industrial Trust
LM Capital Group, LLC
Macquarie Group
Mesirow Financial, Inc.
Morgan Stanley Investment Management, Inc.
Muller and Monroe Asset Management, LLC
Newport Capital Partners Holdings, LLC
Palladium Equity Partners, LLC
Pantheon Ventures, LLP
Pharos Capital Group, LLC
Pluscios Management, LLC
Progress Investment Management, LLC
Prudential Investment Management, Inc.
Pugh Capital Management, Inc.
RhumbLine Advisers, LP
Syncom Venture Partners, LLC
Taplin, Canida and Habacht, Inc.
TCB-Broadway, LLC
The Northern Trust Company
UBS Realty Investors, LLC
Urban America Advisors, LP
Waddell & Reed Asset Management Group
Walton Street Capital, LLC
Western Asset Management Co.
William Blair & Company, LLC
Zevenbergen Capital Investments, LLC

Total Annual Fund Rate of Return*

as of June 30, 2006-2015



*Time-weighted rate of return.

Schedule of Investment Results

	As of June 30					Annualized Returns		
	2011	2012	2013	2014	2015	3 Year	5 Year	10 Year
Total Fund	24.8%	0.6%	13.3%	18.4%	3.5%	11.6%	11.7%	6.6%
Large Cap	32.6%	3.4%	21.7%	26.4%	7.6%	18.3%	17.8%	8.4%
Russell 1000 Index	31.9%	4.4%	21.2%	25.4%	7.4%	17.7%	17.6%	8.1%
S&P 500	30.7%	5.5%	20.6%	24.6%	7.4%	17.3%	17.3%	7.9%
Mid Cap Equity	39.8%	–	–	–	–	–	–	–
S&P Mid Cap	39.4%	–	–	–	–	–	–	–
Small Cap Equity	39.9%	(3.3%)	20.9%	26.6%	6.8%	17.8%	17.2%	8.7%
Russell 2000 Index	37.4%	(2.1%)	24.2%	23.6%	6.5%	17.8%	17.1%	8.4%
International Equity	31.2%	(9.7%)	17.4%	22.6%	(1.8%)	12.2%	10.9%	7.0%
MSCI ACWI ex US Index	30.3%	(14.2%)	14.1%	22.3%	(4.9%)	9.9%	8.2%	6.0%
Fixed Income	5.1%	8.4%	0.4%	5.5%	1.5%	2.4%	4.1%	4.8%
Barclays Aggregated Index	3.9%	7.5%	(0.7%)	4.4%	1.9%	1.8%	3.4%	4.4%
REITs	33.0%	4.1%	12.8%	14.2%	2.6%	9.9%	13.0%	6.8%
Custom REITs Index**	33.2%	4.6%	13.1%	14.2%	0.4%	9.1%	12.6%	5.5%
Real Estate (Private)	20.1%	9.7%	11.0%	15.8%	14.6%	13.6%	14.1%	6.2%
Custom Private RE Index***	16.7%	12.2%	12.2%	11.0%	10.1%	11.2%	12.5%	5.5%
NFI-ODCE Value	20.5%	12.4%	12.2%	12.7%	14.4%	13.1%	14.4%	6.8%
Private Equity*	21.5%	5.6%	5.3%	20.2%	11.3%	12.1%	12.6%	11.3%
N/A	–	–	–	–	–	–	–	–
Infrastructure	16.9%	7.4%	12.3%	9.4%	(5.3%)	5.2%	7.9%	–
Absolute Benchmark	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	–
Hedge Funds	6.9%	(2.6%)	11.3%	5.1%	3.2%	7.1%	–	–
T-Bills +5%	5.2%	5.1%	5.1%	5.1%	5.0%	5.1%	5.1%	–

* *Returns for Private Equity are based on the custodial statements.*

** *Custom REIT Index is calculated based on a weighted average of the NAREIT domestic and NAREIT global indices to accurately reflect the changes in CTPF strategy.*

*** *Custom Private Real Estate Index is the NCREIF Property Index up to 3Q11 and the NFI-ODCE Index thereafter.*

Note: *Returns are calculated based upon a time-weighted rate of return.*

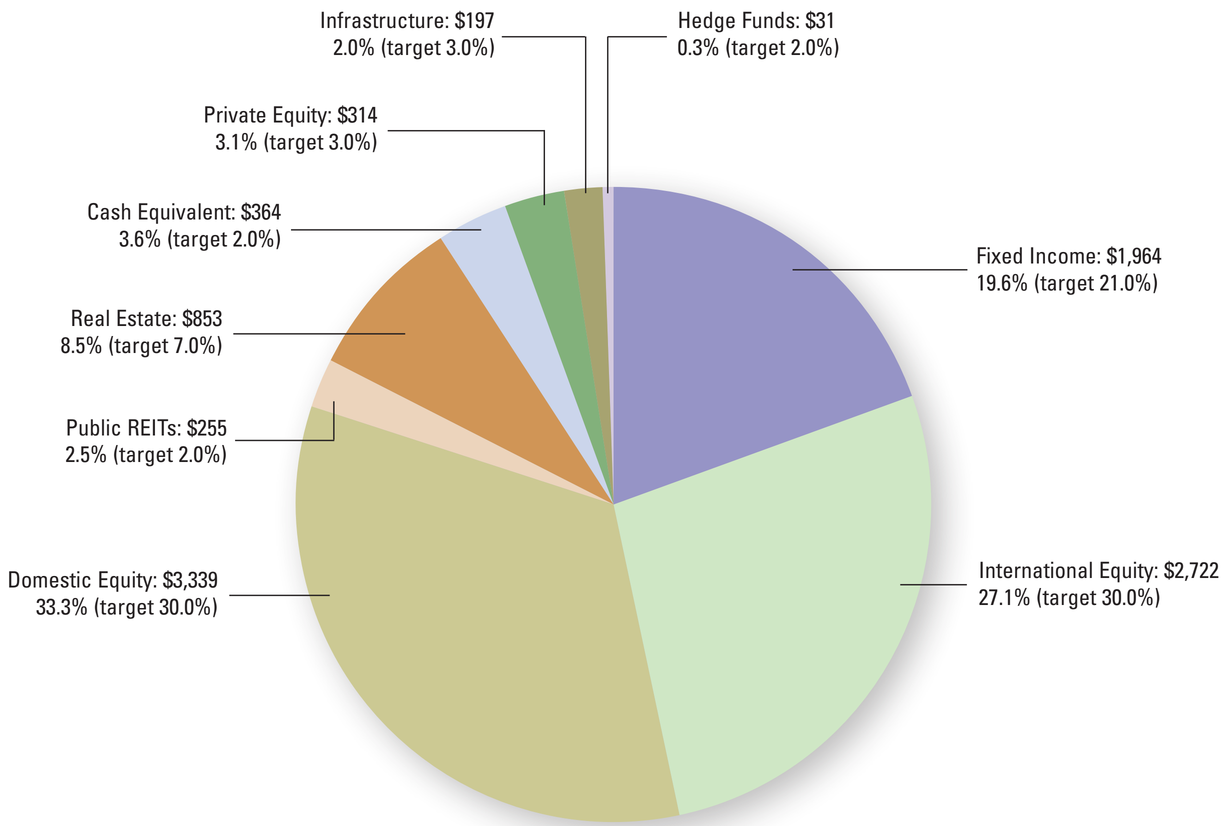
Investment Portfolio Summary

IN MILLIONS OF DOLLARS

	June 30, 2014 Fair Value	Purchases	Sales (Fair Value)	Fair Value Adjustments	June 30, 2015 Fair Value	Percent of Total
Fixed Income	$ 2,050.9	$ 912.2	$ 771.5	$ (227.9)	$ 1,963.7	19.6%
Equity	6,604.8	1,911.0	2,232.7	(221.7)	6,061.4	60.4%
Public REITs	199.3	13.9	11.2	52.8	254.8	2.5%
Real Estate	826.2	8.0	15.7	34.1	852.6	8.5%
Hedge Fund	30.0	–	–	1.3	31.3	0.3%
Infrastructure	245.9	2.5	–	(51.3)	197.1	2.0%
Private Equity	297.7	33.6	585.0	568.1	314.4	3.1%
Cash & Cash Equivalent	934.5	2,072.7	1,952.7	(692.5)	362.0	3.6%
Total Portfolio	**$ 11,189.3**	**4,953.9**	**5,568.8**	**$ (537.1)**	**$ 10,037.3**	**100.0%**

Asset Allocation Summary as of June 30, 2015

in millions of dollars*

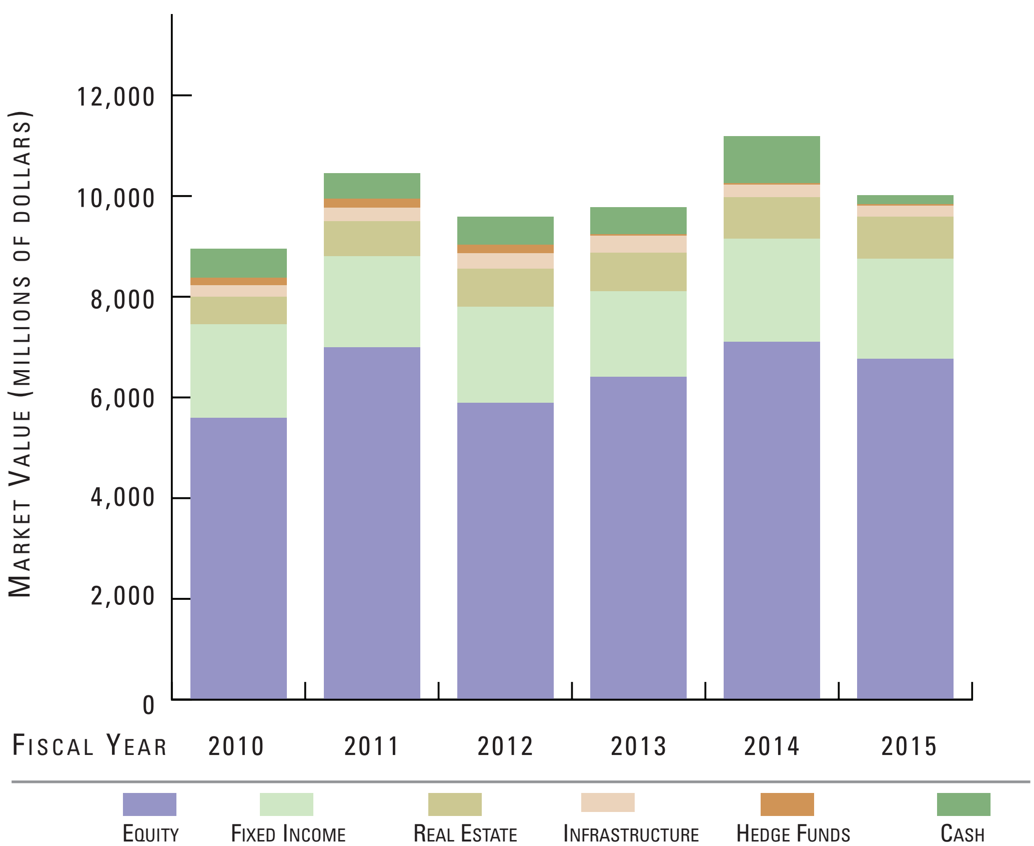


** Note: Percentage indicates actual category weight as a percentage of the entire portfolio.*

Historical Asset Allocation
by Percentage of Total Portfolio

	2010		2011		2012		2013		2014		2015	
	Actual	Policy	Actual	Policy	Actual	Policy	Actual	Policy	Actual	Policy	Actual	Policy
Equity:												
Domestic	37.0	40.5	38.8	40.5	33.7	31.3	33.0	31.3	32.0	31.3	33.3	30.0
International	20.1	22.0	22.2	22.0	22.2	31.2	27.0	31.2	27.0	31.2	27.1	30.0
Public REITs	2.5	2.5	2.9	2.5	2.7	2.5	2.8	2.5	1.8	2.5	2.5	2.0
Private Equity	2.9	3.0	3.1	3.0	2.9	3.0	2.8	3.0	2.7	3.0	3.1	3.0
Total Equity	62.5	68.0	67.0	68.0	61.5	68.0	65.6	68.0	63.5	68.0	66.0	65.0
Fixed Income	20.8	19.5	17.3	19.5	19.9	19.5	17.3	19.5	18.3	19.5	19.6	21.0
Real Estate	6.1	6.5	6.6	6.5	7.9	6.5	7.9	6.5	7.4	6.5	8.5	7.0
Infrastructure	2.6	2.0	2.6	2.0	3.2	2.0	3.4	2.0	2.2	2.0	2.0	3.0
Hedge Funds	1.6	2.0	1.7	2.0	1.8	2.0	0.3	2.0	0.3	2.0	0.3	2.0
Cash & Equiv.	6.4	2.0	4.8	2.0	5.8	2.0	5.5	2.0	8.3	2.0	3.6	2.0
Total Portfolio	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Historical Asset Allocation
by Dollar Amount



Domestic Equity Summary

as of June 30, 2015

Economic Sector Holdings

Economic Sector	Number of Shares	Market Value	Percent of Total	S&P 500 Index
Consumer Discretionary	8,699,852	494,678,817	15.5%	13.4%
Consumer Staples	3,341,636	208,722,007	6.5%	8.1%
Energy	4,313,423	218,463,271	6.9%	7.2%
Financials	12,002,843	551,443,076	17.3%	17.9%
Health Care	5,567,250	392,415,279	12.3%	15.2%
Information Technology	9,498,471	466,735,121	14.6%	18.9%
Materials	2,359,918	109,344,060	3.4%	3.5%
Miscellaneous	67,102,925	279,579,797	8.8%	2.0%
Producer Durables	6,769,255	346,848,332	10.9%	10.8%
Utilities	3,295,517	120,224,208	3.8%	2.9%
Grand Total	**122,951,090**	**$ 3,188,453,968**	**100.0%**	**100.0%**

Top 10 Domestic Equity Holdings

Description	Number of Shares	Market Value	Percent of Total
Dimensional Fund Advisors, LTD (USD Commingled)	8,208,331	$ 167,449,950	5.3%
Apple Inc.	688,973	86,414,439	2.7%
Global Properties Securities	52,373,434	52,373,434	1.6%
Earnest Partners China Fund	27,418	49,673,520	1.6%
Exxon Mobil Corp.	545,848	45,414,554	1.4%
Google Inc.	77,379	40,966,499	1.3%
Microsoft Corp.	916,773	40,475,528	1.3%
Johnson & Johnson	399,083	38,894,629	1.2%
Citigroup Inc.	2,123,544	36,437,923	1.1%
Wells Fargo & Co.	628,106	35,324,681	1.1%
Total Top 10 Domestic Equity	**65,988,889**	**$ 593,425,156**	**18.6%**
Grand Total	**122,951,090**	**$ 3,188,453,968**	**100.0%**

A complete list of the portfolio holdings is available at the pension fund office.

International Equity Summary

as of June 30, 2015

Country	Number of Shares	Market Value	Percent of Total	ACWI ex US
South Africa	2,555,320	$ 19,558,278	0.7%	1.7%
Other	178,564	93,569	0.0%	0.0%
Total Africa	**2,733,884**	**$ 19,651,847**	**0.7%**	**1.7%**
Brazil	5,726,813	47,556,248	1.7%	1.7%
Canada	4,158,875	87,490,052	3.0%	6.7%
Chile	101,630	380,064	0.0%	0.3%
Colombia	255,391	9,074,643	0.3%	0.1%
Mexico	3,466,151	16,087,625	0.6%	1.0%
Peru	13,473	1,871,669	0.1%	0.1%
Other	7,688,480	152,019,375	5.3%	0.0%
Total Americas	**21,410,813**	**$ 314,479,676**	**10.9%**	**9.8%**
Australia	7,003,154	55,193,320	1.9%	4.9%
China	34,358,576	78,038,960	2.7%	5.4%
Hong Kong	18,619,148	58,596,665	2.0%	2.3%
India	5,197,764	59,554,614	2.1%	1.7%
Japan	21,323,237	433,468,433	15.1%	16.4%
Singapore	2,665,882	21,084,630	0.7%	1.0%
South Korea	435,321	45,248,356	1.6%	3.1%
Taiwan	25,209,379	52,036,885	1.8%	2.8%
Other	43,543,605	66,393,552	2.3%	2.8%
Total Asia/Pacific Basin	**158,356,066**	**$ 869,615,417**	**30.3%**	**40.4%**
Belgium	453,220	38,471,875	1.3%	0.9%
France	2,832,228	154,502,293	5.4%	6.9%
Germany	1,680,196	118,883,848	4.1%	6.4%
Ireland	3,979,150	161,154,544	5.6%	0.3%
Netherlands	4,040,365	97,296,421	3.4%	2.0%
Norway	3,187,554	37,443,932	1.3%	0.5%
Spain	4,298,102	55,641,137	1.9%	2.5%
Sweden	3,056,891	56,317,387	2.0%	2.1%
Switzerland	4,718,683	215,497,597	7.5%	6.6%
United Kingdom	58,245,310	553,944,593	19.3%	14.5%
Other	16,614,533	180,060,892	6.3%	5.4%
Total Europe	**103,106,232**	**$ 1,669,214,519**	**58.1%**	**48.0%**
Grand Total	**285,606,995**	**$ 2,872,961,459**	**100.0%**	**100.0%**

A complete list of the portfolio holdings is available at the pension fund office.

Top 10 International Equity Holdings

as of June 30, 2015

Description	Number of Shares	Market Value	Percent of Total
MFRO Lazard FDS Inc. Emerging Markets (commingled)	7,645,182	$ 130,044,553	4.5%
Novartis	715,557	70,518,451	2.5%
Shire	469,217	40,381,396	1.4%
Prudential	1,623,934	39,393,746	1.4%
British American Tobacco	713,500	38,422,060	1.3%
Reckitt Benckiser Group	406,070	35,047,811	1.2%
Nestle	482,039	34,816,363	1.2%
Roche Holding	128,645	34,245,314	1.2%
Diageo	1,010,260	29,250,469	1.0%
Teva Pharmaceutical	486,186	28,734,554	1.0%
Total Top 10 International Equity	**13,680,590**	**$ 480,854,714**	**16.7%**
Grand Total	**285,606,995**	**$ 2,872,961,459**	**100%**

A complete list of the portfolio holdings is available at the pension fund office.

