CTPF

Chicago Teachers' Pension Fund

121ST Comprehensive Annual Financial Report

2016

For the year ended June 30, 2016

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.

2016 THEME:

SERVICE & DEDICATION

The Chicago Teachers' Pension Fund recognizes the dedicated service our members – past, present, and future – have made throughout their lives to Chicago's students. Our members are vital assets advocating for the promise of retirement security by using their voices to educate legislators, citizens, and their own community members and families about the importance of pension funding.

Throughout this year's CAFR are images recognizing the teacher in all our members. Alongside the images are the powerful words of our members, who even in retirement, are committed to sharing with others the wisdom and insight they have gained in life.

We thank all our members for their service and dedication.

"**EDUCATION** is the most **POWERFUL** weapon which you can use to **CHANGE THE WORLD.**

Nelson Mandela

CTPF
Chicago Teachers' Pension Fund

Trust. Integrity. Stability.

Established by the Illinois state legislature in 1895 as The Public School Teachers' Pension and Retirement Fund of Chicago, CTPF is the administrator of a defined benefit public employee retirement system providing retirement, survivor, and disability benefits for certain certified teachers and employees of the Chicago Public Schools.

Comprehensive Annual Financial Report

For the year ended June 30, 2016

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

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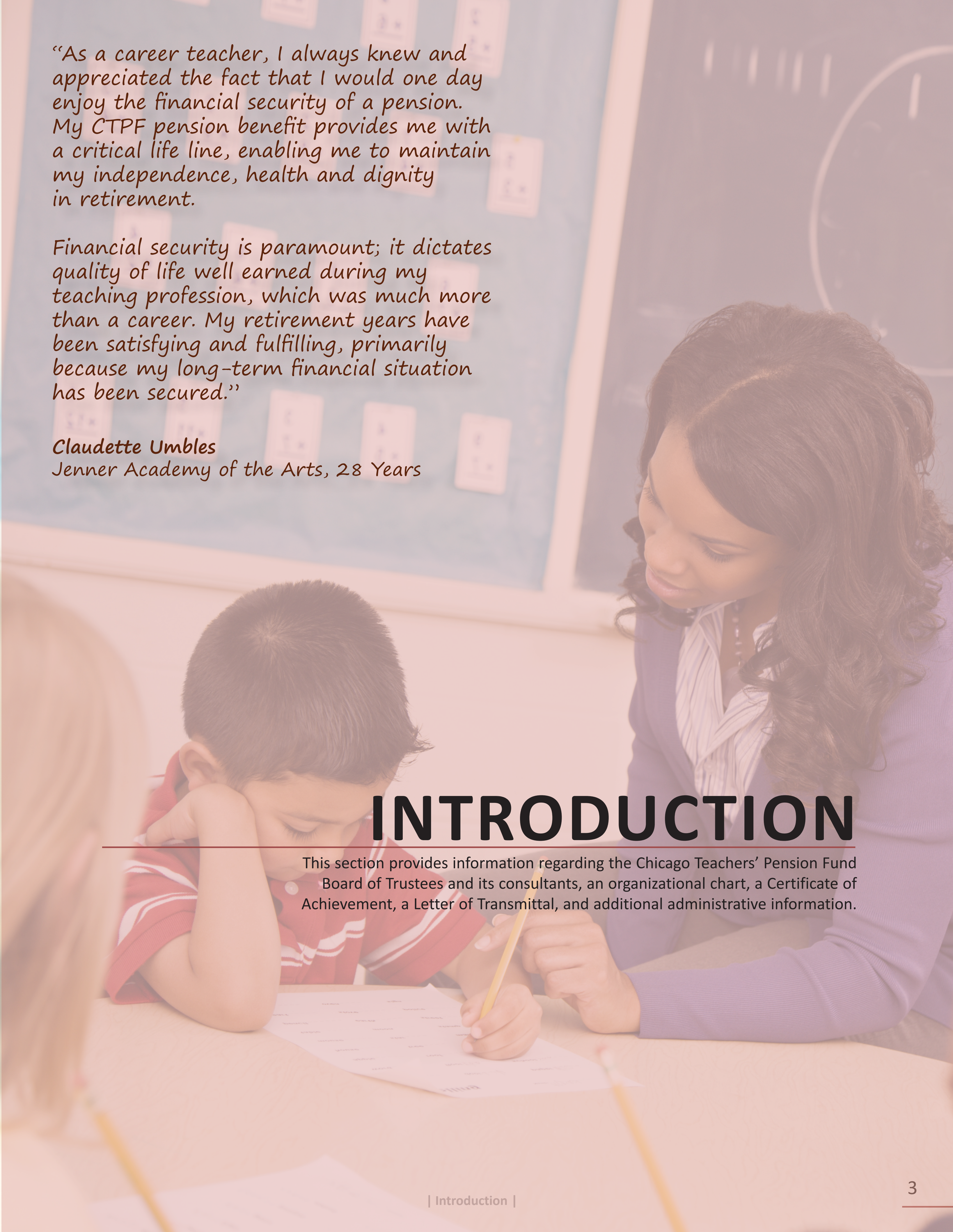

"As a career teacher, I always knew and appreciated the fact that I would one day enjoy the financial security of a pension. My CTPF pension benefit provides me with a critical life line, enabling me to maintain my independence, health and dignity in retirement.

Financial security is paramount; it dictates quality of life well earned during my teaching profession, which was much more than a career. My retirement years have been satisfying and fulfilling, primarily because my long-term financial situation has been secured."

Claudette Umbles
Jenner Academy of the Arts, 28 Years

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, 2016

Jay C. Rehak

Lois W. Ashford

Raymond Wohl

Bernice Eshoo

Jeffery Blackwell

Robert F. Bures

Mark F. Furlong

Tina Padilla

Walter E. Pilditch

Mary Sharon Reilly

Jerry Travlos

Gail D. Ward

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, 2015

Jeffrey R. Emer

Executive Director/CEO

CONSULTANTS

As of June 30, 2016

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

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

BANK CUSTODIANS

Bank of New York
500 Grant Street
Pittsburgh, Pennsylvania 15258

AUDITOR

Plante Moran, PLLC
27400 Northwestern Highway
Southfield, Michigan 48034

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, Illinois 60491

ORGANIZATIONAL CHART

As of June 30, 2016

Robert Jurinek
Internal Auditor

Charles A. Burbridge
Executive Director

Gail Davis
Manager of Administrative Services

Tiffany Reeves
Deputy Executive Director and Chief Legal Officer

Mary Cavallaro
Chief Benefits Officer

Saron Tegegne
Director of Finance

Angela Miller-May
Director of Investments

Thomas Gajewicz
Director of IT Infrastructure

Vandana Vohra
Director of IT Applications

Elise Daughhetee
Director of Human Resources

Susan E. Rice
Director of Communications

Chicago Teachers' Pension Fund

January 27, 2017

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 121st Comprehensive Annual Financial Report of the Public School Teachers' Pension and Retirement Fund of Chicago (Fund) that covers the fiscal year ended June 30, 2016. Illinois statutes 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 parties-at-interest 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 specified in Illinois Pension Code law, and other relevant information.

The Fund is a public employee retirement system established by the State of Illinois to provide annuity, disability, survivor, death, and health benefits 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 63,556 members as of June 30, 2016, reflecting 0.4% growth over prior-year membership of 63,284. The 121st year of continuous operations ended with the Fund's operational condition remaining relatively unchanged. The June 30, 2016, value of net assets held in trust for pension and health benefits amounted to $10.1 billion, a 5.9% decrease from the $10.7 billion of the previous year.

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 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.

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INVESTMENT AUTHORITY AND PERFORMANCE

The Trustees' investment authority is found 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, 2016, investments at fair value plus cash, prepaid, and receivables totaled $10.3 billion reflecting a 6% decrease from the $10.9 billion value of June 30, 2015. The Fund's investment performance for the one-year and ten-year periods ended June 30, 2016, were 0.5% and 5.6% 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 under the prudent person rule authorized by 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 Investments 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. Economic growth expanded with an annualized GDP growth rate of 1.2% as of June 2016. The unemployment rate ended the fiscal year at 4.9%. Inflation over the last year has remained subdued at 0.73%. Based on positive economic data, the Federal Reserve Board voted to raise rates by 0.25% in December 2015, which was the first time since June 2006. Continued rate hikes are anticipated to occur in fiscal year 2017.

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The fiscal year ended June 30, 2016, reflects a continued slower economic growth rate. Future growth is likely to be driven by consumer spending due to increased employment and lower energy prices. In the future however, this growth may be held back by lower non-residential fixed investment despite very low interest rates. The unemployment rate remained below 5% in fiscal year 2016, and is expected to remain fairly low as people continue to rejoin the workforce.

Following the Brexit vote at the end of the fiscal year, markets stabilized yet much uncertainty remains around virtually every aspect of this unexpected outcome, and continued market volatility is expected as the Brexit process unfolds over the foreseeable future. The European Central Bank attempted to stimulate Euro-zone economies during the year, while negative-yielding government debt surged to $12 trillion by the end of fiscal year 2016. The U.K. and Euro-zone areas remain areas of potential headwinds in the near future.

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 (Public Act 89-15).

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 the Illinois Pension Code during fiscal year 2010 changed the funding requirements for future years. Illinois Compiled Statutes (Public Act 96-0889) limited 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, or 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 years 2015, and 2016, the required contributions were $709 million and $700 million. The employer is also required by law to fund over $745 million in employer contributions for fiscal year 2017 and over $784 million in fiscal year 2018. Historically, the employer has achieved significant funding reductions through legislative measures, most recently as 2010.

In addition, the Illinois Compiled Statutes (Public Act 90-582) 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 enacted under Public Act 90-582.

MAJOR INITIATIVES

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

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INVESTMENTS

The Fund's rate of return for the year ended June 30, 2016, was 0.5% 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 started and is in the midst of implementing its policy target allocation. The Boards new policy targets are global equity at 66.0% (comprised of domestic equity at 30.5%, international equity at 30.5%, and private equity at 5%); fixed income at 23.0%, and real assets at 11.0% (comprised of private real estate at 9.0%, and infrastructure at 2%).

During the year, the Board and Staff performed due diligence over 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, 2016, the Fund increased its commitment to three public equity managers, one female-owned international firm, one Asian-owned domestic small-cap firm, and one African-American owned firm. In the private equity asset class, the Fund initiated investments with one existing private equity fund- of-funds manager. In the real estate asset class, the Fund initiated investment with one non-core emerging market real estate manager, a disabled-person owned firm.

The Fund continues to be committed to diversity and as of June 30, 2016, approximately 35.2% ($3.3 billion) of the Fund's assets were managed by qualified minority, women and disabled-person owned investment managers. Additionally, the Fund directed approximately $1.2 million of commissions to qualified minority, women and disabled-person owned brokers/dealers in fiscal year 2016.

LEGISLATIVE

The following Public Acts were enacted in fiscal year 2016:

Public Act 99-0515 amends the Open Meetings Act. It requires that any and all available minutes and verbatim recordings of meetings closed to the public prior to a newly elected officials term in a public body shall be available to that official for review, regardless of whether those minutes or verbatim recordings are confidential.

- Allows access to the verbatim recordings and minutes of closed meetings to duly elected officials or appointed officials filling a vacancy of an elected office in a public body;
- Provides that access shall be granted in the public bodys main office or official storage location, in the presence of a records secretary, an administrative official of the public body, or any elected official of the public body;
- Provides that no verbatim recordings or minutes of closed meetings shall be recorded or removed from the public body's main office or official storage location, except by vote of the public body or by court order;
- Provides that nothing in the subsections concerning verbatim recordings and minutes of closed meetings is intended to limit the Public Access Counselors access to records necessary to address a request for administrative review.

Public Act 99-0524 appropriated $12,186,000 from the General Revenue Fund to the Public School Teachers' Pension and Retirement Fund of Chicago for the State's contribution for retirement contributions.

Public Act 99-0521 provides that a separate tax may be levied by the Chicago Board of Education for the purpose of making an employer contribution to the Public School Teachers' Pension and Retirement Fund of Chicago, at a rate not to exceed 0.383%.

- Requires that the proceeds from this separate tax be paid directly to the Pension Fund;
- Provides that the rate is not a new rate for the purposes of the Property Tax Extension Limitation Law;
- Amends the Property Tax Extension Limitation Law in the Property Tax Code to add certain extensions made for making employer contributions to the Chicago Teachers' Pension Fund to the list of special purpose extensions that are excluded from the aggregate extension.

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.

Plante Moran PLLC conducted the fiscal year 2016 audit and Segal Consulting produced the fiscal year 2016 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 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. A detailed discussion regarding all of the Fund's financial operations is found in the Management's Discussion and Analysis section of the Financial Report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public School Teachers' Pension and Retirement Fund of Chicago for its Comprehensive Annual Financial Report for the period ended June 30, 2015. This was the 25th 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 2016 elections, Lois W. Ashford and Jay C. Rehak were declared re-elected in the Teacher-Trustee Election. Robert F. Bures, Walter E. Pilditch, and Mary Sharon Reilly were declared re-elected in the Pensioner-Trustee Election. There was no Administrator-Trustee Election in the fiscal year 2016.

In the election for officers, Jay C. Rehak was elected president; Lois W. Ashford, vice president; Bernice Eshoo, Financial Secretary; and Robert F. Bures, 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

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"After 25 years of service, I am able to maintain my lifestyle, and enjoy my life now that I am retired.

My pension helps the economy because I spend my money in the community...and I am a patron at the businesses owned by people in my community."

Barbara McCoy,
Healy North Alternative, 25 Years

FINANCIAL

This section contains the report of the independent public accountants, the financial statements of the Fund, along with footnotes to the financial statements, and supplemental financial information.

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To 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 (CTPF) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise CTPF's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinions.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net position of the Public School Teachers' Pension and Retirement Fund of Chicago as of June 30, 2016 and the changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
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Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Emphasis of Matter

As discussed in Note 2I to the basic financial statements, effective as of and for the year ended June 30, 2016, CTPF adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of adopting this new accounting standard, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques. Our opinion is not modified with respect to this matter.

As explained in Note 2C, the financial statements include investments valued at $1,584,596,068 (15.6 percent of fund net position) at June 30, 2016, and $1,927,806,367 (18.0 percent of fund net position) at June 30, 2015, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers of the general partners.

Other Matters

Report on Prior Year Financial Statements

The basic financial statements of the Public School Teachers' Pension and Retirement Fund of Chicago as of and for the year ended June 30, 2015 were audited by a predecessor auditor, who expressed an unmodified audit opinion on those basic financial statements. The predecessor auditor's report included an emphasis of matter paragraph regarding the adoption of GASB Statement Nos. 68 and 71 as of June 30, 2015. The predecessor auditor's report was dated January 29, 2016.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, 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 of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public School Teachers' Pension and Retirement Fund of Chicago's basic financial statements. The other supplementary information, as identified in the table of contents, and the introductory section, the investments section, the actuarial section, and the statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

The other supplementary information, as identified in the table of contents, 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 of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the investments section, the actuarial section, and the statistical section, as identified in the table of contents, have 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 them.

Plante & Moran, PLLC

January 27, 2017

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 years ended June 30, 2016 and 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 2016 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 0.5% in fiscal year 2016. The sharp decline in value across investment classes in previous years combined with varied increases in value in subsequent years brought the Fund's 10-year compounded rate of return to 5.6%, 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 $20.2 billion as of June 30, 2016. This represents an increase in the total actuarial accrued liability of $0.2 billion when compared to the actuarial accrued liability of $20.0 billion as of June 30, 2015. The unfunded actuarial accrued liability of $9.6 billion remained relatively unchanged from the previous fiscal year. The Fund's consulting actuary has also certified the actuarial accrued liability and unfunded actuarial accrued liability for Health Insurance Fund, each to be $2.2 billion. These figures represent an increase of $0.3 billion when compared to the actuarial accrued liability and unfunded actuarial accrued liability for the Health Insurance Fund, which were each $1.9 billion in fiscal year 2015. Total pension liability for fiscal years 2016 and 2015 were $21.1 billion and $20.6 billion, respectively.

FINANCIAL HIGHLIGHTS

- Investment returns were unfavorable in compared to the previous fiscal year. The investment rate of return for fiscal year 2016 was 0.5% (benchmark of 0.6%) following fiscal year 2015's return of 3.5% and fiscal year 2014's return of 18.4%. Five and ten-year annualized returns were 7.0% (vs. benchmark of 6.5%) and 5.6% (vs. benchmark of 5.4%), respectively.
- Total plan fiduciary net position decreased during the fiscal year to $10.1 billion at June 30, 2016, from $10.7 billion at June 30, 2015.
- The Fund paid members $1.4 billion in service retirement, disability, refunds and survivor benefits, and an additional $66.1 million for healthcare benefits, a 2.8% increase over fiscal year 2015.
- Total additions to plan fiduciary net position were $865.4 million for fiscal year 2016, including total contributions of $892 million and a net investment loss of $28 million.
- The plan fiduciary net position as a percentage of total pension liability was 47.9%, 51.6%, and 53.2% in fiscal years 2016, 2015, and 2014.

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 *statement 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 pensions.

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 pensions 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 reflects the Fund's subsidy for 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* in the actuarial report on health insurance, beginning on page 132, 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* in the actuarial report on health insurance, beginning on page 132, shows the amount of required employer contributions and the percentage actually contributed to the Health Insurance Plan.

Investment Performance

For fiscal year 2016, the Fund's total investment performance resulted in a 0.5% gain. Domestic and private equity as well as fixed income, real estate, REITs and infrastructure generated positive returns. International equity and hedge funds experienced negative returns driven by poor results from active managers and equity market volatility. The Fund's portfolio of domestic equity reported a 0.2% return, international equity reported (8.4%), fixed income reported 6.3%, private equity reported a 5.1% return, real estate reported a 14.0% return, public REITs reported a 12.1% return, infrastructure reported a 9.6% return, and hedge funds reported a (8.9%) return.

The Fund's net money-weighted rate of return for the year ended June 30, 2016 is 0.2%.

1-YEAR RETURNS (2016)

Asset Category	Fund Return	Index Name	Index Return
Total Fund	0.5%	Fund Benchmark Index	0.6%
Domestic Equity	0.2%	Domestic Equity Benchmark	2.1%
International Equity	(8.4%)	MSCI ACWI ex US Index	(10.2%)
Fixed Income	6.3%	Barclays Aggregate Index	6.0%
Private Equity	5.1%	N/A	–
Real Estate	14.0%	NFI-ODCE Value Weight Index	11.8%
Real Estate Investment Trusts (REITs)	12.1%	*Custom REITs Index	12.6%
Infrastructure	9.6%	Absolute Benchmark	8.0%
Hedge Funds	(8.9%)	T-Bills +5	5.2%

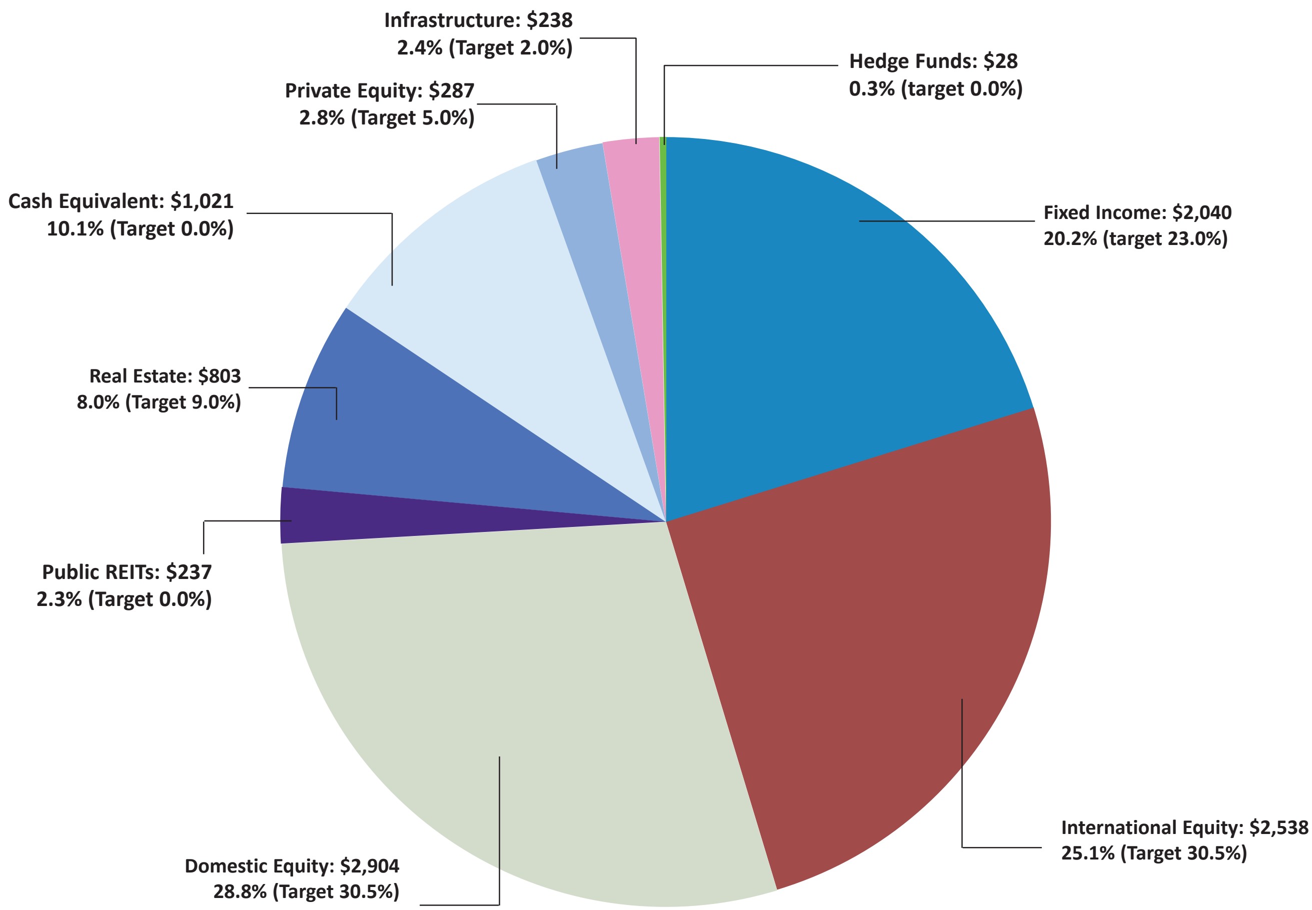
5-YEAR RETURNS (2016)

Asset Category	Fund Return	Index Name	Index Return
Total Fund	7.0%	Fund Benchmark Index	6.5%
Domestic Equity	10.8%	Domestic Equity Benchmark	11.4%
International Equity	3.2%	MSCI ACWI ex US Index	0.1%
Fixed Income	4.4%	Barclays Aggregate Index	3.8%
Private Equity	9.3%	N/A	–
Real Estate	12.5%	NFI-ODCE Value Weight Index	12.7%
Real Estate Investment Trusts (REITs)	9.1%	*Custom REITs Index	8.6%
Infrastructure	5.2%	Absolute Benchmark	8.0%
Hedge Funds	1.4%	T-Bills +5	5.1%

* 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.

Asset Allocation Summary as of June 30, 2016

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 $598.4 million (-5.6%) during fiscal year 2016 and $140 million (-1.3%) during fiscal year 2015. The decrease reflects expenditures exceeding revenue. That, in turn, is impaired by the underfunding of pension by the employer.

Cash and cash equivalents decreased by $637.4 million (-97.6%) in fiscal year 2016 and increased by $641.5 million (5,444.7%) in fiscal year 2015. This is mainly due to the statutorily required contribution from the Board of Education being deposited in a cash account on the last day of fiscal year 2015. Traditionally the required contribution was deposited into the investment account.

Total receivables, excluding amounts due from brokers, decreased by $8.9 million (-11.2%) in 2016 and increased by $18.7 million in 2015. The decrease in fiscal year 2016 is primarily the result of reduced appropriated funding from the State of Illinois compared to the previous fiscal year. The increase in fiscal year 2015 was the result of employer contributions receivable at year-end.

Due from Brokers (proceeds from investment sales) decreased by $4.4 million (-4.3%) and $4.6 million (-4.3%) in fiscal years 2016 and 2015, respectively, due to the timing of investment sales at year end.

In order to transition the securities 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 the Fund's portfolio in the securities lending program continued to develop, securities lending collateral increased by $289.1 million during fiscal year 2016. The Fund continues to pay the collateral deficiency owed to Deutsche Bank by applying realized monthly income against the outstanding liability for the security lending program until such collateral deficiency is paid in full.

Due to Brokers (the cash due for investment purchases) increased by $7.4 million (6.1%) in fiscal year 2016 and decreased by $347.9 (74.1%) million in fiscal year 2015 due to the timing of investment purchases at year-end.

The following is a summary of the fiduciary net position at June 30, 2016, 2015, and 2014:

	Fiscal Year *(in millions)*		
	2016	**2015**	**2014**
Cash and cash equivalents	$ 15.9	$ 653.3	$ 11.8
Receivables	71.1	80.0	61.3
Due from brokers	99.0	103.5	108.1
Investments, at fair value	10,096.2	10,035.5	11,185.6
Securities lending collateral	779.2	485.6	505.3
Capital assets, net	1.1	1.0	1.5
Total assets	**11,062.5**	**11,358.9**	**11,873.6**
Benefits and refunds payable	23.0	16.4	16.1
Accounts and administrative expenses payable	22.3	23.4	16.0
Securities lending collateral payable	774.7	485.6	520.1
Due to brokers	129.2	121.8	469.7
Total liabilities	**949.2**	**647.2**	**1,021.9**
Fiduciary Net Position Restricted for Pensions	$ 10,113.3	$ 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 appropriations, employer and employee contributions, net earnings on investments, and miscellaneous sources.

