



# ILLINOIS PUBLIC PENSION FUND ASSOCIATION

## *Preparing Pension Funds for Tomorrow*

[www.ippfa.org](http://www.ippfa.org)

July 1, 2013

## July 2013 Newsletter



### ***In this issue...***

- **SEC enforcer on public pensions to step down**
- **SOA BLUE-RIBBON PENSION STUDY RAISES CONCERNS**
- **A New, Sometimes Not-So-Nice Outlook for the Muni Market**
- **Megadeals: The Largest Economic Development Subsidy Packages Ever Awarded by State and Local Governments in the United States**
- **SEC charges real estate manager MayfieldGentry with theft**
- **Summary of HA#1-to SB 2404**
- **City Employees To Get New Retirement Plan**
- **Canada's Top Ten pension funds help drive national prosperity: landmark study**
- **Retirement Tool kit**
- **Fed data show public DB plans rise, corporate DC disappoints**

### ***Training and Education...***

- **Sign up for the 2013 IPPFA Midwest Pension Conference**
- **IPPFA Toolkit!!!**
- **IPPFA On-Line Certified Trustee Program/and Classroom Program**
- **Online Training/eLearning**
- **Regional Seminars**

### **SEC enforcer on public pensions to step down**

By Hazel Bradford—June 21, 2013—Pensions & Investments Daily

**Elaine C. Greenberg** will step down in July as chief of the SEC enforcement division's municipal securities and public pensions unit. One of five specialized enforcement units created in 2010, it focuses on misconduct involving municipal securities and public pension plans, including pay-to-play and other forms of corruption by public officials.

Ms. Greenberg has been with the Securities and Exchange Commission for more than 25 years, and has served as head

of the Philadelphia regional enforcement office since 2006. - [click here for more...](#)

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### **SOA BLUE-RIBBON PENSION STUDY RAISES CONCERNS**

NCTR—June 20, 2013—Federal e-News

The Society of Actuaries (SOA) has created a “blue ribbon” panel that is charged with determining the causes of underfunding in public pension plans and making recommendations to plan trustees, legislators and plan advisors on how to improve plan management and strengthen plan funding going forward. The panel is to seek input from public plan actuaries and other key constituencies, and to produce a draft report by the end of 2013. Many are concerned with the SOA’s characterization of the issue, the make-up of the panel and the nature of the questions contained in a survey associated with the project. - [click here for more...](#)

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### **A New, Sometimes Not-So-Nice Outlook for the Muni Market**

**Despite some positive developments, it seems the SEC and IRS are cracking down on the municipal bond market.**

BY: Penelope Lemov—June 13, 2013—Governing The States and Localities

Change is not just in the air for the municipal bond market, it's here on the ground. Whether the deductibility of muni bonds from federal and state income taxes survives the current federal budget debate or not, transformation is on the way. And it starts with the Securities and Exchange Commission's (SEC) determination to step up disclosure enforcement. - [click here for more...](#)

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### **Megadeals: The Largest Economic Development Subsidy Packages Ever Awarded by State and Local Governments in the United States**

By Philip Mattera and Kasia Tarczynska With Greg LeRoy

Good Jobs First—June 2013

Over the past three and a half decades, state and local governments in the United States have awarded corporations more than \$64 billion in giant subsidy packages designed to encourage investment and the creation or retention of jobs. In a pains taking review of these practices using hundreds of sources, Good Jobs First has identified 240 “megadeals,” the term we use to refer to subsidy awards with a total state and local cost of \$75 million or more. -

- [click here for more...](#)

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### **SEC charges real estate manager MayfieldGentry with theft**

By Hazel Bradford—June 10, 2013—P & I

The Securities and Exchange Commission charged an investment manager Monday with theft for allegedly stealing \$3.1 million from the \$3.4 billion Detroit Police and Fire Retirement System.