Fixed Income Summary

as of June 30, 2015

Fixed Income Holdings

Asset Category	Par Value	Market Value	Percent of Total	Barclays Aggregate Bond Index
Treasury	$ 628,317,762	$ 615,390,000	31.3%	36.1%
Mortgage Backed Securities	265,688,699	281,679,846	14.3%	28.1%
Corporates	690,994,902	720,400,717	36.7%	23.9%
Government/Gov't Agency	307,321,058	180,715,955	9.2%	9.3%
Non Gov't Backed CMOs/Asset Backed	21,911,542	21,743,627	1.1%	0.0%
Commercial Mortgage-Backed	60,163,753	58,644,808	3.0%	1.9%
Municipal Bonds	22,220,182	25,684,396	1.3%	0.0%
Other	2,707,790	59,416,085	3.0%	0.7%
Grand Total	**$ 1,999,325,688**	**$ 1,963,675,434**	**100.0%**	**100.0%**

A complete listing of the portfolio holdings is available at the pension fund office.

Public REITs Summary

as of June 30, 2015

Public REITs Summary

Property Type	Number of Shares	Market Value	Percent of Total	NAREIT Property Index Allocation
Retail REITs	1,857,822	$ 32,287,906	12.7%	27.2%
Industrial & Office REITs	2,133,147	40,407,837	15.9%	16.2%
Residential (apartment) REITs	312,008	15,831,033	6.2%	15.0%
Health Care Facilities	1,073,071	10,605,506	4.2%	12.5%
Hotel & Lodging REITs	363,469	8,041,423	3.2%	7.5%
Residential (development) REITs	892,561	11,220,062	4.4%	1.1%
Other	7,177,303	136,446,145	53.5%	20.5%
Grand Total	**13,809,381**	**$ 254,839,912**	**100.0%**	**100.0%**

Top 10 Public REITs Holdings

Holding	Number of Shares	Market Value	Percent of Total
CenterSquare Investment Management, Inc.	6,191,901	$ 111,701,888	43.8%
Adelante Capital REITs	3,742,776	52,033,306	20.4%
RhumbLine Advisers, LP	906,429	35,545,312	13.9%
The Northern Trust Company	1,428,530	29,323,228	11.5%
William Blair & Company, LLC	768,950	9,777,760	3.8%
BMO Global Asset Management	50,292	5,130,072	2.0%
Attuks Asset Management	411,349	5,394,624	2.1%
Waddell & Reed, Inc.	36,000	3,358,440	1.3%
PRG Matarin	94,474	1,382,066	0.5%
Leia Ativo	139,500	766,410	0.3%
Total Top 10 Public REITs	**13,770,201**	**$ 254,413,106**	**99.8%**
Grand Total	**13,809,381**	**$ 254,839,912**	**100.0%**

A complete listing of the portfolio holdings is available at the pension fund office.

Private Equity Summary

as of June 30, 2015

Private Equity Holdings

Description	Total Capital Called	Market Value	Percent of Total
Adams Street Partners Multiple Funds	$ 89,947,500	$ 90,277,047	28.7%
Brinson Multiple Funds	16,971,918	17,198,253	5.5%
Dover Street VIII LP	9,672,790	9,672,790	3.1%
Harbourvest Partners Multiple Funds	18,659,781	20,039,850	6.4%
Hispania Partners Multiple Funds	12,891,044	7,271,501	2.3%
ICV Partners Multiple Funds	20,683,082	11,007,571	3.5%
Illinois Private Equity Fund	3,997,643	9,490,734	3.0%
M2 Private Equity Fund of Funds LP	5,451	5,890,171	1.9%
Mesirow Capital Partners Multiple Funds	79,919,598	97,619,478	31.1%
Muller and Monroe Private Equity Fund-of-Funds	3,885,829	567,383	0.2%
Palladium Equity Partners Multiple Funds	5,523,650	9,601,285	3.1%
Pantheon Multiple Funds	21,064,048	23,004,806	7.3%
Pharos Capital Partners Multiple Funds	10,829,329	10,517,921	3.3%
Syndicated Communications Multiple Funds	2,632,971	2,192,125	0.7%
Grand Total	**$ 296,684,634**	**$ 314,350,915**	**100.0%**

Infrastructure Summary

as of June 30, 2015

Infrastructure Holdings

Description	Number of Units	Market Value	Percent of Total
JP Morgan Infrastructure Investments Fund	93,345,208	$ 89,476,708	45.4%
Total Commingled Funds	**93,345,208**	**$ 89,476,708**	**45.4%**

Description	Total Capital Called	Market Value	Percent of Total
Macquarie Infrastructure Partners II US	$ 64,415,150	$ 64,809,301	32.9%
Macquarie European Infrastructure Fund III (MEIF 3)	56,763,529	42,781,984	21.7%
Total Closed - End Funds	**$ 121,178,678**	**$ 107,591,285**	**54.6%**
Grand Total		**$ 197,067,993**	**100.0%**

A complete list of the portfolio holdings is available at the pension fund office.

Hedge Fund Summary

as of June 30, 2015

Hedge Fund Holdings

Description	Number of Shares	Market Value	Percent of Total
Pluscios Offshore Fund	25,000	$ 31,319,257	100.0%
Grand Total	**25,000**	**$ 31,319,257**	**100.0%**

Real Estate Summary

as of June 30, 2015

Real Estate Holdings

Description	Number of Shares	Market Value	Percent of Total
JP Morgan Strategic Property Fund	65,320	$ 170,283,400	20.0%
LaSalle Property Fund	91,209,411	91,245,850	10.7%
PRISA	2,687	131,457,071	15.4%
PRISA II	712	19,608,458	2.3%
UBS Trumbull Property Fund	169,013,661	173,470,111	20.3%
Total Commingled Funds	**260,291,792**	**$ 586,064,889**	**68.7%**

Description	Total Capital Called	Market Value	Percent of Total
Capri Select Income II	$ 80,398	$ (345,729)	0.0%
CB Richard Ellis Strategic Partners III	67,287	66,292	0.0%
Deutsche Asset & Wealth Mgmt	368,170	368,170	0.0%
DV Urban Realty Partners I	4,722,769	4,581,328	0.5%
Emerging Manager Real Estate Fund of Funds	28,068,494	28,068,494	3.3%
EMREFF Franklin Templeton	–	1,834,592	0.2%
Europa Fund III	14,042,493	15,495,379	1.8%
Fortress Japan Opportunity	2,039,679,704	28,626,032	3.4%
Fremont Strategic Property Partners II	7,151,485	6,589,819	0.8%
Greystar Equity Partners VII	43,157,053	47,900,502	5.6%
Hudson Realty Capital Fund V (Partnership A)	26,537,501	28,048,853	3.3%
Industry Berkeley Partners III	5,704,302	6,906,302	0.8%
Intercontinental Real Estate Investment Fund III	25,314,262	28,801,876	3.4%
ML Asian R.E. Fund (T.E.)	4,453,795	4,335,704	0.5%
RREEF Global Opportunities Fund II	–	151,725	0.0%
Southwest MultiFamily Partners	14,516,756	14,980,497	1.8%
Urban America, LP II	4,484,318	3,205,315	0.4%
Walton Street Capital Multiple Funds	45,144,883	46,962,040	5.5%
Total Closed-End Funds	**$ 2,263,493,669**	**$ 266,577,193**	**31.3%**
Grand Total	**$ 2,523,785,461**	**$ 852,642,083**	**100.0%**

A complete list of the portfolio holdings is available at the pension fund office.

Manager Analysis

as of June 30, 2015

Asset Category	Market Value as of 6/30/2015	Percent of Portfolio	FY 2015 Manager Fees	Percent of Market Value
Domestic Equity	$ 3,338,998,973	33.3%	$ 6,055,613	0.2%
International Equity	2,722,416,454	27.1%	12,118,042	0.4%
Public REITs	255,074,331	2.5%	1,120,036	0.4%
Fixed Income	1,963,675,434	19.6%	1,870,914	0.1%
Real Estate	852,642,084	8.5%	7,882,776	0.9%
Infrastructure	197,067,994	2.0%	2,286,825	1.2%
Hedge Funds	31,319,257	0.3%	454,172	1.5%
Private Equity	314,350,916	3.1%	4,264,037	1.4%
Cash and Equivalent	361,975,173	3.6%	–	0.0%
Grand Total	**$ 10,037,520,615**	**100.0%**	**$ 36,052,416**	**0.4%**

A complete list of the portfolio holdings is available at the pension fund office.

Broker Commission Report

Domestic Agency Trades

for the Year Ended June 30, 2015

Broker Name	Number of Shares Traded	Commission Amount	Commission per Share
Loop Capital Markets LLC	6,006,944	$ 141,508	$ 0.02
The Williams Capital Group, L.P.	10,037,242	103,582	0.01
Cheevers & Company Inc.	4,056,693	98,611	0.02
Cabrera Capital Markets, LLC	2,506,914	48,046	0.02
North South Capital, LLC	1,251,764	45,282	0.04
Castleoak Securities, LP	765,448	32,249	0.04
M. Ramsey King Securities, Inc.	752,975	22,005	0.03
Guzman & Company	2,041,447	20,414	0.01
Sanford C. Bernstein & CO., LLC	366,284	14,420	0.04
Instinet, LLC	374,009	13,754	0.04
The Interstate Group	262,209	13,110	0.05
Vandham Securities Corp.	298,523	11,765	0.04
Drexel Hamilton, LLC	367,409	11,683	0.03
Academy Securities, Inc.	276,690	10,329	0.04
Capital Instituional Services, Inc.	222,405	10,316	0.05
Blaylock Robert Van, LLC	261,841	10,001	0.04
J.P. Morgan Securities LLC	341,327	9,678	0.03
ITG Inc.	530,785	8,514	0.02
Robert W. Baird & Co. Incorporated	180,761	7,371	0.04
Greentree Brokerage Services, Inc.	146,770	7,339	0.05
Johnson Rice & Company LLC	190,747	7,175	0.04
Topeka Capital Markets Inc.	405,704	6,402	0.02
RBC Capital Markets, LLC	294,643	5,708	0.02
Jefferies LLC	1,376,110	5,438	0.00
Keefe, Bruyette & Woods, Inc.	189,735	5,180	0.03
Deutsche Bank Securities Inc./Alex Brown	127,506	5,162	0.04
Telsey Advisory Group LLC	208,348	5,078	0.02
Bank of America/Merrill Lynch	127,607	5,053	0.04
BOE Securities Inc.	93,997	4,844	0.05
Goldman Sachs Execution & Clearing, L.P.	171,813	4,817	0.03
William Blair & Company LLC	121,285	4,810	0.04
Mischler Financial Group, Inc.	181,788	4,733	0.03
Oppenheimer & Co. Inc.	202,827	4,622	0.02
Credit Suisse Capital, LLC.	176,451	4,088	0.02
Barclays Capital Inc.	114,462	3,825	0.03
Howard Weil Incorporated	75,703	3,785	0.05
Morgan Stanley & Co. LLC	88,833	3,747	0.04
Green Street Advisors, Inc.	14,468	3,419	0.24
CL King & Associates, Inc.	106,928	3,208	0.03
CIS Brokerage Inc.	80,047	3,202	0.04
Sturdivant & Co. Inc	61,154	3,173	0.05
Bank of New York Mellon	78,290	3,026	0.04
Cantor Fitzgerald & Co.	132,750	3,003	0.02
Weeden & Co. L.P.	184,692	2,913	0.02
Penserra Securities, LLC	168,748	2,886	0.02
Other (74 Brokers)	2,394,486	59,540	0.02
Grand Total	**38,417,562**	**$ 808,814**	**$ 0.02**

Broker Commission Report

MWDBE Domestic Agency Trades

for the Year Ended June 30, 2015

Broker Name	Number of Shares Traded	Commission Amount	Commission Per Share
Loop Capital Markets LLC	6,006,944	$ 141,508	$ 0.02
The Williams Capital Group, L.P.	10,037,242	103,582	0.01
Cheevers & Company Inc.	4,056,693	98,611	0.02
Cabrera Capital Markets, LLC	2,506,914	48,046	0.02
North South Capital, LLC	1,251,764	45,282	0.04
Castleoak Securities, LP	765,448	32,249	0.04
M. Ramsey King Securities, Inc.	752,975	22,005	0.03
Guzman & Company	2,041,447	20,414	0.01
Drexel Hamilton, LLC	367,409	11,683	0.03
Academy Securities, Inc.	276,690	10,329	0.04
Blaylock Robert Van, LLC	261,841	10,001	0.04
Greentree Brokerage Services, Inc.	146,770	7,339	0.05
Topeka Capital Markets Inc.	405,704	6,402	0.02
Telsey Advisory Group LLC	208,348	5,078	0.02
BOE Securities Inc.	93,997	4,844	0.05
Mischler Financial Group, Inc.	181,788	4,733	0.03
Sturdivant & Co. Inc	61,154	3,173	0.05
Penserra Securities, LLC	168,748	2,886	0.02
Total Directed Domestic Commission	**29,591,876**	**$ 578,165**	**$ 0.02**
Grand Total	**38,417,562**	**$ 808,814**	**$ 0.02**

Broker Commission Report

International Agency Trades

for the Year Ended June 30, 2015

Broker Name	Number of Shares Traded	Commission Amount	Commission Per Share
Loop Capital Markets LLC	47,354,592	$ 275,130	$ 0.01
Cabrera Capital Markets, LLC	31,506,344	193,069	0.01
Cheevers & Company Inc.	18,305,766	192,302	0.01
UBS Securities LLC/UBS Walburg LLC	31,381,733	160,108	0.01
Morgan Stanley & Co. LLC	26,499,743	158,934	0.01
Credit Suisse Capital, LLC.	18,949,319	140,012	0.01
Deutsche Bank Securities Inc./Alex Brown	22,575,977	123,681	0.01
Citigroup Global Markets Inc.	21,566,480	122,137	0.01
J.P. Morgan Securities LLC	13,679,868	114,465	0.01
Bank of America/Merrill Lynch	12,763,513	105,728	0.01
Goldman Sachs Execution & Clearing, L.P.	6,543,197	104,985	0.02
Macquarie Capital (USA) Inc.	16,526,595	80,040	0.00
Liquidnet, Inc.	10,574,453	73,259	0.01
Barclays Capital Inc.	4,132,268	65,776	0.02
Credit Lyonnais Securities Ltd/CLSA	11,667,536	63,663	0.01
Jefferies LLC	17,551,091	57,729	0.00
HSBC Bank/Midland (LDN)	2,095,511	55,077	0.03
Capital Instituional Services, Inc.	20,741,166	53,492	0.00
Mischler Financial Group, Inc.	3,170,505	43,425	0.01
Daiwa Securities Group Inc.	4,256,096	42,516	0.01
ITG Inc.	4,610,465	38,439	0.01
Instinet, LLC	14,777,703	36,011	0.00
The Williams Capital Group, L.P.	1,063,109	35,312	0.03
Redburn Partners (USA) LP	1,139,572	34,846	0.03
Topeka Capital Markets Inc.	1,037,344	33,741	0.03
BNY Convergex Execution Solutions LLC	5,922,101	30,462	0.01
Mizuho Financial Group	1,500,284	25,846	0.02
Nomura Securities International, Inc.	2,683,625	25,846	0.01
Berenberg Bank	511,143	23,213	0.05
BNP Paribus Brokerage Services, Inc.	912,487	18,801	0.02
Kepler Cheuvreux	895,786	18,753	0.02
Exane Inc.	545,476	18,746	0.03
Societe Generale Securities Corporation	11,247,306	17,686	0.00
Sanford C. Bernstein & Co., LLC	2,284,580	16,459	0.01
RBC Capital Markets, LLC	509,705	16,442	0.03
Skandinaviska Enskilda Banken AB (SEB)	358,953	15,484	0.04
SMBC Nikko Capital Markets, Ltd	643,908	14,609	0.02
BTIG, LLC	1,556,547	14,154	0.01
Investec Henderson Crosthwaite Securities	1,789,027	12,974	0.01
Numis Securities Ltd	1,173,561	12,344	0.01
Carnegie Investment Bank AB/Carnegie Inc.	452,476	11,889	0.03
Bloomberg L.P.	4,737,711	11,348	0.00
M. Ramsey King Securities, Inc.	3,095,968	10,548	0.00
North South Capital, LLC	584,523	10,131	0.02
Standard Chartered PLC	1,377,000	8,637	0.01
Other (116 Brokers)	39,073,969	265,129	0.01
Grand Total	**446,326,082**	**$ 3,003,378**	**$ 0.01**

Broker Commission Report

MWDBE International Equity Trades
for the Year Ended June 30, 2015

Broker Name	Number of Shares Traded	Commission Amount	Commission Per Share
Loop Capital Markets LLC	47,354,592	$ 275,130	$ 0.01
Cabrera Capital Markets, LLC	31,506,344	193,069	0.01
Cheevers & Company Inc.	18,305,766	192,302	0.01
Mischler Financial Group, Inc.	3,170,505	43,425	0.01
The Williams Capital Group, L.P.	1,063,109	35,312	0.03
Topeka Capital Markets Inc.	1,037,344	33,741	0.03
M. Ramsey King Securities, Inc.	3,095,968	10,548	0.00
North South Capital, LLC	584,523	10,131	0.02
Guzman & Company	1,210,588	1,986	0.00
Penserra Securities, LLC	588,523	1,378	0.00
Castleoak Securities, LP	37,051	1,297	0.04
Blaylock Robert Van, LLC	1,220	61	0.05
Greentree Brokerage Services, Inc.	8,600	43	0.01
Total Directed International Commission	**107,964,133**	**$ 798,423**	**$ 0.01**
Grand Total	**446,326,082**	**$ 3,003,378**	**$ 0.01**

SECTION 5/17-146. TO MAKE INVESTMENTS

To make investments. To invest the monies of the Fund, subject to the requirements and restrictions set forth in this Article and in Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114 and 1-115. No bank or savings and loan association shall receive investment funds as permitted by this Section, unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act. Those requirements shall be applicable only at the time of investment and shall not require the liquidation of any investment at any time.

The Board of Trustees shall have the authority to enter into any agreements and to execute any documents that it determines to be necessary to complete any investment transaction.

All investments shall be clearly held and accounted for to indicate ownership by the Fund. The Board of Trustees may direct the registration of securities or the holding of interests in real property in the name of the Fund or in the name of a nominee created for the express purpose of registering securities or holding interests in real property by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois. The Board of Trustees may hold title to interests in real property in the name of the Fund or in the name of a title holding corporation created for the express purpose of holding title to interests in real property.

Investments shall be carried at cost or at a value determined in accordance with generally accepted accounting principles and accounting procedures approved by the Board of Trustees.

The value of investments held by the Fund in one or more commingled investment accounts shall be determined in accordance with generally accepted accounting principles.

The Board of Trustees of any Fund established under this Article may not transfer its investment authority, nor transfer the assets of the Fund to any other person or entity for the purpose of consolidating or merging its assets and management with any other pension fund or public investment authority, unless the Board of Trustees resolution authorizing such transfer is submitted for approval to the contributors and pensioners of the Fund at elections held not less than 30 days after the adoption of such resolution by the Board of Trustees, and such resolution is approved by a majority of the votes cast on the question in both the contributors election and the pensioners election. The election procedures and qualifications governing the election of trustees shall govern the submission of resolutions for approval under this paragraph, insofar as they may be made applicable.