In fiscal year 2016, intergovernmental decreased by $50.1 million (-66.7%) mainly due to reduced funding from the state. In fiscal year 2015, intergovernmental increased by $20.5 million (1,031.4%) primarily due to receivable from the state at the end of the fiscal year.

For the year ended June 30, 2016, additions totaled $865.4 million, compared to $1,282.6 million for the year ended June 30, 2015.

The minimum funding requirement represents additional employer contributions required by state law when the funding level drops below 90%. In fiscal years 2016 and 2015, the Employer made an additional contribution of $675.1 million and $633.6 million, respectively.

Net investment income decreased mainly due to the underperformance of the Fund's investment portfolio when compared to fiscal year 2015. The Fund's portfolio experienced a -0.3% loss for the year ended June 30, 2016, compared to a 3.6% gain for the year ended June 30, 2015.

The following is a summary of additions to plan fiduciary net position for the years ended June 30, 2016, 2015 and 2014:

	Fiscal Year *(in millions)*		
	2016	**2015**	**2014**
Intergovernmental, net	$ 25.0	$ 75.1	$ 24.6
Health insurance company reimbursement and miscellaneous	1.5	0.9	8.0
Employee contributions	191.9	191.2	187.9
Minimum funding requirement (employer)	675	633.6	625.8
Net investment income	(28.0)	381.7	1,685.1
Total additions	**$ 865.4**	**$ 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 decreased by $13.2 million mainly due to the reduction of the reduced premium subsidy rate from 60% to 50% in fiscal year 2015, and increased reimbursements from health insurance vendors.

The following is a summary of deductions from plan fiduciary net position for the years ended June 30, 2016, 2015 and 2014:

	Fiscal Year *(in millions)*		
	2016	**2015**	**2014**
Pension benefits	$ 1,346.5	$ 1,304.5	$ 1,269.8
Refunds	33.6	23.9	32.8
Death benefits	4.7	3.2	3.7
Health insurance premium subsidies	66.1	79.3	72.9
Administration and miscellaneous expenses	12.9	11.7	10.5
Total deductions	**$ 1,463.8**	**$ 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 were 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 $612 million in fiscal year 2014, $696 million in fiscal year 2015 and $688 million in fiscal year 2016. 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 $12.1 million and $12.2 million for the periods ending June 30, 2016 and June 2017, respectively. The primary employer of the Fund is required to remit other additional contributions of $12.9 million and $13.0 million during the fiscal years ending June 30, 2016 and June 30, 2017, respectively. During fiscal year 2016, the employer and state paid a total of $688.0 million on a cash basis.

Based upon actuarial valuation, the total pension liability and plan fiduciary net position are $21.1 billion and $10.1 billion, respectively. This resulted in net pension liability of $11.0 billion as of June 30, 2016.

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 and health insurance plans increased from 51.8% in 2015 to 52.4% in 2016. for funding purposes. The increase in the funded ratio was due to the substantial employer contribution in 2016 and 2015. The funded ratio is expected to remain relatively unchanged in fiscal year 2017 due to recognition of prior years' investment results. The funded ratios of the pension and health insurance plans have ranged from 49.5% to 80.1% and 0.9% 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 making required contributions sufficient to meet the increasing liability of the Fund. To partially overcome the funding shortfall, Public Act 99-0521 provides that a separate tax may be levied by the Chicago Board of Education for making employer contribution to the Fund at a rate not to exceed 0.383% beginning in fiscal year 2017. These proceeds are to be paid directly to 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, 2016 and 2015

	Pension Fund	Health Insurance Fund	Total 2016	Total 2015
ASSETS:				
Cash	$ 15,802,244	–	15,802,244	653,289,409
Prepaid expense	96,590	–	96,590	13,815
Receivables:				
Intergovernmental	24,250,001	–	24,250,001	22,508,007
Employee	8,407,998	–	8,407,998	18,307,057
Accrued investment income	29,200,065	–	29,200,065	29,577,957
Due from brokers	99,041,131	–	99,041,131	103,463,808
Participating teachers’ accounts for contributions	4,363,847	–	4,363,847	4,385,374
Other receivables	2,347,324	2,522,332	4,869,656	5,235,433
Total receivables	167,610,366	2,522,332	170,132,698	183,477,636
Investments, at fair value:				
U.S. government and agency fixed income	1,147,114,576	–	1,147,114,576	1,077,869,710
U.S. corporate fixed income	792,611,191	–	792,611,191	800,744,544
Foreign fixed income securities	43,278,248	–	43,278,248	25,771,310
Commingled funds	1,213,578,214	–	1,213,578,214	1,301,799,976
U.S. equities	2,673,243,334	–	2,673,243,334	2,915,296,096
Foreign equities	2,397,490,575	–	2,397,490,575	2,722,416,454
Public REITs	166,279,865	–	166,279,865	143,138,024
Pooled short-term investment funds	991,007,961	25,263,000	1,016,270,961	359,908,522
Real estate	214,520,130	–	214,520,130	266,567,126
Infrastructure	140,760,076	–	140,760,076	107,591,285
Private equity	287,138,325	–	287,138,325	314,350,916
Margin cash	3,870,883	–	3,870,883	65,287
Total investments	**10,070,893,378**	**25,263,000**	**10,096,156,378**	**10,035,519,250**
Securities lending collateral	779,223,423	–	779,223,423	485,612,851
Capital assets, net of accumulated depreciation	1,057,706	–	1,057,706	1,003,753
Total assets	**11,034,683,707**	**27,785,332**	**11,062,469,039**	**11,358,916,714**
LIABILITIES:				
Benefits payable	4,816,895	7,502,034	12,318,929	7,998,333
Refunds payable	10,583,451	–	10,583,451	8,462,208
Accounts and administrative expenses payable	22,288,458	53,576	22,342,034	23,382,913
Securities lending collateral payable	774,724,709	–	774,724,709	485,612,851
Due to brokers	129,202,606	–	129,202,606	121,792,930
Total liabilities	**941,616,119**	**7,555,610**	**949,171,729**	**647,249,235**
Net Position Restricted for Pension Benefits	$ 10,093,067,588	20,229,722	10,113,297,310	10,711,667,479

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For fiscal year ended June 30, 2016 and 2015

	Pension Fund	Health Insurance Fund	Total 2016	Total 2015
ADDITIONS:				
Contributions:				
Intergovernmental, net	$ 25,011,000	–	25,011,000	75,093,000
Employee	191,882,430	–	191,882,430	191,233,298
Minimum funding requirement *(employer)*	610,059,000	–	610,059,000	633,574,000
Allocation to health insurance fund	–	65,000,000	65,000,000	–
Total contributions	**826,952,430**	**65,000,000**	**891,952,430**	**899,900,298**
Investment income:				
Net increase (decrease) in fair value	(238,462,924)	–	(238,462,924)	187,218,929
Interest	72,122,442	189,789	72,312,231	93,788,757
Dividends	167,076,106	–	167,076,106	155,466,372
Miscellaneous	2,350,533	–	2,350,533	1,001,561
Securities lending income, net	4,498,713	–	4,498,713	(17,725,693)
Less investment expense:				
Investment advisory and custodial fees	(35,761,822)	–	(35,761,822)	(38,009,628)
Net Investment Income	**(28,176,952)**	**189,789**	**(27,987,163)**	**381,740,298**
Miscellaneous	1,463,050	–	1,463,050	943,946
Total additions	**800,238,528**	**65,189,789**	**865,428,317**	**1,282,584,542**
DEDUCTIONS:				
Pension benefits	1,346,533,282	–	1,346,533,282	1,304,494,978
Refunds	32,134,384	–	32,134,384	23,264,403
2.2 Legislative refunds	1,441,215	–	1,441,215	615,393
Refund of insurance premiums	–	66,104,598	66,104,598	79,316,153
Death benefits	4,717,517	–	4,717,517	3,192,632
	1,384,826,398	66,104,598	1,450,930,996	1,410,883,559
Administrative and miscellaneous expenses	12,298,862	568,628	12,867,490	11,705,562
Total deductions	**1,397,125,260**	**66,673,226**	**1,463,798,486**	**1,422,589,121**
Net (decrease) increase	(596,886,732)	(1,483,437)	(598,370,169)	(140,004,579)
Net Position Restricted for Pension Benefits				
Beginning of Year	10,689,954,320	21,713,159	10,711,667,479	10,851,672,058
End of Year	**$ 10,093,067,588**	**20,229,722**	**10,113,297,310**	**10,711,667,479**

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 multiple employer cost-sharing defined benefit public employee retirement system. 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, and 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, 2016, the Fund had 73 participating employers consisting of the primary employer, Chicago Public Schools, 69 Charter Schools, the Illinois Federation of Teachers, the Chicago Teachers' Union, and the Fund itself. The State of Illinois is a nonemployer contributing entity.

As of June 30, 2016 and 2015, the Fund membership consisted of the following:

	2016	2015
Retirees and beneficiaries currently receiving benefits	28,298	28,114
Terminated members entitled to benefits but not yet receiving them	5,715	5,464
Current members:		
Vested	18,557	19,213
Nonvested	10,986	10,493
	63,556	**63,284**

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 34 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 are paid 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 and 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 non-duty 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 2016, 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 total and permanent disability with certain qualifications and service requirements. A non-duty 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 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 percentage for fiscal year 2016 was 50%. The Fund has total discretion over the program and no specific employee or employer contributions are made for health insurance benefits although the Fund allocates a portion from the employer pension contribution to OPEB. Per GASB 43, each participating employer is required by the related Statement to disclose additional information with regard to the employer's annual OPEB cost and contributions made, among other required disclosures. In accordance with Chapter 40, Act 5, Article 17, Section 17-142.1 of the ILCS, the total health insurance benefit 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, 2016 and 2015 are $20,229,722 and $21,713,159, respectively. Therefore, these amounts are available in trust for pensions, as there is no separate OPEB trust, and these amounts are not restricted soley for OPEB.

As of June 30, 2016 and 2015, health insurance membership consisted of the following:

	2016	2015
Retirees and beneficiaries currently receiving health insurance benefits	18,063	17,490
Terminated employees entitled to benefits but not yet receiving them	5,715	5,464
Retirees and beneficiaries entitled to health benefits but not currently receiving them	10,235	10,575
Active Members	29,543	29,706
	63,556	63,235

(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 and financial benefit/burden relationship.

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. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Employer contributions are recognized when due and the employer has a formal legal obligation to provide the contribution. Employee contributions are recognized upon receipt of contribution data for the Plan members. 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. The financial statements include investments valued at $1,580,348,623 (15.6% of fund net position) at June 30, 2016, and at $1,927,806,367 (18.0% of fund net position) at June 30, 2015, whose fair values have been estimated by management in the absence of readily determinable market values. 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 exchanged traded is determined by external pricing services using various pricing methods which are based upon the type of the derivative instrument. Purchase and sales of securities are reflected on the trade data. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

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. Purchase and sales of securities are reflected on the trade data. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

(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 2015 amounts have been reclassified to conform with the 2016 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) NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

During fiscal year 2016, the Fund adopted GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 requires the Fund to use valuation techniques which are appropriate under the circumstances and are a market approach, a cost approach, or an income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Investments that are measured at fair value per share (or its equivalent) are disclosed separately. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuations techniques that were used for the fair value measurements. There was no material impact to the Fund's financial statements as a result of the implementation of GASB 72.

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 Statements 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.

(J) CPS FINANCIAL STATUS

The Chicago Public School District (CPS) continues to face structural budget challenges, with its major revenue sources flat or declining at the state and federal level and property taxes capped. Due in large part to the structural deficit and increasing obligations, CPS' credit rating has been downgraded. Based on these facts there is uncertainty regarding CPS' ability to meet all future obligations, including contributions to the Fund. In fiscal year 2017, CPS will fund employer contributions from funds raised through a new property tax that is levied for this specific purpose.

For fiscal years 2016 and 2015, the required contribution (per section 17-127.2 and PA 96-0889) from CPS was $688 million and $697 million, respectively. CPS contributed $677 million and $684 million in fiscal years 2016 and 2015.

(K) HEALTH INSURANCE FUND

No direct contributions are currently being made to the Fund for OPEB. Each year, in accordance with Illinois State law, the Fund transfers amounts from the pension fund into the Health Insurance fund to be used for OPEB. Per Section 17-147.1, the OPEB payments in any year may not exceed $65 million plus any amount that was authorized to be paid in the preceding year but was not spent (carryover). Prior to FY 2016, those residual assets within the Health Insurance fund were being treated as restricted solely to pay OPEB. In fiscal year 2016, a change was made with respect to the treatment of those residual assets within the Health Insurance Fund.

Additional review of the substance of the underlying transactions and related Pension Code resulted in a conclusion by the Fund that the assets in the Health Insurance Fund are neither in an OPEB qualifying trust as defined by GASB 43 nor are those amounts restricted legally or otherwise required to be used solely to pay OPEB benefits. While the health insurance fund assets could be used to pay OPEB, there is no limitation on their use solely for OPEB purposes. Therefore, since the health insurance fund assets are not restricted for OPEB, they are not considered assets available to offset the GASB 43 OPEB liability. However, because those amounts do result from restricted contributions to the Fund for pensions, those residual assets are restricted for pension benefits. As a result, the reported asset balance of $20.2 million in fiscal year 2016 has been included in the amounts available to offset the total pension liability under GASB 67.

(3) RECEIVABLES

As of June 30, 2016 intergovernmental receivables included required contribution due from the Chicago Board of Education of $24,250,000. As of June 30, 2015, the intergovernmental receivable included $12,145,000 due from the Chicago Board of Education and $10,363,007 due from the State of Illinois. Employee receivables included retirement contributions deducted from employees' compensations by the 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 $6,048,439 and $15,662,887,on behalf of the employees, at June 30, 2016 and 2015, respectively. Employees owed the Fund $2,345,519 and $2,644,170 for the 2.2 pension formula upgrade at June 30, 2016 and 2015, respectively. As of June 30, 2016, there were other miscellaneous contributions of $14,060.

(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, 2016 and 2015:

	Target Allocation	
Asset Class	**2016**	**2015**
Cash Equivalents	0.0 %	2.0 %
Equity	61.0	60.0
Fixed Income	23.0	21.0
Hedge Funds	0.0	2.0
Infrastructure	2.0	3.0
Private Equity	5.0	3.0
Public REITs	0.0	2.0
Real Estate	9.0	7.0
Grand Total	**100.0%**	**100.0%**

MONEY-WEIGHTED RATE OF RETURN

For the years ended June 30, 2016 and 2015, the annual money-weighted rate of return on plan investments, net of investment expense, were 0.2% and 3.2%, respectively. 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 (BNY Mellon). 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:	2016	2015
Bank balance	$ 15,592,157	$ 651,288,044
Amount exposed to custodial credit risk	15,092,157	650,788,044

INVESTMENTS

The following table presents a summary of the Fund's investments at fair values at June 30, 2016 and 2015:

Investments	Fair Value	
	2016	2015
U.S. government and agency fixed income	$ 1,147,114,576	$ 1,077,869,710
U.S. corporate fixed income	792,611,191	800,744,544
Foreign fixed income securities	43,278,248	25,771,310
Commingled common stock	231,154,589	273,157,871
Commingled emerging markets	140,388,329	150,545,005
Commingled public REITs	70,810,125	111,701,888
Commingled corporate bonds	57,443,331	59,289,870
Commingled hedge fund	28,041,480	36,010,127
Commingled infrastructure	97,012,015	89,476,708
Commingled real estate	588,728,345	581,618,507
U.S. equities	2,673,243,334	2,915,296,096
Foreign equities	2,397,490,575	2,722,416,454
Public REITs	141,788,855	110,099,670
Foreign Public REITs	24,491,010	33,038,354
Pooled short-term investment funds	1,016,270,961	359,908,522
Real estate	214,520,130	266,567,126
Infrastructure	140,760,076	107,591,285
Private equity	287,138,325	314,350,916
Margin cash	3,870,883	65,287
Total investments	**$ 10,096,156,378**	**$ 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, 2016 and 2015, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department not agent but not in the Fund's name:

Custodial Credit Risk	June 30, 2016	June 30, 2015
Margin cash	$3,870,883	$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, 2016:

S&P CREDIT RATINGS	COMMERCIAL MORTGAGE BACKED	COMMINGLED FIXED INCOME	CORPORATE BONDS	GOVERNMENT AGENCIES	GOVERNMENT BONDS	GOVERNMENT MORTGAGE BACKED	MUNICIPAL BONDS
AAA	$ 1,932,504	–	232,642,879	14,875,361	–	–	4,000,486
AA	6,255,734	–	70,169,067	6,137,070	785,799,367	260,051,515	14,573,862
A	5,682,338	–	35,521,486	1,386,904	242,673	–	4,196,930
BBB	100,900	–	6,144,293	–	–	–	–
BB	33,702	–	33,911,426	6,311,963	-	–	–
B	4,440,590	–	351,630,585	16,131,324	165,383	–	829,198
CCC	694,552	–	6,350	–	–	–	–
CC	2,532,755	–	–	–	–	–	–
D	220,061	–	27,750	–	–	–	–
Not Rated	32,877,162	57,443,331	7,787,058	5,677,846	10,081,135	33,661,426	706,511
US Govt Agency	–	–	–	2,468,004	–	–	–
	$54,770,298	**$57,443,331**	**$737,840,893**	**$52,988,471**	**$796,288,558**	**$293,712,942**	**$24,306,987**

For comparative purposes, 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 Govt 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, 2016 or 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 following table presents the weighted average maturity of debt securities held by the Fund as of June 30, 2016 and 2015:

Investment Type	Fair Value	Effective Duration (years)	Fair Value	Effective Duration (years)
	June 30, 2016		June 30, 2015	
Commercial Mortgage Backed	$ 54,770,298	0.07	$ 80,388,435	0.19
Commingled Fixed Income Funds	57,443,331	-	59,289,870	0.11
Corporate Bonds	737,840,893	2.61	720,527,064	2.46
Government Agencies	52,988,471	0.19	60,778,516	0.25
Government Bonds	796,288,558	2.93	735,327,307	2.29
Government Mortgage Backed	293,712,942	0.27	281,679,846	0.45
Municipal Bonds	24,306,987	0.11	25,684,396	0.11
Total	**$ 2,017,351,480**		**$ 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, 2016 and 2015:

Currency	Base Market Value	Percentage	Base Market Value	Percentage
Foreign equities:	**JUNE 30, 2016**		**JUNE 30, 2015**	
Australian dollar	$ 46,743,403	1.95 %	$ 54,577,894	2.00 %
Brazil real	20,245,139	0.84	28,094,319	1.03
British pound sterling	417,028,319	17.39	544,821,258	20.01
Canadian dollar	78,622,726	3.28	67,671,693	2.49
Chilean peso	263,569	0.01	127,328	0.00
Colombian peso	2,634,653	0.11	29,980	0.00
Croatian kuna	–	–	51,456	0.00
Czech koruna	8,074,662	0.34	9,592,592	0.35
Danish krone	31,397,415	1.31	29,085,750	1.07
Egyptian pound	59,727	0.00	–	–
Euro	543,095,693	22.65	552,503,735	20.29
Hong Kong dollar	69,722,779	2.91	109,623,728	4.03
Hungarian forint	2,880,632	0.12	78,491	0.00
Indian rupee	33,666,584	1.40	36,120,292	1.33
Indonesian rupiah	16,747,292	0.70	10,507,907	0.39
Israeli shekel	6,698,690	0.28	6,616,647	0.24
Japanese yen	309,924,114	12.93	431,807,457	15.86
Malaysian ringgit	1,980,699	0.08	3,605,366	0.13
Mexican peso	20,995,255	0.88	12,024,778	0.44
Moroccan dirham	–	–	43,753	0.00
New Taiwan dollar	45,992,700	1.92	46,937,747	1.72
New Turkish lira	–	–	18,151,638	0.67
New Zealand dollar	1,680,170	0.07	2,868,772	0.11
Nigerian Naira	130,654	0.01	–	–
Norwegian krone	24,492,491	1.02	35,668,151	1.31
Pakistan rupee	212,200	0.01	97,409	0.00
Philippines peso	58,926	0.00	609,444	0.02
Polish zloty	773,517	0.03	566,161	0.02

Currency	Base Market Value	Percentage	Base Market Value	Percentage
	June 30, 2016		June 30, 2015	
Qatari riyal	$ 345,195	0.01 %	$ 169,063	0.01 %
Singapore dollar	17,692,433	0.74	17,325,864	0.64
South African rand	23,238,063	0.97	19,093,846	0.70
South Korean won	53,043,532	2.21	43,411,947	1.59
Swedish krona	63,005,195	2.63	56,323,464	2.07
Swiss franc	146,554,858	6.11	181,670,059	6.67
Thai baht	10,457,377	0.44	9,780,251	0.36
Turkish lira	16,154,356	0.67	–	–
U.S. dollar	382,776,867	15.97	392,758,214	14.43
U.A.E. dirham	100,690	0.00	–	–
Total	**$ 2,397,490,575**	**100.00 %**	**$ 2,722,416,454**	**100.00 %**
Foreign Fixed Income:				
Australian dollar	2,060,769	4.76	119,273	0.46
Brazil real	2,893,670	6.69	2,759,869	10.71
British pound sterling	2,571,836	5.94	1,348,503	5.23
Canadian dollar	205,406	0.47	256,812	1.00
Danish krone	37,267	0.09	36,727	0.14
Euro	2,428,198	5.61	9,516,726	36.93
Japanese yen	364,611	0.84	320,285	1.24
Mexican peso	7,402,083	17.10	8,749,911	33.95
New Zealand dollar	3,092,578	7.15	377,209	1.46
Norwegian krone	131,274	0.30	–	–
Polish zloty	29,690	0.07	2,285,995	8.87
Turkish lira	63,255	0.15	–	–
U.S. dollar	21,997,611	50.83	–	–
Total	**$ 43,278,248**	**100.00 %**	**$ 25,771,310**	**100.00 %**

Currency	Base Market Value	Percentage	Base Market Value	Percentage
Foreign Public REITs:	**JUNE 30, 2016**		**JUNE 30, 2015**	
British pound sterling	$ 4,704,258	19.21 %	$ 11,106,169	33.62 %
Canadian dollar	–	–	120,428	0.37
Euro	7,605,787	31.06	7,962,173	24.10
Hong Kong dollar	3,809,093	15.55	4,727,954	14.31
Japanese yen	6,981,466	28.50	6,139,085	18.58
Mexican peso	–	–	902,869	2.73
Singapore dollar	212,541	0.87	697,817	2.11
South African rand	601,800	2.46	1,209,663	3.66
Turkish lira	488,521	1.99	–	–
U.S. dollar	87,544	0.36	172,200	0.52
Total	**$ 24,491,010**	**100.00 %**	**$ 33,038,358**	**100.00 %**
Foreign Infrastructure:				
Euro	65,804,675	100.00	63,245,924	100.00
Total	**$ 65,804,675**	**100.00 %**	**$ 63,245,924**	**100.00 %**
Foreign Real Estate:				
Euro	14,750,435	37.55	15,646,146	36.70
Japanese yen	15,422,523	39.26	16,583,755	38.89
U.S. dollar	9,105,480	23.19	10,408,423	24.41
Total	**$ 39,278,438**	**100.00 %**	**$ 42,638,324**	**100.00 %**

(F) SECURITIES LENDING

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Fund lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. Deutsche Bank AG manages the Fund's securities lending program and receives cash or government securities as collateral. Deutsche Bank AG does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities.

As of June 30, 2016 and 2015, the collateral provided was 102.31 and 102.38 percent of the market value of the loaned securities, respectively.

The Fund did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by Deutsche Bank AG. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Deutsche Bank AG.

The Fund and the borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in indemnified repurchase agreements or maintained in segregated accounts in the name of the Chicago Teachers' Pension Fund. The average duration of this investment pool as of June 30, 2016 and 2015, was 44.2 days and 1.27 days, respectively. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2016, and 2015, the Fund had no credit risk exposure to borrowers. The collateral held (at cost) and the fair market value of underlying securities on loan for the Fund as of June 30, 2016, were $774,274,709 and $758,076,152, respectively. For comparative purposes, the collateral held (at cost) and the fair market value of underlying securities on loan for the Fund as of June 30, 2015, were $485,612,851 and $474,318,108, respectively.

	Fair Market Value of Underlying Securities lent as of:	
Category	June 30, 2016	June 30, 2015
U.S. Agency	$ 12,041,898	$ 8,939,490
U.S. Equity	504,554,890	265,050,535
U.S. Government	191,404,679	131,893,434
Corporate Bond	44,204,115	32,623,994
International Equity	5,870,570	35,810,655
Total	**$ 758,076,152**	**$ 474,318,108**

The fair market value of collateral of the securities lending program at June 30, 2016 was $779,223,423 compared to $485,612,851 at June 30, 2015. The investments were in repurchase agreements. 100 percent of these securities had a duration less than one year. There is no custodial credit risk or interest rate risk associated with the collateral pool.

