



# ILLINOIS PUBLIC PENSION FUND ASSOCIATION

## *Preparing Pension Funds for Tomorrow*

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

December 1, 2011

## December 2011 Newsletter



### *In this issue...*

- **IPPPFA Holiday Party Friday, December 2, 2011**
- **Medicare's Annual Open Enrollment is from Oct. 15 - Dec. 7**
- **Public pensions are protected in Constitution**
- **Private Health Insurance: Implementation of the Early Retiree Reinsurance Program**
- **A Letter to IPPFA President James McNamee from Peter Roskam, Member of Congress**
- **HOW MUCH TO SAVE FOR A SECURE RETIREMENT**
- **New Social Security formula could cut benefits, raise taxes**
- **Why MF Global's Collapse Matters**
- **The Secure Choice Pension: A Way Forward for Retirement Security in the Private Sector**

### *Legal Updates...*

- **AMENDMENT TO SENATE BILL 512**

### *Training and Education...*

- **IPPPFA On-Line Certified Trustee Program**
- **Check Out the Website for the Spring Conference 2012!!**
- **Certified Trustee Program**
- **Online Training/eLearning**
- **Regional Seminars**

### **IPPPFA Holiday Party Friday, December 2, 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...](#)

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**Medicare's Annual Open Enrollment is from Oct. 15 - Dec. 7**

US Department of Health and Human Resources

Every year, people with Medicare get to explore new choices and pick the health and drug plans that work best for them. This year, this Open Enrollment period is starting earlier – on October 15 – and ending sooner – December 7. This gives people with Medicare a full seven weeks to compare and make decisions, and ensures that they will have essential plan materials and membership cards in hand on January 1, 2012 when new coverage starts.

There'll be a wide range of health and drug plan options available across the country, including Original Medicare. Most people with Medicare can choose a "Part D" plan to help them pay for prescription drugs. And people who have chosen to enroll in a "Part C" Medicare Advantage plan for their basic health care services have the option of staying in that plan, choosing a different plan, or going back to the Original Medicare program. Plans can change from year to year, so these are important choices that should be made with care. People can turn to [www.medicare.gov](http://www.medicare.gov), call 1-800-MEDICARE, or consult with a local State Health Insurance Assistance Program (SHIP) for help. - [click here for more...](#)

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**Public pensions are protected in Constitution**

By George Skelton Capitol Journal, *November 14, 2011*

From Sacramento:

In Philadelphia, 224 years ago, some men tucked these words into the nation's new Constitution: "No state shall ... pass any ... law impairing the obligation of contracts..."

Those words, squeezed into a very long sentence in Article 1, Section 10, listing powers denied the states, became known as the "contracts clause." And it is playing havoc with modern-day public pension reformers, including Gov. Jerry Brown.

As widely interpreted — most importantly by the courts (or so we laymen are told) — the clause means that pensions promised state and local government workers on the day they were hired cannot be reduced without giving them a new compensating benefit. - [click here for more...](#)

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**Private Health Insurance: Implementation of the Early Retiree Reinsurance Program**

**United States Government Accountability Office—Washington, DC**

Dear Senator Enzi:

During the last decade the number of large employers offering health benefits to retirees—including early retirees not eligible for Medicare—has declined. Among all large firms that offered health benefits to active employees from 2001 to 2010, the percentage that offered health benefits to retirees decreased from 39

percent in 2001 to 28 percent in 2010.<sup>1</sup> According to the Agency for Healthcare Research and Quality, individuals age 55 to 64 who lack health insurance are vulnerable to high health care costs associated with serious and chronic illnesses.

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

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## **A Letter to IPPFA President James McNamee from Peter J Roskam, Member of Congress**

November 8, 2011

Dear James,

Thank you for contacting me with your support for protecting benefits for our service men and women. Like you, I hold a deep respect for U.S. military personnel.

In upholding my commitment to these service members, I became a cosponsor of H.R. 1297, the Ensuring Pay for Our Military Act of 2011. This legislation would guarantee that active members of the Armed Forces continue to receive pay and allowances in the event of any federal funding gap. These men and women sacrifice their lives for our security, which is why a contingency plan should be in place. In defending our nation, service members should not be troubled by uncertainties over whether or not their family bills can be paid.

As you know, increasing pressures to rein in federal spending has subjected all government programs to greater fiscal scrutiny. While there have been various proposals to reform military retirement and health care programs as a means of deficit reduction, the implications of such comprehensive reforms are being closely examined and will be carefully considered.

Our men and women in uniform, both at home and abroad, champion our very freedoms and liberties. While budgets may be tight, it is important that we provide the members of our military with the benefits they rightfully deserve, during their career and upon their retirement.

Again, thank you for your correspondence. If you have any additional questions or comments, please feel free to call my office at (202) 225-4561.

Very truly yours,  
Peter J. Roskam  
Member of Congress

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## **HOW MUCH TO SAVE FOR A SECURE RETIREMENT**

By Alicia H. Munnell, Francesca Golub-Sass, and Anthony Webb

Introduction:

One of the major challenges facing Americans today is how to prepare for a secure retirement. While market ups and downs are unpredictable, people do have control over work and saving decisions that can significantly improve their retirement prospects. This *brief* uses a simple model to estimate what percent of

earnings an individual must save to ensure a financially secure retirement depending on when he starts saving, when he retires, and how he invests his retirement savings.