SECTION 5/17-146.2. TO LEND SECURITIES

To lend securities. The Board of Trustees may lend securities owned by the Fund to a borrower upon such written terms and conditions as may be mutually agreed. The agreement shall provide that during the period of the loan the Fund (or the custodian of the Fund, or agent thereof, as applicable) shall retain the right to receive or collect from the borrower all dividends, interest and distributions to which the Fund would have otherwise been entitled.

The borrower shall deposit with the Fund collateral for the loan equal to the market value of the securities at the time the loan is made, and shall increase the amount of collateral if the Board of Trustees requests an additional amount because of subsequent increased market value of the securities. The Board of Trustees may accept from the borrower cash collateral or collateral consisting of assets described in Section 1-113 of this Act. To the extent that the Fund participates in a securities lending program established and maintained by (1) a national or State bank which is authorized to do business in the State of Illinois, or (2) an investment manager, the Board of Trustees may accept collateral consisting of an undivided interest in a pool of commingled collateral that has been established by the bank or investment manager for the purpose of pooling collateral received for the loans of securities owned by substantially all of the participants in such bank's or investment manager's securities lending program. Nothing in Sections 1-109, 1-110 or 1-113 of this Act shall be construed to prohibit the Fund's lending of securities in accordance with this Section.

SECTION 5/17-147. CUSTODY OF FUND-BONDS-LEGAL PROCEEDINGS

Custody of Fund-Bonds-Legal proceedings. The city treasurer, ex-officio, shall be the custodian of the Fund, and shall secure and safely keep it, subject to the control and direction of the Board of Trustees. He shall keep his books and accounts concerning the Fund in the manner prescribed by the Board of Trustees. The books and accounts shall always be subject to the inspection of the Board of Trustees or any member thereof. The city treasurer shall be liable on his official bond for the proper performance of his duties and the conservation of the Fund.

Payments from the Fund shall be made upon warrants signed by the president and the secretary of the Board of Education, the president of the Board of Trustees, and countersigned by the executive director or by such person as the Board of Trustees may designate from time to time by appropriate resolution.

Neither the treasurer nor any other officer having the custody of the Fund is entitled to retain any interest accruing thereon, but such interest shall accrue and inure to the benefit of such Fund, become a part thereof, subject to the purposes of this Article.

Any legal proceedings necessary for the enforcement of the provisions of this Article shall be brought by and in the name of the Board of Trustees of the Fund.

Title: I am Just a Number
Artist: Annabelle Sigmond
Medium: Oil paint
Instructor: Miriam Socoloff, After School Matters
Artist statement: "This piece depicts standardized testing and how students feel like their worth is only as much as their test scores."

Actuarial

This section includes the actuarial reports and summarizes actuarial liability and unfunded actuarial liability. Schedules of data summarizing information about members and beneficiaries, actuarial assumptions, and a glossary of terms are also included.

Segal Consulting
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December 9, 2015

Board of Trustees
Public School Teachers' Pension and Retirement Fund of Chicago
203 North LaSalle Street, Suite 2600
Chicago, Illinois 60601

ACTUARIAL CERTIFICATION

Dear Board Members:

We are pleased to submit this annual Actuarial Valuation and Review as of June 30, 2015. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, establishes the net pension liability under Governmental Accounting Standards Board (GASB) Statement No. 67 as of June 30, 2015, the actuarially determined contribution for the fiscal year ending June 30, 2016, the statutorily required contributions for the fiscal year ending June 30, 2017, and the liabilities of the other postemployment benefits as of June 30, 2015, under GASB Statement No. 43.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF). The census and financial information on which our calculations were based was prepared by the Fund staff. That assistance is gratefully acknowledged. We have not subjected the census data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. The accuracy and comprehensiveness of the data are the responsibility of those supplying the data.

Since the effective date of the last actuarial valuation, the only change in benefit provisions that had an impact on the actuarial liabilities of the Fund is that Medicare Part A payments are not subsidized for members with a pension benefit commencement date of July 1, 2016 or later.

The actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Fund's actuary. The assumptions and methods used for the June 30, 2015, actuarial valuation were based on an experience analysis covering the five-year period ending June 30, 2012, and were adopted by the Board, effective for the June 30, 2013, valuation. These actuarial assumptions and methods comply with the parameters set by the Actuarial Standards of Practice and the parameters for disclosure of GASB 43 and 67.

CTPF is funded by Employer and Member Contributions in accordance with the funding policy specified under the Illinois Pension Code (40 ILCS 5/17). Based on the funding objective under the Illinois Pension Code, for Fiscal Years 2016 through 2059, the Board of Education is to make annual contributions calculated as a level percent of payroll sufficient to bring the total assets of the Fund up to 90% of the total actuarial liabilities of the Fund by the end of the 2059 fiscal year. In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The methods mandated by the Illinois Pension Code are inadequate to appropriately fund CTPF.

The asset values used for the valuation were based on the asset information contained in the audited financial statements prepared by the Fund. For purposes of the actuarial valuation, a 4-year smoothed market value of assets was used to determine the actuarial value of assets. The actuarial value of assets for pension benefits is the total actuarial value of assets less the market value of assets dedicated for other postemployment benefits.

The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. In our opinion, the following valuation results fairly represent the financial condition of the Public School Teachers' Pension and Retirement Fund of Chicago as of June 30, 2015.

Sincerely,

SEGAL CONSULTING

By:

Kim Nicholl, FSA, MAAA, EA, FCA	*Matthew A. Strom, FSA, MAAA, EA*	*Barbara Zaveduk, MAAA, EA*
Senior Vice President and Actuary	*Vice President and Actuary*	*Vice President and Actuary*

ACTUARIAL REPORT PENSION FUND

PURPOSE

This report has been prepared by Segal Consulting to present a valuation of the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF) as of June 30, 2015. The valuation was performed to determine the overall funded status and contribution requirements of the Fund. The contribution requirements presented in this report are based on:

- The benefit provisions of the Fund, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of June 30, 2015, provided by CTPF staff;
- The assets of the Plan as of June 30, 2015, provided by CTPF staff;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions regarding employee terminations, retirement, death, etc.

SIGNIFICANT ISSUES IN VALUATION YEAR

The following key findings were the result of this actuarial valuation:

1. The Government Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. Statement 67 is effective with the fiscal year ending June 30, 2014, for Plan reporting. Statement 68 is effective with the fiscal year ending June 30, 2015, for employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to comply with both Statements 67 and 68 (when applicable). Statements 43 and 45, for OPEB reporting, remain unchanged. However, new rules related to OPEB reporting (statements 74 and 75) will be effective June 30, 2017, and June 30, 2018, respectively.
2. When measuring pension liability, GASB uses a different actuarial cost method (Entry Age method) than the cost method used for funding purposes (Projected Unit Credit method). However, as of June 30, 2015, the GASB blended discount rate calculation results in the same discount rate (expected return on assets) as used for funding purposes (7.75%). The total pension liability (TPL) measure for financial reporting is $20,713,217,296 as of June 30, 2015.
3. The net pension liability (NPL) is equal to the difference between the TPL and the Fund's fiduciary net position. The Fund's fiduciary net position is equal to the market value of assets. The NPL increased from $9,501,205,338 as of June 30, 2014, to $10,023,262,976 as of June 30, 2015.
4. Senate Bill 1946, which was signed into law on April 14, 2010, as Public Act 96-0889, revised the funding provisions that had previously been in effect. Public Act 96-0889 specifies that, for Fiscal Years 2014 through 2059, the Board of Education is to make annual contributions calculated as a level percent of payroll sufficient to bring the total assets of the fund up to 90% of the total actuarial liabilities of the fund by the end of Fiscal Year 2059. Based on our projection, we have determined that the Board of Education's required contribution for Fiscal Year 2017 is $720,208,000. In conjunction with the additional State contributions and additional Board of Education contributions of $12,186,000 and $12,992,000, respectively, Fiscal Year 2017 contributions will total $745,386,000.

5. As shown in Chart 13, for the fiscal year beginning July 1, 2015, the actuarially determined contribution (ADC) amount is $749,796,517. The Fiscal Year 2016 required employer contribution amount was determined to be $700,070,000, as a part of the June 30, 2014, valuation. Given that $65,000,000 is expected to be used to pay health insurance subsidies, the required Board of Education contribution for the pension plan is $635,070,000. Compared to the actuarially determined contribution of $749,796,517, the contribution deficiency is $114,726,517 as of July 1, 2015. Each year there is a contribution deficiency that leads to an increased deficiency in all future years.
6. Employer contributions for Fiscal Year 2015 were determined to be $708,667,000 based on the June 30, 2013, valuation. Actual employer contributions for Fiscal Year 2015 totaled $708,667,000.
7. The Funded ratio based on the actuarial value of assets over the actuarial accrued liability as of June 30, 2015, is 51.8% compared to 51.5% as of June 30, 2014.
8. For the year ended June 30, 2015, Segal has determined that the asset return on a market value basis was 3.6%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 8.2%. This represents an experience gain when compared to the assumed rate of 7.75%. As of June 30, 2015, the actuarial value of assets ($10.37 billion) represented 96.8% of the market value ($10.71 billion).
9. The total unrecognized investment gain as of June 30, 2015, is $345,579,198. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment losses derived from future experience. This implies that earning the assumed rate of investment return of 7.75% per year (net of expenses) on a market value basis will result in investment gains on the actuarial value of assets in the next few years.
10. The portion of deferred investment gains and losses recognized in the calculation of the June 30, 2015, actuarial value of assets resulted in a gain of $45,212,951. Additionally, the demographic and liability experience resulted in a $33,120,109 gain.
11. As mentioned above, the current method used to determine the actuarial value of assets yields an amount that is 96.8% of the market value of assets as of June 30, 2015. Guidelines in Actuarial Standards of Practice No. 44 (Selection and Use of Asset Valuation Methods for Pension Valuations) recommend that asset values fall within a reasonable range around the corresponding market value. We believe the actuarial asset method currently complies with these guidelines.
12. This actuarial valuation report as of June 30, 2015, is based on financial data as of that date. Changes in the value of assets subsequent to that date are not reflected.

Summary of Key Valuation Results: Pension

	2015	2014
Contributions for fiscal year beginning July 1:		
Actuarially determined contribution requirement	$ 749,796,517	$ 728,488,520
Expected employer contributions	635,070,000	643,667,000
Actual employer contribution	–	643,667,000
Funding elements for fiscal year beginning July 1:		
Employer normal cost, including administrative expenses	$ 140,404,986	$ 139,510,202
Market value of assets	10,689,954,320	10,815,694,614
Actuarial value of assets	10,344,375,122	10,045,542,575
Actuarial accrued liability	19,951,289,974	19,503,893,632
Unfunded/(overfunded) actuarial accrued liability	9,606,914,852	9,458,351,057
Funded ratio based on the actuarial value of assets	51.85%	51.51%
Funded ratio based on the market value of assets	53.58%	55.45%
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	28,114	27,722
Number of vested former participants	5,464	4,818
Number of active participants	29,706	30,654
Total salary supplied by the Fund	$ 2,155,604,327	$ 2,149,841,688
Average salary	$ 72,565	$ 70,133
GASB Information:		
Long-term expected rate of return	7.75%	7.75%
Long-term municipal bond rate	3.80%	4.29%
Single equivalent discount rate	7.75%	7.75%
Total pension liability	$ 20,713,217,296	$ 20,316,899,952
Plan fiduciary net position	10,689,954,320	10,815,694,614
Net pension liability	10,023,262,976	9,501,205,338
Plan fiduciary net position as a percentage of total pension liability	51.61%	53.23%

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retirees and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Exhibits A, B, and C on pages 94, 95, and 96.

Chart 1: Participant Population 2006 – 2015

Year Ended June 30	Active Participants	Vested Terminated Participants	Retirees and Beneficiaries	Ratio Retirees and Beneficiaries to Actives
2006	34,682	2,408	22,105	0.71
2007	32,968	2,752	23,623	0.80
2008	32,086	3,479	23,920	0.85
2009	31,905	3,056	24,218	0.85
2010	31,012	3,554	24,600	0.91
2011	30,133	4,253	25,199	0.98
2012	30,366	4,245	25,926	0.99
2013	30,969	4,502	27,440	1.03
2014	30,654	4,818	27,722	1.06
2015	29,706	5,464	28,114	1.13

A historical perspective of how the participant population has changed over the past 10 valuations can be seen in this chart.

ACTIVE PARTICIPANTS

Plan costs are affected by the age, years of service and salary of active participants. In this year's valuation, there were 29,706 active participants with an average age of 41.4, average years of service of 10.3 and average salary of $72,565. The 30,654 active participants in the prior valuation had an average age of 41.3, average years of service of 10.3 and average salary of $70,133.

INACTIVE PARTICIPANTS

In this year's valuation, there were 5,464 participants with a vested right to a deferred or immediate vested benefit.

These graphs show a distribution of active members by age and by years of service.

CHART 2: Distribution of Active Participants by Age

as of June 30, 2015

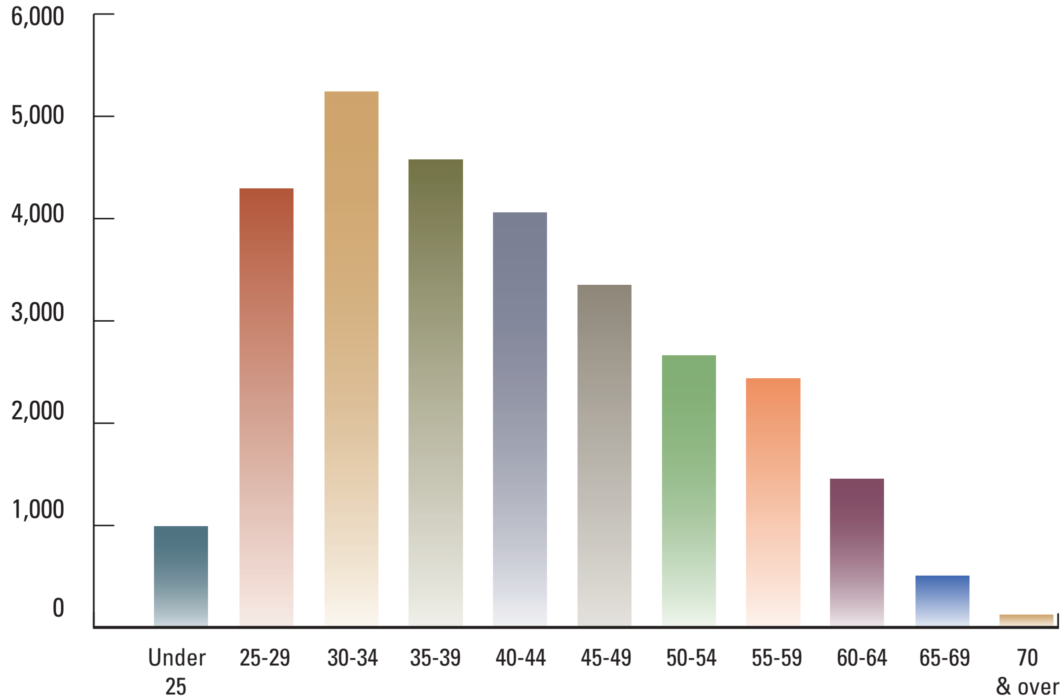
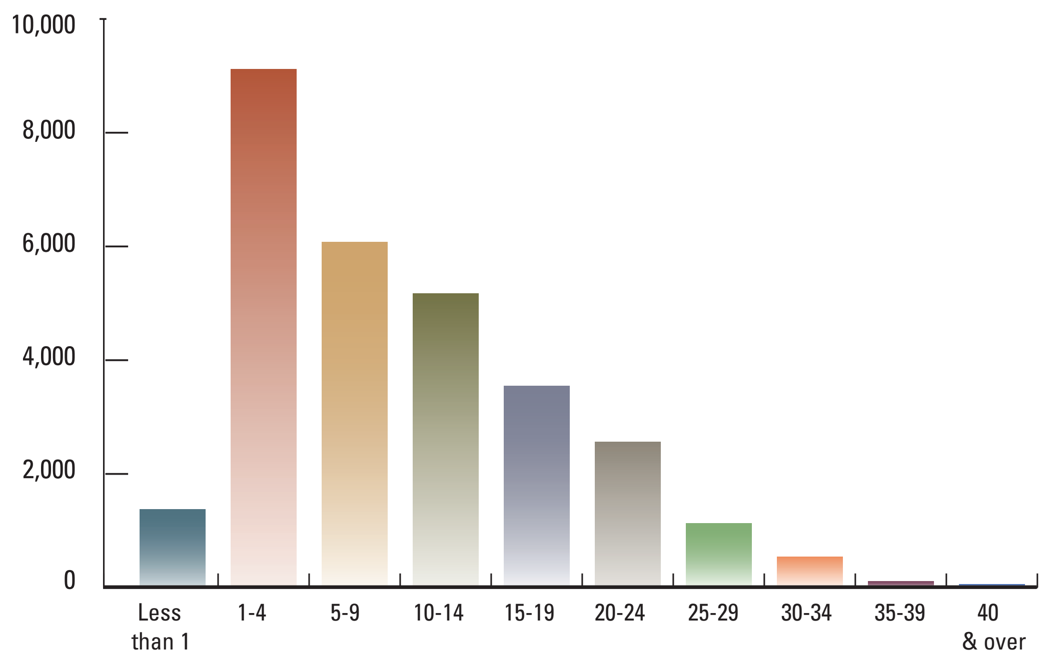


CHART 3: Distribution of Active Participants by Years of Service

as of June 30, 2015



RETIREES AND BENEFICIARIES

As of June 30, 2015, 24,594 retirees, 3,050 beneficiaries, and 470 disabled retirees were receiving total monthly benefits of $109,988,699. For comparison, in the previous valuation, there were 24,251 retirees, 2,997 beneficiaries, and 474 disabled retirees receiving monthly benefits of $105,788,010.

These graphs show a distribution of current retirees based on their monthly amount and age, by type of pension.

