



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

November 1, 2011

November 2011 Newsletter



In this issue...

- **IPPFA Holiday Party 2011**
- **HOW PREPARED ARE STATE AND LOCAL WORKERS FOR RETIREMENT?**
- **We Are One--Take Action**
- **Cross: Deal made for Pension Bill**
- **New Accounting Standards May Dramatically Alter Financial Accountability**
- **Defending Public Pensions Video**
- **Social Security Announces 3.6 Percent Benefit Increase for 2012**
- **Study: Civic Committee Pension Plan Could Cost Taxpayers \$34 Billion More**
- **Trends in the Distribution of Household Income Between 1979 and 2007**
- **AN EFFICIENCY COMPARISON OF DEFINED BENEFIT AND DEFINED CONTRIBUTION RETIREMENT SAVINGS PLAN**
- **NCPERS Family Protection Plus Plan**

Training and Education...

- **Check out the Website in the near future for the Spring Conference**
- **Certified Trustee Program**
- **Online Training/eLearning**

IPPFA Holiday Party 2011

Cocktail Reception with Live Music for your Listening & Dancing Pleasure

Friday, December 2, 2011—8:00 p.m. to 11:00 p.m.

This invitation is open to all IPPFA Members, Corporate Members & their Guest.

Location:

Union League Club of Chicago

65 W. Jackson Blvd. 6th Floor Chicago IL, 60604

Hotel Reservations: Union League (312) 427-7800 (150.00 per night)
Palmer House (312) 726-7500 (149.00 per night)
Make your hotel reservations prior to 11/18 - [click here for more...](#)

HOW PREPARED ARE STATE AND LOCAL WORKERS FOR RETIREMENT?

Center for Retirement Research at Boston College—By Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Laura Quinby

A widespread perception is that state-local government workers receive high pension benefits which, combined with Social Security, provide more than adequate retirement income. The perception is consistent with multiplying the 2-percent benefit factor in most plan formulae by a 35- to 40-year career and adding a Social Security benefit. But this calculation assumes that individuals spend enough of their career in the public sector to produce such a retirement outcome. This *brief* summarizes the results of a paper that uses the *Health and Retirement Study* (HRS) and actuarial reports published by state and local pension systems to test the hypothesis that state-local workers have more than enough money for retirement. - [click here for more...](#)

We Are One—Take Action

Protect Pensions!!

Last spring, your calls and emails to Springfield lawmakers were critical in preventing them from slashing the life savings of Illinois public employees.

This veto session, these modest pensions are once again on the chopping block. Email your legislator using the form below to urge them to oppose any cuts to Illinois public employees' pensions. - [click here for more...](#)

Cross: Deal made for pension bill

By CHRIS WETTERICH—The State Journal-Register, Oct 26, 2011

Illinois House Minority Leader Tom Cross, R-Oswego, said he will be ready to call a bill to set up a three-tiered pension system for state workers during the second week of the legislature's veto session, which starts Nov. 8. But demonstrations against Cross' bill, among other employee funding issues, resulted in the Statehouse being closed for about 10 minutes Wednesday as thousands of union members packed the rotunda.

Cross said the Civic Committee of the Commercial Club of Chicago, a group of the city's top CEOs, has brokered a deal in which House Republicans would provide 30 votes for the pension bill, Senate Bill 512, and House Democrats would provide another 30. Sixty votes are needed for legislation to pass the House.

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

New Accounting Standards May Dramatically Alter Financial Accountability

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Although you may not be familiar with the Governmental Accounting Standards Board (GASB) they are about

to change what is required in your school's financial reports. In brief, through proposed accounting standards changes school employers may be required to report unfunded pension liability.

This sheet provides a relevant overview of the little-known GASB Exposure Drafts, which detail proposed changes to Accounting and Financial

Reporting for Pensions (GASB Statement 27) and Financial Reporting for Pension Plans (GASB Statement 25), issued on July 8, 2011. - [click here for more...](#)

Defending Public Pensions Video

ABC News Video!! - [click here for more...](#)

Social Security Announces 3.6 Percent Benefit Increase for 2012

By Disability.Gov

The Social Security Administration has announced that the monthly Social Security and Supplemental Security Income (SSI) benefits will increase 3.6 percent in 2012. The 3.6 percent cost of living adjustment (COLA) will begin with the January 2012 benefit payments. Increased payments for people on SSI will begin on December 30, 2011. For some beneficiaries, the increase in their Social Security benefit amount may be partially or completely offset by increases in Medicare premiums in 2012. - [click here for more...](#)

Study: Civic Committee Pension Plan Could Cost Taxpayers \$34 Billion More

Market Watch, Oct. 19, 2011

Lawmakers Urged Not to Rush Civic Committee Plan

SPRINGFIELD, IL, Oct 19, 2011 (MARKETWIRE via COMTEX) -- The "pension reform" bill developed by a group of wealthy Chicago business people and endorsed by the Chicago Tribune could have cost Illinois taxpayers more than \$34 billion additional dollars while destroying the pension system in which hundreds of thousands of teachers have invested their life savings. (See the accompanying charts).