According to the complaint, filed in U.S. District Court in Detroit, Chauncey C. Mayfield, the founder, president and CEO of MayfieldGentry Realty Advisors, took \$3.1 million of pension assets without authorization to purchase two strip malls in California. The complaint also charges four other MayfieldGentry executives with helping to cover up the theft. Pending court approval, Mr. Mayfield and his firm agreed to settle the charges by paying back the \$3.1 million, without admitting or denying guilt. - [click here for more...](#)

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## **Summary of HA#1-to SB 2404**

**Please note-the page number listed below are accurate to the amendment. The summary is based upon SB1 HA#1-and through a quick scan of the new amendment. For accuracy, please review the new amendment for details.**

by Dorene M. Egan—Fletcher, O'Brien, Kasper & Nottage, P.C.—222 N. LaSalle St., #300  
Chicago, IL 60601

### **Budgetary Acts:**

- p. 9-Illinois Public Labor Relations Act-Exempts the changes in this bill from collective bargaining.
- p. 13-Governor's Office of Management and Budget- adds line items for retirement contributions for employees.
- p. 15-State Finance Act- adds line items for retirement contributions for employees and defines those terms.
- p. 17-Budget Stabilization Act-Commencing in FY 2020 requires a \$1 Billion transfer from GRF to the Pension Stabilization Fund. Stipulates the payments do not reduce the liability of the State to make required pension contribution payments to the 5 State systems

### **Pension Code:**

- P. 21- Defines "Tier I" employees as employed prior to 1/1/11 and "Tier I" retirees as current retirees.
- P. 22-sets salary limits for which pension may be based (on a 365 day basis). Sets specific limits for General Assembly members who transfer to new positions.
- P. 22-General Assembly Retirement System changes. Extends retirement age for current members. Sets the COLA at the lesser of 3% or \$1000. Freezes COLAs until age 67. Sets mandatory funding of the system. Increases members' pension payroll contribution. Prohibits the use of contributions to subsidize a retiree health insurance program.
- P. 55-Municipal Retirement system. Excludes non-governmental entities from future participation (page 60). Prohibits future retirees from using unused sick and vacation time to calculate pension benefits.
- P. 80-Cook county Employee System: Prohibits using sick and vacation time to calculate pension benefits.
- P. 88-State Employee Retirement System- Caps pensionable salary at the salary received for the previous year. Exempts collective bargaining agreements for such amounts. Prohibits using sick and vacation time for calculating pension benefits. Extends the eligibility age for pension, and extends the age for the Alternative Formula (State Police, Correctional officers, etc). Caps the COLA at the lesser of 3% or \$800 for the number of years upon which the annuity is based. For new retirees, no COLA until age 67 or 5 years after retirement. Mandates payments by the State, allows court action to enforce. Changes the amortization schedule to require 100% funding by 2044. Requires 100% funding effective in 2045. Increases employee contributions by 1% for FY 2014 and to 2% thereafter. Prohibits using contributions to fund health insurance benefits.
- P. 149- State University Retirement System-Prohibits non-university employees from participating in the System, grandfathers existing non-employees. Defines Tier I employees and retirees. Caps pensionable earnings as provided by Section 1-160 of Pension Code and based upon the previous year salary. Prohibits using sick and vacation time for calculating pension time. Extends the retirement age for current employees. Sets the COLA for retirees at the lesser of 3% or \$1000 times the number of years employed. No COLA until age 67 or 5 years after retiring. Mandates the State to make annual pension payments subjects to Court action. Requires full funding by 2044 and requires 100% annual funding thereafter. Increases employee contribution rate by 1% for FY 2014 and by 2% thereafter. Prohibits using contributions to fund health care insurance benefits.
- P. 209-Downstate Teachers Retirement System. Defines Tier I employee and Tier I retiree. Limits calculating pensionable salary to previous year's salary. Extends the retirement age. Sets the COLA at the lesser of 3% or \$1000 for each year of service. No COLA until age 67 or 5 years after retirement. Increases employee contribution by 1% for FY 2014 and by 2% thereafter. Prohibits using contributions to fund health care insurance benefits. Mandates fund funding of the System by 2044 and 100% each year thereafter. Permits Court action if the State fails to make

contribution payments.

P. 262-Chicago Teacher Retirement System- Prohibits using sick and vacation time for calculating pension benefits.

P. 272-Educational Labor Relations Act-exempts provisions of this bill from bargaining unless otherwise noted.

Adds a State Mandates exemption and a severability clause.

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### **City Employees To Get New Retirement Plan**

Council Oks Move from 401K-type benefit to pension-type program effective July

By Mary Shapiro—May 31, 2013—Webster-Kirkwood Times

The city of Webster Groves is bucking the trend seen in many businesses these days, as it goes from a 401K-type of retirement benefit program to a pension-type program for its employees effective July 1.

The city council on May 21 gave unanimous approval to a resolution that dissolves the city's former defined contribution retirement program that it has had since 1998 through the International City Management Association Retirement Corporation. That's a system where the city and employees put money into a retirement fund and manage the fund themselves.