CHART 4: DISTRIBUTION OF RETIREES BY MONTHLY AMOUNT

AS OF JUNE 30, 2015

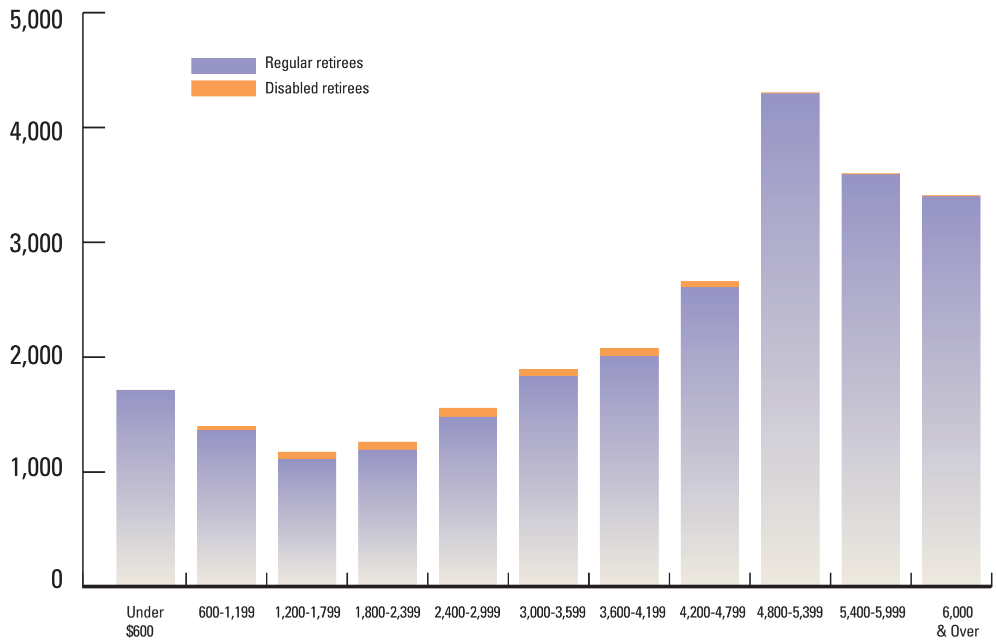
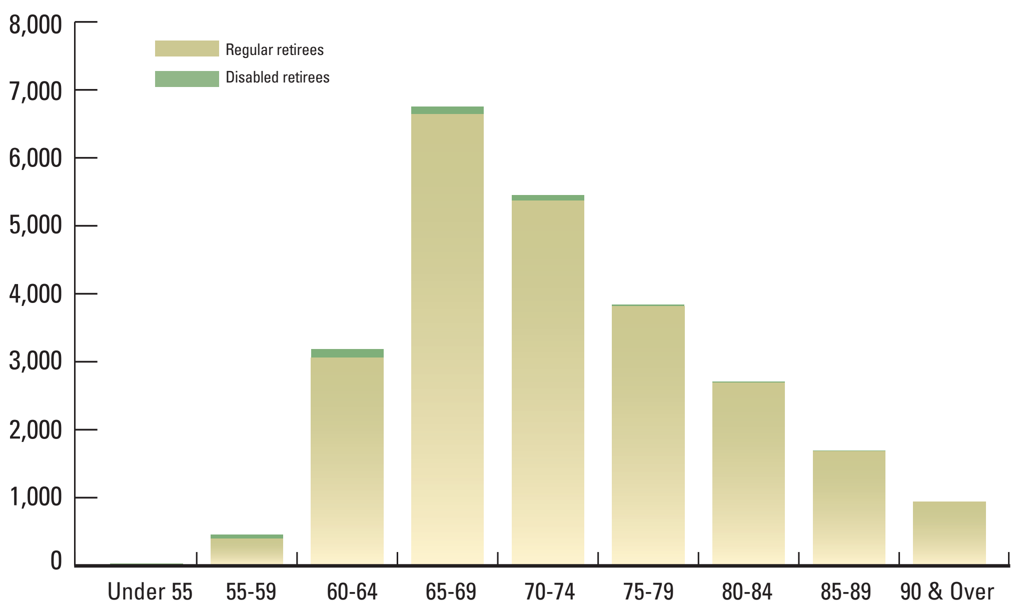


CHART 5: DISTRIBUTION OF RETIREES BY AGE

AS OF JUNE 30, 2015



B. FINANCIAL INFORMATION

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

CHART 6: Determination of Actuarial Value of Assets

for the Years Ended June 30, 2015 and June 30, 2014

			2015		2014
1. Actuarial value of assets as of prior June 30			$ 10,081,520,019		$ 9,458,316,094
2. Employer and employee contributions			900,844,244		846,262,206
3. Benefits and expenses			1,422,589,121		1,389,710,589
4. Expected investment income			733,639,341		686,757,247
5. Total investment income, including income for securities lending			381,740,298		1,685,134,974
6. Investment gain/(loss) for the year ended June 30: (5) – (4)			(351,899,043)		998,377,727
7. Expected actuarial value of assets: (1) + (2) - (3) + (4)			10,293,414,483		9,601,624,958
8. Calculation of unrecognized return	**Original Amount***	**% Recognized**		**% Recognized**	
(a) Year ended June 30, 2015	$ (351,899,043)	25%	$ (87,974,761)		
(b) Year ended June 30, 2014	998,377,727	25%	249,594,432	25%	$ 249,594,432
(c) Year ended June 30, 2013	460,168,226	25%	115,042,057	25%	115,042,057
(d) Year ended June 30, 2012	(815,951,719)	25%	(203,987,930)	25%	(203,987,930)
(e) Year ended June 30, 2011	1,276,986,010			25%	319,246,503
(f) Total recognized return			72,673,798		479,895,061
9. Total actuarial value of assets as of June 30: (7) + (8f)			10,366,088,281		10,081,520,019
10. Assets for retiree health insurance benefits			21,713,159		35,977,444
11. Actuarial value of assets for pension benefits (9) - (10)			$ 10,344,375,122		$ 10,045,542,575

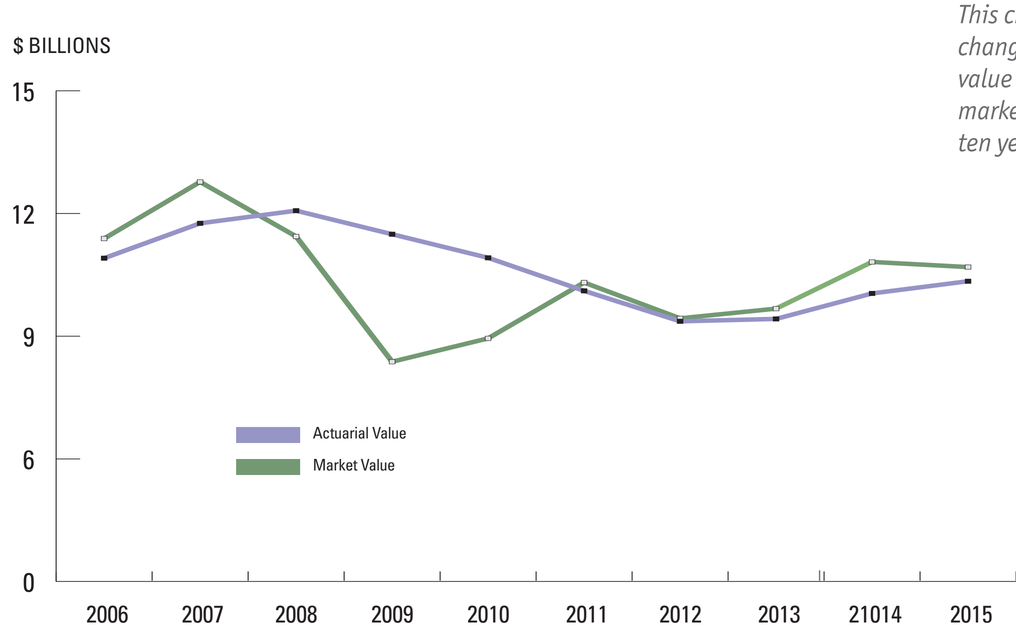
Total return minus expected return on actuarial value

Both the actuarial value and market value of assets are representations of the Fund's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Fund's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

CHART 7: ACTUARIAL VALUE OF ASSETS VS. MARKET VALUE OF ASSETS

AS OF JUNE 30, 2006 – 2015

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.



C. ACTUARIAL EXPERIENCE

To calculate the actuarially determined contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single years' experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is $78,333,060; $45,212,951 from investment gains and $33,120,109 in gains from all other sources. The net experience variation from individual sources other than investments was approximately 0.2% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

CHART 8: ACTUARIAL EXPERIENCE
FOR THE YEAR ENDED JUNE 30, 2015

This chart provides a summary of the actuarial experience during the past year.

1. Net gain/(loss) from investments*	$	45,212,951
2. Net gain/(loss) from administrative expenses		(686,716)
3. Net gain/(loss) from retiree health insurance cash flows		(9,833,404)
4. Net gain/(loss) from other experience**		43,640,229
5. Net experience gain/(loss): (1) + (2) + (3) + (4)	$	78,333,060

** Details in Chart 9 below*

*** Details in Chart 12, see page 89*

INVESTMENT RATE OF RETURN

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the CTPF's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.75%. The actual rate of return on an actuarial basis for the year ending June 30, 2015, was 8.21%.

Since the actual return for the year was greater than the assumed return, the Fund experienced an actuarial gain during the year ended June 30, 2015, with regard to its investments.

CHART 9: ACTUARIAL VALUE INVESTMENT EXPERIENCE
FOR THE YEAR ENDED JUNE 30, 2015

This chart shows the gain/(loss) due to investment experience.

1. Actual return	$	806,313,139
2. Average value of assets		9,820,647,581
3. Actual rate of return: (1) ÷ (2)		8.21%
4. Assumed rate of return		7.75%
5. Expected return: (2) x (4)	$	761,100,188
6. Actuarial gain/(loss): (1) – (5)	$	45,212,951

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. Chart 10 shows the rate of return on an actuarial basis compared to the market value investment return for the last twenty-five years, including ten-year and twenty-five-year averages.

CHART 10: INVESTMENT RETURN

Year Ended June 30	Market Value	Actuarial Value*
1991	10.4%	n/a
1992	12.8%	n/a
1993	14.3%	n/a
1994	0.4%	n/a
1995	18.7%	n/a
1996	16.3%	n/a
1997	19.8%	n/a
1998	18.2%	n/a
1999	10.7%	n/a
2000	9.5%	n/a
2001	(1.5%)	n/a
2002	(3.3%)	n/a
2003	4.0%	2.3%
2004	15.0%	3.2%
2005	10.8%	6.0%
2006	10.7%	9.6%
2007	17.7%	13.3%
2008	(5.3%)	7.9%
2009	(22.4%)	0.2%
2010	13.6%	(0.4)%
2011	24.8%	(0.5)%
2012	(0.4%)*	1.0%
2013	13.1%*	11.2%
2014	17.9%*	12.8%
2015	3.6%*	8.2%
Average Returns		
Last 10 years:	6.4%	6.2%
Last 25 years:	8.7%	n/a

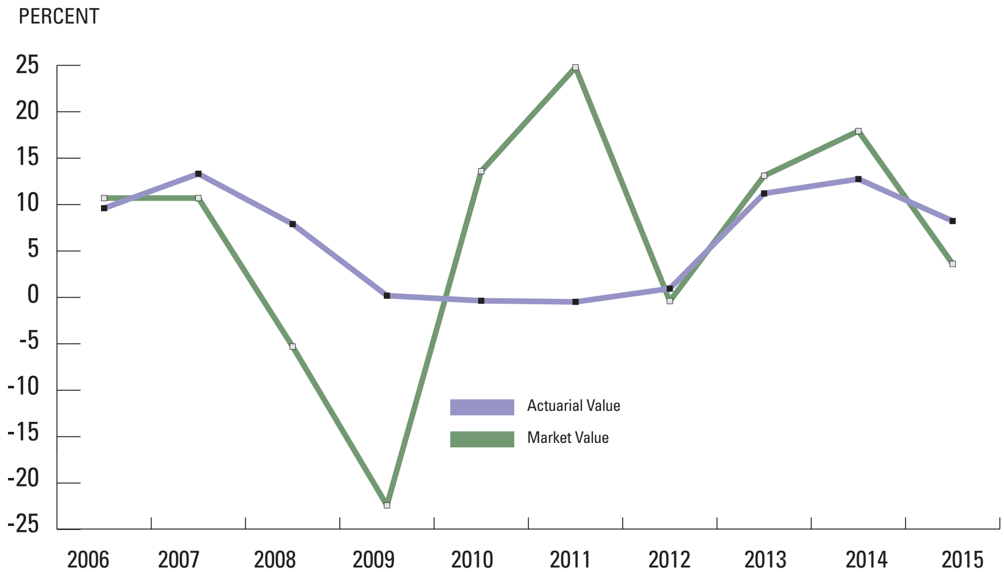
* *As determined by Segal*

Section B, beginning on page 84, described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs. Chart 11 illustrates that the asset returns on a market basis are more volatile than asset returns on an actuarial basis.

CHART 11: MARKET AND ACTUARIAL RATES OF RETURN

FOR YEARS ENDED JUNE 30, 2006 - 2015

This chart illustrates how this leveling effect has actually worked over the years 2006 - 2015.



ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended June 30, 2015, totaled $11,705,562 compared to the assumption of $11,018,846. This resulted in a loss of $686,716 for the year.

OTHER EXPERIENCE

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2015, amounted to $43,640,229, which is approximately 0.2% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the CTPF for the year ended June 30, 2015, is shown in the chart below.

CHART 12: EXPERIENCE DUE TO CHANGES IN DEMOGRAPHICS

for the Year Ended June 30, 2015

1. Termination	$	10,625,923
2. Retirement		(66,015,157)
3. Deaths among retired members and beneficiaries		28,722,389
4. Salary/service increase for continuing actives		79,584,326
5. Miscellaneous		(9,277,252)
6. Total	$	43,640,229

This chart shows elements of the experience gain/(loss) for the most recent year.

D. DEVELOPMENT OF EMPLOYER COSTS

The actuarially determined contribution is calculated to determine the contribution level needed to fund the plan and is measured against actual contributions as a measure of funding adequacy. The amount of actuarially determined contribution is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active participants to determine the actuarially determined contribution of 32.29% of payroll.

Effective July 1 , 2013, the amortization period was set to 30 years, but will decline by one year in each subsequent valuation. As of July 1, 2015, there are 28 years remaining on this schedule.

For the plan year beginning July 1, 2015, the actuarially determined contribution is $749,796,517. Compared to the Fiscal Year 2016 required employer contributions for pension benefits of $635,070,000, the contribution deficiency is $114,726,517.

CHART 13: Actuarially Determined Contribution

This chart shows the calculation of the actuarially determined contribution for the upcoming year.

	Year Beginning July 1			
	2015		2014	
	Amount	% of Payroll	Amount	% of Payroll
1. Total normal cost*	$ 323,443,952	13.93%	$ 323,323,392	13.96%
2. Administrative expenses	12,290,840	0.53%	11,018,846	0.48%
3. Expected employee contributions	(195,329,806)	(8.41)%	(194,832,036)	(8.41)%
4. Employer normal cost: (1) + (2) + (3)	$ 140,404,986	6.05%	$ 139,510,202	6.02%
5. Employer normal cost, adjusted for timing**	145,744,163	6.28%	144,815,353	6.25%
6. Actuarial accrued liability	19,951,289,974		19,503,893,632	
7. Actuarial value of assets	10,344,375,122		10,045,542,575	
8. Unfunded actuarial accrued liability: (6) – (7)	$ 9,606,914,852		$ 9,458,351,057	
9. Payment on unfunded actuarial accrued liability, adjusted for timing**	604,052,354	26.01%	583,673,167	25.20%
10. Actuarially determined contribution, adjusted for timing: (5) + (9)	749,796,517	32.29%	728,488,520	31.45%
11. Projected payroll	$ 2,322,254,343		$ 2,316,336,417	

*Reflects timing adjustments to the middle of the year.

**Employer contributions are assumed to be paid at the end of the year.

The contribution requirements as of June 30, 2015, are based on all of the data described in the previous sections, the actuarial assumptions, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

RECONCILIATION OF ACTUARIALLY DETERMINED CONTRIBUTION

The chart below details the changes in the actuarially determined contribution from the prior valuation to the current year's valuation.

CHART 14: Reconciliation of Actuarially Determined Contribution

from July 1, 2014 to July 1, 2015

The chart reconciles the contribution from the prior evaluation to the amount determined in this evaluation.

Annual Required Contribution as of July 1, 2014	**$**	**719,781,746**
Effect of plan changes		–
Effect of expected change in amortization payment due to payroll growth		20,428,561
Effect of change in administrative expense assumption		1,320,364
Effect of contributions (more)/less than actuarially determined contribution		5,604,080
Effect of investment (gain)/loss		(2,980,021)
Effect of other gains and losses on accrued liability		(2,700,781)
Effect of net other changes		(364,206)
Total change	$	**21,307,997**
Actuarially Determined Contribution as of July 1, 2015	**$**	**749,796,517**

ADDITIONAL STATE CONTRIBUTIONS

According to Section 17-127 of the Pension Code, the State shall make additional contributions of .544% of payroll to the Fund to offset a portion of the cost of benefit increases enacted under Public Act 90-582, except that no additional contributions are required if for the previous fiscal year the ratio of the fund's assets to total actuarial liabilities was at least 90%.

Based on the June 30, 2015, actuarial valuation, the ratio of the actuarial value of assets to total actuarial liabilities, or funded ratio, amounts to 52.0%. Therefore, additional State contributions will be required for Fiscal Year 2017. The total payroll for Fiscal Year 2017 is projected to be $2,396,847,425. This total payroll includes employee contributions of 7% of salary paid by the Board of Education. Excluding these employee contributions from payroll results in an adjusted projected payroll of $2,240,044,322. Based on this adjusted projected payroll for Fiscal Year 2017, we have determined the additional State contributions under Section 17-127 of the Pension Code to be $12,186,000.