That is the analysis of an in-depth study on the impact of Senate Bill 512 (SB 512) on the Teachers' Retirement System (TRS) conducted by Buck Associates, one of the world's leading actuarial firms that provides services to both private and public pension funds. - [click here for more...](#)

Trends in the Distribution of Household Income Between 1979 and 2007

From the Congressional Budget Office—CBO

From 1979 to 2007, real (inflation-adjusted) average household income, measured after government transfers and federal taxes, grew by 62 percent. During that period, the evolution of the nation's economy and the tax and spending policies of the federal government and state and local governments had varying effects on households at different points in the income distribution: Income after transfers and federal taxes (denoted as after-tax income in the study) for households at the higher end of the income scale rose much more rapidly than income for households in the middle and at the lower end of the income scale. - [click here for more...](#)

AN EFFICIENCY COMPARISON OF DEFINED BENEFIT AND DEFINED CONTRIBUTION RETIREMENT SAVINGS PLANS

By William B. Forna, FSA

About the New York City Comptroller's Office

The New York City Comptroller, an independently elected official, is the Chief Financial Officer of the City of New York. The mission of the office is to ensure the financial health of New York City by advising the Mayor, the City Council, and the public of the City's financial condition. The Comptroller also makes recommendations on City programs and operations, fiscal policies, and financial transactions. In addition, the Comptroller manages the assets of the five New York City Pension Funds, performs budgetary analysis, keeps the City's accounts, audits City agencies, and registers proposed contracts. His office employs a workforce of more than 700 professional staff members. These employees include accountants, attorneys, computer analysts, economists, engineers, budget, financial and investment analysts, claim specialists, and researchers in addition to clerical and administrative support staff. - [click here for more...](#)

NCPERS Family Protection Plus Plan

Enrollment available November 1st—GOOD NEWS FOR IPPFA MEMBERS

Additional financial security available for you and your family. Benefit to help protect your family while you are working protecting the public. If you did not sign up for this benefit last year, as an active employee you have another chance during the upcoming open enrollment period of November 1 to December 31, 2011. Coverage is being offered through our membership in the National Conference on Public Employee Retirement Systems (NCPERS) and underwritten by Prudential Insurance Company of America.

The Family Protection Plus Plan is decreasing term life insurance, which means the monthly premium remains level over time while the benefits decrease with age. This unique design provides younger employees who have the greatest need and the lowest accrued retirement benefits, to receive the greatest financial protection for your loved ones. The monthly premium is very affordable at \$17 a month and can be continued into your retirement.

This benefit requires no medical underwriting and there are no exclusions based upon your occupation (except for aviation professionals). In fact, there is an accidental death and dismemberment benefit and a waiver of premium provisions which covers you while on or off the job or disabled*. Additionally, for \$17 a month, this benefit not only covers you, but also provides a life benefit covering your spouse/domestic partner** and children. The amount of coverage is dependent upon your age. Information regarding this benefit, including the Schedule of Life Benefits, can be found at www.ncpersfamilyprotection.com.

Open enrollment begins November 1 and ends December 31, 2011. It's easy to enroll online through the NCPERS Family Protection Plus website www.ncpersfamilyprotection.com. Plus, for ease of convenience, premiums can be paid through a monthly electronic (ACH) bank withdrawal, or if preferred, paid monthly

using a paper coupon provided to you. It's a fact; just a few minutes of your time today could greatly impact your family's future.

If you have any questions or problems enrolling online, you may contact the Plan's administrator, HealthSmart Benefit Solutions, Inc. at 888-697-8897 for assistance.

*Example: for a member at least 25 years old and less than 30 years old, who died in an accident, there would be a \$170,000 life insurance benefit plus a \$100,000 AD&D insurance benefit—a total of \$270,000. That would make a tremendous difference to a young family.

**Where recognized

Training and Education

Check out the Website in the near future for the Spring Conference!!

The Spring Conference is going to be held in Springfield this year in May. The tentative dates are set for mid—May. We are expanding our length of the conference to three days to match our Midwest Pension Conference in the Fall. New info will be following soon on our website. - [click here for more...](#)

Certified Trustee Program

Our 32-hour **Certified Trustee Program** is offered throughout the year in four eight-hour modules from 8:00am to 4:00pm. Each one of the modules is approximately one month apart. Classes are held at the *NIU Outreach Centers* in *Naperville (N)* and in *Hoffman Estates (HE)*. All modules must be completed within a twelve month period. - [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...](#)