The credit ratings of the securities lending collateral pool held at June 30, 2016 and, 2015, as rated by S&P are as follows:

	Collateral Amount as of:	
S&P Credit Rating	June 30, 2016	June 30, 2015
A-1+	$ 85,000,000	$ 25,000,000
A-1	570,000,000	190,000,000
BBB	83,000,000	50,000,000
Not Rated	41,223,423	220,612,851
Total	**$ 779,223,423**	**$ 485,612,851**

(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, 2016 and 2015:

Derivative Type	Notional Amounts 2016	Notional Amounts 2015	Fair Value 2016	Fair Value 2015
A. Foreign currency contracts purchased	$ –	–	(133,130,326)	102,436,102
Foreign currency contracts sold	–	–	132,123,278	(103,550,324)
B. Futures:				
Long equity	8,303,020	11,862,535	31,018	(156,269)
Long fixed income	164,251,157	54,965,082	3,337,865	(728,635)
Short fixed income	(256,784,532)	(292,534,518)	(3,324,684)	201,081
C. Options:				
Purchased	–	–	31,096	12,406
Written	–	–	(30,000)	(192,072)
D. Rights/Warrants	–	–	24,641	439,332
E. Swaps:				
Credit Default Swaps	–	–	(93,582)	64,569
Interest Rate Swaps	–	–	(2,719,361)	241,445
Total	**$ (84,230,356)**	**(225,706,901)**	**(3,750,055)**	**(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 as of June 30, 2016 and 2015, is as follows:

Currency	Fair Value	
Foreign currency exchange sales	**2016**	**2015**
Australian dollar	$ (6,007)	$ (53,715)
Brazil real	(2,872,403)	(2,711,741)
British pound sterling	(3,836,866)	(4,159,907)
Canadian dollar	(174,463)	(184,156)
Chinese yuan renminbi	(5,837,826)	–
Danish krone	-	(33,809)
Euro	(25,916,186)	(18,482,308)
Hong Kong dollar	(163,449)	(1,467,320)
Indonesian rupiah	(2,802)	(2,096)
Japanese yen	(38,285,656)	(50,839,514)

Currency	Fair Value			
Foreign currency exchange sales		**2016**		**2015**
Mexican peso	$	(3,120,833)	$	(234,677)
New Taiwan dollar		(236,493)		–
New Zealand dollar		(106,516)		(391,261)
Norwegian krone		(66,316)		–
Phillippines peso		–		(507,730)
Polish zloty		(105,260)		(190,987)
Singapore dollar		(4,257,275)		–
South African rand		–		(289,659)
South Korean won		(105,407)		–
Swedish krona		–		(328,072)
Swiss franc		(3,012,973)		–
Thai baht		–		(2,139,072)
U.S. dollar		(45,023,596)		(21,534,300)
Total	**$**	**(133,130,326)**	**$**	**(103,550,324)**
Foreign currency exchange purchases				
Australian dollar	$	446,230	$	218,990
Brazilian real		1,579,691		2,711,587
British pound sterling		11,385,301		5,334,346
Chinese yuan reniminbi		1,824,227		–
Canadian dollar		2,299		337,512
Danish krone		81,918		21,674
Euro		17,924,110		4,770,493
Hong Kong dollar		–		119,840
Israeli shekel		–		77,652
Indian rupee		–		3,670,508
Japanese yen		5,189,549		4,368,828
Mexican peso		1,146,430		157,795
Polish zloty		–		63,767
Singapore dollar		4,813,451		–
South Korean won		189,344		–
Swedish krona		533,021		258,410
Swiss franc		132,098		–
U.S. dollar		86,875,609		80,324,700
Total	**$**	**132,123,278**	**$**	**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, and 2016:

	Changes in Fair Value	
Derivative Type	**2016**	**2015**
Foreign currency contracts	$ 107,174	$ (1,114,222)
Options	144,451	(143,356)
Rights and warrants	(183,495)	208,136
Swaps	(2,984,308)	171,364
Total	**$ (2,916,177)**	**$ (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, 2016 and 2015:

Derivative Type	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
	2016		2015	
Futures fixed income (long and short, net)	$ 13,181	(0.25)	$ (527,554)	0.63
Options	1,096	(0.06)	(167,259)	(0.19)
Total	**$ 14,277**		**$ (694,813)**	

(7) UNFUNDED COMMITMENTS

Alternative investment portfolio includes hedge funds, infrastructure, private equity, and real estate. As of June 30, 2016 and 2015, the Fund had future commitments for additional contributions to alternative managers as follows:

	2016	2015
	In Millions	
Hedge Funds	–	–
Infrastructure	8.8	8.0
Private Equity	219.0	222.0
Real Estate	35.4	61.0

(8) 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 2016 and 2015, the employer and state were required to make contributions of $700.1 million and $708.7 million, respectively. These figures represent the annual required contributions per Article 17 and are not representative of the actuarially determined contributions. Accordingly, the employer and state paid $688.1 million and $696.5 million in fiscal years 2016 and 2015, respectively. As of June 30, 2016, the employer owed $24.3 million. As of June 30, 2015, the state owed $10.4 million while the employer owed $12.2 million.

During the years ended June 30, 2016 and 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 for each year to pay health benefits to Fund retirees.

(A) MEMBER CONTRIBUTIONS

Member contributions, established by the ILCS, are 9% of the total regular salary rate, of which 1% applies to survivor's and children's pension benefits. Of the 9% required member contribution, CPS contributes 7%. The non-CPS employers also pick up a portion of the required employee contribution. 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 $368,131 and $356,508 for the years ended June 30, 2016 and 2015, respectively, which is 100% of the employee contributions required to be made by the Fund.

(B) NONEMPLOYER CONTRIBUTIONS

As noted on page 44, 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.

(9) NET PENSION LIABILITY OF PARTICIPATING EMPLOYER

The components of the net pension liability at June 30, 2016 and 2015 were as follows:

	2016	2015
Total pension liability	$ 21,124,697,012	$ 20,713,217,296
Plan fiduciary net position	10,113,297,310	10,689,954,320
Employer's net pension liability	**$ 11,011,399,702**	**$ 10,023,262,976**
Plan fiduciary net position as a percentage of the total pension liability	47.87%	51.61%

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by actuarial valuations as of June 30, 2016 and 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan	
	2016	2015
Actuarial Cost Method	Entry Age Method	Entry Age Method
Cost of living adjustments	3% compound for Tier I members; the lesser of 3% or ½ of CPI, simple, for Tier II Participants	3% compound for Tier I members; the lesser of 3% or ½ of CPI, simple, for Tier II Participants
Inflation	2.75%	2.75%
Investment rate of return	7.75%, net of investment expense	7.75%, net of investment expense
Salary Increases	4.25% to 15.75%, varying by age	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, 2016 and 2015, valuations 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 geometrically determined real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 and 2015, are summarized in the following table:

	Long-Term Expected Real Rate of Return	
	2016	2015
Equities	5.3%	5.6%
Fixed Income	0.8%	0.8%
Real Estate	3.8%	3.8%
Private Equity	6.0%	6.3%
Hedge Funds	3.0%	3.0%
Commodities	0.5%	0.5%
Cash Equivalents	0.0%	0.0%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.75% for fiscal years 2016 and 2015. 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 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, 2016 and 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, 2016	$ 13,703,875,767	11,011,399,702	8,784,801,549
June 30, 2015	12,677,155,748	10,023,262,976	7,826,251,619

As of June 30, 2016 and 2015, the Fund was not required to maintain any legally required reserves.

(10) FAIR VALUE MEASUREMENT

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Plan has the following recurring fair value measurements as of June 30, 2016:

	FAIR VALUE MEASUREMENT			
INVESTMENT BY FAIR VALUE LEVEL	6/30/2016	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Commercial Paper	$ 7,243,501	$ 1,368,082	$ 5,875,419	–
Currency	31,096	–	31,096	–
Equity				
Commingled Funds	322,138,226	271,400,678	-	50,737,549
Common Stock	5,064,014,059	5,063,708,633	-	305,426
Preferred Stock	6,695,209	746,964	5,948,246	–
Private Equity	287,138,325	-–	-	283,422,240
Total Equity	**$ 5,679,985,819**	**$ 5,335,856,274**	**$ 5,948,246**	**$ 334,465,214**
Fixed Income				
Commingled	51,753,154	–	–	51,753,154
Corporate Bonds	739,040,903	-–	739,040,903	–
Futures	13,181	13,181	–	–
Government Agency Bonds	52,988,471	755,328	52,233,143	–
Government Bonds	760,517,315	695,147,545	65,369,770	–
Index Linked Gov't Bonds	35,771,245	30,970,945	4,800,300	–
Mortgage Backed Securities	373,222,037	–	373,222,037	–
Municipal Bonds	24,306,987	24,306,987	–	–
Total Fixed Income	**$ 2,037,613,294**	**$ 751,193,986**	**$ 1,234,666,154**	**$ 51,753,154**
Collateral from securities lending	779,223,423	–	779,223,423	-
Real State Investment Trust - REITs	237,089,990	166,279,865	–	70,810,125
Short Term Bills & Notes	1,748,649	–	1,748,649	
Total Investments by Fair Value Level	**$ 8,735,661,175**	**$ 6,253,354,766**	**$ 1,989,683,422**	**$ 457,028,494**

INVESTMENT BY FAIR VALUE LEVEL	FAIR VALUE MEASUREMENT			
	6/30/2016	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investment measured at the Net Asset Value (NAV)				
Commingled				
Hedge Equity	$ 57,034,274			
Hedge Fund	28,041,480			
Infrastructure	97,012,015			
Real Estate	588,728,345			
Total Commingled	**$ 770,816,114**			
Infrastructure	140,760,076			
Real Estate	214,520,130			
Total Net Asset Value	**$ 1,126,096,320**			
Investment Derivative Instruments				
Options	(30,000)	(30,000)	–	–
Swaps	(2,812,943)	–-	(2,812,943)	–
Futures	31,018	31,018	–	–
Rights and Warrants	24,641	24,641	–	–
Total Derivatives	**$ (2,787,285)**	**$ 25,658**	**$ (2,812,943)**	**–**

INVESTMENT AT FAIR VALUE

Commercial paper, equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors. Commercial paper, currency equity and fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by the various pricing vendors. Matrix pricing is used to value securities based on securities' relationship to benchmark quoted prices. Equity and fixed income securities classified in Level 3 are securities whose stated market price is unobservable by the market place. Many of these securities are priced by the issuers of industry groups. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

REITs and rights and warrants securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors. Collateral from securities lending and short-term bills and notes investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by the various pricing vendors. Matrix pricing is used to value securities based on securities' relationship to benchmark quoted prices.

REITs securities classified in Level 3 are securities whose stated market price is unobservable by the market place. Many of these securities are priced by the issuers of industry groups. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

INVESTMENTS AT NET ASSET VALUE | AS OF JUNE 30, 2016

The Fund holds shares of interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share. At the year ended June 30, 2016, the fair value, unfunded commitments, and redemption values of those investments is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled				
Hedge Equity	$ 57,034,274	–	N/A	N/A
Hedge Fund	28,041,480	–	N/A	N/A
Infrastructure	97,012,015	–	N/A	N/A
Real Estate	588,728,345	–	N/A	N/A
Total Commingled	**$ 770,816,114**			
Infrastructure	140,760,076	8.8	As Needed	7 - 10 DAYS
Real Estate	214,520,130	35.4	As Needed	8 - 10 DAYS
Total Net Asset Value	**$ 1,126,096,320**			

FAIR VALUE MEASUREMENT | AS OF JUNE 30, 2015

For comparative purposes, the following table presents the recurring fair value measurements as of June 30, 2015:

	FAIR VALUE MEASUREMENT			
INVESTMENT BY FAIR VALUE LEVEL	6/30/2015	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Commercial Paper	$ 1,369,891	$ 1,369,891	$ –	$ –
Currency	(27,065)	–	(27,065)	–
Equity				
Commingled Funds	373,439,456	297,494,502	–	75,944,954
Common Stock	5,628,201,425	5,628,198,164	–	3,261
Preferred Stock	9,071,792	2,873,419	6,198,372	–
Private Equity	297,472,325	–	–	297,472,325
Total Equity	**$ 6,308,184,998**	**$ 5,928,566,086**	**$ 6,198,372**	**$ 373,420,540**
Fixed Income				
Commingled	53,518,757	–	–	53,518,757
Corporate Bonds	720,400,717	720,400,717	–	–
Government Agency Bonds	342,458,362	728,082	341,730,280	–
Government Bonds	699,533,675	628,317,630	71,216,045	–
Index Linked Gov't Bonds	35,793,631	29,687,490	6,106,141	–
Mortgage Backed Securities	80,388,435	-	80,388,435	–-
Municipal Bonds	25,684,396	-	25,684,396	–
Total Fixed Income	**$ 1,957,777,973**	**$ 1,379,133,919**	**$ 525,125,297**	**$ 53,518,757**
Collateral from securities lending	–-	–	747,320,373	–
Real State Investment Trust - REITs	254,839,912	143,138,024	–	111,701,888
Short Term Bills & Notes	351,797,906	–-	1,437,685	350,360,221
Total Investments by Fair Value Level	**$ 8,872,600,789**	**$ 7,450,838,029**	**$ 532,761,354**	**$ 889,001,406**

Investment by Fair Value Level	Fair Value Measurement			
	6/30/2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment measured at the Net Asset Value (NAV)				
Commingled				
Hedge Equity	$ 57,034,274			
Hedge Fund	31,077,469			
Infrastructure	93,345,208			
Real Estate	577,265,137			
Total Commingled	**758,722,088**			
Infrastructure	127,661,073			
Real Estate	252,399,729			
Total Net Asset Value	**1,138,782,890**			
Investment Derivative Instruments				
Options	(179,666)	(179,666)	–	–
Swaps	306,013	–	306,013	–-
Futures	(527,553)	(527,553)	–	–
Rights and Warrants	439,332	–	439,332	–
Total Derivatives	**$ 38,126**	**(707,219)**	**745,345**	–

INVESTMENT AT FAIR VALUE

Commercial paper, equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors. Commercial paper, currency equity and fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by the various pricing vendors. Matrix pricing is used to value securities based on securities' relationship to benchmark quoted prices. Equity and fixed income securities classified in Level 3 are securities whose stated market price is unobservable by the market place. Many of these securities are priced by the issuers of industry groups. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

REITs and rights and warrants securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors. Collateral from securities lending and short-term bills and notes investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by the various pricing vendors. Matrix pricing is used to value securities based on securities' relationship to benchmark quoted prices.

REITs securities classified in Level 3 are securities whose stated market price is unobservable by the marketplace. Many of these securities are priced by the issuers of industry groups. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

INVESTMENTS AT NET ASSET VALUE | AS OF JUNE 30, 2015

The Fund holds shares of interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share. At the year ended June 30, 2015, the fair value, unfunded commitments, and redemption values of those investments is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled				
Hedge Equity	$ 57,034,274	–	N/A	N/A
Hedge Fund	31,077,469	–	N/A	N/A
Infrastructure	93,345,208	–	N/A	N/A
Real Estate	577,265,137	–	N/A	N/A
Total Commingled	**758,722,088**			
Infrastructure	127,661,073	8.0	As Needed	7 - 10 days
Real Estate	252,399,729	222.0	As Needed	8 - 10 days
Total Net Asset Value	**$ 1,138,782,890**			

Commingled hedge fund and equity, infrastructure and real estate as well as infrastructure and real state are valued at net asset value and are classified as Level 3 assets. These investments for which exchange quotations are not readily available are valued by a general or managing partner (or functional equivalent). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the general partner.

DERIVATIVES

Options, futures, and rights and warrants derivatives securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active market issued by pricing vendors. Swaps, rights, and warrants derivative securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by the various pricing vendors.

(11) 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.

(12) 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.

(13) 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. In addition, in fiscal year 2016 the Fund expanded the office space to by 3,456 square feet.

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

Year Ended June 30:	Amount	
2017	$	641,041
2018		733,187
2019		749,301
2020		765,415
2021		678,155
Total minimum future rental payments	**$**	**3,567,099**

Rent expense was $613,432 and $537,965 in fiscal years 2016 and 2015, respectively.

(14) SUBSEQUENT EVENTS

There were no subsequent material events or transactions that have an impact on the June 30, 2016, financial statements.

(15) FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June, 2015. This new accounting standard addresses reporting by postemployment benefit plans other than pensions (OPEB) that administer defined benefit OPEB benefits on behalf of governments. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. The provisions of this new standard are effective for financial statements for the Fund's fiscal year ending June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY *(UNAUDITED)*

Pension Plan

SCHEDULE 1

	2016	2015	2014
Total pension liability			
Service cost	$ 325,992,943	$ 318,734,274	$ 332,188,481
Interest	1,576,876,771	1,547,663,416	1,509,307,860
Differences between expected and actual experience	(106,563,600)	(138,512,940)	(14,177,102)
Benefit payments, including refunds of employee contributions	(1,384,826,398)	(1,331,567,406)	(1,306,341,856)
Net change in total pension liability	**411,479,716**	**396,317,344**	**520,977,383**
Total pension liability – beginning	**20,713,217,296**	**20,316,899,952**	**19,795,922,569**
Total pension liability – ending (a)	**$ 21,124,697,012**	**$ 20,713,217,296**	**$ 20,316,899,952**
Plan fiduciary net position			
Contributions – employer	$ 700,070,000*	$ 643,667,000	$ 585,416,141
Contributions – employee	191,882,430	191,233,298	187,846,065
Net investment income	(27,987,163)	381,688,430	1,685,079,840
Benefit payments, including refunds of employee contributions	(1,384,826,398)	(1,331,567,406)	(1,306,341,856)
Net transfer for OPEB	(66,104,598)*	–	–
Administrative expense	(12,867,490)	(11,705,562)	(10,494,139)
Other	1,463,050	943,946	8,000,000
Net change in plan fiduciary net position	**(598,370,169)**	**(125,740,294)**	**1,141,506,051**
Plan fiduciary net position – beginning	**10,689,954,320**	**10,815,694,614**	**9,674,188,563**
Transfer of remaining OPEB assets**	**21,713,159**	**–**	**–**
Plan fiduciary net position – ending (b)	**$ 10,113,297,310**	**$ 10,689,954,320**	**$ 10,815,694,614**
Employer's net pension liability – ending (a) – (b)	**$ 11,011,399,702**	**$ 10,023,262,976**	**$ 9,501,205,338**

The information above is required beginning fiscal year 2014. Information for the next 7 years will be presented in future fiscal years.

* *Prior to 2016, $65 million allocation by CTPF from the total pension contribution amount by CPS to pay OPEB was being treated as a direct OPEB contribution. In 2016, that $65 million allocation is being shown within this schedule first as a pension contribution and then as part of the subsequent transfer to OPEB.*

** *Prior to FY 2016, residual assets within the Health Insurance Fund were treated as restricted solely to pay OPEB. In FY 2016, a change was made with respect to treatment of residual assets within the Health Insurance Fund.*

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY *(UNAUDITED)*

Pension Plan

SCHEDULE 2

	2016	2015	2014
Total pension liability	$ 21,124,697,012	$ 20,713,217,296	$ 20,316,899,952
Plan fiduciary net position	10,113,297,310	10,689,954,320	10,815,694,614
Employer's net pension liability	**$ 11,011,399,702**	**$ 10,023,262,976**	**$ 9,501,205,338**
Plan fiduciary net position as a percentage of the total pension liability	47.87%	51.61%	53.23%
Covered-employee payroll	$ 2,281,268,890	$ 2,273,551,432	2,233,280,995
Employer's net pension liability as a percentage of covered-employee payroll	**482.69%**	**440.86%**	**425.44%**

The information above is required beginning fiscal year 2014. Information for the next 7 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 Contribution	Contribution in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Actual Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
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%
2016	749,796,517	700,070,000*	49,726,517	2,281,268,890	30.69%

*Prior to 2016, $65 million allocation by CTPF from the total pension contribution amount by CPS to pay OPEB was being treated as a direct OPEB contribution. In 2016, that $65 million allocation is being shown within this schedule first as a pension contribution and then as part of the subsequent transfer to OPEB.

SCHEDULE OF EMPLOYER'S CONTRACTUALLY REQUIRED CONTRIBUTION

Pension Plan

SCHEDULE 4

Year Ended June 30	Contractualy Required Contribution	Acutual Payment	Deficiency	Covered Actual Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2007	$ 90,582,000	$ 90,582,000	$ –	$ 1,863,182,086	4.86%
2008	141,673,000	141,673,000	–	1,914,558,916	7.40%
2009	198,002,000	198,002,000	–	1,996,194,224	9.92%
2010	323,237,000	323,237,000	–	2,107,934,080	15.33%
2011	209,141,000	208,589,000	552,000	2,090,131,858	9.98%
2012	214,178,000	203,729,000	10,449,000	2,224,903,121	9.16%
2013	218,585,000	207,654,000	10,931,000	2,239,347,051	9.27%
2014	624,603,000	612,700,000	11,903,000	2,233,280,995	27.97%
2015	708,667,000	696,522,000	12,145,000	2,273,551,432	30.64%
2016	700,070,000	687,965,000	12,105,000	2,281,268,890	30.16%

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN *(UNAUDITED)*

Pension Plan

SCHEDULE 5

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%
2016	0.20%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ACTUARIAL METHODS AND ASSUMPTIONS

Pension Plan

The following represents the actuarial methods and assumptions for the Pension Plan as of June 30, 2016 and 2015:

	2016	2015
	Pension Plan	Pension Plan
Valuation date	June 30, 2016	June 30, 2015
Actuarial cost method	Entry Age (GASB purposes) Projected Unit Credit (Funding Purposes)	Entry Age (GASB purposes) Projected Unit Credit (Funding Purposes)
Amortization method	Level percent of payroll	Level percent of payroll
Amortization approach	Closed	Closed
Amortization period	30 years (27 years remaining)	30 years (28 years remaining)
Asset valuation method	4-year smoothed market	4-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.75%, net of investment expense	7.75%, net of investment expense
Projected salary increases	4.25% to 15.75%, varying by age	4.25% to 15.75%, varying by age
Inflation rate	2.75%	2.75%
	Post-retirement benefit increase:	**Post-retirement benefit increase:**
2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 & Later	3% compound (Tier I) participants; lesser of 3% or ½ of CPI simple (Tier II)	3% compound (Tier I) participants; lesser of 3% or ½ of CPI simple (Tier II)

SCHEDULE OF ADMINISTRATIVE AND MISCELLANEOUS EXPENSES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

SCHEDULE 6

	2016		2015	
Salaries	$	6,299,775	$	6,027,989
Accrued leave		370,419		173,450
Actuary fees		88,800		86,400
Auditing		196,200		146,632
Banking fees		66,072		78,246
Bad debt expense		605,960		–
Data processing		63,727		43,113
Depreciation		326,335		562,341
Election expense		166,982		43,910
Employees' health insurance		1,132,483		995,809
Field services/pension rep		25,649		31,554
Health insurance consulting		56,503		106,301
Insurance premium		60,504		44,066
Legal fees		500,675		453,000
Legislative expense		132,407		129,471
Maintenance of equipment, systems, software, and support		180,919		185,433
Medical fees		45,947		44,483
Miscellaneous		198,275		179,212
Office forms and supplies		54,628		57,567
Office rent and utilities		1,084,348		989,862
Postage		193,634		193,709
Professional services - Non IT		26,643		73,287
Publications/communication		347,283		410,257
System consulting		449,981		477,619
Trustee conferences, seminars, and meetings		83,913		95,111
Tuition and training/educational conference		109,430		76,739
TOTAL	**$**	**12,867,490**	**$**	**11,705,562**

SCHEDULE OF MANAGER FEES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

SCHEDULE 7

	2016	2015
Manager Fees	$ 34,012,906	$ 36,052,416
Consultant Fees	1,434,498	1,227,118
Banking and Foreign Exchange Fees	314,418	730,094
Total	**$ 35,761,822**	**$ 38,009,628**

See accompanying independent auditors' report.

SCHEDULE OF CONSULTANT PAYMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

SCHEDULE 8

	2016	2015
Bogfire Inc.	$ 15,633	$ 21,196
BNY Mellon	833,395	334,393
Bradley Consulting Group, Inc.	449,981	477,619
Callan Associates Inc.	495,229	381,075
Comgraphic Inc.	168,780	163,318
Data Consultants	94,828	45,361
Election Service Corporation	128,487	14,950
Fleishman-Hillard, Inc.	68,229	71,436
Foster Pepper, PLLC	96,253	–
Governmental Consulting	55,000	60,000
Imaging Office Systems	30,650	32,101
Impact Networking, LLC	23,294	–
Jacobs, Burns, Orlove, & Hernandez	148,471	303,103
Mercer, LLC	20,313	–
Michelle Holleman	106,755	125,909
Mitchell & Titus LLP	155,000	143,500
Northern Trust	–	301,250
Republic Bank of Chicago	30,653	–
Rider Dickerson	138,456	125,351
The Segal Group	144,936	104,553
Sikich, LLP	6,708	72,705
Steptoe & Johnson, LLP	53,569	–
Sword & Shield Enterprise Security	37,093	–
The Townsend Group	85,561	169,775
Vision Mai, LLC	72,100	75,833
Total	**$ 3,459,374**	**$ 3,023,428**

See accompanying independent auditors report

"Teachers dedicate their lives to improve the life of future generations…and our pensions are important and beneficial to the lives of teachers and the economy of Chicago."