ADDITIONAL BOARD OF EDUCATION CONTRIBUTIONS

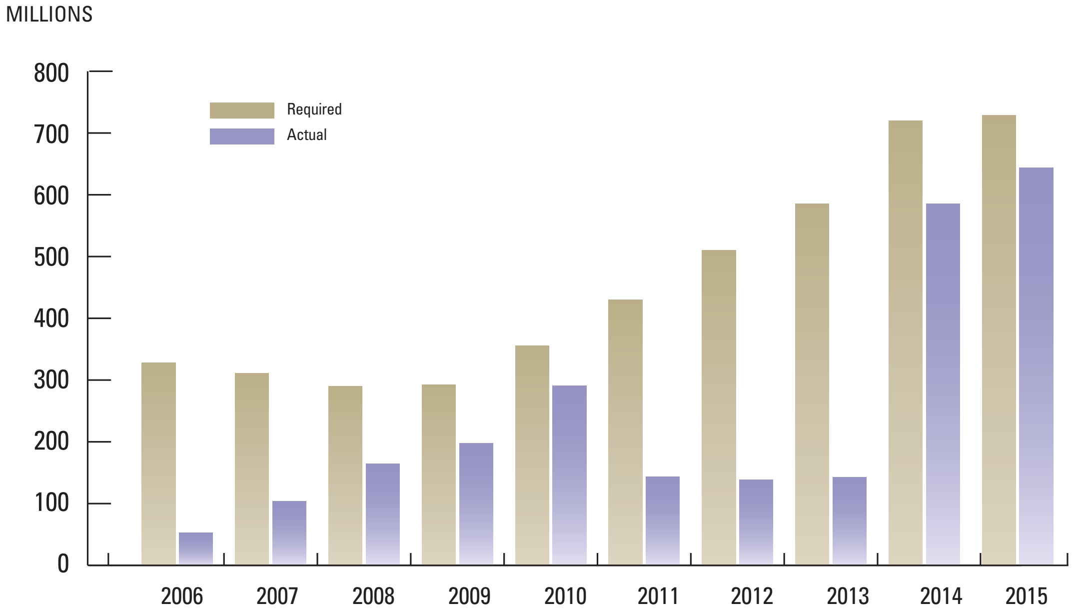
According to Section 17-127.2 of the Pension Code, the Board of Education shall make additional contributions of .58% of each teacher's salary to the Fund to offset a portion of the cost of benefit increases enacted under Public Act 90-582, except that no additional contributions are required if for the previous fiscal year the ratio of the fund's assets to total actuarial liabilities was at least 90%. As the funded ratio as of June 30, 2015, is at 52.0%, additional Board of Education contributions will be required for Fiscal Year 2017. Based on adjusted projected payroll of $2,240,044,322 for Fiscal Year 2017, we have determined the additional Board of Education contribution under Section 17-127.2 of the Pension Code to be $12,992,000.

BOARD OF EDUCATION REQUIRED CONTRIBUTIONS

Senate Bill 1946, which was signed into law on April 14, 2010 as Public Act 96-0889 revised the funding provisions that had previously been in effect. Public Act 96-0889 specifies that, for Fiscal Years 2014 through 2059, the Board of Education is to make annual contributions calculated as a level percent of payroll sufficient to bring the total assets of the fund up to 90% of the total actuarial liabilities of the fund by the end of Fiscal Year 2059. Based on our projection, we have determined that the Board of Education's required contribution for Fiscal Year 2017 is $720,208,000 (net of Additional State and Board of Education Contributions).

Chart 15: Required Versus Actual Employer contributions

Years ended June 30



FUNDED RATIO

A critical piece of information regarding the Fund's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Fund as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this fund.

Chart 16: Funded Ratio

Years Ended June 30

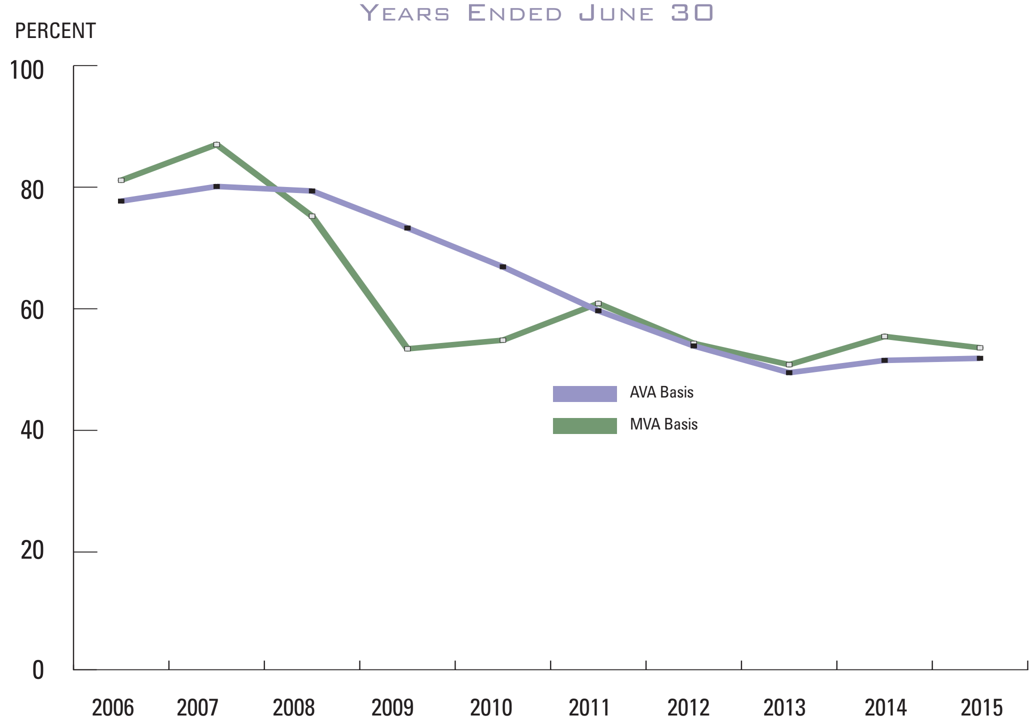


EXHIBIT A: Table of Plan Coverage

Category	Year Ended June 30		Change From Prior Year
	2015	2014	
ACTIVE PARTICIPANTS IN VALUATION:			
Number	29,706	30,654	(3.1)%
Average age	41.4	41.3	0.2%
Average years of service	10.3	10.3	0.0%
Total salary supplied by the Fund	$ 2,155,604,327	$ 2,149,841,688	0.3%
Average salary	$ 72,565	$ 70,133	3.5%
Total active vested participants	19,213	19,997	(3.9)%
Male participants	7,033	7,215	(2.5)%
Female participants	22,673	23,439	(3.3)%
Vested terminated participants	**5,464**	**4,818**	13.4%
SERVICE RETIREES:			1.4%
Number in pay status	24,594	24,251	0.4%
Average age	72.9	72.6	2.4%
Average monthly benefit	$ 4,206	$ 4,106	3.9%
Total annual benefit	**$ 1,241,262,452**	**$ 1,194,862,326**	
DISABLED RETIREES:			
Number in pay status	470	474	(0.8)%
Average age	66.2	66.2	0.0%
Average monthly benefit	$ 2,901	$ 2,812	3.2%
Total annual benefit	**$ 16,364,372**	**$ 15,995,375**	**2.3%**
BENEFICIARIES (INCLUDING CHILDREN) IN PAY STATUS:			
Number in pay status	3,050	2,997	1.8%
Average age	75.6	75.1	0.7%
Average monthly benefit	$ 1,700	$ 1,629	4.4%
Total annual benefit	$ 62,237,560	$ 58,598,429	**6.2%**
Total number of participants*	**63,284**	**63,194**	**0.1%**

* *There were 17,490 retirees and beneficiaries receiving health insurance subsidies as of June 30, 2015, and 18,171 as of June 30, 2014.*

EXHIBIT B: Participants in Active Service

as of June 30, 2015

By Age, Years of Service, and Average Salary

		Years of Service									
Age	Total	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	992	208	784	–	–	–	–	–	–	–	–
	$ 42,859	$ 14,278	$ 50,442	–	–	–	–	–	–	–	–
25-29	4,294	347	3,382	565	–	–	–	–	–	–	–
	52,688	15,130	54,248	$ 66,421	–	–	–	–	–	–	–
30-34	5,243	206	2,245	2,237	555	–	–	–	–	–	–
	64,331	14,841	56,448	71,812	$ 84,437	–	–	–	–	–	–
35-39	4,577	158	986	1,351	1,754	328	–	–	–	–	–
	75,472	13,527	57,164	74,825	87,806	$ 97,057	–	–	–	–	–
40-44	4,059	121	642	743	1,096	1,170	287	–	–	–	–
	82,216	14,637	57,323	74,980	88,810	96,403	$ 102,105	–	–	–	–
45-49	3,350	107	389	456	620	792	833	152	1	–	–
	84,826	11,177	57,419	71,675	87,317	94,645	99,684	$ 103,536	$ 80,087	–	–
50-54	2,663	76	291	275	440	496	585	394	106	–	–
	83,950	12,281	51,767	70,582	86,395	89,811	94,997	98,505	105,718	–	–
55-59	2,436	64	194	212	382	408	490	352	291	43	–
	83,763	11,191	45,640	60,271	80,628	90,030	93,543	95,768	103,080	$ 107,556	–
60-64	1,454	53	125	152	224	268	278	176	104	48	26
	80,203	9,305	35,153	53,664	79,603	89,310	95,740	96,620	99,760	107,537	$ 101,847
65-69	509	29	54	62	86	68	78	49	34	15	34
	69,788	4,039	24,083	43,938	64,789	74,409	93,621	97,951	101,895	97,691	109,317
70 & over	129	10	27	24	15	14	13	12	7	4	3
	50,366	7,591	11,799	24,019	56,053	67,318	82,050	103,672	105,614	80,849	123,195
Total	29,706	1,379	9,119	6,077	5,172	3,544	2,564	1,135	543	110	63
	$ 72,565	$ 13,573	$ 54,301	$ 70,972	$ 86,118	$ 93,341	$ 97,011	$ 98,068	$ 102,875	$ 105,230	$ 106,895

EXHIBIT C: Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Retirees	Disabled Retirees	Beneficiaries	Total
Number as of June 30, 2014	30,654	4,818	24,251	474	2,997	63,194
New participants	2,858	N/A	N/A	N/A	N/A	2,858
Terminations – with vested rights	(1,073)	1,073	–	–	–	–
Terminations – without vested rights	(2,278)	N/A	N/A	N/A	N/A	(2,278)
Retirements	(859)	(160)	1,019	N/A	N/A	–
New disabilities	(17)	(9)	N/A	26	N/A	–
Conversion from duty disability to service pension	N/A	N/A	4	(4)	N/A	–
New beneficiary	N/A	N/A	N/A	N/A	220	220
Deaths	(37)	(16)	(712)	(26)	(160)	(951)
Refunds	(158)	(72)	–	–	–	(230)
Rehire	616	(162)	(1)	N/A	N/A	453
Certain period expired	N/A	N/A	–	–	(7)	(7)
Data adjustments	–	(8)	33	–	–	25
Number as of June 30, 2015	29,706	5,464	24,594	470	3,050	63,284

EXHIBIT D: Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Fiscal Year	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowances	% Increase in Avg. Annual Allowances
2005	2,631	$ 117,025,483	943	$ 23,137,112	20,954	$ 688,259,518	$ 32,846	6.5
2006	1,788	91,991,917	637	15,910,849	22,105	764,340,586	34,578	5.3
2007	2,055	104,043,221	537	14,063,967	23,623	854,319,840	36,165	4.6
2008	881	67,060,461	584	16,543,468	23,920	904,836,833	37,828	4.6
2009	957	57,109,256	659	19,557,718	24,218	942,388,371	38,913	2.9
2010	1,080	67,630,266	698	21,855,794	24,600	988,162,843	40,169	3.2
2011	1,394	86,404,558	795	26,694,342	25,199	1,047,873,059	41,584	3.5
2012	1,579	96,719,811	852	28,511,983	25,926	1,116,080,887	43,049	3.5
2013	2,129	130,553,477	615	21,764,846	27,440	1,224,869,518	44,638	3.7
2014	1,006	70,963,133	724	26,376,522	27,722	1,269,456,130	45,792	2.6
2015	1,302	85,087,053	910	34,678,799	28,114	1,319,864,384	46,947	2.5

EXHIBIT E: Schedule of Average Benefit Payments

	Years of Credited Service							
	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
Fiscal Year 2012								
Average Monthly Pension	$ 348	$ 842	$ 1,452	$ 2,522	$ 3,308	$ 4,142	$ 5,788	$ 3,846
Average Final Salary	$ 6,690	$ 5,457	$ 5,509	$ 6,696	$ 7,049	$ 7,173	$ 7,887	$ 7,114
Number of Retired Members	72	114	84	134	221	157	538	1,320
Average Age								63.2
Fiscal Year 2013								
Average Monthly Pension	$ 275	$ 856	$ 1,645	$ 2,761	$ 3,567	$ 4,422	$ 5,976	$ 4,294
Average Final Salary	$ 5,623	$ 5,491	$ 6,180	$ 7,136	$ 7,495	$ 7,688	$ 8,157	$ 7,535
Number of Retired Members	56	114	91	186	380	256	824	1,907
Average Age								63.2
Fiscal Year 2014								
Average Monthly Pension	$ 262	$ 758	$ 1,648	$ 2,581	$ 3,477	$ 4,307	$ 5,683	$ 3,217
Average Final Salary	$ 6,555	$ 5,023	$ 6,309	$ 6,657	$ 7,376	$ 7,516	$ 7,823	$ 6,958
Number of Retired Members	46	89	74	102	184	120	145	760
Average Age								63.4
Fiscal Year 2015								
Average Monthly Pension	$ 275	$ 877	$ 1,606	$ 2,621	$ 3,530	$ 4,254	$ 5,561	$ 3,398
Average Final Salary	$ 6,587	$ 5,377	$ 5,891	$ 6,851	$ 7,555	$ 7,483	$ 7,762	$ 7,077
Number of Retired Members	47	104	117	107	269	172	240	1,056
Average Age								63.2

* *Table does not include disabled members or surviving spouses.*

EXHIBIT F: Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Net assets at market value at the beginning of the year		$ 10,851,672,058		$ 9,709,985,467
Contribution income:				
Employer contributions	$ 708,667,000		$ 650,416,141	
Employee contributions	191,233,298		187,846,065	
Administrative expenses	(11,705,562)		(10,494,139)	
Net contribution income		$ 888,194,736		$ 827,768,067
Insurance company reimbursement		–		8,000,000
Miscellaneous income		943,946		–
Investment income:				
Interest, dividends, and other income	$ 250,256,690		$ 237,139,828	
Asset appreciation	187,218,929		1,486,073,269	
Securities lending income	(17,725,693)		2,999,976	
Less investment and administrative fees	(38,009,628)		(41,078,099)	
Net investment income		$ 381,740,298		$ 1,685,134,974
Total income available for benefits		$ 1,270,878,980		$ 2,520,903,041
Less benefit payments:				
Annuity payments	$ (1,304,494,978)		$ (1,269,835,064)	
Refund of insurance premiums	(79,316,153)		(72,874,594)	
Refund of contributions	(23,879,796)		(32,832,171)	
Death benefits	(3,192,632)		(3,674,621)	
Net benefit payments		$ (1,410,883,559)		$ (1,379,216,450)
Change in reserve for future benefits		$ (140,004,579)		$ 1,141,686,591
Net assets at market value at the end of the year		$ 10,711,667,479		$ 10,851,672,058

EXHIBIT G: Summary Statement of Plan Assets

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Cash equivalents		$ 653,289,409		$ 11,782,210
Accounts receivable		183,477,636		169,404,046
Investments, at fair value:				
Equities	$ 5,637,712,550		$ 6,234,288,422	
Fixed income	1,904,385,564		1,998,455,301	
Commingled funds	1,301,799,976		1,230,947,404	
Short-term investments	359,908,522		929,886,758	
Private equity	314,350,916		297,705,749	
Real estate	266,567,126		299,147,976	
Public REITs	143,138,024		52,778,941	
Infrastructure	107,591,285		141,571,217	
Margin cash	65,287		790,472	
Total investments at market value		$ 10,035,519,250		$ 11,185,572,240
Invested securities lending collateral		485,612,851		505,301,189
Capital assets		1,003,753		1,506,069
Prepaid expenses		13,815		13,150
Total assets		$ 11,834,701,462		$ 11,873,578,904
Less accounts payable:				
Benefits payable	$ (3,058,200)		$ (3,551,111)	
Refunds payable	(8,462,208)		(12,537,535)	
Accounts and administrative expenses payable	(14,691,791)		(16,009,072)	
Securities lending collateral	(499,244,106)		(520,146,384)	
Due to broker for securities purchased	(121,792,930)		(469,662,744)	
Total accounts payable		$ (647,249,235)		$ (1,021,906,846)
Net position at market value		$ 10,711,667,479		$ 10,851,672,058
Net position at actuarial value		$ 10,366,088,281		$ 10,081,520,019

EXHIBIT H: Development of the Fund

Through June 30, 2015 (Pension)

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return*	Miscellaneous	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2006	$ 52,789,706	$ 163,419,386	$1,033,995,851**	$ 139,509	$ 8,320,340	$ 751,791,350	$ 10,906,940,848
2007	103,761,750	179,017,663	1,415,420,214	1,923	8,434,688	837,008,647	11,759,699,063
2008	164,270,412	172,504,804	905,021,878	–	7,827,576	924,251,543	12,069,417,038
2009	198,069,327	176,176,975	21,935,841	–	8,751,945	963,591,482	11,493,255,754
2010	290,759,950	194,621,551	(39,885,503)	–	8,800,848	1,012,533,911	10,917,416,993
2011	143,589,994	185,882,636	(50,121,733)	55,307	9,527,938	1,077,980,337	10,109,314,922
2012	138,729,011	187,141,384	92,083,763	431,790	10,120,434	1,153,503,764	9,364,076,672
2013	142,654,000	188,356,294	996,069,982	–	11,537,394	1,257,100,364	9,422,519,190
2014	585,416,141	187,846,065	1,166,597,174	–	10,494,139	1,306,341,856	10,045,542,575
2015	643,667,000	191,233,298	806,261,271	943,946	11,705,562	1,331,567,406	10,344,375,122

** Net of investment fees*

*** Includes $59,496,735 transferred from health insurance assets*

EXHIBIT I: Development of Unfunded Actuarial Accrued Liability

	Year Ending June 30			
	2015		2014	
1. Unfunded actuarial accrued liability at beginning of year		$ 9,422,373,613		$ 9,586,216,922
2. Normal cost at beginning of year				
3. Total contributions		387,497,642		390,738,428
4. Interest		899,900,298		838,262,206
(a) Unfunded actuarial accrued liability and normal cost	$ 760,265,022		$ 773,214,040	
(b) Total contributions	6,701,226		6,582,531	
(c) Total interest: (4a) – (4b)		$ 753,563,796		$ 766,631,509
5. Expected unfunded actuarial accrued liability: (1) + (2) – (3) + (4c)		$ 9,663,534,753		$ 9,905,324,653
6. Changes due to (gain)/ loss from:				
(a) Investments	$ (45,212,951)		$ (454,691,436)	
(b) Demographics and other	(33,120,109)		(28,259,604)	
(c) Total changes due to (gain)/loss: (6a) + (6b)		$ (78,333,060)		$ (482,951,040)
7. Change to due plan changes		–		–
8. Change in actuarial assumptions		–		–
9. Unfunded accrued liability at end of year: (5) + (6c) + (7) + (8)		$ 9,585,201,693		$ 9,422,373,613

