



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

January 6, 2014

January 2014 Newsletter



In this issue...

Illinois Articles...

- **Are City Fiscal Woes Widespread? Are Pensions the Cause?**
- **Retired teachers file first lawsuit against Illinois pension reform law**
- **What Happens After Detroit's Bankruptcy? Lessons in reform**
- **The State of America's Middle Class in Eight Charts**
- **Understanding the relationship between life insurers and the Federal Home Loan Banks**
- **PUBLIC SAFETY EMPLOYEE BENEFITS ACT REPORTING**
- **The Effects of the Saving and Banking Glut on the U.S. Economy**

National Articles...

- **SUMMARY: Fall 2013 FISCAL SURVEY OF STATES**
- **The Public Pension Problem**

Court Case...

- **APPELLATE COURT OF ILLINOIS SECOND DISTRICT**

Training and Education...

- **Sign up for the 2014 IPPFA Illinois Spring Pension Conference**
- **Regional Seminars**
- **IPPFA On-Line Certified Trustee Program/and Classroom Program**
- **Online Training/eLearning**
- **IPPFA Toolkit!!!**

Illinois Articles...

Are City Fiscal Woes Widespread? Are Pensions the Cause?

By Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz & Mark Cafarelli—Center for State and Local Government Excellence

The bankruptcy of Detroit has focused attention on the financial outlook for cities and the role that pensions may play in determining their future. Some commentators presume that excessive unfunded pension commitments will lead to widespread bankruptcies. Chicago is frequently cited as the poster child of a city where substantial pension commitments and lack of funding have led to serious financial problems. The question is whether Chicago is unique or the tip of the iceberg. To answer that question, this brief explores the extent to which economic factors, poor fiscal management, and high pension costs contribute to cities being in the news for financial problems. - [click here for more...](#)

Retired teachers file first lawsuit against Illinois pension reform law

By Rick Pearson—Clout Street—Chicago Tribune—December 28, 2013

The Illinois Retired Teachers Association filed suit Friday challenging the constitutionality of the state's historic but controversial plan to deal with the nation's most underfunded public employee pension system.

The lawsuit is the first of what could be many filed on behalf of state workers, university employees, lawmakers and teachers outside Chicago. The legal challenge argues the law, which limits cost-of-living increases, raises retirement ages for many current workers and caps the amount of salaries eligible for retirement benefits, violates the state Constitution.

The lawsuit, filed in Cook County Circuit Court on behalf of eight non-union retirees, teachers and superintendents who are members of the state's Teacher Retirement System, contended the constitutional "guarantee on which so many relied has been violated." - [click here for more...](#)

What happens after Detroit's bankruptcy? Lessons in reform

by Richard H. Mattoon, senior economist and economic advisor—Chicago Fed Letter

Detroit recently filed for bankruptcy, becoming the largest municipality to seek protection under the U.S. Bankruptcy Code's Chapter 9. In the wake of Detroit's filing, the Federal Reserve Bank of Chicago and the Citizens Research Council of Michigan convened a conference on November 7–8, 2013, to identify strategies to prevent municipalities' fiscal decline, as well as mechanisms to restore struggling cities' financial sustainability and economic growth. - [click here for more...](#)

The State of America's Middle Class in Eight Charts

by Jason M. Breslow and Evan Wexler—Frontline—July 9, 2013

For many middle-class families, the American Dream can feel as though it's slipping away. For others, it can seem lost for good. Consider Terry and Tony Neumann and Claude and Jackie Stanley -- the two Milwaukee couples featured in tonight's episode of FRONTLINE, Two American Families (check local listings here). In 1992, both Tony and Claude had recently lost their manufacturing jobs. For the next 20 years, our cameras followed them and their families as they struggled to avoid poverty. When they could find work, it was often for longer hours, less pay and no benefits. Bills piled up, tensions rose and relationships became strained. -

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

Understanding the relationship between life insurers and the Federal Home Loan Banks

by Anna Paulson, vice president and director of financial research, Richard J. Rosen, senior financial economist and research advisor, Kyal Berends, associate economist, and Robert McMenamin, team leader, Insurance Initiative—Chicago Fed Letter

This article describes the growing relationship between life insurance companies and the Federal Home Loan Banking (FHLB) system. Given the important role that both play in the U.S. financial system, it is important to understand how they are connected.

The FHLB system

The Federal Home Loan Banks were established in 1932 to support the housing market by providing low-cost funding to financial institutions that make loans to homeowners. The FHLB system comprises 12 regional banks and the Office of Finance.