[-click here for more...](#)

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### **Canada's Top Ten pension funds help drive national prosperity: landmark study**

by ARIA post—June 6, 2013

Canada's ten largest public pension funds, dubbed 'the Top Ten,' "provide Canadians with one of the strongest retirement income systems in the world and also contribute significantly to national prosperity," according to a media release citing a study by the Boston Consulting Group.

At the end of 2011, the release notes, the 10 funds managed \$714 billion in pension funds.

The study, the release states, "provides, for the first time, data on the aggregate impact of these global organizations.

The study is an in-depth examination of the economic impact of these pension funds to the end of fiscal 2011. The study concludes the Top Ten are a Canadian success story on the world stage," the release notes. - [click here for more...](#)

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### **Retirement Tool kit**

US Department of Labor

After years of hard work, you are looking forward to retirement. Choosing when to retire is an important decision and involves a number of issues you may want to consider in your retirement

planning. The more you know before you start making decisions, the better off you will be in retirement. This retirement toolkit is brought to you by the three federal agencies involved in key elements of your retirement planning and security: the Department of Labor, the Social Security

Administration and the Centers for Medicare & Medicaid Services. - [click here for more...](#)

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### **Fed data show public DB plans rise, corporate DC disappoints**

By Hazel Bradford—June 10, 2013—P & I

**Public defined benefit plans had some good news in the latest Federal Reserve report, but muted numbers for corporate retirement plans — especially defined contribution plans — raised more questions than answers.**

According to the Federal Reserve's Financial Accounts of the United States report issued June 6 — formerly known as Flow of Funds Accounts — state and local government pension assets rose 6.81% in the first quarter to reach \$3.41 trillion. The report now excludes public defined contribution plans; they will be included in the future. U.S. corporate retirement plan assets rose just 2.78% in the quarter, to \$6.82 trillion. Defined benefit plan assets totaled \$2.57 trillion, up 0.73% from the previous quarter, and defined contribution plans had \$4.26 trillion in assets, an increase of 4.06%. - [click here for more...](#)

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## **Training and Education**

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### **Sign up for the 2013 IPPFA Midwest Pension Conference**

**We are filling up fast!! Get registered right away!!**

IPPFA Midwest Pension Conference will be held at 7036 Grand Geneva Way, Lake Geneva, Wisconsin. The dates for the 2013 conference are October 1 - 4, 2013 (Tuesday-Friday).

The venue will be the Grand Geneva Resort & Spa. The Grand Geneva Resort Hotel is **Full** at this time. They are now taking reservations at the Holiday Inn Vacation Resort through the Grand Geneva. The IPPFA rate is \$133.00 per night, plus taxes.

**Call the Grand Geneva Resort & Spa direct at 1-800-558-3417.** -

- [click here for more...](#)

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### **IPPFA Toolkit!!!**

Illinois Public Pension Fund Members:

In our desire to actively engage our membership, and produce relevant materials that will be useful to our members in the field we have commissioned the services of VISION MAI, LLC to produce a tangible, easy-to-read handbook that can be referenced and revered at any time. -

- [click here for more...](#)

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### **IPPFA On-Line Certified Trustee Program/and Classroom Program**

The IPPFA is pleased to announce that it is now offering the 32-hour Certified Trustee Program (CTP) as an on-line course for the first time. Over 1,000 public pension trustees have gone through the IPPFA CTP, hundreds before the legislature made such training mandatory in 2009. Now through the on-line training those trustees that would have difficulty attending in-person training can obtain the required training using their own computer in the comfort of their home or office. This is especially helpful to the appointed or retired trustees that have other employment and should make it easier for municipalities to find citizens that are willing to be appointed as trustees. - [click here for more...](#)

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## **Online Training/eLearning**

This course introduces students to various aspects of financial management related to Police and Fire pension funds along with the administration of those pension funds. Each topic will be taught by a professional in their field. Plus you can do this in the comfort of your own home or office! - [click here for more...](#)

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### **Regional Seminars**

#### **How Do I Satisfy The Annual Trustee Training Requirements?**

Experts will speak on the state of the economy, the updates of pension legislation in Illinois and the Illinois Department of Insurance will be speaking on a variety of topics. Get your state mandated training through our seminars in an area near you. Check the schedule and location today!! - [click here for more...](#)