Exhibit 1: Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:		
1. Pensioners as of the valuation date (including 3,050 beneficiaries and 470 disabled retirees)		28,114
Pensioners receiving health insurance subsidies as of the valuation date	17,490	
Pensioners not receiving health insurance subsidies as of the valuation date	10,624	
2. Participants inactive during year ended June 30, 2015, with vested rights		2,464
3. Participants inactive during the year ended June 30, 2015		29,706
Fully vested	19,213	
Not vested	10,493	
The actuarial factors as of the valuation date are as follows:		
1. Actuarial accrued liability		$ 19,951,289,974
Service retirees	$ 13,982,839,092	
Disabled retirees	178,543,728	
Beneficiaries	538,065,595	
Inactive participants with vested rights	408,992,327	
Active participants:		
Retirement	4,192,732,266	
Turnover	453,844,468	
Mortality	101,375,020	
Disability	94,897,478	
Total	4,842,849,232	
2. Actuarial value of assets ($10,689,954,320 at market value)*		10,344,375,122
3. Unfunded actuarial accrued liability (1) - (2)		$ 9,606,914,852
4. Funded ratio: (2) ÷ (1)		51.8%

**Excludes assets dedicated to retiree health insurance subsidies*

Components of the normal cost:	Tier 1			Tier 2			Total		
	% of Payroll		Amount	% of Payroll		Amount	% of Payroll		Amount
1. Retirement	12.63%	$	244,144,599	1.57%	$	6,126,907	10.78%	$	250,271,506
2. Turnover	1.82%		35,182,604	2.89%		11,249,607	2.00%		46,432,211
3. Mortality	0.37%		7,106,672	0.15%		570,152	0.33%		7,676,824
4. Disability	0.34%		6,533,278	0.17%		681,120	0.31%		7,214,398
5. Total normal cost: (1) + (2) + (3) + (4)	15.16%	$	292,967,153	4.78%	$	18,627,786	13.42%	$	311,594,939
6. Total normal cost, adjusted to the middle of the year							13.93%		323,443,952
7. Health insurance reimbursement							2.80%		65,000,000
8. Administrative expenses							0.53%		12,290,840
9. Total normal cost, including administrative expenses: (6) + (7) + (8)							17.26%	$	400,734,792
10. Expected employee contributions							(8.41)%		(195,329,806)
11. Employer normal cost: (9) + (10)							8.85%	$	205,404,986

**Based on projected payroll of $2,322,254,343.*

Exhibit 2: Comparison of Employer Contribution to Actuarially Determined Contribution

Last 10 Fiscal Years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Actual Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2006	$ 328,365,821	$ 52,789,706	$ 275,576,115	$ 1,944,358,215	2.72%
2007	311,139,800	103,761,750	207,378,050	1,863,182,086	5.57%
2008	290,072,885	164,270,412	125,802,473	1,914,558,916	8.58%
2009	292,145,359	198,069,327	94,076,032	1,996,194,224	9.92%
2010	355,846,125	290,759,950	65,086,175	2,107,934,080	13.79%
2011	430,091,545	143,589,994	286,501,551	2,090,131,858	6.87%
2012	510,101,466	138,729,011	371,372,455	2,224,903,121	6.24%
2013	585,444,539	142,654,000	442,790,539	2,239,347,051	6.37%
2014	719,781,746	585,416,141	134,365,605	2,233,280,995	26.21%
2015	728,488,520	643,667,000	84,821,520	2,273,551,432	28.31%

Exhibit 3: Schedule of Funding Progress

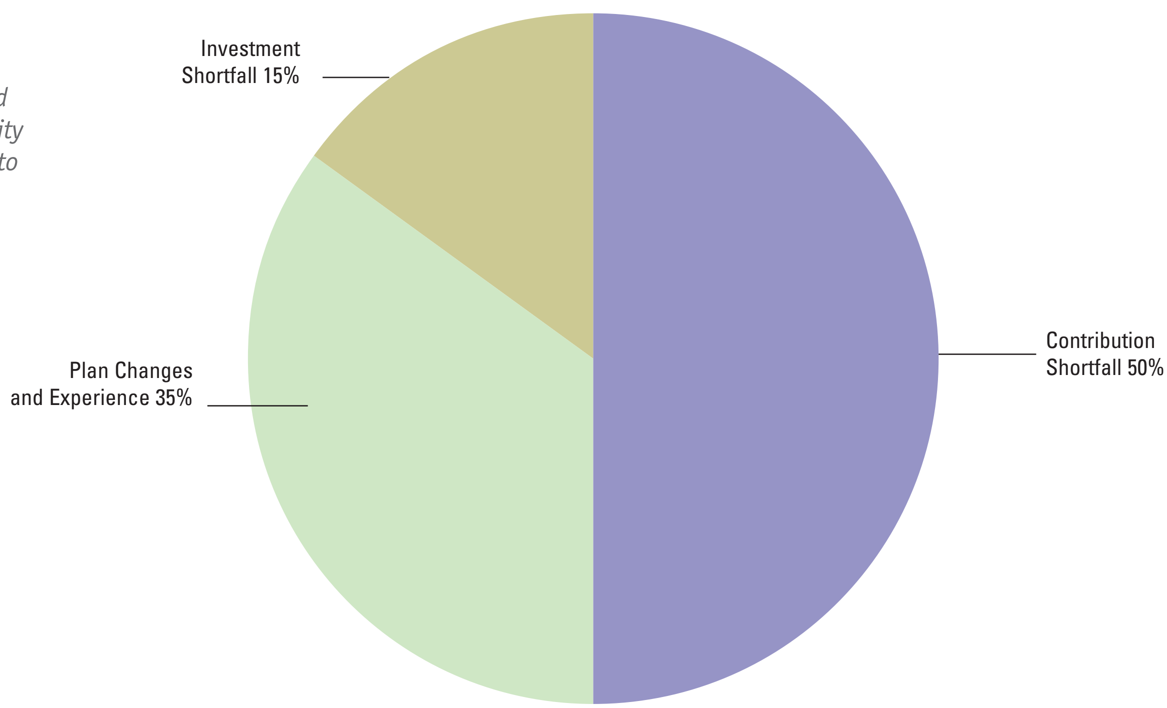
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
06/30/2006	$ 10,947,998,433 **	$ 14,035,627,452	$ 3,087,629,019	78.00%	$ 1,944,358,215	158.8%
06/30/2007	11,759,699,063	14,677,184,345	2,917,485,282	80.12%	1,863,182,086	156.6%
06/30/2008	12,069,417,038	15,203,740,567	3,134,323,529	79.38%	1,914,558,916	163.7%
06/30/2009	11,493,255,754	15,683,241,527	4,189,985,773	73.28%	1,996,194,224	209.9%
06/30/2010	10,917,416,993	16,319,743,665	5,402,326,672	66.90%	2,107,934,080	256.3%
06/30/2011	10,109,314,922	16,940,626,445	6,831,311,523	59.67%	2,090,131,858	326.8%
06/30/2012	9,364,076,672	17,375,660,369	8,011,583,697	53.89%	2,224,903,121	360.1%
06/30/2013	9,422,519,190	19,044,533,016	9,622,013,826	49.48%	2,239,347,051	429.7%
06/30/2014	10,045,542,575	19,503,893,632	9,458,351,057	51.51%	2,233,280,995	423.5%
06/30/2015	10,344,375,122	19,951,289,974	9,606,914,852	51.85%	2,273,551,432	422.6%

* *Not less than zero*

** *Includes Health Insurance Fund assets*

Exhibit 4: Source of Unfunded Actuarial Accrued Liability from Fiscal Year 1996 to 2015*

The chart summarizes the sources of unfunded actuarial accrued liability from August 31, 1996, to June 30, 2015.



* *Based on a projection from August 31, 1996, with actuarially determined contributions based on a 15-year rolling level percentage of pay amortization of the unfunded actuarial accrued liability*

Net Pension Liability

The components of the net pension liability at June 30, 2015, were as follows:

Total pension liability	$ 20,713,217,296
Plan fiduciary net position	10,689,954,320
Net pension liability	10,023,262,976
Plan fiduciary net position as a percentage of the total pension liability	51.61%

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of June 30, 2015, usingthe following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.25% to 15.75%, varying by age
Investment rate of return	7.75%, net of investment expense
Cost of living adjustments	3% compound for Tier 1 members; the lesser of 3% or one-half of CPI, simple, for Tier 2 members

For healthy participants, mortality rates were based on the RP-2000 Healthy Mortality Table for Males or Females, as appropriate, set back 2 years and adjusted for mortality improvements generationally from 2004 based on Scale AA. For disabled participants, mortality rates were based on the RP-2000 Disabled Mortality Table, set back 3 years.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an experience study for the period July 1, 2007, through June 30, 2012.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made as specified by Public Act 96-0889. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current fund participants. Therefore, the long-term expected rate of return on pension fund investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability as of June 30, 2015, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability as of June 30, 2015	$ 12,677,155,748	$ 10,023,262,976	$ 7,826,251,619

Schedules of Changes in Net Pension Liability

	2015	2014
Total Pension Liability		
Service cost	$ 318,734,274	$ 332,188,481
Interest	1,547,663,416	1,509,307,860
Change of benefit term	–	–
Differences between expected and actual experience	(138,512,940)	(14,177,102)
Changes of assumptions	–	–
Benefit payments, including refunds of employee contributions	(1,331,567,406)	(1,306,341,856)
Net change in total pension liability	**$ 396,317,344**	**$ 520,977,383**
Total pension liability – beginning	**20,316,899,952**	**19,795,922,569**
Total pension liability – ending (a)	**$ 20,713,217,296**	**$ 20,316,899,952**
Plan fiduciary net position		
Contributions – employer	$ 643,667,000	$ 585,416,141
Contributions – employee	191,233,298	187,846,065
Net investment income	381,688,430	1,685,079,840
Benefit payments, including refunds of employee contributions	(1,331,567,406)	(1,306,341,856)
Administrative expense	(11,705,562)	(10,494,139)
Other	943,946	–
Net change in plan fiduciary net position	$ (125,740,294)	$ 1,141,506,051
Plan fiduciary net position – beginning	10,815,694,614	9,674,188,563
Plan fiduciary net position – ending (b)	$ 10,689,954,320	$ 10,815,694,614
Fund's net pension liability – ending (a) – (b)	$ 10,023,262,976	$ 9,501,205,338
Plan fiduciary net position as a percentage of the total pension liability	51.61%	53.23%
Covered employee payroll	$ 2,273,551,432	$ 2,233,280,995
Fund's net pension liability as percentage of covered employee payroll	440.86%	425.44%

RATIONALE FOR ASSUMPTIONS

The information and analysis used in supporting each assumption that has a significant effect on this actuarial valuation is shown in the Actuarial Experience review dated September 13, 2013. Current data is reviewed in conjunction with each annual valuation. Based on professional judgement, no assumption changes are warranted at this time.

MORTALITY RATES

Healthy: The RP-2000 Combined Healthy Mortality Table, set back 2 years with generational improvement from 2004 using Scale AA. (adopted June 30, 2013).

Disabled: The RP-2000 Disabled Mortality Table, set back 3 years (adopted June 30, 2013).

The mortality tables specified above without future generational improvement reasonably reflect the projected mortality experience of the Fund as of the measurement date. The healthy mortality table was then adjusted to future years using additional generational improvement using Scale AA to anticipate future mortality improvement.

TERMINATION RATES

Select and ultimate termination rates are based on recent experience of the Fund were used (adopted June 30, 2013). Ultimate rates after the tenth year are shown for sample ages in the table on the next page. Select rates are as follows:

Years of Service	Rate (%)
Less than 1	25.0
1 – 1.99	15.0
2 – 2.99	10.0
3 – 3.99	9.0
4 – 4.99	8.0
5 – 5.99	7.0
6 – 6.99	6.0
7 – 7.99	5.0
8 – 8.99	4.5
9 – 9.99	4.0

	Rate (%)
Age	10+ Years of Service
30	2.5
35	2.5
40	2.3
45	2.0
50	2.0
55	2.0

RETIREMENT RATES

For employees first hired prior to January 1, 2011, rates of retirement for each age from 55 to 75 based on the recent experience of the Fund were used (adopted June 30, 2013). Sample rates are shown in the following chart:

	Rate (%)	
Age	<34 Years of Service	34+ Years of Service
55	5.0	20.0
60	9.0	22.5
65	15.0	25.0
70	20.0	30.0
75	100.0	100.0

For employees first hired on or after January 1, 2011, rates of retirement for each age from 62 to 75 were used (adopted June 30, 2011). Sample rates are shown below.

Age	Rate (%)
62	40.0
64	25.0
67	30.0
70	20.0
75	100.0

DISABILITY RATES

Disability rates are based on the recent experience of the Fund were used (adopted June 30, 2013). Sample rates are shown below.

Age	Rate (%)
30	0.06
40	0.08
50	0.16
60	0.20

SALARY INCREASES

Assumed salary increases are based on the recent experience of the Fund were used (adopted June 30, 2013). Sample rates are shown below.

Age	Rate (%)
25	10.8
30	7.3
35	7.3
40	5.8
45	5.3
50	4.8
55	4.3

VALUATION OF INACTIVE VESTED PARTICIPANTS

The account balance is projected to retirement (age 62) with interest, converted to an annuity, and loaded by 35%.

UNKNOWN DATA FOR PARTICIPANTS

Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be female.

SPOUSES

Demographic data was available for spouses of current retirees. For future retirees, 80% of participants are assumed to be married, with husbands two years older than their wives. Upon the death of the retiree, 20% of surviving spouses are assumed to elect health coverage (adopted June 30, 2013).

NET INVESTMENT RETURN

7.75% per year (adopted June 30, 2013). The net investment return assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgement. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the Fund's target asset allocation.

GASB 67 DISCOUNT RATE

7.75% per year

INFLATION

2.75% per year (adopted June 30, 2013)

PAYROLL GROWTH

3.50% per year (adopted June 30, 2013)

ADMINISTRATIVE EXPENSES

Equal to actual expenses for the prior year, increased by 5%. Future expenses are assumed to grow at 5% per year.

ACTUARIAL VALUE OF ASSETS

For funding purposes, the actuarial value of assets was determined by smoothing unexpected gains and losses over a period of 4 years. The gain or loss for a year is calculated as the total investment income on the market value of assets, minus expected investment return on the prior actuarial value of assets. The final actuarial value is equal to the expected actuarial value plus (or minus) 25% of the calculated gain (or loss) in the prior 4 years.

For GASB purposes, the actuarial value of assets is equal to the market value of assets.

ACTUARIAL COST METHOD

Projected Unit Credit (adopted August 31, 1991) is used for funding and GASB 43 purposes. Under this method, the projected benefits of each individual included in the valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefits allocated to a valuation year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the accrued liability.

Entry age is used for GASB 67 purposes. Under this method, a normal cost is calculated for each employee that is the level annual contribution as a percent of pay required to be made from the employee's date of hire for as long as he/she remains active so that sufficient assets will be accumulated to provide his/her benefit. The accrued liability is the difference between the present value of all future benefits and the present value of all future normal costs.

Exhibit 6: Summary of Plan Provisions

This exhibit summarizes the major provisions of the CTPF included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

MEMBERSHIP

Any teacher and certain other employees of the Chicago Public Schools, approved charter schools, and the Chicago Teachers' Pension Fund are members of this pension fund.

EMPLOYEE CONTRIBUTIONS

All participants of the Fund are required to contribute 9% of salary to the Fund as follows: 7.5% for the retirement pension, 1% for the spouse's pension, and 0.5% for the automatic increases in the retirement pension. As of September 1981, the Board of Education has been paying 7% of the required teacher contributions for Chicago public school teachers. Charter school contributions may be contributed at various rates by the employers and teachers.

SERVICE RETIREMENT PENSION

a. Eligibility – An employee may retire at age 55 with at least 20 years of service or at age 62 with 5 years of service. If retirement occurs before age 60, the service retirement pension is reduced 1/2 of 1% for each month that the age of the member is below 60. However, there is no reduction if the employee has at least 34 years of service.

b. Amount – For service earned before July 1, 1998, the amount of the service retirement pension is 1.67% of highest average salary for the first 10 years, 1.90% for each of the next 10 years, 2.10% for each of the following 10 years, and 2.30% for each year above 30. For service earned after June 30, 1998, the amount of the service retirement pension is 2.2% of highest average salary for each year of service.

Service earned before July 1, 1998, can be upgraded to the 2.2% formula through the payment of additional employee contributions of 1% of the teacher's highest salary within the last four years for each year of prior service, up to a maximum of 20%, which upgrades all service years. The number of years for which contributions are required is reduced by one for each three full years of service after June 30, 1998. No contribution is required if the employee has at least 30 years of service.

The highest average salary is the average of the 4 highest consecutive years of salary within the last 10 years.

The maximum pension payable is 75% of the highest annual salary or $1,500 per month, whichever is greater.

An employee who first becomes a participant on or after January 1, 2011, is subject to the following provisions:

1. The highest salary for annuity purposes is equal to the average monthly salary obtained by dividing the participant's total salary during the 96 consecutive months of service within the last 120 months of service in which the total compensation was the highest by the number of months in that period.
2. For 2015, the salary is limited to $111,572, as determined by the Illinois Department of Insurance. The limit for future years shall automatically be increased by the lesser of 3% or one-half the percentage change in the Consumer Price Index-U during the preceding calendar year.
3. A participant is eligible to retire with unreduced benefits after attainment of age 67 with at least 10 years of service credit. However, a participant may elect to retire at age 62 with at least 10 years of service credit and receive a retirement annuity reduced by 1/2 of 1% for each month that the age of the member is below 67.

POST-RETIREMENT INCREASE

An annuitant is entitled to automatic annual increases of 3% of the current pension starting the later of attainment of age 61 and receipt of one year's pension payments.

Automatic annual increases in the retirement annuity for employees who first become a participant on or after January 1, 2011 is equal to the lesser of 3% or one-half the annual change in the Consumer Price Index-U, whichever is less, based on the originally granted retirement annuity. This automatic annual increase starts the later of attainment of age 67 and receipt of one year's pension payments.

SURVIVOR'S PENSION

A surviving spouse or unmarried minor child is entitled to a pension upon the death of an employee while in service or on retirement. The minimum survivor's pension is 50% of the deceased employee's or retired employee's pension at the date of death. If the spouse is under age 50 and no unmarried minor children under age 18 survive, payment of the survivor's pension is deferred until age 50.

Survivor's pensions are subject to annual increases of 3% per year based on the current amount of pension starting the later of when the member would have attained age 61 and receipt of one year's pension payments.

For employees who first become a participant on or after January 1, 2011, the initial survivor's pension is equal to 66 2/3% of the participant's earned retirement annuity at the date of death, subject to automatic annual increases of the lesser of 3% or one-half of the increase in the Consumer Price Index-U during the preceding calendar year, based on the originally granted survivor's annuity. This automatic annual increase starts the later of when the member would have attained age 67 and receipt of one year's pension payments.

SINGLE SUM DEATH BENEFIT

Upon the death of an employee in service, a refund equal to the total contributions less contributions for survivor's pensions is payable.

