



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

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May 2013 Newsletter



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IT'S OFFICIAL: NEW PEPTA LEGISLATION INTRODUCED IN HOUSE AND SENATE

By NCTR—Federal E-News—April 25, 2013

On April 18, 2013, Congressman Devin Nunes (R-CA) introduced the newest version of his Public Employee Pension Transparency Act, HR 1628, and its companion, S 779, was introduced in the Senate on April 23, 2013, by Senator

Richard Burr (R-NC). The bills are essentially the same as the previous versions from the last Congress, with a few significant exceptions. Despite a “Dear Colleague” request made to other House members on February 25, 2013, Congressman Nunes only has two original cosponsors, as does Senator Burr. - [click here for more...](#)

The Future of Retirement Summit

By Center for State and Local Government Excellence

On April 16, 2013, the Center convened a Future of Retirement Summit to address the workforce, legal, financial, policy, and political challenges facing local and state governments as they retool their retirement benefits.

The Center’s research tracks the changing demographics of local and state government workers and how major issues, such as the Affordable Care Act, affects them. In addition, the Center conducts annual polls to probe compensation and benefit changes and other human resource issues. - [click here for more...](#)

Politics: Billionaire Dan Loeb Turtles, Flees Investor Conference, After Political Affiliations Exposed

By Matt Taibbi—Rolling Stone—April 22, 2013

Due to the horrible events of last week, and particularly last Friday, I decided to freeze all entries on this blog at the very least until Dzhokar Tsarnaev was captured. The following piece was set to run last Friday morning: Last week, I wrote an article about hedge fund king Dan Loeb's involvement with StudentsFirstNY, a group that lobbies against defined benefit plans in public-sector retirement funds. What made that story interesting was that Loeb takes money from defined benefit plans, so turning around and supporting a group that campaigns against guaranteed benefits for teachers and other public-sector workers seemed like a peculiarly ugly form of betrayal, particularly coming from someone who doesn't need to worry too much about his own retirement. - [click here for more...](#)

Teachers group names managers seen as opposing DB plans

By Hazel Bradford—Pensions and Investment—April 18, 2013

Money managers who support causes seen as being opposed to defined benefit pensions were put on the hot seat Thursday by the American Federation of Teachers, which released a list of firms that the union said were “all too eager” to seek investments from pension funds “while simultaneously attacking” fund participants' interests.

AFT represents 1.5 million members who participate in pension plans representing \$800 billion in assets, much of which is in defined benefit plans. Its new Retirement Security Privatization Watch List “is about transparency,” said AFT President Randi Weingarten in a statement. “With transparency and disclosure, trustees can make informed decisions about the risks their plans face.” -

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

Public Employee Pension Transparency

Washington, D.C.—April 18, 2013—Congressman Devin Nunes (CA-22) announced today the introduction of the Public Employee Pension Transparency Act in the House of Representatives. Companion legislation will be introduced in the Senate in the coming days.

First introduced by Rep. Nunes in December 2010, the House legislation requires enhanced transparency for state and

local pension plans while prohibiting the federal government from bailing out those systems. The bill, whose principal authors also include Budget Committee Chairman Paul Ryan (WI-1), Senator Richard Burr (NC), and Oversight and Government Reform Committee Chairman Darrell Issa (CA-49), has been endorsed by a wide array of watchdog groups and other organizations, including Americans for Tax Reform, the Council for Citizens Against Government Waste, the American Conservative Union, the National Taxpayers Union, the U.S. Chamber of Commerce, Free Enterprise Nation, and the National Federation of Independent Businesses. -

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

Moody's New Rules May Mean More Downgrades

By Liz Farmer—Governing the States and Localities—April 17, 2013

Moody's Investors Service on Wednesday announced its highly anticipated new ratings rules, in a move that could result in downgrades for dozens of school districts and municipal governments, including Chicago, Cincinnati, Santa Fe, Minneapolis, and Portland, Ore.