Lynn Fitzgerald
Prosser Career, 37 years

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.

BNY MELLON

Asset Servicing

Michael J. Beggy
Vice President

November 2, 2016

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, BNYM has established an "Account" which holds client property in safekeeping of the Custodian (or other custodian banks or clearing operations). BNYM has provided recordkeeping of certain property of the client and completed the annual accounting certification for the year July 1, 2015 through June 30, 2016.

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 14th, 2016

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, 2016. We continued to observe a significant divergence in economic performance around the world during fiscal year 2016, and subsequently divergent returns across the capital markets existed. This economic divergence, along with geopolitical issues and commodity price movements, 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 due to low and negative interest rates, and the surprising result of the Brexit vote. Asia has seen a decline in economic performance mainly due to deteriorating conditions in Japan, despite government intervention. Domestic equity markets ended the fiscal year up yet subdued, while the domestic fixed income market appreciated meaningfully as interest rates continued to decline. 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, 2016, the Fund's market value totaled $10.0 billion, in line with assets as of June 30, 2015. During the past twelve month period:

- Domestic equity markets advanced over the trailing 12 months. The Russell 3000 Index, an index of domestic stocks covering all capitalizations, increased 2.14%.

- Developed international equity markets registered a loss of 10.16% in the trailing 12 months, as measured by the MSCI EAFE (Europe, Australasia, Far East) Index. Similarly, emerging markets posted a loss of 12.05%, as measured by the MSCI Emerging Markets Index.

- The domestic fixed income market produced a return of 6.00% during the year, as measured by the Barclays Aggregate Bond Index.

- Private real estate as measured by the NCREIF Fund Index Diversified Core Equity returned 11.8% on a net of fees basis.

Within this environment the Fund returned 0.26% net-of-fees (0.54% gross-of-fees) during the 12 month period ended June 30, 2016, underperforming its benchmark by 0.31%. Over the trailing three-year period the Fund outperformed its benchmark by 32 basis points net-of-fees with an annualized return of 6.92%, and by 28 basis points over the trailing five-year period with an annualized net-of-fee return of 6.73%. Since inception, the Fund has returned 8.22% net-of-fees outperforming its benchmark by 29 basis points annually.

The Fund's domestic equity managers lost 0.03% on a net-of fee basis during the fiscal year, underperforming the benchmark return of 2.14%. The Fund's international equity managers registered a negative return of 8.69% net-of-fees over the same period, but outperformed the passive benchmark by 155 basis points. International manager performance was mixed over the fiscal year, with Lazard, Morgan Stanley, Leading Edge, and William Blair Small Cap leading their respective benchmarks and contributing to the Fund's success over the period. The fixed income composite returned 6.15% net-of-fees compared to the benchmark return of 6.00% over the trailing 12 months. The Fund's active fixed income managers, Garcia Hamilton, Pugh, and WAMCO added value relative the benchmark. The Fund's passive allocation to the Barclays Government/Credit index also added value relative to the fixed income composite benchmark, the Barclays Aggregate Index.

The Fund's private real estate managers posted returns of 13.1% on a net of fee basis compared to the private real estate benchmark return of 10.8%. Both core and non-core segments of the portfolio were additive to returns. The Fund's public real estate managers posted strong absolute returns of 11.8% on a net of fee basis but underperformed the benchmark return of 12.6% due to relative weaker performance by Adelante. During the fiscal year, the infrastructure portfolio gained 8.9% on a net of fee basis compared to the absolute return benchmark of 8%.

Manager changes over the past year are summarized below:

New Manager	Asset Class	Inception Date
Lion Industrial Trust	Real Estate	September 15
Newport Capital Partners II	Real Estate	March 16
Phocas Financial Group	Domestic Equity	June 16
Strategic Global Advisors	International Equity	June 16
Ariel	International Equity	June 16

Terminated Manager	Asset Class	Termination Date
Northern Trust	International Equity	June 16
Ariel	Domestic Equity	June 16

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 Swilley-Burke Brianne Weymouth, CAIA Angel Haddad

TOWNSEND GROUP

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

November 11, 2016

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. Our last records showed that CTPF had $1.27 billion invested in real assets, which made up 13% of CTPF's total pension fund at September 30, 2015.

CTPF's real assets are diversified across a wide variety of investments, including private real estate ($822 million), public real estate securities or REITs ($216 million) and infrastructure ($234 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 approximately 22% 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 10.3% 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 34 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 its 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.

OFFICE 216 781 9090
FAX 216 781 1407
townsendgroup.com

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TOWNSEND GROUP

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

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 enhances 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).

As we leave CTPF after 16 years of service, we thank you for having had the opportunity to serve the retirees, teachers and staff of the Chicago Public School System. We left CTPF with strengthening markets and a well-positioned Real Assets program. We are confident that CTPF will continue to enjoy the benefits of Real Assets investing in the years to come.

With kindest regards,

The Townsend Group

Rob M Kochis

Rob Kochis
Principal

OFFICE 216 781 9090
FAX 216 781 1407
townsendgroup.com

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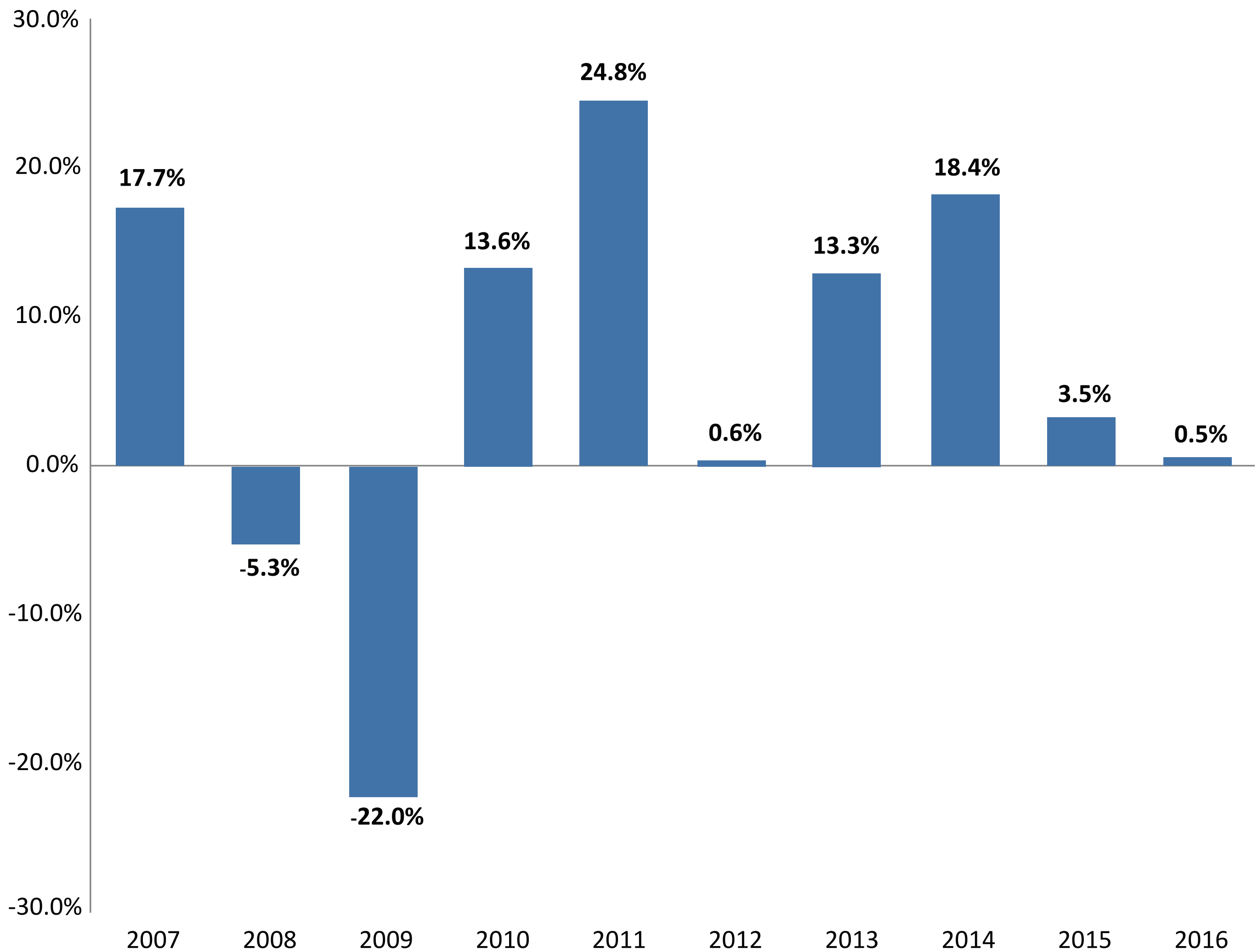
INVESTMENT MANAGERS

As of June 30, 2016

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
Clarion Partners, LLC
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
Industry Capital Advisors, LLC
ICV Capital Partners, LLC
Intercontinental Real Estate Corp.
J.P. Morgan Asset Management, Inc.
LaSalle Investment Management, Inc.
Lazard Asset Management, LLC
Leading Edge Investment Advisors, LLC
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
Phocas Financial Corporation
Pluscios Management, LLC
Progress Investment Management, LLC
Prudential Investment Management, Inc.
Pugh Capital Management, Inc.
RhumbLine Advisers, LP
Strategic Global Advisors, LLC
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, 2007-2016



*Time-weighted rate of return.

	As of June 30					Annualized Returns		
	2012	2013	2014	2015	2016	3 Year	5 Year	10 Year
Total Fund	**0.6%**	**13.3%**	**18.4%**	**3.5%**	**0.5%**	**7.2%**	**7.0%**	**5.6%**
Large Cap	3.4%	21.7%	26.4%	7.6%	1.1%	11.2%	11.6%	7.5%
Russell 1000 Index	4.4%	21.2%	25.4%	7.4%	2.9%	11.5%	11.9%	7.5%
S&P 500	5.5%	20.6%	24.6%	7.4%	4.0%	11.7%	12.1%	7.4%
Mid Cap Equity	–	–	–	–	–	–	–	–
S&P Mid Cap	–	–	–	–	–	–	–	–
Small Cap Equity	(3.3%)	20.9%	26.6%	6.8%	(7.7%)	7.7%	7.9%	6.6%
Russell 2000 Index	(2.1%)	24.2%	23.6%	6.5%	(6.7%)	7.1%	8.4%	6.2%
International Equity	(9.7%)	17.4%	22.6%	(1.8%)	(8.4%)	3.3%	3.2%	3.8%
MSCI ACWI ex US Index	(14.2%)	14.1%	22.3%	(4.9%)	(10.2%)	1.2%	0.1%	1.9%
Fixed Income	8.4%	0.4%	5.5%	1.5%	6.3%	4.4%	4.4%	5.5%
Barclays Aggregated Index	7.5%	(0.7%)	4.4%	1.9%	6.0%	4.1%	3.8%	5.1%
REITs	4.1%	12.8%	14.2%	2.6%	12.1%	9.6%	9.1%	5.6%
Custom REITs Index**	4.6%	13.1%	14.2%	0.4%	12.6%	9.0%	8.6%	5.0%
Real Estate (Private)	9.7%	11.0%	15.8%	14.6%	14.0%	13.8%	12.5%	5.2%
Custom Private RE Index***	12.2%	12.2%	11.0%	10.1%	11.8%	13.0%	12.7%	8.0%
NFI-ODCE Value Weight Net Only	12.4%	12.2%	12.7%	14.4%	11.8%	13.0%	12.7%	6.2%
Private Equity*	5.6%	5.3%	20.2%	11.3%	5.1%	12.0%	9.3%	9.2%
N/A	–	–	–	–	–	–	–	–
Infrastructure	7.4%	12.3%	9.4%	(5.3%)	9.6%	3.4%	5.2%	–
Absolute Benchmark	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	–
Hedge Funds	(2.6%)	11.3%	5.1%	3.2%	(8.9%)	(0.4%)	1.4%	–
T-Bills +5%	5.1%	5.1%	5.1%	5.0%	5.2%	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.

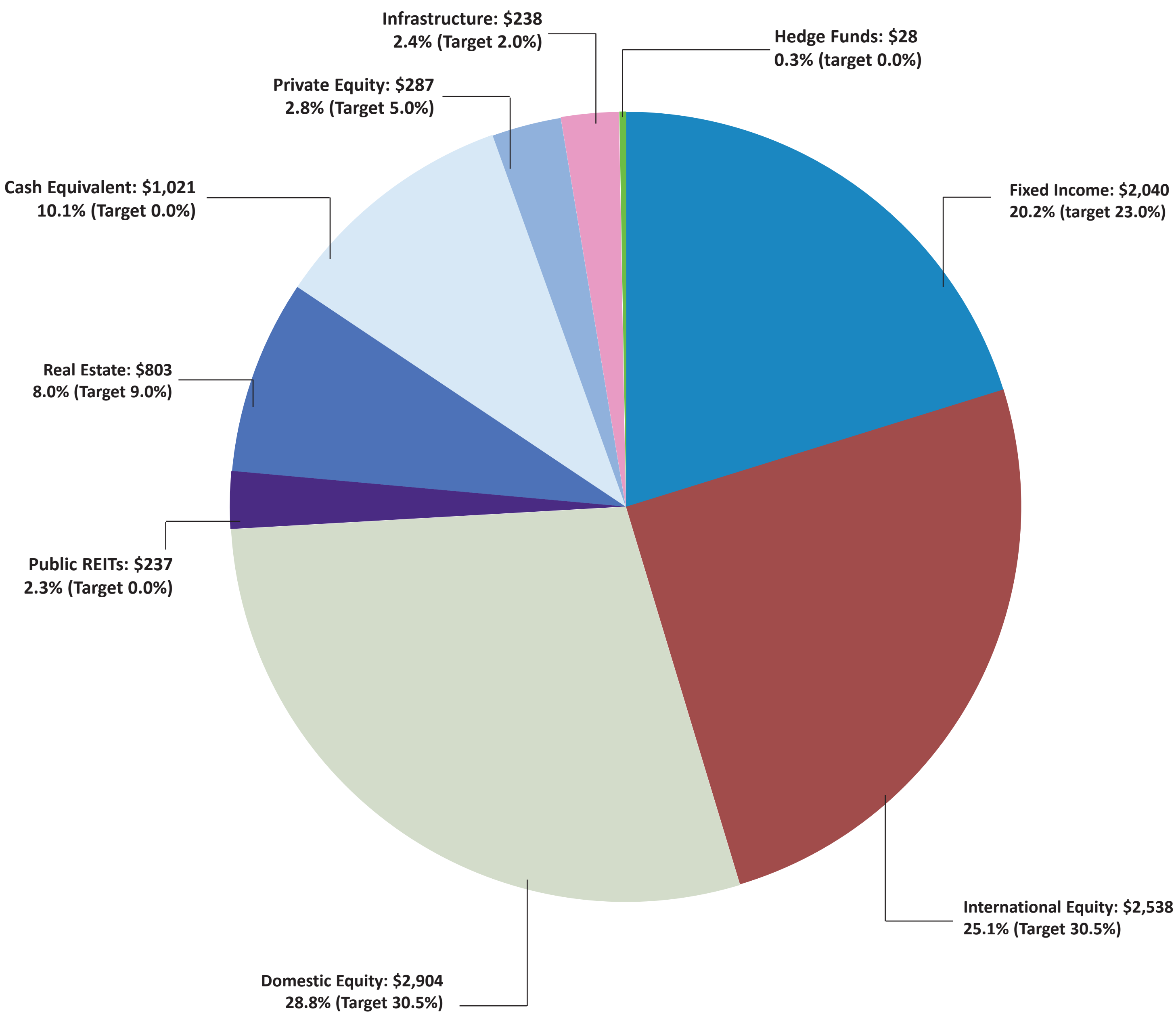
INVESTMENT PORTFOLIO SUMMARY

IN MILLIONS OF DOLLARS

	June 30, 2015 Fair Value	Purchases	Sales (Fair Value)	Fair Value Adjustments	June 30, 2016 Fair Value	Percent of Total
Fixed Income	$ 1,963.7	$ 1999.1	$ 1,926.5	$ 4.1	$ 2,040.4	20.2%
Equity	6,061.4	3,076.7	3,324.1	(371.7)	5,442.3	53.9%
Public REITs	254.8	41.7	55.6	(3.8)	237.1	2.3%
Real Estate	852.6	63.1	71.9	(40.6)	803.2	8.0%
Hedge Fund	31.3	-	-	(3.3)	28.0	0.3%
Infrastructure	197.1	-	856.0	896.9	238.0	2.4%
Private Equity	314.4	38.2	2.9	(62.6)	287.1	2.8%
Cash & Cash Equivalent	362.0	2,567.3	1,878.9	(29.9)	1,020.5	10.1%
Total Portfolio	**$ 10,037.3**	**$ 7,786.1**	**$ 8,115.9**	**$ 389.1**	**$ 10,096.6**	**100.0%**

ASSET ALLOCATION SUMMARY AS OF JUNE 30, 2016

IN MILLIONS OF DOLLARS*

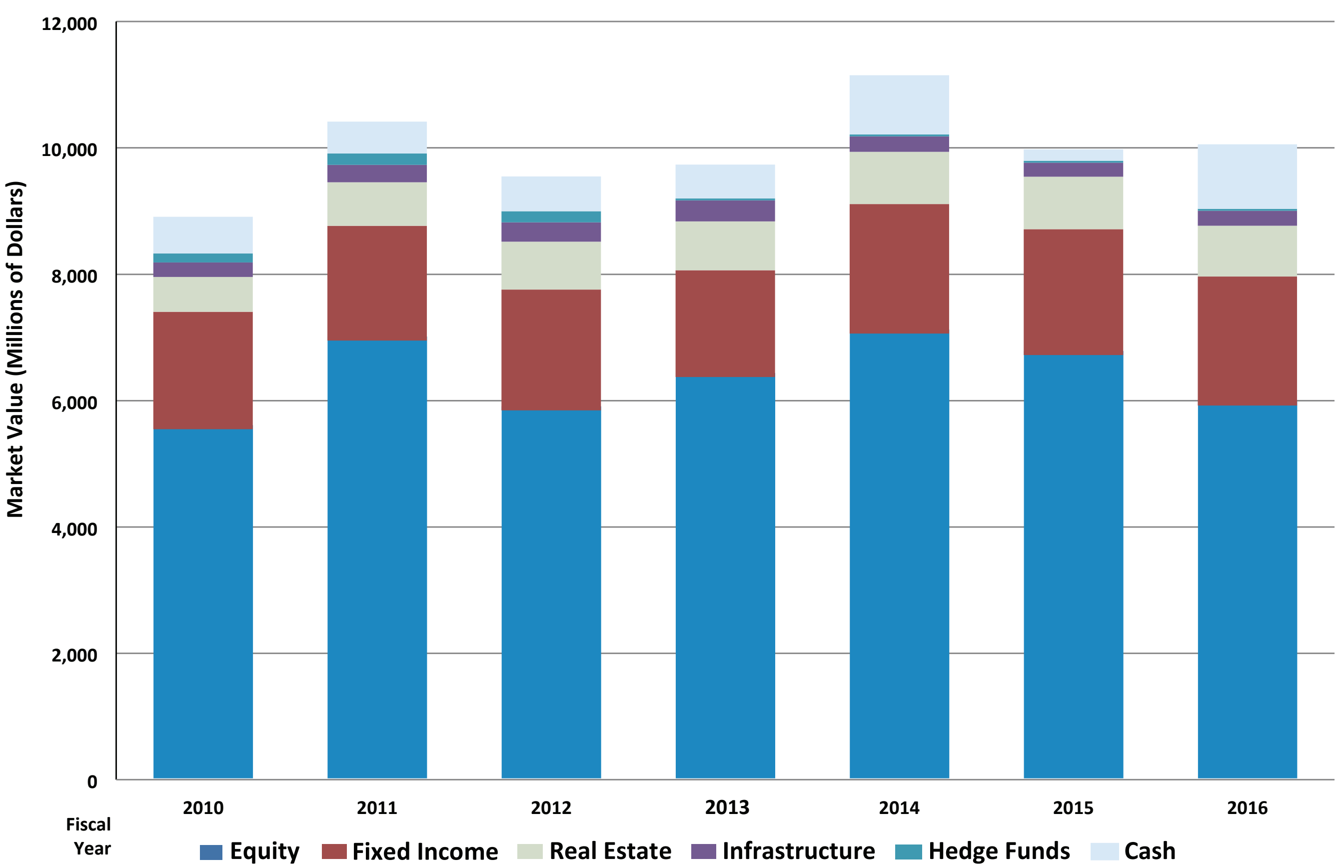


* **Note:** Percentage indicates actual category weight as a percentage of the entire portfolio.

HISTORICAL ASSET ALLOCATION BY PERCENTAGE OF TOTAL PORTFOLIO

	2011		2012		2013		2014		2015		2016	
	Actual	Policy	Actual	Policy	Actual	Policy	Actual	Policy	Actual	Policy	Actual	Policy
Equity:												
Domestic	38.8	40.5	33.7	31.3	33.0	31.3	32.0	31.3	33.3	30.0	28.8	30.5
International	22.2	22.0	22.2	31.2	27.0	31.2	27.0	31.2	27.1	30.0	25.1	30.5
Public REITs	2.9	2.5	2.7	2.5	2.8	2.5	1.8	2.5	2.5	2.0	2.3	0.0
Private Equity	3.1	3.0	2.9	3.0	2.8	3.0	2.7	3.0	3.1	3.0	2.8	5.0
Total Equity	**67.0**	**68.0**	**61.5**	**68.0**	**65.6**	**68.0**	**63.5**	**68.0**	**66.0**	**65.0**	**59.0**	**66.0**
Fixed Income	17.3	19.5	19.9	19.5	17.3	19.5	18.3	19.5	19.6	21.0	20.2	23.0
Real Estate	6.6	6.5	7.9	6.5	7.9	6.5	7.4	6.5	8.5	7.0	8.0	9.0
Infrastructure	2.6	2.0	3.2	2.0	3.4	2.0	2.2	2.0	2.0	3.0	2.4	2.0
Hedge Funds	1.7	2.0	1.8	2.0	0.3	2.0	0.3	2.0	0.3	2.0	0.3	0.0
Cash & Equiv.	4.8	2.0	5.8	2.0	5.5	2.0	8.3	2.0	3.6	2.0	10.1	0.0
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, 2016

ECONOMIC SECTOR HOLDINGS

ECONOMIC SECTOR	NUMBER OF SHARES	MARKET VALUE	PERCENT OF TOTAL	S&P 500 INDEX
Consumer Discretionary	8,287,570	$ 440,268,731	15.2%	13.7%
Consumer Staples	3,330,815	222,469,131	7.7%	9.5%
Energy	4,269,595	196,387,595	6.8%	7.4%
Financials	11,793,987	439,776,994	15.1%	17.8%
Health Care	6,630,833	387,925,128	13.4%	14.6%
Information Technology	9,109,586	440,965,267	15.2%	16.9%
Materials	2,197,964	90,203,135	3.1%	3.1%
Miscellaneous	71,164,773	237,323,896	8.1%	0.0%
Producer Durables	5,668,851	293,601,350	10.1%	10.5%
Utilities	3,336,335	155,476,694	5.3%	6.5%
Grand Total	**125,790,309**	**$ 2,904,397,921**	**100.0%**	**100.0%**

TOP 10 DOMESTIC EQUITY HOLDINGS

DESCRIPTION	NUMBER OF SHARES	MARKET VALUE	PERCENT OF TOTAL
Dimensional Fund Advisors, LTD (USD Commingled)	8,335,557	$ 147,039,232	5.1%
Apple Inc.	628,125	60,048,750	2.1%
Global Properties Securities	57,010,063	57,010,063	2.0%
Earnest Partners China Fund	956,416	48,939,807	1.7%
Exxon Mobil Corp.	508,865	47,701,005	1.6%
Google Inc.	65,170	46,636,955	1.6%
Microsoft Corp.	594,628	36,891,249	1.3%
Johnson & Johnson	302,389	36,679,786	1.3%
Citigroup Inc.	318,018	36,343,097	1.3%
Wells Fargo & Co.	938,902	31,947,019	1.1%
Total Top 10 Domestic Equity	**69,658,133**	**$ 549,236,963**	**18.9%**
Grand Total	**125,790,309**	**$ 2,904,397,921**	**100.0%**