A death benefit is payable upon the death of an employee in service in addition to any other benefits payable to the surviving spouse or minor children. The death benefit payable is the lesser of $10,000 and salary earned for the most recent six months.

Upon the death of a retired member, the death benefit is the lesser of $10,000 and the most recent salary earned for a 6 month period less 20% of the death benefit for each year that the member has been on pension, to a minimum of $5,000.

NON-DUTY DISABILITY BENEFIT

A non-duty disability pension is payable in the event of total or permanent disability with 10 or more years of service. The benefit is the unreduced service retirement pension. However, if the participant has 20 or more and less than 25 years of service and is under age 55, the benefit is reduced by 1/2 of 1% for each month that the age of the member is below 55 down to a minimum age of 50, but not less than the unreduced service retirement pension with 20 years of service.

DUTY DISABILITY BENEFIT

Upon disability resulting from an injury incurred while working, an employee is entitled to a disability benefit of 75% of final average salary until age 65. At age 65, the disabled employee shall receive a service retirement pension, which includes service earned while disabled.

REFUNDS

An employee who terminates employment before qualifying for a pension is entitled to a refund of employee contributions, without interest.

An employee who is unmarried at date of retirement is entitled to a refund of the full amount contributed for the survivor's pension, without interest.

PLAN YEAR

July 1 through June 30

CHANGES IN PLAN PROVISIONS

Medicare Part A payments are not subsidized for members with a pension benefit commencement date of July 1, 2016, or later.

Exhibit 7: Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability for Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability for Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Actuarial Cost Method: A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the Annual Required Contribution.

Actuarial Gain or Actuarial Loss: A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., CTPF's assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is:

- **a.** Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.)
- **b.** Multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
- **c.** Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would be provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Actuarially Determined Contribution (ADC) and the Net Pension Liability (NPL).
Actuarial Value of Assets:	The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ARC.
Actuarially Determined:	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.
Actuarially Determined Contribution (ADC):	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.
Amortization Method:	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization Payment:	The portion of the pension plan contribution, or ADC, that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
Assumptions or Actuarial Assumptions:	The estimates on which the cost of the Fund is calculated including: (a) Investment return – the rate of investment yield that the Fund will earn over the long-term future; (b) Mortality rates - the death rates of employees and pensioners; life expectancy is based on these rates; (c) Retirement rates - the rate or probability of retirement at a given age; (d) Turnover rates - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; (e) Salary increase rates - the rates of salary increase due to inflation and productivity growth.
Closed Amortization Period:	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.
Decrements:	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan:	A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.
Defined Contribution Plan:	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer Normal Cost:	The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.
Experience Study:	A periodic review and analysis of the actual experience of the Fund that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.
Funded Ratio:	The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA, as another measure of the Plan's health.
GASB:	Governmental Accounting Standards Board.
GASB 25 and GASB 27:	Governmental Accounting Standards Board Statements No. 25 and No. 27. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
GASB 67 and GASB 68:	Governmental Accounting Standards Board Statements No. 67 and No. 68 are the successor statements to GASB Statements No. 25 and No. 27.
Investment Return (Discount Rate):	The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.
Net Pension Liability(NPL):	The Net Pension Liability is equal to the Total Pension Liability minus the Plan Fiduciary Net Position.
Normal Cost:	That portion of the Actuarial Present Value of pension plan benefits and expenses allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated.

Open Amortization Period:	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount, or in relation to covered payroll, if the actuarial assumptions are realized.
Plan Fiduciary Net Position:	Market Value of assets.
Total Pension Liability:	The actuarially accrued liability under the entry age normal cost method and based on the blended discount rate as described in GASB 67 and 68.
Unfunded Actuarial Accrued Liability:	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.
Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.

ACTUARIAL REPORT
HEALTH INSURANCE

PURPOSE

This report presents the results of the actuarial valuation of the Public School Teachers' Pension and Retirement Fund of Chicago as of June 30, 2015, to be used for the fiscal year ending June 30, 2016. The results are in accordance with Governmental Accounting Standards, which prescribe an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants' active working lifetimes.

HIGHLIGHTS OF THE VALUATION

- Effective January 1, 2015, the Board provides reimbursement of 50% of the cost of pensioners' health insurance coverage.
- The valuation-year per capita health costs and trend rates were updated.
- The Unfunded Actuarial Accrued Liability (UAAL) is $1.89 billion as of June 30, 2015, compared to $1.90 billion the prior year.
- The Annual Required Contribution (ARC) is $135.5 million as of July 1, 2015; the ARC was $135.7 million as of July 1, 2014.
- $65 million was allocated towards post-retirement medical benefits in the year ending June 30, 2015.

The plan complies with the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) as of the valuation date. This valuation includes the estimated effect of the excise tax beginning in 2018. The effect on the obligation of any other future aspects of these Acts is assumed to be *de minimis*.

EXHIBIT A: Summary of Participant Data

Retirees and Beneficiaries	June 30, 2015	June 30, 2014
Number currently receiving health benefits	17,940	18,171
Average age	73.7	73.3
Number entitled to health benefits but not currently receiving them	10,575	9,501
Terminated employees who may be entitled to future benefits		
Number	5,464	4,818
Average age	47.2	47.8
Active Participants		
Number	29,706	30,653
Average age	41.4	41.3
Average years of service	10.3	10.3

EXHIBIT B: Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL)

Participant Category	June 30, 2015	June 30, 2014
Current retirees and beneficiaries	$ 1,064,847,161	$ 1,067,009,286
Current active and inactive members	846,144,830	871,846,609
Total actuarial accrued liability (AAL)	**$ 1,910,991,991**	**$ 1,938,855,895**
Effect of Assets		
Employer actuarial accrued liability (AAL)	$ 1,910,991,991	$ 1,938,855,895
Actuarial value of assets	21,713,159	35,977,444
Unfunded actuarial accrued liability (UAAL)	$ 1,889,278,832	$ 1,902,878,451

Required Supplementary Information

CHART 1: Summary of Required Supplementary Information

Valuation date	June 30, 2015
Actuarial cost method	Projected Unit Credit cost method
Amortization method	Level percent of payroll, 30-year closed effective July 1, 2013
Remaining amortization period	28 years as of June 30, 2015
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	4.50%
Inflation rate	2.75%
Medical cost trend rate	8.0% graded to 5% over 6 years
Plan membership:	
Retirees and beneficiaries currently receiving health benefits	17,490
Retirees and beneficiaries entitled to health benefits but not currently receiving them	10,624
Terminated employees who may be entitled to future benefits	5,464
Current active members	29,706
Total	**63,284**

CHART 2: Determination of Annual Required Contribution (ARC)

Cost Element	July 1, 2015		July 1, 2014	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost	$ 58,909,640	2.54%	$ 60,899,465	2.63%
2. Amortization of the unfunded actuarial accrued liability	76,595,633	3.30%	74,829,312	3.23%
3. Total Annual Required Contribution (ARC)	$ 135,505,273	5.84%	$ 135,728,777	5.86%
4. Projected Payroll	$ 2,322,254,343		$ 2,316,336,417	

CHART 3: Schedule of Employer Contributions

Fiscal Year Ending June 30	Annual Required Contributions (ARC)	Actual Contributions	Percentage Contributed
2007	$ 209,446,107	$ 65,000,000	31.03%
2008	150,033,070	65,000,000	43.32%
2009	171,880,428	65,000,000	37.82%
2010	186,231,574	65,000,000	34.90%
2011	215,797,617	65,000,000	30.12%
2012	218,842,221	65,000,000	29.70%
2013	216,163,148	65,000,000	30.07%
2014	165,115,403	65,000,000	39.37%
2015	135,728,777	65,000,000	47.89%

CHART 4: SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	[Assets as a % of Actuarial Liability] Funded Ratio (c) = (a) / (b)	Unfunded AAL (UAAL) (d) = (b) - (a)	Active Member Payroll (e)	UAAL as a % of Active Member Payroll (f) = (d)/(e)
2006	$ 41,057,585	$ 2,373,773,770	1.73%	$ 2,332,716,185	$ 1,944,358,215	119.97%
2007	47,401,758	2,022,007,643	2.34%	1,974,605,885	1,863,182,086	105.98%
2008	44,989,385	2,407,122,492	1.87%	2,362,133,107	1,914,558,916	123.38%
2009	49,691,750	2,670,282,662	1.86%	2,620,590,912	1,996,194,224	131.28%
2010	34,857,732	2,864,877,305	1.22%	2,830,019,573	2,107,934,080	134.26%
2011	31,324,572	3,071,516,739	1.02%	3,040,192,167	2,090,131,858	145.45%
2012	34,124,958	3,110,316,263	1.10%	3,076,191,305	2,224,903,121	138.26%
2013	35,796,904	2,386,105,927	1.50%	2,350,309,023	2,239,347,051	104.96%
2014	35,977,444	1,938,855,895	1.86%	1,902,878,451	2,233,280,995	85.21%
2015	21,713,159	1,910,991,991	1.14%	1,889,278,832	2,155,604,327	87.64%

CHART 5: OPEB SOLVENCY TEST

	June 30, 2015	June 30, 2014
1. Actuarial Accrued liability (AAL)		
a. Active member contributions	$ –	$ –
b. Retirees and beneficiaries	1,064,847,161	1,067,009,286
c. Active and inactive members (employer financed)	846,144,830	871,846,609
d. Total	$ 1,910,991,991	$ 1,938,855,895
2. Actuarial value of assets	21,713,159	35,977,444
3. Unfunded actuarial accrued liability (UAAL)	$ 1,889,278,832	$ 1,902,878,451
4. Cumulative portion of AAL covered		
a. Active member contribution	100.0%	100.0%
b. Retirees and beneficiaries	2.04%	3.37%
c. Active and inactive members (employer financed)	0.00%	0.00%

Exhibit 1: Actuarial Assumptions and Actuarial Cost Method

Measurement Date:	June 30, 2015
Discount Rate:	4.50% per year, based on the expected rate of return on day-to-day employer funds
Payroll Growth:	3.50% per year (adopted June 30, 2013)
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market value
Data:	Detailed census data and financial data for postemployment benefits were provided by the Fund staff.

MORTALITY RATES

Healthy:	The RP-2000 Combined Healthy Mortality Table, set back 2 years with generational improvement from 2004 using Scale AA (adopted June 30, 2013).
Disabled:	The RP-2000 Disabled Mortality Table, set back 3 years (adopted June 30, 2013). The mortality tables specified above without future generational improvement reasonably reflect the projected mortality experience of the Fund as of the measurement date. The healthy mortality table was then adjusted to future years using additional generational improvement using Scale AA to anticipate future mortality improvement.

TERMINATION RATES

Select and ultimate termination rates were based on recent experience of the Fund (adopted June 30, 2013). Ultimate rates after the tenth year are shown for sample ages in the second table below. Select rates are as follows:

Years of Service	Rate (%)
Less than 1	25.00
1 – 1.99	15.00
2 – 2.99	10.00
3 – 3.99	9.00
4 – 4.99	8.00
5 – 5.99	7.00
6 – 6.99	6.00
7 – 7.99	5.00
8 – 8.99	4.50
9 – 9.99	4.00

Ultimate rates after the 10th year for sample ages are as follows:

10+Years of Service	
Age	**Rate (%)**
30	2.5
35	2.5
40	2.3
45	2.0
50	2.0
55	2.0

DISABILITY RATES

Disability rates, based on the recent experience of the Fund, were applied to members with at least ten years of service (adopted June 30, 2013). All disabilities are assumed to be non-duty disabilities. Sample rates are shown below.

Age	Rate (%)
30	0.06
40	0.08
50	0.16
60	0.20

RETIREMENT RATES

For employees first hired prior to January 1, 2011, rates of retirement for each age from 55 to 75 based on the recent experience of the Fund were used (adopted June 30, 2013). Sample rates are shown below.

	Rate (%)	
Age	**<34 Years of Service**	**34+ Years of Service**
55	5.0	20.0
60	9.0	22.5
65	15.0	25.0
70	20.0	30.0
75	100.0	100.0

For employees first hired on or after January 1, 2011, rates of retirement for each age from 62 to 75 were used (adopted June 30, 2011). Sample rates are shown below.

Age	Rate (%)
62	40.0
64	25.0
67	30.0
70	20.0
75	100.0

TERMINATED EMPLOYEES

Of current and future terminated participants with 10 or more years of service, 15% were assumed to meet eligibility requirements and elect health coverage (adopted June 30, 2013). Terminated participants with less than 10 years of service were assumed not to participate. Terminated employees first hired prior to January 1, 2011, were assumed to retire at age 60 with 20 or more years of service, or at age 62. Terminated employees first hired on or after January 1, 2011, were assumed to retire at age 65 (adopted June 30, 2012).

PARTICIPATION AND HEALTH COVERAGE ELECTION

75% of future female retirees under age 65 and 60% of future male retirees under age 65 were assumed to elect health and welfare coverage. 80% of future female retirees age 65 and greater and 65% of future male retirees age 65 and greater were assumed to elect health and welfare coverage. This assumption was also applied to retirees currently receiving COBRA reimbursement. Of current retirees under age 65 who are not currently participating, 20% of females and 12.5% of males were assumed to elect health and welfare coverage at age 65 (adopted June 30, 2013).

MISSING PARTICIPANT DATA

A missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known.

SPOUSES

Demographic data was available for spouses of current retirees. For future retirees, 80% of participants are assumed to be married, with husbands two years older than their wives. Upon the death of the retiree, 20% of surviving spouses are assumed to elect coverage (adopted June 30, 2013).

PER CAPITA COST DEVELOPMENT

Per capita claims costs were based on the average retiree premiums and Part A and Part B reimbursements as of January 1, 2015, and average rebates paid in year ended June 30, 2015, (assumed to have been incurred relatively evenly between calendar year 2013 and calendar year 2014). Averages were calculated separately for retirees under and over age 65. The averages were trended to the midpoint of the valuation year at assumed trend rates. Actuarial factors were then applied to the average cost to estimate individual retiree and spouse costs by age and by gender.

PER CAPITA HEALTH COSTS

Average claims for the plan year beginning July 1, 2015, are shown in the table below for retirees at selected ages. Costs shown are total costs; plan pays 50%.

	Retiree		Spouse	
Age	Male	Female	Male	Female
55	$ 12,380	$ 12,781	$ 9,743	$ 11,035
60	14,702	13,777	13,043	12,799
64	16,867	14,615	16,466	14,405

	Participant with a pension effective date prior to January 1, 2016		Participant with a pension effective date after January 1, 2016	
Age				
65	$ 5,574	$ 4,738	$ 4,991	$ 4,242
70	6,460	5,106	5,785	4,572
75	6,962	5,496	6,234	4,921

HEALTH CARE COST TREND RATES

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years.

Year Ending June 30,	Rate (%)
2016	8.0
2017	7.5
2018	7.0
2019	6.5
2020	6.0
2021	5.5
2022 & Later	5.0

OPEB PLAN DESIGN

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit 2 and on the established pattern or practice with regard to sharing of benefit costs between the employer and plan members. In particular, this valuation under GASB 43 does not take into account the current $65 million maximum of annual payments that may be paid from the Fund, as there has been a history of increases in the annual dollar maximum.

The valuation includes recognition of the excise tax. The applicable annual limitation used to determine the estimated amount of excise tax is assumed to increase 2.75% per year beginning in 2019.

The effect on the obligation of other future aspects of the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 are assumed to be *de minimis*.

Exhibit 2: Summary of Plan Provisions

This exhibit summarizes the major provisions of the CTPF as included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions

RETIREE ELIGIBILITY

Recipient of a service retirement, disability, or survivor's pension from the Public School Teachers' Pension and Retirement Fund of Chicago. Pension eligibility is generally as follows:

Service Retirement Pension

An employee first hired prior to January 1, 2011, is eligible to retire at age 55 with at least 20 years of service. If retirement occurs before age 60, the service retirement pension is reduced ½ of 1% for each month that the age of the member is below 60. However, there is no reduction if the employee has at least 34 years of service. An employee first hired on or after January 1, 2011 is eligible to retire with unreduced benefits after attainment of age 67 with at least 10 years of service credit. However, a participant may elect to retire at age 62 with at least 10 years of service credit and receive a retirement annuity reduced by ½ of 1% for each month that the age of the member is below 67.

Survivor's Pension

A surviving spouse or unmarried minor child is entitled to a pension upon the death of an employee while in service or on retirement. The minimum survivor's pension is 50% of the deceased employee's or retired employee's pension at the date of death. If the spouse is under age 50 and no unmarried minor children under age 18 survive, payment of the survivor's pension is deferred until age 50.

Non-duty Disability Benefit

A non-duty disability pension is payable in the event of total or permanent disability with 10 or more years of service. The benefit is the unreduced service retirement pension. However, if the participant has 20 or more and less than 25 years of service and is under age 55, the benefit is reduced by ½ of 1% for each month that the age of the member is below 55, down to a minimum age of 50, but not less than the unreduced service retirement pension with 20 years of service.

Duty Disability Benefit

Upon disability resulting from an injury incurred while working, an employee is entitled to a disability benefit.

Additional requirements apply to those who terminate prior to retirement.

BENEFITS

Partial reimbursement of the cost of health insurance coverage, which may be in the form of an annual direct payment or a reduction in the amount deducted from the monthly annuity. Effective January 1, 2015, the Board provides reimbursement of 50% of the cost of pensioners' health insurance coverage. Beginning in 2015, the maximum reimbursement for non-Chicago Teachers' Pension Fund plans will be limited to an amount based on the most economical Chicago Teachers' Pension Fund plan option.

The total amount of payments in any year may not exceed 75% of the total cost of health insurance coverage in that year for all recipients who receive payments in that year. Total payments may not exceed $65,000,000 plus any amount that was authorized to be paid in the preceding year but was not actually paid (including any interest earned).

Exhibit 3: Definitions of Terms

The following list defines certain technical terms for the convenience of the reader:

ACTUARIAL ACCRUED LIABILITY FOR ACTIVES

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

ACTUARIAL ACCRUED LIABILITY FOR PENSIONERS

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and of the interest which the sum is expected to earn before it is entirely paid out in benefits.

ACTUARIAL PRESENT VALUE OF TOTAL PROJECTED BENEFITS (APB)

Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

ACTUARIAL VALUE OF ASSETS (AVA)

The value of assets used by the actuary in the valuation. These may be at market value or some other method used to smooth variations in market value from one valuation to the next.

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Fund's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.

AMORTIZATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

ARC AS A PERCENTAGE OF COVERED PAYROLL

The ratio of the annual required contribution to covered payroll.