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

PUBLIC SAFETY EMPLOYEE BENEFITS ACT REPORTING

Commission on Government Forecasting and Accountability—State of Illinois

Pursuant to P.A. 98-0561 (SB 1245), this form is being sent to all units of government throughout Illinois which fall under the purview of the Public Safety Employee Benefits Act (820 ILCS 320/) (hereinafter referred to as "PSEBA"). Under P.A. 98-0561, the Commission on Government Forecasting and Accountability (hereinafter referred to as "COGFA") is required to collect certain data pertaining to the cost of health insurance under PSEBA. Under Section 17 of PSEBA, COGFA is charged with creating and submitting a report to the Governor and General Assembly setting forth information regarding recipients and benefits payable under the Public Safety Employee Benefits Act (Act). - [click here for more...](#)

The Effects of the Saving and Banking Glut on the U.S. Economy

By Alejandro Justiniano, Giorgio E. Primiceri, and Andrea Tambalotti—Federal Reserve Bank of Chicago—November 2013

Abstract. We use a quantitative equilibrium model with houses, collateralized debt and foreign borrowing to study the impact of global imbalances on the U.S. economy in the 2000s. Our results suggest that the dynamics of foreign capital flows account for between one fourth and one third of the increase in U.S. house prices and household debt that preceded the financial crisis. The key to these findings is that the model generates the sustained low level of interest rates observed over that period.

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

National Articles...

SUMMARY: Fall 2013 FISCAL SURVEY OF STATES

State Budgets Modestly Improving in FY 2014 but Challenges Continue—December 10, 2013

Overview: Modest Improvements in State Budgets, Although Fiscal Rebuilding Remains Slow

State budgets are expected to continue their trend of moderate improvement, making fiscal 2014 the fourth consecutive year of general fund spending growth. In contrast to the dramatic state budget declines during and immediately following the Great Recession, budgets have stabilized and significant fiscal distress continues to subside for most states. After several years of economic recovery, there are measurable improvements in the state budget environment that are shown in this report.

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

The Public Pension Problem

The New York Times—Room for Debate—December 5, 2013

It's been a bad week for public workers. On Tuesday, in a ruling that has implications for other cities, a federal judge ruled that Detroit's public employee pensions are not protected in a Federal Chapter 9 bankruptcy. On that same day, the Illinois legislature passed a deal trimming retiree benefits and increasing state contributions, providing a template for other states to follow. - [click here for more...](#)

Court Case...

APPELLATE COURT OF ILLINOIS SECOND DISTRICT

Appeal from the Circuit Court of Du Page County.

KIM L. EDWARDS, Plaintiff-Appellant, vs THE ADDISON FIRE PROTECTION)DISTRICT FIREFIGHTERS' PENSION)FUND, THE BOARD OF TRUSTEES OF) THE ADDISON FIRE PROTECTION) DISTRICT FIREFIGHTERS' PENSION) FUND, and THE ADDISON FIRE) PROTECTION DISTRICT, Defendants-Appellees.

JUSTICE McLAREN delivered the judgment of the court, with opinion.

Justices Schostok and Spence concurred in the judgment and opinion.

Plaintiff, Kim L. Edwards, appeals from the trial court's orders: (1) denying her motion to consolidate this case with another pending case, before a single judge; and (2) denying her complaint for administrative review and affirming the decision of defendant the Board of Trustees of the Addison Fire Protection District Firefighters' Pension Fund (Board).

We affirm.

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

Training and Education...

Sign up for the 2014 IPPFA Illinois Spring Pension Conference

IPPFA Spring Pension Conference will be held in East Peoria, IL. The dates for the 2014 conference are May 6 - 9, 2014. The venue will be the Embassy Suites. The IPPFA rate is \$145.00 per night which includes complimentary breakfast and manager's reception every day. Call the Embassy Suites direct at 1-309-427-2424 or register online. -

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

Peoria Chiefs Baseball Game Registration

Sign up now as we are limited so it is first come first served!!

Join Us for a Day at the Ball Park, Benefitting The Remembrance Fund--Price Includes ROUNDTRIP BUS TRANSPORTATION from the Embassy Suites, Ticket to THE CARDINAL'S ROOST PARTY DECK, Lunch buffet and soft drinks (cash bar on deck). - [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...](#)

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. Plus you can do this in the comfort of your own home or office! - [click here for more...](#)

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...](#)