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

INTERNATIONAL EQUITY SUMMARY

AS OF JUNE 30, 2016

Country	Number of Shares	Market Value	Percent of Total	ACWI ex US
South Africa	3,446,415	$ 21,361,864	0.8%	1.7%
Total Africa	**3,446,415**	**$ 21,361,864**	**0.8%**	**1.7%**
Brazil	5,863,508	42,463,797	1.7%	1.6%
Canada	4,182,698	95,991,985	3.8%	6.8%
Chile	363,164	561,207	0.0%	0.3%
Colombia	5,362,015	12,032,288	0.5%	0.1%
Mexico	5,778,191	23,442,190	0.9%	0.9%
Other - Americas	30,617	3,956,762	0.2%	0.1%
Total Americas	**21,580,193**	**$ 178,448,229**	**7.0%**	**9.9%**
Australia	6,121,247	44,280,788	1.7%	5.1%
China	28,341,531	67,890,120	2.7%	5.8%
Hong Kong	12,785,630	34,756,701	1.4%	2.3%
India	4,853,486	55,231,398	2.2%	1.9%
Japan	13,019,146	311,984,111	12.3%	16.4%
Singapore	4,689,167	25,658,249	1.0%	1.0%
South Korea	399,178	54,417,222	2.1%	3.3%
Taiwan	23,251,166	55,299,090	2.2%	2.7%
Other	62,162,251	218,306,926	8.6%	2.6%
Total Asia/Pacific Basin	**155,622,802**	**$ 867,824,605**	**34.2%**	**41.2%**
Belgium	285,946	25,373,674	1.0%	1.1%
France	3,361,636	198,960,893	7.8%	6.8%
Germany	2,139,275	90,848,703	3.6%	6.1%
Ireland	12,678,073	106,089,940	4.2%	0.3%
Netherlands	4,074,755	108,835,936	4.3%	2.2%
Norway	3,270,970	32,302,746	1.3%	0.5%
Spain	1,200,233	34,552,487	1.4%	2.1%
Sweden	3,678,395	63,041,479	2.5%	2.0%
Switzerland	2,319,550	174,882,907	6.9%	6.6%
United Kingdom	41,790,149	488,440,338	19.2%	13.8%
Other	11,922,038	146,915,103	5.8%	6.0%
Total Europe	**86,721,020**	**$ 1,470,244,206**	**57.9%**	**47.4%**
Grand Total	**267,370,430**	**$ 2,537,878,904**	**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, 2016

Description	Number of Shares	Market Value	Percent of Total
Lazard Emerg Mkt Eqy-inst	8,122,890	$ 124,361,446	4.9%
Novartis AG	653,141	53,770,953	2.1%
British American Tobacco PLC	605,048	39,817,835	1.6%
Reckitt Benckiser Group PLC	370,575	37,104,311	1.5%
Roche Holding AG	147,732	36,545,345	1.4%
Teva Pharmaceutical Industries	571,317	28,697,506	1.1%
Glaxosmithkline PLC	1,323,750	28,577,816	1.1%
Royal Dutch Shell PLC	991,182	27,456,095	1.1%
Nestle SA	343,476	26,495,812	1.0%
Arm Holdings PLC	904,251	26,236,602	1.0%
Total Top 10 International Equity	**14,033,362**	**$ 429,063,721**	**16.9%**
Grand Total	**267,370,430**	**$ 2,537,878,904**	**100.0%**

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

FIXED INCOME SUMMARY

AS OF JUNE 30, 2016

FIXED INCOME HOLDINGS

ASSET CATEGORY	PAR VALUE	MARKET VALUE	PERCENT OF TOTAL	BARCLAYS AGGREGATE BOND INDEX
Treasury	$ 679,737,800	$ 726,118,490	35.6%	36.6%
Mortgage Backed Securities	273,525,273	291,047,978	14.3%	28.2%
Corporates	671,245,819	718,023,030	35.2%	25.4%
Government/Gov't Agency	272,588,995	145,156,152	7.1%	8.0%
Non Gov't Backed CMOs/Asset Backed	24,017,408	23,759,063	1.2%	0.0%
Commercial Mortgage-Backed	55,450,283	55,239,562	2.7%	1.8%
Municipal Bonds	19,610,378	24,306,987	1.2%	0.0%
Other	2,564,171	56,796,062	2.8%	0.0%
Grand Total	**$ 1,998,740,128**	**$ 2,040,447,323**	**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, 2016

PUBLIC REITs SUMMARY

PROPERTY TYPE	NUMBER OF SHARES	MARKET VALUE	PERCENT OF TOTAL	NAREIT PROPERTY INDEX ALLOCATION
Retail REITs	1,653,674	$ 27,877,568	11.7%	31.0%
Industrial & Office REITs	906,594	34,406,838	14.5%	N/A *
Residential (apartment) REITs	240,003	15,581,763	6.6%	18.3%
Health Care Facilities	411,607	11,977,628	5.1%	22.2%
Hotel & Lodging REITs	342,208	6,788,262	2.9%	(13.1%)
Residential (development) REITs	519,279	6,514,538	2.7%	21.0%
Other	8,754,034	133,943,392	56.5%	N/A *
Grand Total	**12,827,399**	**$ 237,089,989**	**100.0%**	**N/A**

** 1 year return not available. Calculation of Indexes begin 01/01/2016.*

TOP 10 PUBLIC REITs HOLDINGS

HOLDING	NUMBER OF SHARES	MARKET VALUE	PERCENT OF TOTAL
Centersquare REIT	6,191,901	$ 70,810,125	29.9%
RHUMB RSL1000 LCC	974,263	46,090,091	19.4%
Adelante GBL REIT	2,089,368	35,744,130	15.1%
Ariel SCV	580,870	20,686,510	8.7%
NTGI 500 Index LLC	263,615	19,488,862	8.2%
NTGI Structured SCC	577,507	11,673,952	4.9%
BMO Global LCV	143,860	8,606,302	3.6%
William Blair IACG	363,033	5,595,539	2.4%
Waddell & Reed LLC	48,950	5,369,375	2.3%
William Blair ISCE	139,384	4,139,671	1.7%
Total Top 10 Public REITs	**11,372,751**	**$ 228,204,557**	**96.2%**
Grand Total	**12,827,399**	**$ 237,089,989**	**100.0%**

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

PRIVATE EQUITY SUMMARY

AS OF JUNE 30, 2016

PRIVATE EQUITY HOLDINGS

DESCRIPTION	TOTAL CAPITAL CALLED	MARKET VALUE	PERCENT OF TOTAL
Adams Street Partners Multiple Funds	$ 104,552,149	$ 104,552,149	36.4%
Brinson Partners Multiple Funds	12,326,359	12,326,359	4.3%
Harbourvest Partners Multiple Funds	25,895,581	25,947,731	9.0%
Hispania Partners Multiple Funds	5,101,536	5,101,536	1.8%
ICV Partners Multiple Funds	9,562,425	9,890,732	3.4%
Mesirow Capital Partners Multiple Funds	75,911,049	78,325,104	27.3%
Muller and Monroe Private Equity Fund-of-Funds	12,287,132	12,287,132	4.3%
Palladium Equity Partners Multiple Funds	7,475,130	7,475,130	2.6%
Pantheon Multiple Funds	15,589,556	16,241,773	5.7%
Pharos Capital Partners Multiple Funds	12,538,077	12,792,074	4.5%
Syncom Partners V	2,188,538	2,198,605	0.8%
Grand Total	**$ 283,427,533**	**$ 287,138,325**	**100.0%**

INFRASTRUCTURE SUMMARY
As of June 30, 2016

Infrastructure Holdings

Description	Number of Units	Market Value	Percent of Total
JP Morgan Infrastructure Investments Fund	95,263,366	$ 97,012,016	40.8%
Total Commingled Funds	**95,263,366**	**$ 97,012,016**	**40.8%**

Description	Total Capital Called	Market Value	Percent of Total
Macquarie Infrastructure Partners II US	–	$ 70,424,325	29.6%
Macquarie European Infrastructure Fund III (MEIF 3)	–	70,335,751	29.6%
Total Closed - End Funds	**–**	**$ 140,760,076**	**59.2%**
Grand Total	**–**	**$ 237,772,091**	**100.0%**

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

HEDGE FUND SUMMARY
As of June 30, 2016

Hedge Fund Holdings

Description	Number of Shares	Market Value	Percent of Total
Pluscios Offshore Fund	25,000	$ 28,041,480	100.0%
Grand Total	**25,000**	**$ 28,041,480**	**100.0%**

REAL ESTATE SUMMARY
AS OF JUNE 30, 2016

REAL ESTATE HOLDINGS

DESCRIPTION	NUMBER OF SHARES	MARKET VALUE	PERCENT OF TOTAL
JP Morgan Strategic Property Fund	62,467	$ 180,921,184	22.5%
LaSalle Property Fund	100,313,236	100,313,236	12.5%
PRISA I Real Estate Fund	2,568	137,654,970	17.1%
PRISA II Real Estate Fund	679	20,922,248	2.6%
UBS Trumbull Property Fund	147,863,463	148,916,707	18.5%
Total Commingled Funds	**248,242,413**	**$ 588,728,345**	**73.3%**

DESCRIPTION	TOTAL CAPITAL CALLED	MARKET VALUE	PERCENT OF TOTAL
Capri Select Income II, LLC	$ –	$ 60,718	0.0%
Clarion Lion Industrial Trust	40,000,000	43,473,368	5.4%
Deutsche Asset & Wealth Management	–	373,334	0.0%
DV Urban Realty Partners I, LP	–	3,448,434	0.4%
Emerging Manager Real Estate Fund of Funds LP	1,794,295	26,274,686	3.3%
Europa Fund III, LP	433,310	14,750,435	1.8%
Fortress Japan Opportunity	950,193	26,008,310	3.2%
Fremont Strategic Property Partners II	–	3,220,850	0.4%
Greystar Equity Partners VII, LP	262,148	365,476	0.0%
Hudson Realty Capital Fund V, LP	–	11,323,817	1.4%
Industry Capital Berkeley Partners	3,956,000	7,988,272	1.0%
Intercontinental Real Estate Investment Fund III, LLC	–	4,696,095	0.6%
ML Asian RE Fund (TE), LP	–	1,311,968	0.2%
Newport Capital Partners II, LP	15,748,661	14,361,109	1.8%
Southwest Multifamily Partners, LP	–	17,829,091	2.2%
Urban America II, LP	–	177,697	0.0%
Walton Street Capital Multiple Funds	–	38,856,471	4.8%
Total Closed-End Funds	**$ 63,144,607**	**$ 214,520,131**	**26.7%**
Grand Total	**$ 311,387,020**	**$ 803,248,476**	**100.0%**

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

MANAGER ANALYSIS

AS OF JUNE 30, 2016

Asset Category	Market Value as of 6/30/2016	Percent of Portfolio	FY 2016 Manager Fees	Percent of Market Value
Domestic Equity	$ 2,904,397,921	28.8%	$ 5,012,923	0.2%
International Equity	2,537,878,904	25.1%	11,150,029	0.4%
Public REITs	237,089,990	2.3%	567,125	0.2%
Fixed Income	2,040,447,347	20.2%	1,895,810	0.1%
Real Estate	803,248,475	8.0%	8,175,470	1.0%
Infrastructure	237,772,091	2.4%	2,395,349	1.0%
Hedge Funds	28,041,480	0.3%	439,830	1.6%
Private Equity	287,138,325	2.8%	4,376,371	1.5%
Cash and Equivalent	1,020,141,844	10.1%	–	0.0%
Grand Total	**$ 10,096,156,377**	**100.0%**	**$ 34,012,906**	**0.3%**

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, 2016

Broker Name	Number of Shares Traded	Commission Amount	Commission per Share
Loop Capital Markets LLC	18,604,593	$ 161,223	$ 0.01
North South Capital, LLC	1,761,456	67,893	0.04
Cheevers & Company Inc.	2,901,085	64,600	0.02
M. Ramsey King Securities, Inc.	1,308,912	33,962	0.03
Castleoak Securities, LP	7,795,202	26,623	0.00
Sanford C. Bernstein & CO., LLC	966,706	24,619	0.03
The Williams Capital Group, L.P.	2,037,401	23,815	0.01
RBC Capital Markets, LLC	3,719,484	19,600	0.01
Bank of New York Mellon	552,776	18,993	0.03
Topeka Capital Markets Inc.	892,237	15,577	0.02
Liquidnet, Inc.	599,483	14,916	0.02
Investment Technology Group Inc./ ITG Inc.	2,402,424	14,030	0.01
Vandham Securities Corp.	351,950	13,754	0.04
Instinet, LLC	642,264	12,728	0.02
Mischler Financial Group, Inc.	717,041	11,389	0.02
Robert W. Baird & Co. Incorporated	328,794	10,429	0.03
Cabrera Capital Markets, LLC	814,138	8,686	0.01
J.P. Morgan Securities LLC	283,218	8,244	0.03
Morgan Stanley & Co. LLC	215,152	7,865	0.04
Barclays Capital Inc.	208,397	7,771	0.04
Bank of America/Merrill Lynch	200,622	7,570	0.04
BTIG, LLC	340,653	6,888	0.02
Penserra Securities, LLC	1,591,260	6,304	0.00
JMP Securities LLC	153,730	6,281	0.04
William Blair & Company LLC	176,405	6,122	0.03
Weeden & Co. L.P.	537,702	5,640	0.01
Jefferies LLC	163,961	5,619	0.03
Stephens	183,932	5,473	0.03
Goldman Sachs Execution & Clearing, L.P.	165,029	5,390	0.03
Stifel, Nicolaus & Company, Incorporated	226,345	4,893	0.02
Academy Securities, Inc.	113,600	4,544	0.04
Keefe, Bruyette & Woods, Inc.	200,968	4,251	0.02
Evercore Group, LLC	114,801	4,098	0.04
Guzman & Company	383,751	3,838	0.01
Keybanc Capital Markets Inc.	93,054	3,700	0.04
Pacific Crest Securities LLC	93,858	3,677	0.04
Piper Jeffray & Co.	87,913	3,408	0.04
SeaPort Group Securities, LLC	415,975	3,085	0.01
Andes Capital Group, LLC	97,682	2,930	0.03
Cantor Fitzgerald & Co.	197,023	2,772	0.01
FIS Brokerage & Securities Services, LLC	230,558	2,305	0.01
Jones Trading Institutional Services LLC	596,333	2,032	0.00
Capital Instituional Services, Inc. (CAPIS)	210,550	1,945	0.01
Johnson Rice & Company LLC	125,872	1,931	0.02
Citation Financial Group	525,907	1,906	0.00
Other (54 Brokers)	3,460,216	32,389	0.01
Grand Total	**57,790,413**	**$ 710,708**	**$ 0.01**

BROKER COMMISSION REPORT

MWDBE Domestic Agency Trades for the Year Ended June 30, 2016

Broker Name	Number of Shares Traded	Commission Amount	Commission Per Share
Loop Capital Markets LLC	18,604,593	$ 166,223	$ 0.01
North South Capital, LLC	1,761,456	67,893	0.04
Cheevers & Company Inc.	2,901,085	64,600	0.02
M. Ramsey King Securities, Inc.	1,308,912	33,962	0.03
Castleoak Securities, LP	7,795,202	26,623	0.00
The Williams Capital Group, L.P.	2,037,401	23,815	0.01
Topeka Capital Markets Inc.	892,237	15,577	0.02
Mischler Financial Group, Inc.	717,041	11,389	0.02
Cabrera Capital Markets, LLC	814,138	8,686	0.01
Penserra Securities, LLC	1,591,260	6,304	0.00
Academy Securities, Inc.	113,600	4,544	0.04
Guzman & Company	383,751	3,838	0.01
Andes Capital Group, LLC	97,682	2,930	0.03
Drexel Hamilton, LLC	206,475	1,763	0.01
Blaylock Robert Van, LLC	43,007	860	0.02
Sturdivant & Co. Inc	129,090	655	0.01
Telsey Advisory Group LLC	87,330	576	0.01
Podesta and Company	26,469	529	0.02
BOE Securities Inc.	14,661	440	0.03
Greentree Brokerage Services, Inc.	2,342	70	0.03
Total Directed Domestic Commission	**39,527,732**	**$ 441,277**	**$ 0.01**
Grand Total	**57,790,413**	**$ 710,708**	**$ 0.01**

BROKER COMMISSION REPORT

International Agency Trades for the Year Ended June 30, 2016

Broker Name	Number of Shares Traded	Commission Amount	Commission Per Share
Loop Capital Markets LLC	69,000,055	$ 444,537	$ 0.01
Cheevers & Company Inc.	10,657,165	160,173	0.02
J.P. Morgan Securities LLC	423,389,273	141,947	0.00
UBS Securities LLC/UBS Warburg LLC	21,578,842	131,177	0.01
Bank of America/Merrill Lynch	10,110,792	109,946	0.01
Credit Suisse Capital, LLC.	17,777,219	92,183	0.01
Citigroup Global Markets Inc./Salomon Bros.	12,555,632	89,049	0.01
Morgan Stanley & Co. LLC	18,444,107	85,016	0.00
Liquidnet, Inc.	10,981,658	81,584	0.01
Jefferies LLC	14,163,285	67,313	0.00
Deutsche Bank Securities Inc./Alex Brown	11,132,905	66,814	0.01
Instinet, LLC	16,590,530	57,106	0.00
Barclays Capital Inc.	2,531,473	54,883	0.02
The Williams Capital Group, L.P.	2,505,407	43,031	0.02
Credit Lyonnais Securities Ltd/CLSA	10,763,335	42,562	0.00
Investment Technology Group Inc./ ITG Inc.	8,940,823	42,376	0.00
Cabrera Capital Markets, LLC	3,008,915	42,115	0.01
Goldman Sachs Execution & Clearing, L.P.	3,242,118	40,934	0.01
Macquarie Capital (USA) Inc.	7,373,440	37,643	0.01
Sanford C. Bernstein & CO., LLC	9,595,566	36,531	0.00
Weeden & Co. L.P.	3,146,594	25,943	0.01
Nomura Securities International, Inc.	1,914,609	25,651	0.01
BNP Paribus Brokerage Services, Inc.	2,398,659	25,609	0.01
Daiwa Securities Group Inc.	2,486,153	24,967	0.01
Redburn Partners (USA) LP	1,038,730	24,193	0.02
HSBC Bank/Midland (LDN)	2,481,411	23,696	0.01
Capital Instituional Services, Inc. (CAPIS)	744,722	23,248	0.03
RBC Capital Markets, LLC	1,172,349	21,429	0.02
Berenberg Bank	418,005	21,427	0.05
Bloomberg L.P.	2,905,689	18,042	0.01
Exane Inc.	389,503	16,985	0.04
Kepler Cheuvreux	221,482	14,739	0.07
Mizuho Financial Group	2,774,996	14,294	0.01
Penserra Securities, LLC	820,424	12,438	0.02
BNY Convergex Execution Solutions LLC	5,066,717	12,381	0.00
North South Capital, LLC	1,283,317	12,297	0.01
SMBC Nikko Capital Markets, Ltd	527,529	12,147	0.02
Societe Generale Securities Corporation	5,302,763	12,110	0.00
BTIG, LLC	1,486,979	11,238	0.01
Handelsbanken Markets Securities, Inc	321,136	10,906	0.03
Mid Atlantic Capital Group, Inc	524,627	10,406	0.02
Topeka Capital Markets Inc.	1,124,183	9,994	0.01
Mischler Financial Group, Inc.	5,348,441	8,733	0.00
Investec Henderson Crosthwaite Securities	1,359,806	8,484	0.01
Carnegie Investment Bank AB/Carnegie Inc.	267,854	8,461	0.03
ABG Securities	221,917	8,139	0.04
Other (91 Brokers)	27,213,668	189,075	0.01
Grand Total	**757,304,803**	**$ 2,473,952**	**$ 0.00**

MWDBE International Equity Trades for the Year Ended June 30, 2016

Broker Name	Number of Shares Traded	Commission Amount	Commission Per Share
Loop Capital Markets LLC	69,000,055	$ 444,537	$ 0.01
Cheevers & Company Inc.	10,657,165	160,173	0.02
The Williams Capital Group, L.P.	2,505,407	43,031	0.02
Cabrera Capital Markets, LLC	3,008,915	42,115	0.01
Penserra Securities, LLC	820,424	12,438	0.02
North South Capital, LLC	1,283,317	12,297	0.01
Topeka Capital Markets Inc.	1,124,183	9,994	0.01
Mischler Financial Group, Inc.	5,348,441	8,733	0.01
M. Ramsey King Securities, Inc.	429,521	2,065	0.01
Castleoak Securities, LP	51,188	1,792	0.04
Telsey Advisory Group LLC	4,475	179	0.04
Andes Capital Group, LLC	3,500	105	0.03
Guzman & Company	4,188	78	0.02
Total Directed International Commission	**94,240,779**	**$ 737,537**	**$ 0.01**
Grand Total	**757,304,803**	**$ 2,473,952**	**$ 0.00**

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash and cash equivalents at beginning of period	$ 1,013,197,931	$ 941,668,969
Add receipts:		
Member contributions	202,168,793	194,340,025
Public revenues	696,864,956	687,204,429
Interest and dividends	244,264,942	230,237,359
Net investment sales	370,608,902	426,313,008
Total cash receipts	**1,513,907,593**	**1,538,094,821**
Less disbursements:		
Pension benefits	1,341,990,070	1,308,180,521
Refunds	30,013,141	27,339,730
2.2 legislative refunds	1,441,215	615,393
Refund of insurance premiums	68,816,022	79,451,153
Investment and administrative expenses	52,771,871	50,979,062
Total cash disbursements	**1,495,032,319**	**1,466,565,859**
Net increase (decrease) in cash and cash equivalents	18,875,274	71,528,962
Cash and cash equivalents at end of period	**$ 1,032,073,205**	**$ 1,013,197,931**

See accompanying independent auditors' report.

Investment Authority Illinois Pension Code

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.

Investment Authority Illinois Pension Code

SECTION 5/17-146. To Make Investments

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.

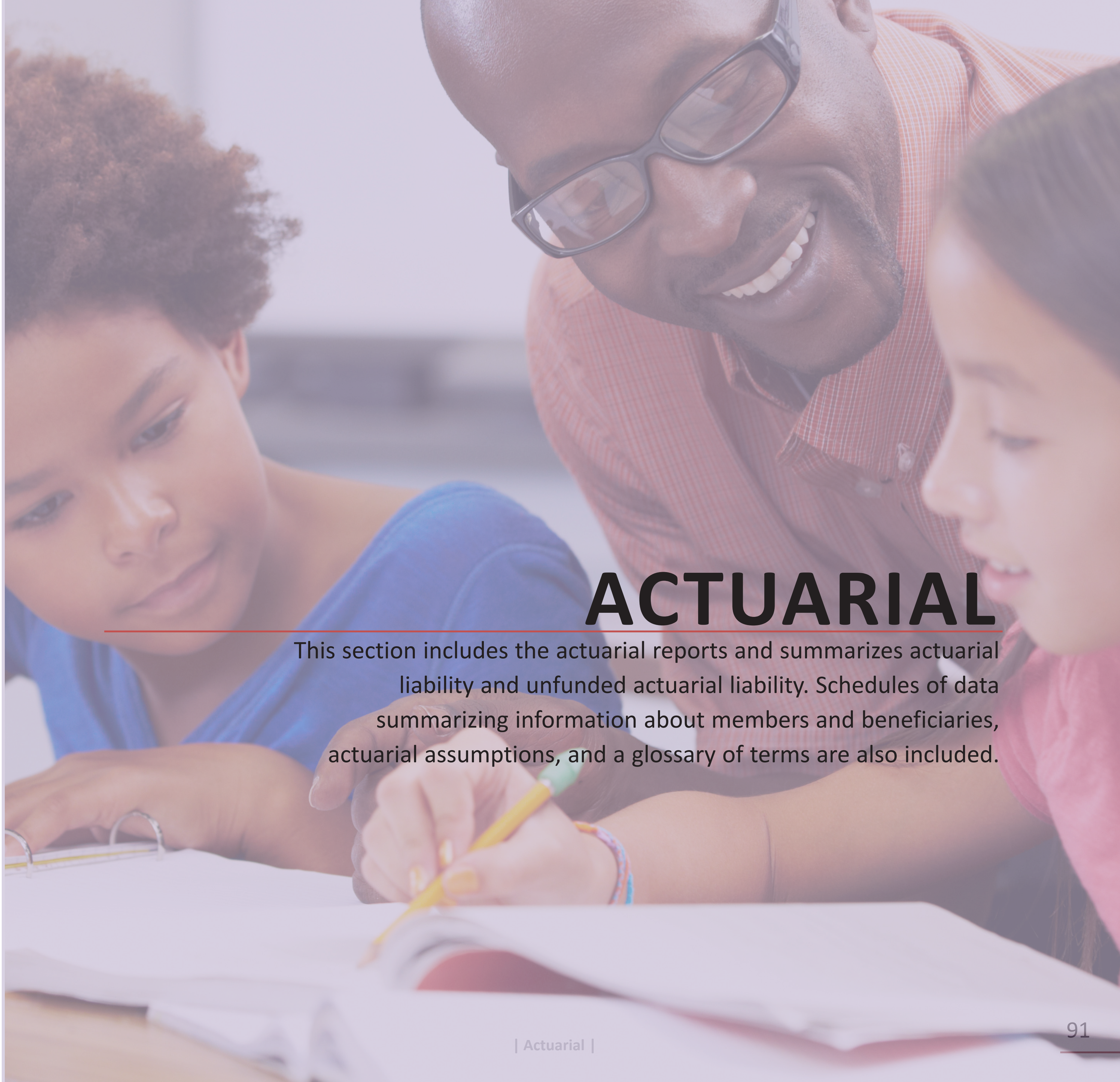
Neither the treasurer nor any other officer having the custody of the Fund is entitled to retain any interest accruing thereon, but such interest shall accrue and inure to the benefit of such Fund, become a part thereof, subject to the purposes of this Article.

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.

"Teaching has been one of the most the enriching times in my life. I am a giver and a supporter of education for all; during the time that I spent teaching, I have met hundreds of students who have excelled in their lives.

Many of my students have come back to thank me for my service and impact I had in their lives. I am forever grateful to have had the opportunity to help mold the future."