ASSUMPTIONS OR ACTUARIAL ASSUMPTIONS

The estimates on which the cost of the Plan is calculated including:

- **(a)** Investment return – the rate of investment yield which the Plan will earn over the long-term future;
- **(b)** Mortality rates – the death rates of employees and pensioners; life expectancy is based on these rates;
- **(c)** Retirement rates – the rate or probability of retirement at a given age;
- **(d)** Turnover rates – the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

COVERED PAYROLL

Annual reported salaries for all active participants on the valuation date.

FUNDED RATIO

The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value or assets (MVA), rather than the AVA, as another measure of the Plan's health.

GASB

Government Accounting Standards Board

GASB 43 AND GASB 45

Governmental Accounting Standards Board Statements No. 43 and No. 45. These are the governmental accounting standards that set the accounting rules for public postemployment benefit plans other than pension plans and the employers that sponsor or contribute to them. Statement No. 45 sets the accounting rules for the employers that sponsor or contribute to public postemployment benefit plans other than pension plans, while Statement No. 43 sets the rules for the plans themselves.

GASB 74 AND GASB 75

Governmental Accounting Standards Board Statements No. 74 and No. 75 are the successor statements to GASB Statements No. 43 and No. 45.

HEALTH CARE COST TREND RATES

The annual rate of increase in net claims costs per individual benefiting from the Plan.

INVESTMENT RETURN

The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you-go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.

NORMAL COST

The amount of contributions required to fund the benefit allocated to the current year of service.

UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)

The excess of the actuarial accrued liability (AAL) over the actuarial value of assets (AVA). This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Exhibit 4: Accounting Requirements

The Governmental Accounting Standards Board (GASB) issued Statement Number 43 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Under this statement, all state and local government entities that provide other post-employment benefits (OPEB) are required to report the cost of these benefits on their financial statements. The accounting standards supplement cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (i.e., a pay-as-you-go basis).

The statement covers postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are not offered as part of a pension plan; and long-term disability insurance for employees. The benefits valued in this report are limited to those described in this section, which are based on those provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits is not limited by legal or contractual limits on funding the plan unless those limits clearly translate into benefit limits on the substantive plan being valued.

The standard introduced an accrual-basis accounting requirement, thereby recognizing the employer cost of postemployment benefits over an employee's career. The standard also introduced a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit 1. This amount is then discounted to determine the actuarial present value of the projected cost of these benefits (APB). The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and the actuarial value of assets in the Plan.

Once the UAAL is determined, the Annual Required Contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made. In addition, Required Supplementary Information (RSI) must be reported, including historical information about the UAAL and the progress in funding the Plan. Exhibit III page 127 contains a definition of terms.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short term volatility in accrued liabilities and the actuarial value of assets, if any.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Title: Move Towards the Future

Artist: Molly Bryson

Medium: Print making painting

Instructor: GoKay Cakil, After School Matters

Artist statement: "I envision the future of education to encompass equal involvement of all students and active participation. No longer will the classroom be a sedentary place, but a place of interactive learning and collaboration. My screen print aims to illustrate what this type of learning through movement might look like."

Statistical

This section includes summaries of statistical information about participating members, annuitants, and the benefits paid to them.

Statement of Changes in Fiduciary Net Position
Pension Fund

For the year ended June 30, 2015, with comparative totals for 9 years

	2015	2014	2013	2012	2011
Additions:					
Contributions:					
Intergovernmental, net (employer)	$ 643,667,000	$ 585,416,141	$ 142,654,000	$ 138,729,011	$ 143,589,994
Employee contributions	191,233,298	187,846,065	188,356,294	187,141,384	185,882,636
	834,900,298	**773,262,206**	**331,010,294**	**325,870,395**	**329,472,630**
Investment income:					
Net investment income	381,688,431	1,685,079,840	1,174,500,001	(38,124,125)	2,123,272,170
Miscellaneous	943,946	–	–	431,790	55,307
Total additions	**1,217,532,675**	**2,458,342,046**	**1,505,510,295**	**288,178,060**	**2,452,800,107**
Deductions:					
Pension Benefits:					
Retirement	1,242,868,398	1,211,523,930	1,173,343,019	1,062,373,677	999,323,111
Survivors	47,403,198	44,428,213	41,503,227	38,812,556	36,196,804
Disability	14,223,383	13,882,921	13,472,748	12,698,514	12,019,044
Refunds:					
Separation	17,504,508	22,332,203	12,948,597	17,521,737	13,135,132
Death	2,009,495	3,598,338	3,284,366	4,139,266	3,373,836
Other	4,365,794	6,901,631	8,554,098	14,633,633	10,671,550
Death Benefits:					
Heirs of Active Teachers	161,214	194,115	441,036	387,047	419,861
Heirs of Annuitants	3,031,418	3,480,506	3,553,273	2,937,334	2,840,999
	1,331,567,407	**1,306,341,856**	**1,257,100,364**	**1,153,503,764**	**1,077,980,337**
Administrative and miscellaneous expenses	11,705,562	10,494,139	11,537,394	10,120,434	9,527,938
Total deductions	**1,343,272,969**	**1,316,835,995**	**1,268,637,758**	**1,163,624,198**	**1,087,508,275**
Net increase (decrease)	(125,740,294)	1,141,506,051	236,872,537	(875,446,138)	1,365,291,832
Transfers to Health Insurance	–	–	–	–	–
Net assets held in trust for benefits:					
Beginning of period, as restated	10,815,694,614	9,674,188,563	9,437,316,026	10,312,762,164	8,947,470,332
End of period	**$ 10,689,954,320**	**$ 10,815,694,614**	**$ 9,674,188,563**	**$ 9,437,316,026**	**$ 10,312,762,164**

Continued from page 131

	2010	2009	2008	2007	2006
ADDITIONS:					
Contributions:					
Intergovernmental, net (employer)	$ 290,759,950	$ 198,069,327	$ 164,270,412	$ 103,761,750	$ 52,789,706
Employee contributions	194,621,551	176,176,975	172,504,804	179,017,663	163,419,386
	485,381,501	**374,246,302**	**336,775,216**	**282,779,413**	**216,209,092**
Investment income:					
Net investment income	1,107,453,898	(2,464,420,944)	(738,817,587)	1,947,810,351	1,093,872,285
Miscellaneous	–	–	–	1,923	139,509
Total additions	**1,592,835,399**	**(2,090,174,642)**	**(402,042,371)**	**2,230,591,687**	**1,310,220,886**
DEDUCTIONS:					
Pension Benefits:					
Retirement	943,252,537	897,873,287	863,963,625	759,346,660	682,245,353
Survivors	33,738,810	31,028,747	29,037,664	27,532,256	25,854,248
Disability	11,512,123	11,673,453	11,673,773	10,898,039	10,388,393
Refunds:					
Separation	9,334,950	10,615,031	5,626,786	12,829,988	10,633,789
Death	4,253,510	3,765,163	3,218,956	3,942,853	4,028,201
Other	7,495,834	5,658,269	7,884,526	19,581,668	16,023,309
Death Benefits:					
Heirs of Active Teachers	496,832	514,743	486,740	554,765	535,142
Heirs of Annuitants	2,449,315	2,462,789	2,359,473	2,322,418	2,082,915
	1,012,533,911	**963,591,482**	**924,251,543**	**837,008,647**	**751,791,350**
Administrative and miscellaneous expenses	8,800,848	8,751,945	7,827,576	8,434,688	8,320,340
Total deductions	**1,021,334,759**	**972,343,427**	**932,079,119**	**845,443,335**	**760,111,690**
Net increase (decrease)	571,500,640	(3,062,518,069)	(1,334,121,490)	1,385,148,352	550,109,196
Transfers to Health Insurance	–	–	–	–	59,496,735
Net assets held in trust for benefits:					
Beginning of period as restated	8,375,969,692	11,438,487,761	12,772,609,251	11,387,460,899	10,777,854,968
End of period	**$ 8,947,470,332**	**$ 8,375,969,692**	**$ 11,438,487,761**	**$ 12,772,609,251**	**$ 11,387,460,899**

Statement of Changes in Fiduciary Net Position
Health Insurance Fund

For the Year Ended June 30, 2015, with comparative totals for 9 years

	2015	2014	2013	2012	2011
Additions:					
Contributions:					
Intergovernmental, net (employer)	$ 65,000,000	$ 65,000,000	$ 65,000,000	$ 65,000,000	$ 65,000,000
Investment income:					
Net investment income	51,868	55,134	82,822	41,058	20,471
Miscellaneous	–	8,000,000	8,352,647	6,770,651	10,338,661
Total additions	**65,051,868**	**73,055,134**	**73,435,469**	**71,811,709**	**75,359,132**
Deductions:					
Health Insurance Premium Rebate	79,316,153	72,874,594	71,763,523	69,011,323	78,892,292
Total deductions	**79,316,153**	**72,874,594**	**71,763,523**	**69,011,323**	**78,892,292**
Net increase (decrease)	(14,264,285)	180,540	1,671,946	2,800,386	(3,533,160)
Transfers to Health Insurance	–	–	–	–	–
Net assets held in trust for benefits:					
Beginning of period, as restated	35,977,444	35,796,904	34,124,958	31,324,572	34,857,732
End of period	**$ 21,713,159**	**$ 35,977,444**	**$ 35,796,904**	**$ 34,124,958**	**$ 31,324,572**

Continued on page 134

Continued from page 133

	2010	2009	2008	2007	2006
Additions:					
Contributions:					
Intergovernmental, net (employer)	$ 65,000,000	$ 65,000,000	$ 65,000,000	$ 65,000,000	$ 65,000,000
Investment income:					
Net investment income	119,855	514,200	1,278,818	2,373,014	4,071,093
Miscellaneous	–	15,000,000	–	–	–
Total additions	**65,119,855**	**80,514,200**	**66,278,818**	**67,373,014**	**69,071,093**
Deductions:					
Health Insurance Premium Rebate	79,953,873	75,811,835	68,691,191	61,028,841	58,279,900
Total deductions	**79,953,873**	**75,811,835**	**68,691,191**	**61,028,841**	**58,279,900**
Net increase (decrease)	(14,834,018)	4,702,365	(2,412,373)	6,344,173	10,791,193
Transfers to Health Insurance	–	–	–	–	(59,496,735)
Net assets held in trust for benefits:					
Beginning of period, as restated	49,691,750	44,989,385	47,401,758	41,057,585	89,763,127
End of period	**$ 34,857,732**	**$ 49,691,750**	**$ 44,989,385**	**$ 47,401,758**	**$ 41,057,585**

Distribution of Current Annuitants by Benefit Type

As of June 30, 2015

Monthly Pension Amount	Retirees		Disabled Retirees		Beneficiaries		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
$ 0 – 499	406	988	2	1	168	250	576	1,239
$ 500 – 999	392	861	7	15	225	390	624	1,266
$ 1,000 – 1,499	328	667	14	38	155	223	497	928
$ 1,500 – 1,999	246	669	11	45	188	249	445	963
$ 2,000 – 2,499	246	804	13	47	175	275	434	1,126
$ 2,500 – 2,999	287	970	12	52	155	295	454	1,317
$ 3,000 – 3,499	310	1,187	15	39	24	109	349	1,335
$ 3,500 – 3,999	341	1,344	15	43	14	56	370	1,443
$ 4,000 – 4,499	399	1,384	8	47	9	47	416	1,478
$ 4,500 – 4,999	692	2,052	6	20	2	18	700	2,090
$ 5,000 – 5,499	943	2,837	2	8	5	14	950	2,859
$ 5,500 – 5,999	711	2,133	–	1	–	1	711	2,135
$ 6,000 – 6,499	296	790	2	1	–	1	298	792
$ 6,500 – 6,999	214	313	–	1	–	–	214	314
$ 7,000 – 7,499	152	258	1	2	–	–	153	260
$ 7,500 – 7,999	107	229	1	–	–	–	108	229
$ 8,000 – 8,499	92	175	1	–	1	–	94	175
$ 8,500 – 8,999	82	132	–	–	–	–	82	132
$ 9,000 & Over	202	355	–	–	–	1	202	356
Total	**6,446**	**18,148**	**110**	**360**	**1,121**	**1,929**	**7,677**	**20,437**

Annuitants

Distribution of Pensioners with Health Insurance Reimbursements by Size of Annuity

as of June 30, 2015

	Health Insurance	
Monthly Pension Amount	Male	Female
$ 0 – 499	44	110
$ 500 – 999	91	290
$ 1,000 – 1,499	131	280
$ 1,500 – 1,999	128	436
$ 2,000 – 2,499	150	596
$ 2,500 – 2,999	191	793
$ 3,000 – 3,499	194	881
$ 3,500 – 3,999	249	1,014
$ 4,000 – 4,499	287	1,073
$ 4,500 – 4,999	554	1,668
$ 5,000 – 5,499	776	2,371
$ 5,500 – 5,999	580	1,740
$ 6,000 – 6,499	251	644
$ 6,500 – 6,999	176	266
$ 7,000 – 7,499	124	231
$ 7,500 – 7,999	92	189
$ 8,000 – 8,499	85	154
$ 8,500 – 8,999	70	114
$ 9,000 & Over	172	295
Total	**4,345**	**13,145**

Represents members who have purchased insurance from the Fund's providers and reimbursed members who have purchased insurance from other outside providers.

Schedule of Average Benefit Payments for Persons Retired Within the Last 10 Years

	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Fiscal Year 2006							
Average Monthly Pension	383	807	1,395	2,067	2,659	3,425	4,609
Average Final Salary*	6,204	5,135	5,164	5,527	5,563	5,676	6,257
Number of Retired Members	42	54	78	92	153	149	1,012
Fiscal Year 2007							
Average Monthly Pension	370	774	1,513	2,240	2,894	3,746	4,878
Average Final Salary*	6,792	5,131	5,667	5,855	6,043	6,325	6,562
Number of Retired Members	80	64	81	111	222	139	1,218
Fiscal Year 2008							
Average Monthly Pension	258	781	1,397	2,071	2,699	4,025	6,297
Average Final Salary*	5,487	5,450	5,411	5,539	5,969	7,185	8,555
Number of Retired Members	45	49	35	38	58	44	358
Fiscal Year 2009							
Average Monthly Pension	339	813	1,519	2,249	2,621	3,523	4,748
Average Final Salary*	6,323	5,224	5,635	6,074	5,616	5,970	6,459
Number of Retired Members	38	63	52	50	82	53	314
Fiscal Year 2010							
Average Monthly Pension	307	803	1,435	2,331	2,922	3,672	5,862
Average Final Salary*	5,954	4,909	5,408	6,139	6,275	6,413	7,978
Number of Retired Members	33	64	52	46	63	42	160
Fiscal Year 2011							
Average Monthly Pension	313	802	1,361	2,363	2,910	3,944	6,458
Average Final Salary*	6,480	4,994	5,276	6,252	6,405	6,936	8,824
Number of Retired Members	39	59	56	60	91	49	232
Fiscal Year 2012							
Average Monthly Pension	348	842	1,452	2,522	3,308	4,142	5,788
Average Final Salary*	6,690	5,457	5,509	6,696	7,049	7,173	7,887
Number of Retired Members	72	114	84	134	221	157	538
Fiscal Year 2013							
Average Monthly Pension	275	856	1,645	2,761	3,567	4,422	5,976
Average Final Salary*	5,623	5,491	6,180	7,136	7,495	7,688	8,157
Number of Retired Members	56	114	91	186	380	256	824
Fiscal Year 2014							
Average Monthly Pension	262	758	1,648	2,581	3,477	4,307	5,683
Average Final Salary*	6,555	5,023	6,309	6,657	7,376	7,516	7,823
Number of Retired Members	46	89	74	102	184	120	145
Fiscal Year 2015							
Average Monthly Pension	275	877	1,606	2,621	3,530	4,254	5,561
Average Final Salary*	6,587	5,377	5,891	6,851	7,555	7,483	7,762
Number of Retired Members	47	104	117	107	269	172	240

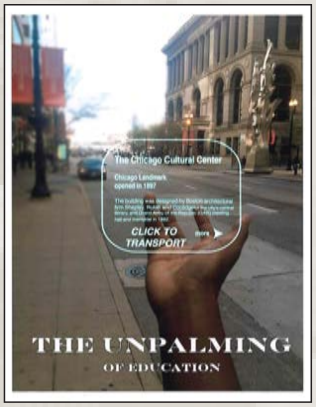
* *The higher final average salaries in the 0-4 years of credited service are the result of a higher concentration of members with larger salaries who have service with other reciprocal pension plans.*
Table does not include disabled members or surviving spouses.

Participating Members

Number of Active Members*

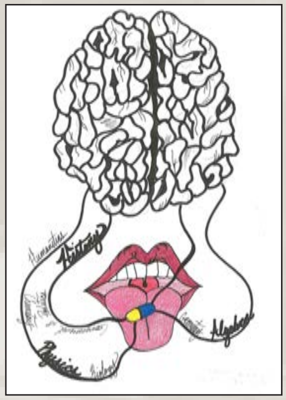
Fiscal Year	Male Participants	Female Participants	Total
2006	8,209	26,473	34,682
2007	7,799	25,169	32,968
2008	7,473	24,613	32,086
2009	7,617	24,288	31,905
2010	8,003	25,980	33,983
2011	6,949	23,184	30,133
2012	7,048	23,318	30,366
2013	7,253	23,716	30,969
2014	7,215	23,439	30,654
2015	7,033	22,673	29,706

**Active members consist of vested and non-vested employees.*



Title: Unpalming Education

Artist: Da'mond Margerau



Title: Knowledge Dose

Artist: Kourtney Walker

Title: Dystopian Future

Artist: Lena Van Wynsberg

Title: Projection of the Future

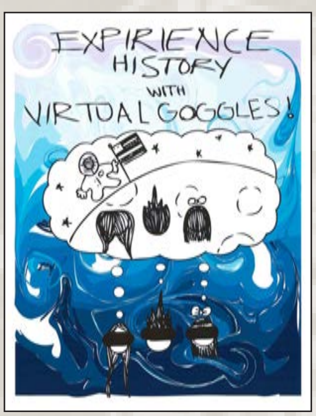
Artist: Sa Vonnya Bryant

Title: Power House of the Future

Artist: Kathryn Brien

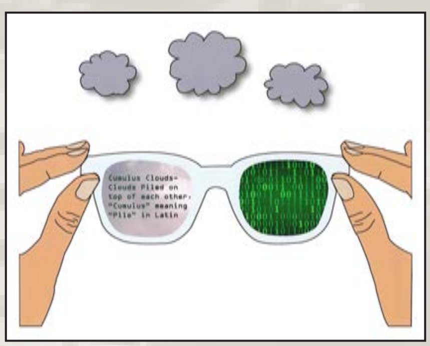
Title: Everyone

Artist: Jessica Olejnik



Title: Education in the Future

Artist: Emma Sielaft



Title: In the Eye of the beholder

Artist: Iyana McDaniels

Title: TTSH – The Future

Artist: Madeline Traxler

Chicago Teachers' Pension Fund
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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.