Under the new rules, Moody's is revamping the way it analyzes and adjusts pension liabilities as part of its credit analysis of state and local governments. These changes reflect a view that pension obligations are “a significant source of credit pressure for governments and warrant a more conservative view of the potential size of the obligations,” according to a press release announcing the new rules. - [click here for more...](#)

Illinois Supreme Court to hear retiree health care case

by Karen Pierog—Reuters—April 11, 2013

(Reuters) - The Illinois Supreme Court agreed on Thursday to determine whether healthcare for retired state workers is protected under the state constitution, stepping into the debate over reining in the state's huge public pension costs.

The high court accepted a direct appeal of a March 19 ruling by Sangamon County Circuit Court Associate Judge Steven Nardulli, who found that state-sponsored retiree health benefits, unlike pensions, are not protected by the Illinois Constitution.

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

Federal judge stops Flint emergency manager's cuts to retiree benefits

By Gary Ridley—Michigan Live—March 29, 2013

FLINT, MI -- A federal judge has issued a temporary injunction against the city of Flint that will keep the city from cutting the health benefits for city retirees.

The injunction was issued Friday, March 29, by Detroit Federal District Judge Arthur J. Tarnow after a group of retirees filed a lawsuit against the city following a decision by former emergency manager Michael Brown that would make retirees pay more out of pocket for health coverage.

In April 2012, Brown issued an order that unilaterally modified the retirees' collective bargaining agreements that provided them with lifetime health insurance benefits. - [click here for more...](#)

Pennsylvania unions, state to battle over proposed pension changes

By Karen Langley/Post-Gazette Harrisburg Bureau—March 28, 2013

HARRISBURG -- The changes Gov. Tom Corbett has proposed for the state pension systems are still in draft form, awaiting legislative sponsorship, debate and votes.

But should the revisions to retirement benefits for school and state workers become law, the prospect of a court battle is so certain that the Corbett administration and labor unions already are discussing their cases.

From the start, public employee associations have said Pennsylvania case law prohibits the state from changing pension benefits for current workers, and they promise to sue if such a plan is signed into law. - [click here for more...](#)

Legal Issues

Termination of Disability Pension Benefits Requires Evidence of Recovery

Hoffman v. Orland Firefighters' Pension Board et al., 2012 IL App (1st) 112120

By: Richard J. Reimer—IPPPFA's General Counsel—Reimer & Karlson LLC

The above headline may seem self-evident when considering annual evaluations of disability pension beneficiaries, but things are not always as clear as they seem. In a recent First District Appellate Court case, a firefighter receiving a disability pension benefit was sent for his annual disability evaluation. After the evaluation, a physician rendered the opinion that the firefighter was not disabled and furthermore, that he had never suffered from a disability. Asked to elaborate on his opinion, the doctor made clear that his opinion was not that the disability recipient had recovered from his disability but rather that he was never disabled in the first place.

Based upon this report, the Pension Board held a hearing and issued a decision terminating the plaintiff's disability pension. The Appellate Court held that in order to terminate a disability pension, the Pension Code requires that there must be some evidence of recovery from disability to justify termination.

In this case, there was no evidence of "recovery" because the examining physician's position was that the pensioner had no disability from which to recover. The Court reasoned that by terminating the firefighter's pension on this basis, the Pension Board was in essence revisiting their original determination to award the pension. Such an action is not allowed by the Pension Code.

While a dissenting opinion was filed, ultimately the Appellate Court ruled that because the Pension Board presented no proof that the firefighter had recovered from his disability, he remains entitled to his disability pension benefits.

Training and Education

IPPPFA 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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2013 IPPFA Spring Pension Conference

The IPPFA Spring Conference is scheduled for May 7-10, 2013 at the President Abraham Lincoln Hotel in Springfield, IL. **ATTENTION!!!** 2013 IPPFA Spring Pension Conference update: The President Abraham Lincoln Hotel & Conference Center is now full. - [click here for more...](#)

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...](#)

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

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