Neil Johnson
Horace Mann, 10 Years



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

Segal Consulting
101 North Wacker Drive, Suite 500 Chicago, IL 60606
T 312.984.8500 F 312.984.8590 www.segalco.com

October 27, 2016

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, 2016. 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, 2016, the actuarially determined contribution for the fiscal year ending June 30, 2017, the statutorily required contributions for the fiscal year ending June 30, 2018, and the liabilities of the other postemployment benefits as of June 30, 2016, 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, there have not been any changes in benefit provisions that have had an impact on the actuarial liabilities of the Fund.

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, 2016, 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 2017 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 accrued liabilities of the Fund by the end of the 2059 fiscal year. The methods mandated by the Illinois Pension Code are inadequate to appropriately fund CTPF. We strongly recommend an actuarial funding method that targets 100% funding with payments at least covering interest on the unfunded actuarial accrued liability and a portion of the principal balance.

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 measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

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. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Fund.

Sincerely,

SEGAL CONSULTING

By:

Kim Nicholl, FSA, MAAA, EA, FCA	*Matthew A. Strom, FSA, MAAA, EA*	*Yori Rubinson, FSA, MAAA*
Senior Vice President and Actuary	*Vice President and Actuary*	*Retiree Health Actuary*

ACTUARIAL REPORT

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, 2016. The valuation was performed to determine the net pension liability, 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 participants, and retirees and beneficiaries as of June 30, 2016, provided by the CTPF staff;
- The assets of the Fund as of June 30, 2016, provided by the 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. 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 2018 is $760,244,000. In conjunction with the additional State contributions and additional Board of Education contributions of $11,692,000 and $12,466,000, respectively, Fiscal Year 2018 contributions will total $784,402,000.

2. As shown in Chart 13, for the fiscal year beginning July 1, 2016, the actuarially determined contribution (ADC) amount is $754,764,093. The ADC is calculated based on the funding policy and is measured against actual contributions as a measure of funding adequacy. The Fiscal Year 2017 required employer contribution amount was determined to be $745,386,000, as a part of the June 30, 2015, valuation. Given that $65,000,000 is expected to be used to pay health insurance subsidies, the required employer contribution for the pension plan is $680,386,000. Compared to the actuarially determined contribution of $754,764,093, the contribution deficiency is $74,378,093 for Fiscal Year 2017. Each year there is a contribution deficiency leads to an increased deficiency in all future years.

3. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of June 30, 2016, is 52.4%, compared to 51.8% as of June 30, 2015.

4. For the year ended June 30, 2016, Segal has determined that the asset return on a market value basis was (0.3%). After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 8.6%. This represents an experience gain when compared to the assumed rate of 7.75%. As of June 30, 2016, the actuarial value of assets ($10.63 billion) represented 105.1% of the market value ($10.11 billion).

5. The total unrecognized investment loss as of June 30, 2016, is $517,679,243. This investment loss 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 gains 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 losses on the actuarial value of assets in the next few years.

6. The portion of deferred investment gains and losses recognized in the calculation of the June 30, 2016, actuarial value of assets resulted in a gain of $81,129,490. Additionally, the demographic and liability experience resulted in a $149,058,710 gain.

7. The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of other postemployment benefits (OPEB) liabilities for accounting purposes. Statement 74 replaces Statement 43 and is for plan reporting. Statement 75 replaces Statement 45 and is for employer reporting. Statement 74 is effective with the fiscal year ending June 30, 2017, for Plan reporting. Statement 75 is effective with the fiscal year ending June 30, 2018, for employer reporting.

8. When measuring pension liability, GASB uses a different actuarial cost method (Entry Age Normal method) than the cost method used for funding purposes (Projected Unit Credit method). However, as of June 30, 2016, 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, based on the Entry Age Normal actuarial cost method and 7.75% discount rate, is $21,124,697,012 as of June 30, 2016.

9. 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 $10,023,262,976 as of June 30, 2015, to $11,031,629,424 as of June 30, 2016. The health Insurance Fund is not in an OPEB Trust nor are the OPEB assets solely restricted for OPEB.

10. As mentioned above, the current method used to determine the actuarial value of assets yields an amount that is 105.1% of the market value of assets as of June 30, 2016. Guidelines in Actuarial Standard 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.

11. This actuarial valuation report as of June 30, 2016, 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

	2016	2015
Contributions for fiscal year beginning July 1:		
Actuarially determined contribution requirement	$ 754,764,093	$ 749,796,517
Expected employer contributions	680,386,000	635,070,000
Actual employer contribution	–	635,070,000
Funding elements for fiscal year beginning July 1:		
Employer normal cost, including administrative expenses	$ 136,753,858	$ 140,404,986
Market value of assets	10,093,067,588	10,689,954,320
Actuarial value of assets	10,610,746,831	10,344,375,122
Actuarial accrued liability	20,246,140,298	19,951,289,974
Unfunded/(overfunded) actuarial accrued liability	9,635,393,467	9,606,914,852
Funded ratio based on the actuarial value of assets	52.41%	51.85%
Funded ratio based on the market value of assets	49.85%	53.58%
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	28,298	28,114
Number of vested former participants	5,715	5,464
Number of non-vested former participants	22,042	21,365
Number of active participants	29,543	29,706
Total salary supplied by the Fund	$ 2,071,040,979	$ 2,155,604,327
Average salary	$ 70,103	$ 72,565
GASB Information:		
Long-term expected rate of return	7.75%	7.75%
Long-term municipal bond rate	2.85%	3.80%
Single equivalent discount rate	7.75%	7.75%
Total pension liability	$ 21,124,697,012	$ 20,713,217,296
Plan fiduciary net position	10,093,067,588	10,689,954,320
Net pension liability*	11,031,629,424	10,023,262,976
Plan fiduciary net position as a percentage of total pension liability	47.78%	51.61%

**The Health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB. The Financial section of the CAFR has been updated accordingly.*

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, inactive 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 109, 111, and 111.

CHART 1: PARTICIPANT POPULATION 2007 – 2016

Year Ended June 30	Active Participants	Vested Terminated Participants	Retirees and Beneficiaries	Ratio Retirees and Beneficiaries to Actives
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
2016	29,543	5,715	28,298	1.15

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 29,543 active participants with an average age of 41.5, average years of service of 10.4 and average salary of $70,103. The 29,706 active participants in the prior valuation had an average age of 41.4, average years of service of 10.3 and average salary of $72,565.

INACTIVE PARTICIPANTS

In this year's valuation, there were 5,715 participants with a vested right to a deferred or immediate vested benefit and 22,042 terminated non-vested participants entitled to a refund of member contributions.

CHART 2: DISTRIBUTION OF ACTIVE PARTICIPANTS BY AGE

AS OF JUNE 30, 2016

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

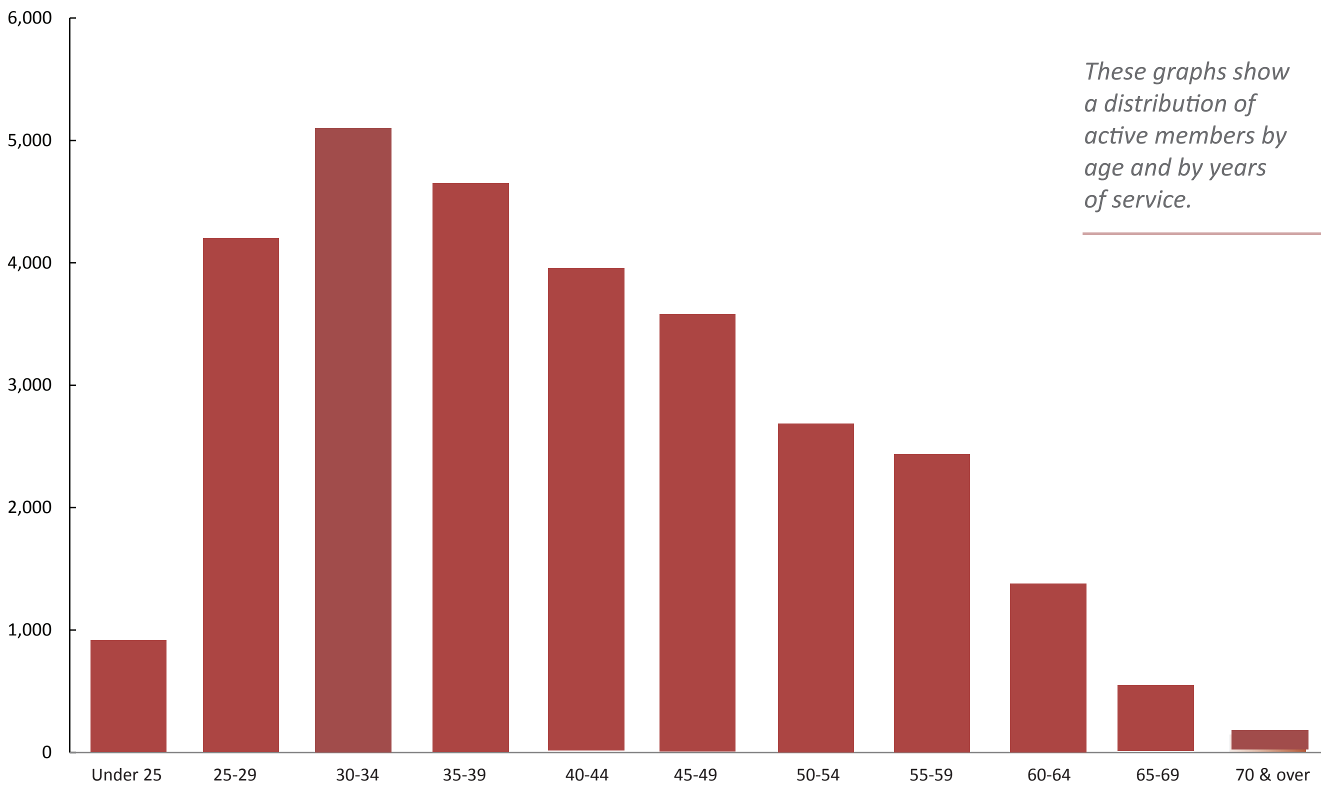
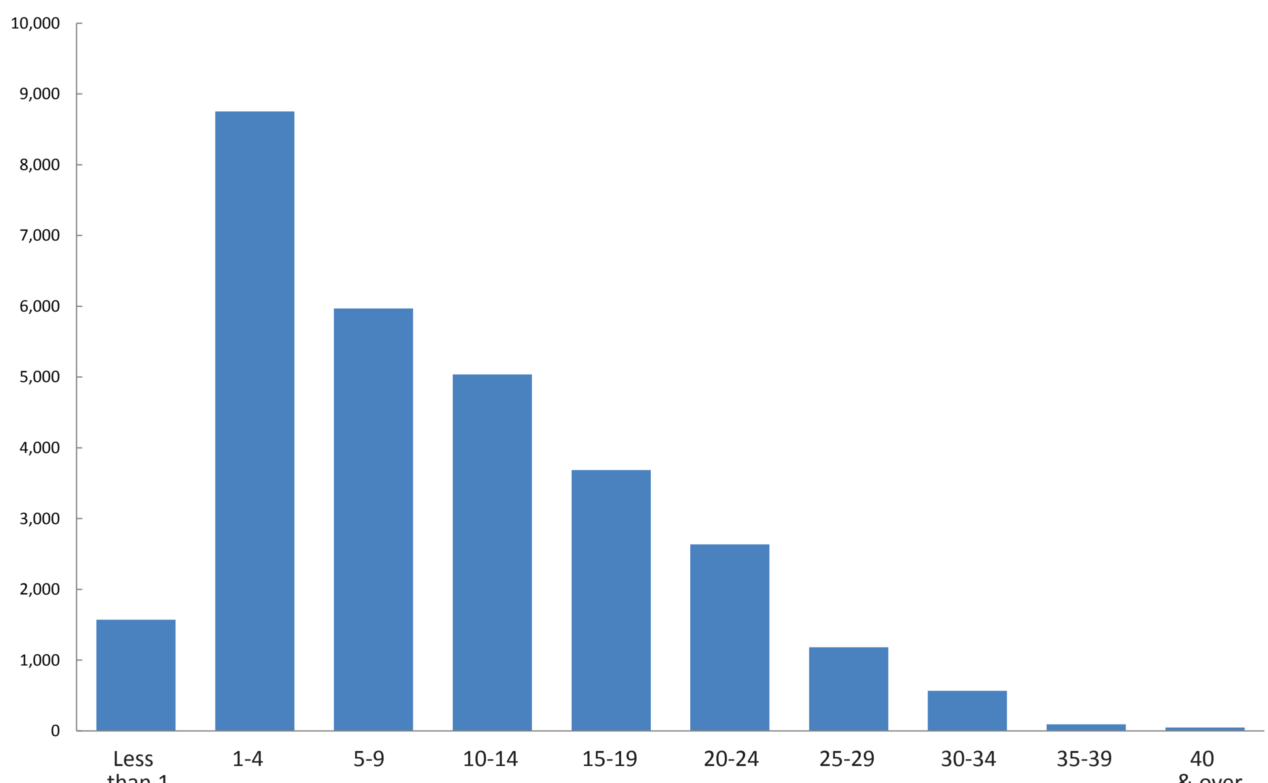


CHART 3: DISTRIBUTION OF ACTIVE PARTICIPANTS BY YEARS OF SERVICE

AS OF JUNE 30, 2016

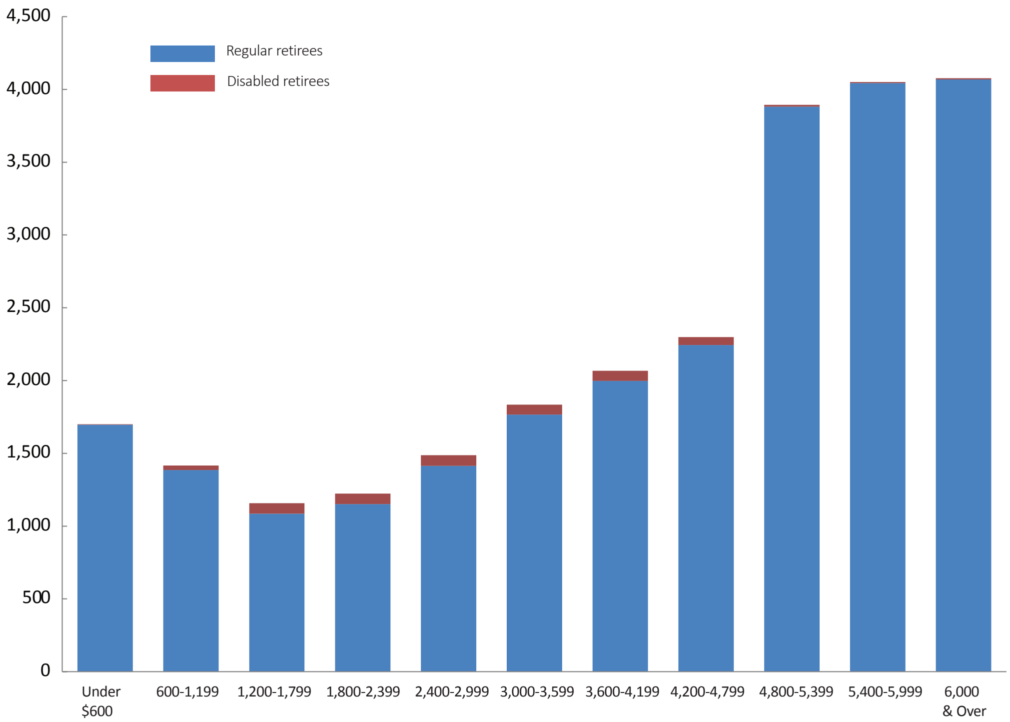


RETIREES & BENEFICIARIES

As of June 30, 2016, 24,732 retirees, 3,090 beneficiaries, and 476 disabled retirees were receiving total monthly benefits of $113,490,213. For comparison, in the previous valuation, there were 24,594 retirees, 3,050 beneficiaries, and 470 disabled retirees receiving monthly benefits of $109,988,699.

CHART 4: DISTRIBUTION OF RETIREES BY MONTHLY AMOUNT

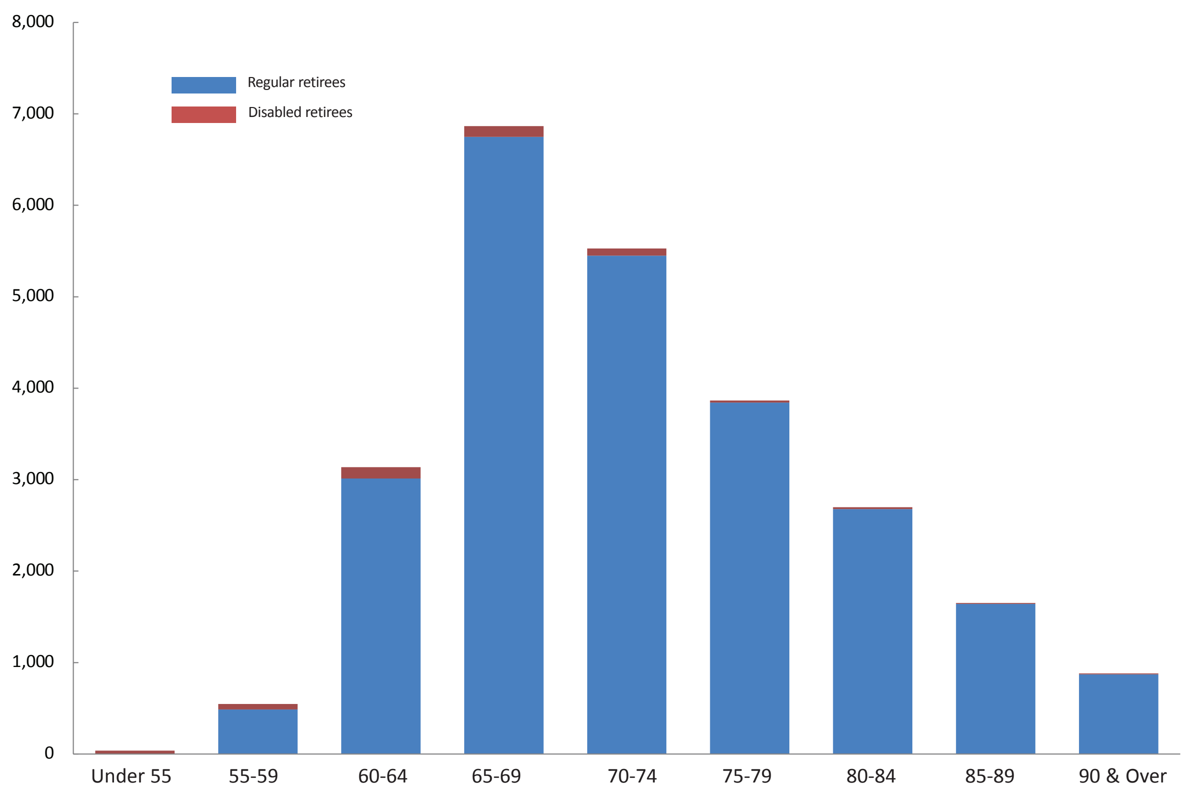
AS OF JUNE 30, 2016



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

CHART 5: DISTRIBUTION OF RETIREES BY AGE

AS OF JUNE 30, 2016



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, 2016 AND JUNE 30, 2015

			2016		2015
1. Actuarial value of assets as of prior June 30			$ 10,366,088,281		$ 10,081,520,019
2. Employer and employee contributions			893,415,480		900,844,244
3. Benefits and expenses			1,463,798,486		1,422,589,121
4. Expected investment income			754,141,788		733,639,341
5. Total investment income, including income for securities lending			(27,987,163)		381,740,298
6. Investment gain/(loss) for the year ended June 30: (5) – (4)			(782,128,951)		(351,899,043)
7. Expected actuarial value of assets: (1) + (2) - (3) + (4)			10,549,847,063		10,293,414,483
8. Calculation of unrecognized return	**Original Amount***	**% Recognized**		**% Recognized**	
(a) Year ended June 30, 2016	$ 782,128,951	25%	$ (195,532,238)		–
(b) Year ended June 30, 2015	(351,899,043)	25%	(87,974,761)	25%	$ (87,974,761)
(c) Year ended June 30, 2014	998,377,727	25%	249,594,432	25%	249,594,432
(d) Year ended June 30, 2013	460,168,226	25%	115,042,057	25%	115,042,057
(e) Year ended June 30, 2012	(815,951,719)			25%	(203,987,930)
(f) Total recognized return			81,129,490		72,673,798
9. Total actuarial value of assets as of June 30: (7) + (8f)			10,630,976,553		10,366,088,281
10. Assets for retiree health insurance benefits**			20,229,722		21,713,159
11. Actuarial value of assets for pension benefits (9) - (10)			$ 10,610,746,831		$ 10,344,375,122

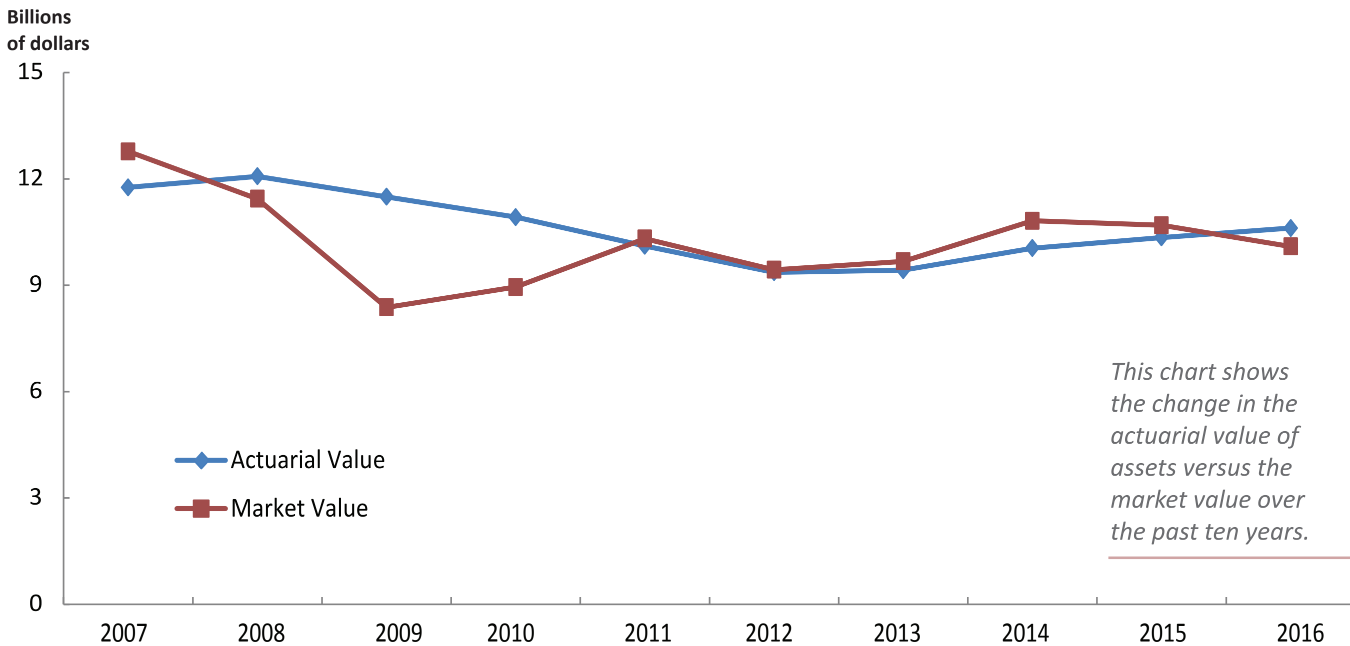
Total return minus expected return on actuarial value

**The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB.*

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, 2007 – 2016



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 $230,188,200; $81,129,490 from investment gains and $149,058,710 in gains from all other sources. The net experience variation from individual sources other than investments was approximately 0.7% of the actuarial accrued liability. A discussion of the major components of the actuarial experience follows.

CHART 8: ACTUARIAL EXPERIENCE

FOR THE YEAR ENDED JUNE 30, 2016

1. Net gain/(loss) from investments*	$	81,129,490
2. Net gain/(loss) from administrative expenses		(8,022)
3. Net gain/(loss) from retiree health insurance cash flows		(1,673,226)
4. Net gain/(loss) from other experience**		150,739,958
5. Net experience gain/(loss): (1) + (2) + (3) + (4)	$	230,188,200

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

** Details in Chart 9 below*

*** Details in Chart 12, see page 104*

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, 2016, was 8.58%.

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, 2016, with regard to its investments.

CHART 9: ACTUARIAL VALUE INVESTMENT EXPERIENCE

FOR THE YEAR ENDED JUNE 30, 2016

1. Actual return	$	835,271,278
2. Average value of assets		9,730,861,778
3. Actual rate of return: (1) ÷ (2)		8.58%
4. Assumed rate of return		7.75%
5. Expected return: (2) x (4)	$	754,141,788
6. Actuarial gain/(loss): (1) – (5)	$	81,129,490

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

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

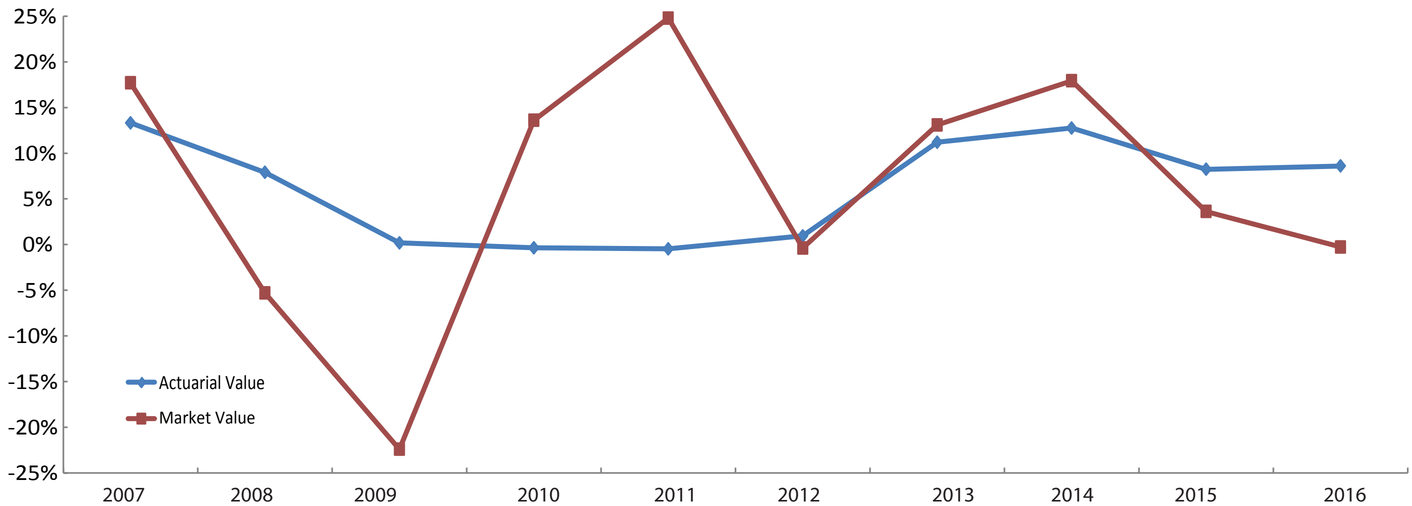
Year Ended June 30	Market Value	Actuarial Value*
1992	12.8%	n/a
1993	14.3%	n/a
1994	0.4%	n/a
1995	18.7%	n/a
1996	16.3%	n/a
1997	19.8%	n/a
1998	18.2%	n/a
1999	10.7%	n/a
2000	9.5%	n/a
2001	(1.5%)	n/a
2002	(3.3%)	n/a
2003	4.0%	2.3%
2004	15.0%	3.2%
2005	10.8%	6.0%
2006	10.7%	9.6%
2007	17.7%	13.3%
2008	(5.3%)	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%
2016	(0.3%)	8.6%
Average Returns		
Last 10 years:	5.3%	6.1%
Last 25 years:	8.2%	n/a

** As determined by Segal*

Subsection B 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, 2007 - 2016



This chart illustrates how this leveling effect has actually worked over the years 2007 - 2016.

ADMINISTRATIVE EXPENSES

Administrative expenses for pension benefits for the year ended June 30, 2016, totaled $12,298,862 compared to the assumption of $12,290,840. This resulted in a loss of $8,022 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, 2016, amounted to $150,739,958, which is approximately 0.7% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the CTPF for the year ended June 30, 2016, is shown in the chart on page 104.

CHART 12: EXPERIENCE DUE TO CHANGES IN DEMOGRAPHICS

FOR THE YEAR ENDED JUNE 30, 2016

1. Termination	$	6,458,419
2. Retirement		(47,235,684)
3. Deaths among retired members and beneficiaries		(15,811,894)
4. Salary/service increase for continuing actives		264,801,612
5. Miscellaneous		(57,472,495)
6. Total	$	150,739,958

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 based on the funding policy 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 33.89% 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, 2016, there are 27 years remaining on this schedule.

For the plan year beginning July 1, 2016, the actuarially determined contribution is $754,764,093. Compared to the Fiscal Year 2017 required employer contributions for pension benefits of $680,386,000, the contribution deficiency is $74,378,093.

CHART 13: ACTUARIALLY DETERMINED CONTRIBUTION

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

	Year Beginning July 1			
	2016		2015	
	Amount	% of Payroll	Amount	% of Payroll
1. Total normal cost*	$ 306,165,499	13.75%	$ 323,443,952	13.93%
2. Administrative expenses	12,913,805	0.58%	12,290,840	0.53%
3. Expected employee contributions	(187,335,273)	(8.41%)	(195,329,806)	(8.41%)
4. Employer normal cost: (1) + (2) + (3)	$ 131,744,031	5.92%	$ 140,404,986	6.05%
5. Employer normal cost, adjusted for timing**	136,753,858	6.14%	145,744,163	6.28%
6. Actuarial accrued liability	20,246,140,298		19,951,289,974	
7. Actuarial value of assets	10,610,746,831		10,344,375,122	
8. Unfunded actuarial accrued liability: (6) – (7)	$ 9,635,393,467		$ 9,606,914,852	
9. Payment on unfunded actuarial accrued liability, adjusted for timing**	618,010,235	27.75%	604,052,354	26.01%
10. Actuarially determined contribution, adjusted for timing: (5) + (9)	754,764,093	33.89%	749,796,517	32.29%
11. Projected payroll	$ 2,227,208,231		$ 2,322,254,343	

*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, 2016, 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, 2015 TO JULY 1, 2016

Annual Required Contribution as of July 1, 2015	**$**	**749,796,517**
Effect of plan changes		–
Effect of expected change in amortization payment due to payroll growth		21,141,832
Effect of change in administrative expense assumption		646,655
Effect of contributions (more)/less than actuarially determined contribution		8,474,777
Effect of investment (gain)/loss		(5,295,213)
Effect of other gains and losses on accrued liability		(9,513,507)
Effect of net other changes*		(10,486,968)
Total change	**$**	**4,967,576**
Actuarially Determined Contribution as of July 1, 2016	**$**	**754,764,093**

**Primarily the result of lower normal cost due to lower salaries and Tier 2 members replacing Tier 1 members.*

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

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, 2016, actuarial valuation, the ratio of the actuarial value of assets to total actuarial liabilities, or funded ratio, amounts to 52.5%. Therefore, additional State contributions will be required for Fiscal Year 2018. The total payroll for FY 2018 is projected to be $2,299,737,511. 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 $2,149,287,393. Based on this adjusted projected payroll for Fiscal Year 2018, we have determined the additional State contributions under Section 17-127 of the Pension Code to be $11,692,000.

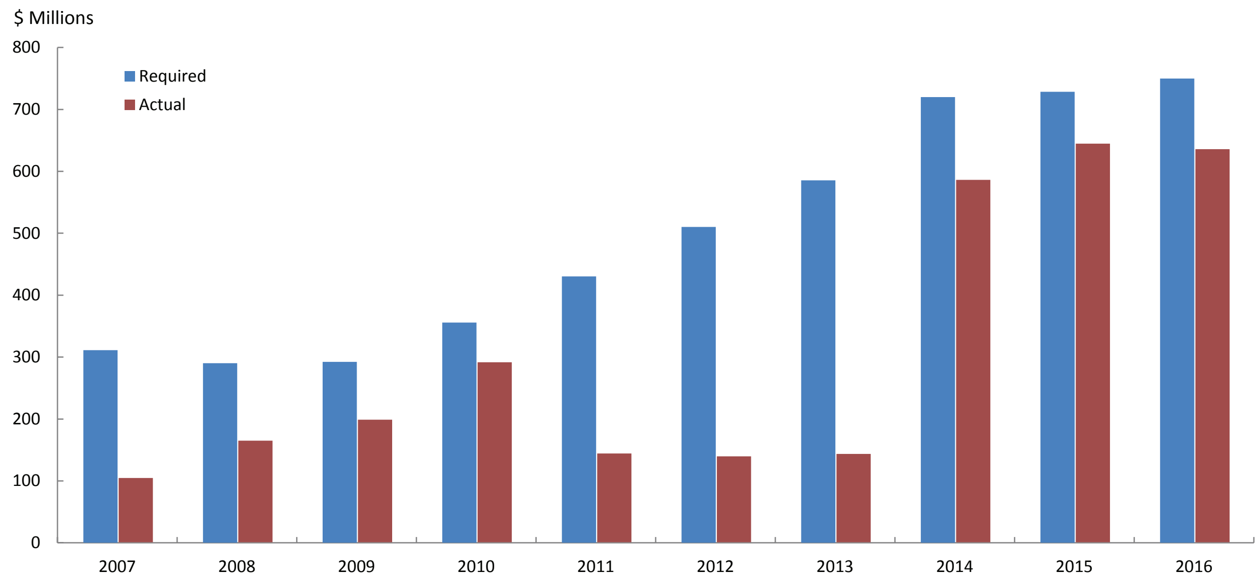
ADDITIONAL BOARD OF EDUCATION CONTRIBUTIONS

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, 2016, is 52.5%, additional Board of Education contributions will be required for Fiscal Year 2018. Based on adjusted projected payroll of $2,149,287,393 for Fiscal Year 2018, we have determined the additional Board of Education contribution under Section 17-127.2 of the Pension Code to be $12,466,000.

BOARD OF EDUCATION REQUIRED CONTRIBUTION

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 2018 is $760,244,000 (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

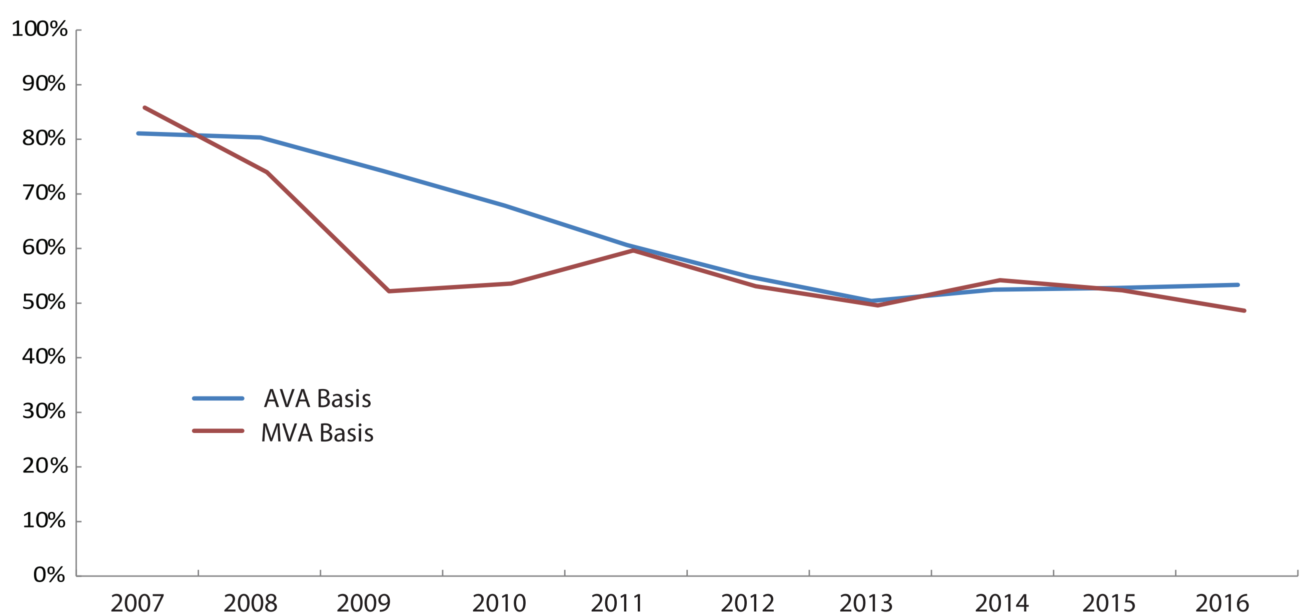


EXHIBIT A: TABLE OF PLAN COVERAGE

Category	Year Ended June 30		Change From Prior Year
	2016	2015	
ACTIVE PARTICIPANTS IN VALUATION:			
Number	29,543	29,706	(0.5%)
Average age	41.5	41.4	N/A
Average years of service	10.4	10.3	N/A
Total salary supplied by the Fund	$ 2,071,040,979	$ 2,155,604,327	(3.9%)
Average salary	$ 70,103	$ 72,565	(3.4%)
Total active vested participants	18,557	19,213	(3.4%)
Male participants	7,077	7,033	0.6%
Female participants	22,466	22,673	(0.9%)
Tier 1 participants	21,620	22,857	(5.4%)
Tier 2 participants	7,923	6,849	15.7%
Vested terminated participants	**5,715**	**5,464**	**4.6%**
Non-vested terminated participants	**22,042**	**21,365**	**3.2%**
SERVICE RETIREES:			
Number in pay status	24,732	24,594	0.6%
Average age	73.3	72.9	N/A
Average monthly benefit	$ 4,310	$ 4,206	2.5%
Total annual benefit	**$ 1,279,157,562**	**$ 1,241,262,452**	**3.1%**
DISABLED RETIREES:			
Number in pay status	476	470	1.3%
Average age	66.6	66.2	N/A
Average monthly benefit	$ 2,954	$ 2,901	1.8%
Total annual benefit	**$ 16,872,644**	**$ 16,364,372**	**3.1%**
BENEFICIARIES (INCLUDING CHILDREN) IN PAY STATUS:			
Number in pay status	3,090	3,050	1.3%
Average age	76.0	75.6	N/A
Average monthly benefit	$ 1,776	$ 1,700	4.5%
Total annual benefit	**$ 65,852,350**	**$ 62,237,560**	**5.8%**
Total number of participants*	**85,598**	**84,649**	**1.1%**

**There were 18,063 retirees and beneficiaries receiving health insurance subsidies as of June 30, 2016 and 17,490 as of June 30, 2015.*

EXHIBIT B: PARTICIPANTS IN ACTIVE SERVICE

By Age, Years of Service, and Average Salary

as of June 30, 2016

		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	911	225	686	–	–	–	–	–	–	–	–
	$ 41,113	$ 14,116	$ 49,967	–	–	–	–	–	–	–	–
25-29	4,196	383	3,223	590	–	–	–	–	–	–	–
	50,792	13,915	53,071	$ 62,285	–	–	–	–	–	–	–
30-34	5,100	234	2,143	2,226	497	–	–	–	–	–	–
	61,363	12,920	54,886	68,241	$ 81,290	–	–	–	–	–	–
35-39	4,648	161	987	1,300	1,807	393	–	–	–	–	–
	72,277	11,679	53,841	70,394	84,466	$ 93,585	–	–	–	–	–
40-44	3,939	121	586	691	1,075	1,170	296	–	–	–	–
	79,776	8,940	53,587	70,882	85,764	94,631	$100,882	–	–	–	–
45-49	3,572	119	413	466	632	865	894	183	–	–	–
	82,263	8,703	51,642	69,147	84,644	91,648	97,813	$104,053		–	–
50-54	2,683	95	282	247	403	505	614	432	103	2	–
	82,444	10,131	53,135	64,366	83,526	89,922	93,898	96,945	102,320	$97,886	–
55-59	2,436	99	207	222	336	418	491	340	299	24	–
	80,091	8,799	43,838	58,049	77,734	87,407	91,281	94,889	100,058	$109,040	–
60-64	1,376	68	139	135	200	240	251	163	116	49	15
	76,587	7,130	37,508	50,254	74,246	88,075	91,107	96,226	101,932	101,829	$ 103,214
65-69	536	52	66	65	69	74	77	54	43	12	24
	64,280	5,827	24,377	41,004	57,329	77,033	92,516	94,451	97,748	106,927	$ 104,605
70 & over	146	14	23	26	18	22	13	10	7	5	8
	50,334	4,444	14,368	20,303	54,055	63,949	80,769	101,700	91,660	97,276	$ 106,668
Total	29,543	1,571	8,755	5,968	5,037	3,687	2,636	1,182	568	92	47
	$ 70,103	$ 11,591	$ 52,545	$ 67,046	$ 83,042	$ 91,393	$ 95,152	$ 97,292	$ 100,573	$ 104,042	$ 104,512

EXHIBIT C: RECONCILIATION OF PARTICIPANT DATA

	Active Participants	Vested Former Participants	Non-Vested Former Participants	Retirees	Disabled Retirees	Beneficiaries	Total
Number as of June 30, 2015	**29,706**	**5,464**	**21,365**	**24,594**	**470**	**3,050**	**84,649**
New participants	2,780	N/A	N/A	N/A	N/A	N/A	2,780
Terminations – with vested rights	(816)	816	N/A	–	–	–	–
Terminations – without vested rights	(1,677)	N/A	1,677	N/A	N/A	N/A	–
Retirements	(614)	(200)	N/A	814	N/A	N/A	–
New disabilities	(7)	(14)	N/A	N/A	21	N/A	–
Conversion from duty disability to service pension	N/A	N/A	N/A	(1)	1	N/A	–
New beneficiary	N/A	N/A	N/A	N/A	N/A	227	227
Deaths	(43)	(16)	(37)	(713)	(15)	(187)	(1,011)
Refunds	(408)	(168)	(757)	–	–	–	(1,333)
Rehire	622	(198)	(424)	–-	N/A	N/A	–
Certain period expired	N/A	N/A	N/A	–	–	–	–
Data adjustments	–	31	218	38	(1)	–	286
Number as of June 30, 2016	**29,543**	**5,715**	**22,042**	**24,732**	**476**	**3,090**	**85,598**

EXHIBIT D: SCHEDULE OF RETIREES AND BENEFICIARIES

Added to and Removed from Rolls

Fiscal Year	Added to Rolls		Removed from Rolls		Rolls – End of Year		Average Annual Allowances	% Increase in Avg. Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
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
2016	1,101	78,909,433	917	36,891,261	28,298	1,361,882,556	48,126	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

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 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
Fiscal Year 2016								
Average Monthly Pension	$ 326	$ 840	$ 1,493	$ 2,432	$ 3,440	$ 4,294	$ 5,701	$ 3,286
Average Final Salary	$ 7,267	$ 5,266	$ 5,627	$ 6,515	$ 7,301	$ 7,711	$ 8,026	$ 7,054
Number of Retired Members	61	92	77	113	184	123	202	852
Average Age								63.1

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

EXHIBIT F: SUMMARY STATEMENT OF INCOME & EXPENSES ON A MARKET VALUE BASIS

	Year Ended June 30, 2016		Year Ended June 30, 2015	
Net assets at market value at the beginning of the year		$ 10,711,667,479		$ 10,851,672,058
Contribution income:				
Employer contributions	$ 700,070,000		$ 708,667,000	
Employee contributions	191,882,430		191,233,298	
Pension administrative expenses	(12,298,862)		(11,705,562)	
OPEB administrative expenses	(568,628)		–	
Net contribution income		$ 879,084,940		$ 888,194,736
Miscellaneous income		1,463,050		943,946
Investment income:				
Interest, dividends, and other income	$ 241,738,870		$ 250,256,690	
Asset appreciation	(238,462,924)		187,218,929	
Securities lending income	4,498,713		(17,725,693)	
Less investment and administrative fees	(35,761,822)		(38,009,628)	
Net investment income		**$ (27,987,163)**		**$ 381,740,298**
Total income available for benefits		**$ 852,560,827**		**$ 1,270,878,980**
Less benefit payments:				
Annuity payments	$ (1,346,533,282)		$ (1,304,494,978)	
Refund of insurance premiums	(66,104,598)		(79,316,153)	
Refund of contributions	(33,575,599)		(23,879,796)	
Death benefits	(4,717,517)		(3,192,632)	
Net benefit payments		$ (1,450,930,996)		$ (1,410,883,559)
Change in reserve for future benefits		$ (598,370,169)		$ (140,004,579)
Net assets at market value at the end of the year		$ 10,113,297,310		$ 10,711,667,479

EXHIBIT G: SUMMARY STATEMENT OF PLAN ASSETS

	Year Ended June 30, 2016		Year Ended June 30, 2015	
Cash equivalents		$ 15,802,244		$ 653,289,409
Accounts receivable		170,132,698		183,477,636
Investments, at fair value:				
Equities	$ 5,070,733,909		$ 5,637,712,550	
Fixed income	1,983,004,015		1,904,385,564	
Commingled funds	1,213,578,214		1,301,799,976	
Short-term investments	1,016,270,961		359,908,522	
Private equity	287,138,325		314,350,916	
Real estate	214,520,130		266,567,126	
Public REITs	166,279,865		143,138,024	
Infrastructure	140,760,076		107,591,285	
Margin cash	3,870,883		65,287	
Total investments at market value		$ 10,096,156,378		$ 10,035,519,250
Invested securities lending collateral		779,223,423		485,612,851
Capital assets		1,057,706		1,003,753
Prepaid expenses		96,590		13,815
Total assets		$ 11,062,469,039		$ 11,834,701,462
Less accounts payable:				
Benefits payable	$ (12,318,929)		$ (3,058,200)	
Refunds payable	(10,583,451)		(8,462,208)	
Accounts and administrative expenses payable	(8,710,778)		(14,691,791)	
Securities lending collateral	(788,355,965)		(499,244,106)	
Due to broker for securities purchased	(129,202,606)		(121,792,930)	
Total accounts payable		$ (949,171,729)		$ (647,249,235)
Net position at market value		$ 10,113,297,310		$ 10,711,667,479
Net position at actuarial value		$ 10,630,976,553		$ 10,366,088,281

EXHIBIT H: DEVELOPMENT OF THE FUND

Through June 30, 2016 (Pension)

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return*	Miscell-aneous	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
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
2016	635,070,000	191,882,430	835,081,489	1,463,050	12,298,862	1,384,826,398	10,610,746,831

** Net of investment fees*

*** The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB.*

EXHIBIT I: DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

	Year Ending June 30			
	2016		2015	
1. Unfunded actuarial accrued liability at beginning of year		$ 9,585,201,693		$ 9,422,373,613
2. Normal cost at beginning of year		386,054,314		387,497,642
3. Total contributions		891,952,430		899,900,298
4. Interest				
(a) Unfunded actuarial accrued liability and normal cost	$ 772,772,341		$ 760,265,022	
(b) Total contributions	6,723,973		6,701,226	
(c) Total interest: (4a) – (4b)		$ 766,048,368		$ 753,563,796
5. Expected unfunded actuarial accrued liability: (1) + (2) – (3) + (4c)		$ 9,845,351,945		$ 9,663,534,753
6. Changes due to (gain)/loss from:				
(a) Investments	$ (81,129,490)		$ (45,212,951)	
(b) Demographics and other	(149,058,710)		(33,120,109)	
(c) Total changes due to (gain)/loss: (6a) + (6b)		$ (230,188,200)		$ (78,333,060)
7. Change to due plan changes		–		–
8. Change in actuarial assumptions		–		–
9. Unfunded accrued liability at end of year: (5) + (6c) + (7) + (8)		$ 9,615,163,745		$ 9,585,201,693

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 3,090 beneficiaries and 476 disabled retirees)		28,298
Pensioners receiving health insurance subsidies as of the valuation date	18,063	
Pensioners not receiving health insurance subsidies as of the valuation date	10,235	
2. Participants inactive during year ended June 30, 2016 with vested rights		5,715
3. Participants inactive during the year ended June 30, 2016 entitled only to a refund of contributions		22,042
4. Participants active during the year ended June 30, 2016		29,543
Fully vested	18,557	
Not vested	10,986	
The actuarial factors as of the valuation date are as follows:		
1. Actuarial accrued liability		$ 20,246,140,298
Service retirees	$ 14,220,216,490	
Disabled retirees	182,512,233	
Beneficiaries	562,779,499	
Inactive participants with vested rights	538,876,849	
Active participants:		
Retirement	4,085,990,305	
Turnover	463,020,338	
Mortality	99,249,586	
Disability	93,494,998	
Total	4,741,755,227	
2. Actuarial value of assets ($10,093,067,588 at market value)*		10,610,746,831
3. Unfunded actuarial accrued liability (1) - (2)		$ 9,635,393,467
4. Funded ratio: (2) ÷ (1)		52.4%

**Excludes assets dedicated to retiree health insurance subsidies*

EXHIBIT 1 (CONTINUED): SUMMARY OF ACTUARIAL VALUATION RESULTS

Components of the normal cost:	Tier 1		Tier 2		Total	
	% of Payroll	Amount	% of Payroll	Amount	% of Payroll	Amount
1. Retirement	12.71%	$ 227,474,499	1.75%	$ 7,636,239	10.56%	$ 235,110,738
2. Turnover	1.87%	33,401,248	2.83%	12,396,820	2.06%	45,798,068
3. Mortality	0.37%	6,558,664	0.16%	706,719	0.33%	7,265,383
4. Disability	0.33%	5,952,324	0.19%	822,950	0.30%	6,775,274
5. Total normal cost: (1) + (2) + (3) + (4)	15.28%	$ 273,386,735	4.93%	$ 21,562,728	13.25%	$ 294,949,463
6. Total normal cost, adjusted to the middle of the year					13.75%	306,165,499
7. Administrative expenses					0.58%	12,913,805
8. Total normal cost, including administrative expenses: (6) + (7) - (8)					14.33%	$ 319,079,304
9. Expected employee contributions					(8.41%)	(187,335,273)
10. Employer normal cost					5.92%	131,744,031
11. Employer normal cost adjust to the end of the year: (8) + (9)					6.14%	$ 136,753,858
12. Health insurance reimbursement					2.92%	65,000,000
13. Employer normal cost, including retiree health insurance: (11) + (12)					9.06%	$ 201,753,858

**Based on projected payroll of $2,227,208,231.*

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
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%
2016	749,796,517	635,070,000	114,726,517	2,281,268,890	27.84%

**The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB.*

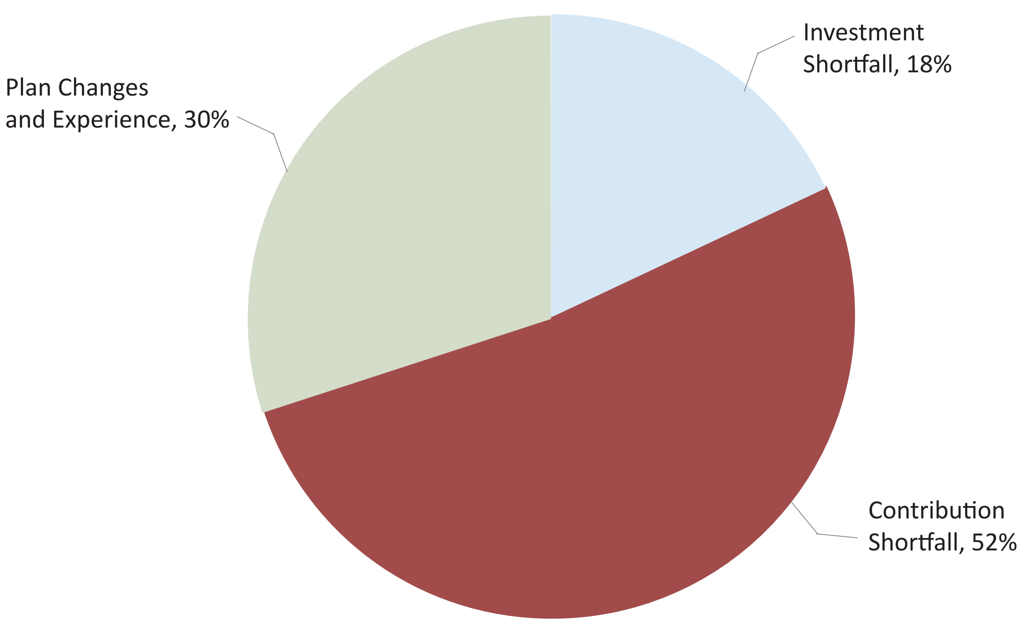
EXHIBIT 3: SCHEDULE OF FUNDING PROGRESS

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)
06/30/2007	$ 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%
06/30/2016	10,610,746,831	20,246,140,298	9,635,393,467	52.41%	2,281,268,890	422.4%

** Not less than zero*

EXHIBIT 4: SOURCE OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Fiscal Year 1996 to 2016*



The chart summarizes the sources of unfunded actuarial accrued liability from August 31, 1996, to June 30, 2016.

* *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*

INFORMATION REQUIRED BY GASB

Net Pension Liability

The components of the net pension liability at June 30, 2016, were as follows:

Total pension liability	$	21,124,697,012
Plan fiduciary net position		10,093,067,588
Net pension liability*		11,031,629,424
Plan fiduciary net position as a percentage of the total pension liability		47.78%

**The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB. The Financial section of the CAFR has been updated accordingly.*

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the 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 participants; the lesser of 3% or one-half of CPI, simple, for Tier 2 participants

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, 2016, 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, 2016, 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, 2016*	$ 13,724,105,489	$ 11,031,629,424	$ 8,805,031,271

** The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB. The Financial section of the CAFR has been updated accordingly.*

SCHEDULES OF CHANGES IN NET PENSION LIABILITY

	2016	2015	2014
Total Pension Liability			
Service cost	$ 325,992,943	$ 318,734,274	$ 332,188,481
Interest	1,576,876,771	1,547,663,416	1,509,307,860
Change of benefit term	–	–	–
Differences between expected and actual experience	(106,563,600)	(138,512,940)	(14,177,102)
Changes of assumptions	–	–	–
Benefit payments, including refunds of employee contributions	(1,384,826,398)	(1,331,567,406)	(1,306,341,856)
Net change in total pension liability	$411,479,716	$ 396,317,344	$ 520,977,383
Total pension liability – beginning	20,713,217,296	20,316,899,952	19,795,922,569
Total pension liability – ending (a)	$21,124,697,012	$ 20,713,217,296	$ 20,316,899,952
Plan fiduciary net position			
Contributions – employer	$ 635,070,000	$ 643,667,000	$ 585,416,141
Contributions – employee	191,882,430	191,233,298	187,846,065
Net investment income	(28,176,952)	381,688,430	1,685,079,840
Benefit payments, including refunds of employee contributions	(1,384,826,398)	(1,331,567,406)	(1,306,341,856)
Administrative expense	(12,298,862)	(11,705,562)	(10,494,139)
Other	1,463,050	943,946	–
Net change in plan fiduciary net position	$ (596,886,732)	$ (125,740,294)	$ 1,141,506,051
Plan fiduciary net position – beginning	10,689,954,320	10,815,694,614	9,674,188,563
Plan fiduciary net position – ending (b)	$ 10,093,067,588	$ 10,689,954,320	$ 10,815,694,614
Fund's net pension liability – ending (a) – (b)*	$ 11,031,629,424	$ 10,023,262,976	$ 9,501,205,338
Plan fiduciary net position as a percentage of the total pension liability	47.78%	51.61%	53.23%
Covered employee payroll	$ 2,281,268,890	$ 2,273,551,432	$ 2,233,280,995
Fund's net pension liability as percentage of covered employee payroll	483.57%	440.86%	425.44%

**The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB. The Financial section of the CAFR has been updated accordingly.*

EXHIBIT 5: ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHOD

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. Since the prior valuation, the GASB 43 discount rate, health coverage election, valuation-year per capita health costs and trend rates were updated. Based on professional judgment, no additional 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 judgment. 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 43 DISCOUNT RATE

3.50% per year, based on the expected rate of return on day-to-day employer funds.

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.

TOTAL SERVICE AT RETIREMENT

Total service at retirement is assumed to be 103.3% of the teacher's regular period of service at retirement.

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 Normal 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 participants of this pension fund. Members hired before 2011 are Tier 1 members. Members hired in or after 2011 are Tier 2 members.

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 of service prior to the year that the upgrade is purchased. 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 2016, 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

There are no changes in plan provisions for this valuation.

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.
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 (TPL): 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 (UAAL): 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, 2016, to be used for the fiscal year ending June 30, 2017. 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, 2016, 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 $2.20 billion as of June 30, 2016, compared to $1.89 billion the prior year.
- The Annual Required Contribution (ARC) is $149.5 million as of July 1, 2016; the ARC was $135.5 million as of July 1, 2015.
- $65 million was allocated towards post-retirement medical benefits in the year ending June 30, 2016.

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 recognition of the excise tax. The applicable annual limitation used to determine the estimated amount of the excise tax is assumed to increase 2.75% per year beginning in 2019. 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, 2016	June 30, 2015
Number currently receiving health benefits	18,063	17,940
Average age	74.2	73.7
Number entitled to health benefits but not currently receiving them	10,235	10,575
Terminated employees who may be entitled to future benefits		
Number	5,715	5,464
Average age	47.2	47.2
Active Participants		
Number	29,543	29,706
Average age	41.5	41.4
Average years of service	10.4	10.3

EXHIBIT B: ACTUARIAL ACCRUED LIABILITY (AAL) AND UNFUNDED AAL (UAAL)

Participant Category	June 30, 2016		June 30, 2015	
Current retirees and beneficiaries	$	1,259,012,073	$	1,064,847,161
Current active and inactive members		963,534,246		846,144,830
Total actuarial accrued liability (AAL)	**$**	**2,222,546,319**	**$**	**1,910,991,991**
Effect of Assets				
Employer actuarial accrued liability (AAL)	$	2,222,546,319	$	1,910,991,991
Actuarial value of assets*		20,229,722		21,713,159
Unfunded actuarial accrued liability (UAAL)	$	2,202,316,597	$	1,889,278,832

**The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB. The Financial section of the CAFR has been updated accordingly.*

REQUIRED SUPPLEMENTARY INFORMATION

CHART 1: SUMMARY OF REQUIRED SUPPLEMENTARY INFORMATION

Valuation date	June 30, 2016
Actuarial cost method	Projected Unit Credit cost method
Amortization method	Level percent of payroll, 30-year closed effective July 1, 2013
Remaining amortization period	27 years as of June 30, 2016
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	3.50%
Inflation rate	2.75%
Medical cost trend rate	7.75% graded to 4.50% over 8 years
Plan membership:	
Retirees and beneficiaries currently receiving health benefits	18,063
Retirees and beneficiaries entitled to health benefits but not currently receiving them	10,235
Terminated employees who may be entitled to future benefits	5,715
Current active members	29,543
Total	**63,556**

REQUIRED SUPPLEMENTARY INFORMATION

CHART 2: DETERMINATION OF ANNUAL REQUIRED CONTRIBUTION (ARC)

Cost Element	July 1, 2016		July 1, 2015	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost	$ 67,906,567	3.05%	$ 58,909,640	2.54%
2. Amortization of the unfunded actuarial accrued liability	81,567,281	3.66%	76,595,633	3.30%
3. Total Annual Required Contribution (ARC)	$ 149,473,848	6.71%	$ 135,505,273	5.84%
4. Projected Payroll	$ 2,227,208,231		$ 2,322,254,343	

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%
2016	135,505,273 *	65,000,000	47.97%

**The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB. The Financial section of the CAFR has been updated accordingly.*

REQUIRED SUPPLEMENTARY INFORMATION

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)
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%
2016	20,229,722*	2,222,546,319	0.91%	2,202,316,597	2,071,040,979	106.34%

** The health Insurance Fund is not in an OPEB Trust, nor are the OPEB assets solely restricted for OPEB. The Financial section of the CAFR has been updated accordingly.*

CHART 5: OPEB SOLVENCY TEST

	June 30, 2016	June 30, 2015
1. Actuarial Accrued liability (AAL)		
a. Active member contributions	$ –	$ –
b. Retirees and beneficiaries	1,259,012,073	1,064,847,161
c. Active and inactive members (employer financed)	963,534,246	846,144,830
d. Total	$ 2,222,546,319	$ 1,910,991,991
2. Actuarial value of assets	20,229,722	21,713,159
3. Unfunded actuarial accrued liability (UAAL)	$ 2,202,316,597	$ 1,889,278,832
4. Cumulative portion of AAL covered		
a. Active member contribution	100.0%	100.0%
b. Retirees and beneficiaries	1.61%	2.04%
c. Active and inactive members (employer financed)	0.00%	0.00%

EXHIBIT 1: ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHOD

Valuation Date: June 30, 2016

Discount Rate: 3.50% 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: 4-year smoothed market

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:

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

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

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

PARTICIPATION AND HEALTH COVERAGE ELECTION

55% of future female retirees under age 65 and 35% 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, 55.6% of females and 46.2% of males were assumed to elect health and welfare coverage at age 65 (modified June 30, 2016).

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).

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, 2016, and average rebates paid in year ended June 30, 2016, (assumed to have been incurred relatively evenly between calendar year 2014 and calendar year 2015). 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, 2016, 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	$ 12,289	$ 12,688	$ 9,672	$ 10,954
60	14,594	13,676	12,948	12,705
64	16,744	14,508	16,345	14,300

	Participant with a pension effective date prior to January 1, 2016		Participant with a pension effective date after January 1, 2016	
Age	Male	Female	Male	Female
65	$ 5,766	$ 4,901	$ 5,225	$ 4,441
70	6,683	5,282	6,056	4,786
75	7,202	5,685	6,526	5,152

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 (%)
2017	7.75
2018	7.30
2019	6.85
2020	6.40
2021	5.95
2022	5.50
2023	5.05
2024	4.60
2025 & Later	4.50

The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2016 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

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 provided reimbursement of 50% of the cost of pensioners' health insurance coverage. The maximum reimbursement for non-Chicago Teachers' Pension Fund plans is 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.

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.

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.

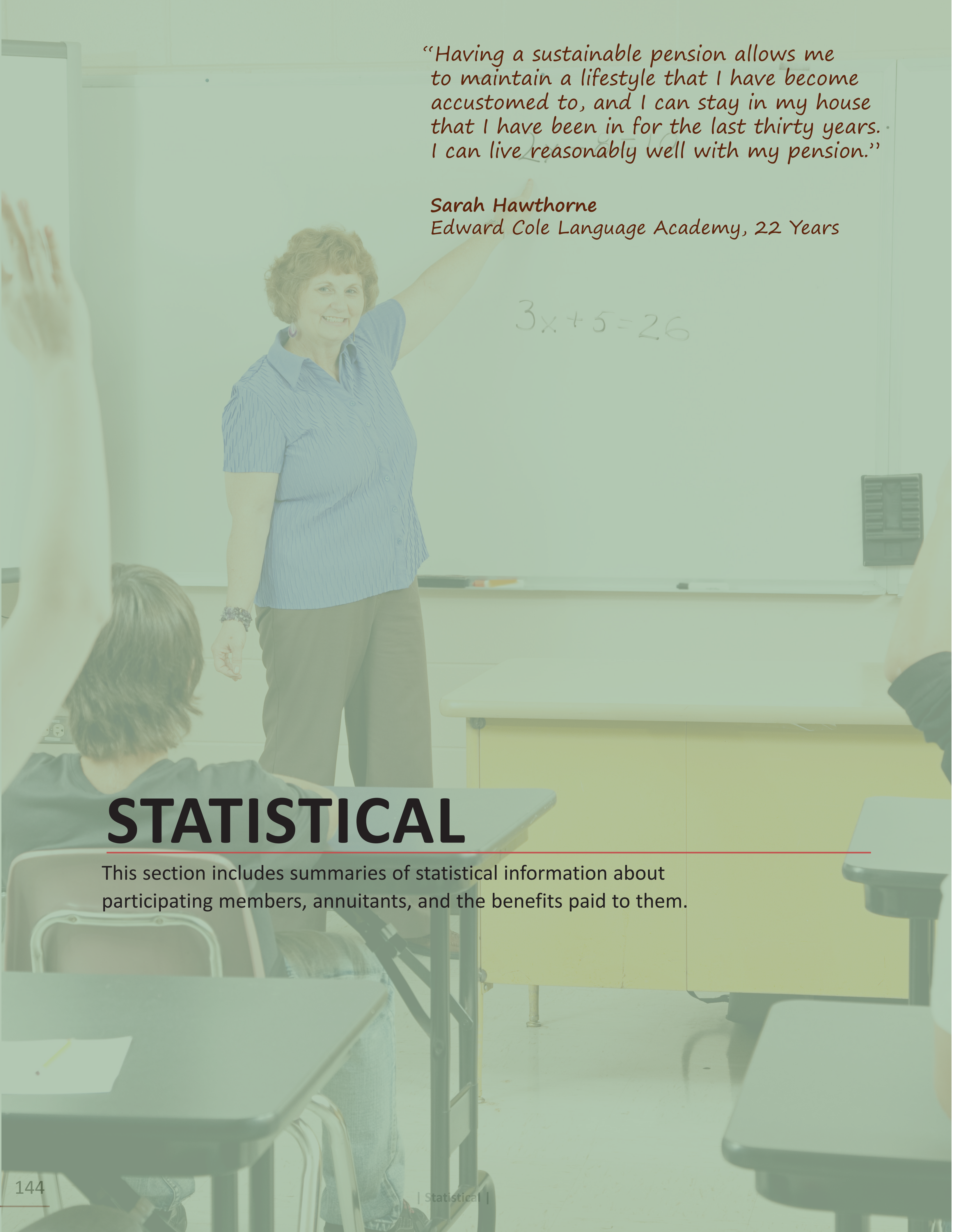
The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit 1. This amount is then discounted to determine 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 on page 140 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.



"Having a sustainable pension allows me to maintain a lifestyle that I have become accustomed to, and I can stay in my house that I have been in for the last thirty years. I can live reasonably well with my pension."

Sarah Hawthorne
Edward Cole Language Academy, 22 Years

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, 2016, with comparative totals for 9 years

	2016	2015	2014	2013	2012
Additions:					
Contributions:					
Intergovernmental, net (employer)	$ 635,070,000	$ 643,667,000	$ 585,416,141	$ 142,654,000	$ 138,729,011
Employee contributions	191,882,430	191,233,298	187,846,065	188,356,294	187,141,384
	826,952,430	834,900,298	773,262,206	331,010,294	325,870,395
Investment income:					
Net investment income	(28,176,952)	381,688,431	1,685,079,840	1,174,500,001	(38,124,125)
Miscellaneous	1,463,050	943,946	–	–	431,790
Total Additions	**800,238,528**	**1,217,532,675**	**2,458,342,046**	**1,505,510,295**	**288,178,060**
Deductions:					
Pension Benefits:					
Retirement	1,282,078,958	1,242,868,398	1,211,523,930	1,173,343,019	1,062,373,677
Survivors	50,082,015	47,403,198	44,428,213	41,503,227	38,812,556
Disability	14,372,308	14,223,383	13,882,921	13,472,748	12,698,514
Refunds:					
Separation	23,077,014	17,504,508	22,332,203	12,948,597	17,521,737
Death	4,581,068	2,009,495	3,598,338	3,284,366	4,139,266
Other	5,917,518	4,365,794	6,901,631	8,554,098	14,633,633
Death Benefits:					
Heirs of Active Teachers	1,158,629	161,214	194,115	441,036	387,047
Heirs of Annuitants	3,558,889	3,031,418	3,480,506	3,553,273	2,937,334
	1,384,826,398	1,331,567,407	1,306,341,856	1,257,100,364	1,153,503,764
Administrative and miscellaneous expenses	12,298,862	11,705,562	10,494,139	11,537,394	10,120,434
Total Deductions	**1,397,125,260**	**1,343,272,969**	**1,316,835,995**	**1,268,637,758**	**1,163,624,198**
Net increase (decrease)	(596,886,732)	(125,740,294)	1,141,506,051	236,872,537	(875,446,138)
Net assets held in trust for benefits:					
Beginning of period, as restated	10,689,954,320	10,815,694,614	9,674,188,563	9,437,316,026	10,312,762,164
End of period	**$ 10,093,067,588**	**$ 10,689,954,320**	**$ 10,815,694,614**	**$ 9,674,188,563**	**$ 9,437,316,026**

Continued from page 147

	2011	2010	2009	2008	2007
ADDITIONS:					
Contributions:					
Intergovernmental, net (employer)	$ 143,589,994	$ 290,759,950	$ 198,069,327	$ 164,270,412	$ 103,761,750
Employee contributions	185,882,636	194,621,551	176,176,975	172,504,804	179,017,663
	329,472,630	485,381,501	374,246,302	336,775,216	282,779,413
Investment income:					
Net investment income	2,123,272,170	1,107,453,898	(2,464,420,944)	(738,817,587)	1,947,810,351
Miscellaneous	55,307	–	–	–	1,923
Total additions	**2,452,800,107**	**1,592,835,399**	**(2,090,174,642)**	**(402,042,371)**	**2,230,591,687**
DEDUCTIONS:					
Pension Benefits:					
Retirement	999,323,111	943,252,537	897,873,287	863,963,625	759,346,660
Survivors	36,196,804	33,738,810	31,028,747	29,037,664	27,532,256
Disability	12,019,044	11,512,123	11,673,453	11,673,773	10,898,039
Refunds:					
Separation	13,135,132	9,334,950	10,615,031	5,626,786	12,829,988
Death	3,373,836	4,253,510	3,765,163	3,218,956	3,942,853
Other	10,671,550	7,495,834	5,658,269	7,884,526	19,581,668
Death Benefits:					
Heirs of Active Teachers	419,861	496,832	514,743	486,740	554,765
Heirs of Annuitants	2,840,999	2,449,315	2,462,789	2,359,473	2,322,418
	1,077,980,337	1,012,533,911	963,591,482	924,251,543	837,008,647
Administrative and miscellaneous expenses	9,527,938	8,800,848	8,751,945	7,827,576	8,434,688
Total deductions	**1,087,508,275**	**1,021,334,759**	**972,343,427**	**932,079,119**	**845,443,335**
Net increase (decrease)	1,365,291,832	571,500,640	(3,062,518,069)	(1,334,121,490)	1,385,148,352
Net assets held in trust for benefits:					
Beginning of period as restated	8,947,470,332	8,375,969,692	11,438,487,761	12,772,609,251	11,387,460,899
End of period	$ 10,312,762,164	$ 8,947,470,332	$ 8,375,969,692	$ 11,438,487,761	$ 12,772,609,251

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
HEALTH INSURANCE FUND
For the Year Ended June 30, 2016, with comparative totals for 9 years

	2016	2015	2014	2013	2012
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	189,789	51,868	55,134	82,822	41,058
Miscellaneous	–	–	8,000,000	8,352,647	6,770,651
Total additions	**65,189,789**	**65,051,868**	**73,055,134**	**73,435,469**	**71,811,709**
Deductions:					
Health Insurance Premium Rebate	66,673,226	79,316,153	72,874,594	71,763,523	69,011,323
Total deductions	**66,673,226**	**79,316,153**	**72,874,594**	**71,763,523**	**69,011,323**
Net increase (decrease)	(1,483,437)	(14,264,285)	180,540	1,671,946	2,800,386
Fiduciary Net Position Held in Trust for Pension Benefits:					
Beginning of period, as restated	21,713,159	35,977,444	35,796,904	34,124,958	31,324,572
End of period	**$ 20,229,722**	**$ 21,713,159**	**$ 35,977,444**	**$ 35,796,904**	**$ 34,124,958**

Continued from page 146

	2011	2010	2009	2008	2007
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	20,471	119,855	514,200	1,278,818	2,373,014
Miscellaneous	10,338,661	–	15,000,000	–	–
Total additions	**75,359,132**	**65,119,855**	**80,514,200**	**66,278,818**	**67,373,014**
DEDUCTIONS:					
Health Insurance Premium Rebate	78,892,292	79,953,873	75,811,835	68,691,191	61,028,841
Total deductions	**78,892,292**	**79,953,873**	**75,811,835**	**68,691,191**	**61,028,841**
Net increase (decrease)	(3,533,160)	(14,834,018)	4,702,365	(2,412,373)	6,344,173
Net assets held in trust for benefits:					
Beginning of period, as restated	34,857,732	49,691,750	44,989,385	47,401,758	41,057,585
End of period	**$31,324,572**	**$ 34,857,732**	**$ 49,691,750**	**$ 44,989,385**	**$ 47,401,758**

ANNUITANTS

Distribution of Current Annuitants by Benefit Type

As of June 30, 2016

Monthly Pension Amount	Retirees		Disabled Retirees		Beneficiaries		Total	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
$ 0 – 499	393	994	1	1	158	247	552	1,242
$ 500 – 999	381	888	6	14	225	371	612	1,273
$ 1,000 – 1,499	328	675	15	36	151	205	494	916
$ 1,500 – 1,999	236	641	9	49	177	250	422	940
$ 2,000 – 2,499	239	762	12	46	157	264	408	1,072
$ 2,500 – 2,999	257	939	13	50	200	339	470	1,328
$ 3,000 – 3,499	313	1,101	19	39	31	112	363	1,252
$ 3,500 – 3,999	319	1,376	13	46	16	70	348	1,492
$ 4,000 – 4,499	360	1,286	9	44	13	47	382	1,377
$ 4,500 – 4,999	583	1,715	4	26	5	25	592	1,766
$ 5,000 – 5,499	868	2,731	2	7	4	16	874	2,754
$ 5,500 – 5,999	807	2,472	1	5	2	2	810	2,479
$ 6,000 – 6,499	355	1,074	1	–	–	1	356	1,075
$ 6,500 – 6,999	224	447	1	2	–	–	225	449
$ 7,000 – 7,499	193	270	1	2	–	–	194	272
$ 7,500 – 7,999	103	218	1	–	–	–	104	218
$ 8,000 – 8,499	94	200	1	–	–	–	96	200
$ 8,500 – 8,999	83	148	–	–	–	–	83	148
$ 9,000 & Over	233	426	–	–	–	1	233	427
Total	**6,369**	**18,363**	**109**	**367**	**1,140**	**1,950**	**7,618**	**20,680**

ANNUITANTS

Distribution of Pensioners with Health Insurance Reimbursements by Size of Annuity | as of June 30, 2016

Monthly Pension Amount	Health Insurance	
	Male	Female
$ 0 – 499	53	124
$ 500 – 999	99	317
$ 1,000 – 1,499	144	298
$ 1,500 – 1,999	138	432
$ 2,000 – 2,499	153	571
$ 2,500 – 2,999	190	816
$ 3,000 – 3,499	210	831
$ 3,500 – 3,999	229	1,032
$ 4,000 – 4,499	277	1,023
$ 4,500 – 4,999	464	1,411
$ 5,000 – 5,499	737	2,283
$ 5,500 – 5,999	673	2,100
$ 6,000 – 6,499	308	885
$ 6,500 – 6,999	190	382
$ 7,000 – 7,499	169	240
$ 7,500 – 7,999	86	182
$ 8,000 – 8,499	84	169
$ 8,500 – 8,999	73	130
$ 9,000 & Over	197	363
Total	4,474	13,589

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 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
Fiscal Year 2016							
Average Monthly Benefit	326	840	1,493	2,432	3,440	4,294	5,701
Average Final Salary*	7,267	5,266	5,627	6,515	7,301	7,711	8,026
Number of Retired Persons	61	92	77	113	184	123	202

** 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
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
2016	7,077	22,466	29,543

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

Chicago Teachers' Pension Fund | 203 North LaSalle Street | Suite 2600 | Chicago, Illinois 60601-1231
312.641.4464 | 312.641.7185 *Fax* | www.ctpf.org