The *brief* begins by describing the target replacement rate – retirement income relative to pre-retirement earnings – required to maintain pre-retirement living standards. The second section describes the simple model. The third section summarizes the results for individuals with average earnings. The fourth section discusses how the results differ for those with lower and higher earnings. The final section concludes that the age at which one begins to save and the age at which one retires are pivotal decisions in determining the required saving rate and can make the difference between a secure or insecure retirement. The Appendix contains detailed tables of the required saving rates for various levels of earnings. - [click here for more...](#)

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### **New Social Security formula could cut benefits, raise taxes**

By Stephen Ohlemacher, Associated Press—USA Today\_

WASHINGTON – Just as 55 million Social Security recipients are about to get their first benefit increase in three years, Congress is looking at reducing future raises by adopting a new measure of inflation that also would increase taxes for most families — the biggest impact falling on those with low incomes.

If adopted across the government, the new inflation measure would have widespread ramifications. Future increases in veterans' benefits and pensions for federal workers and military personnel would be smaller. And over time, fewer people would qualify for Medicaid, [Head Start](#), food stamps, school lunch programs and home heating assistance. - [click here for more...](#)

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### **Why MF Global's Collapse Matters**

By Brett Arends

You may be watching the news about MF Global and shrugging. But it's significant. Here's why. Here's a brain-teaser for you. Which corporate honcho bragged recently about his company's strong resources, positive outlook and outstanding "execution" skills? Who said he was "particularly pleased" at recent developments, and predicted "competitive returns to shareholders in the quarters ahead"?

Tim Cook at Apple? Alan Mulally at Ford? Mike Duke at Wal-Mart?

None of the above. The answer is Jon Corzine, who runs **MF Global Holdings Ltd.** He made those remarks a week ago. Yesterday the company filed for bankruptcy.

One week. No kidding. You may be watching the news about MF Global and shrugging. You may think, "minor blowup on Wall Street, few injured." - [click here for more...](#)

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### **The Secure Choice Pension: A Way Forward for Retirement Security in the Private Sector**

National Conference on Public Employee Retirement Systems-*The Voice for Public Pensions*

RETIREMENT READINESS IS WOEFULLY LACKING FOR MANY PRIVATE-SECTOR WORKERS. Private companies' dramatic shift away from defined benefit pension plans has fundamentally changed the way workers save for retirement and has left workers with an unsure and likely insufficient nest egg. The

traditional model of the three-legged stool of Social Security, personal savings that include 401(k)s, and a pension has dramatically declined for private-sector workers. All private-sector workers have Social Security and many have access to 401(k)s, but unfortunately the majority do not have access to a pension. - [click here for more...](#)

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## Legal Updates

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### **AMENDMENT TO SENATE BILL 512**

**Springfield's Pension Cooker:** The ongoing pressure to change public employee pension benefits has been here for some time and is a national movement. In Springfield the leaders of the push for change are business groups and wealthy individuals with an ideological agenda. Ty Fahner is the spokesman for the group and has been leading the charge in legislature. Their bill SB 512 is part of the ongoing battle against defined benefit plans. SB512 is designed to shift the cost of the retirement program more on the shoulders of the participants; it also undermines the retirement program by offering a DC option which would lead to a bleeding out of participants in the retirement system. IPPFA opposed this bill; it is not in the best interests of the retirement system, its participants, and the citizens of the State of Illinois. During this difficult time, IPPFA recognized early on that forming coalitions was needed to protect the interests of the plans and its participants. IPPFA worked with AFFI, FOP, PB &PA, and other interested groups developing responses, and going to meetings. We worked hard assisting the groups with our research and expertise. IPPFA is a proud supporter of the "We Are One" public relations response to the negative ads being run against our participants. IPPFA will continue to monitor the situation in Springfield carefully, and inform our membership on what actions are needed. Remember all politics is local and hearing from you is the best lobbying response we can have.

AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 512, AS AMENDED, by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Public Labor Relations Act is amended by changing Section 15 as follows:  
(5 ILCS 315/15) (from Ch. 48, par. 1615)

Sec. 15. Act Takes Precedence. (a) In case of any conflict between the provisions of this Act and any other law (other than Section 5 of the State Employees Group Insurance Act of 1971 and other than the changes made to the Illinois Pension Code by Public Act 96-889 or this amendatory Act of the 97th General Assembly this amendatory Act of the 96th General Assembly), executive order, or administrative regulation relating to wages, hours and conditions of employment and employment relations , the provisions of this Act or any collective bargaining agreement negotiated thereunder shall prevail and control. - [click here for more...](#)

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## Training and Education

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### **IPPFA On-Line Certified Trustee 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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### **Check out the Website for the Spring Conference 2012!!**

**Come join the IPPFA for its 2012 IPPFA Illinois Pension Spring Conference on May 15 thru May 18th, 2012 at the Presidential Abraham Lincoln Hotel & Convention Center in Springfield, Illinois 62701.**

**For over 25 years the IPPFA has been offering the best in Pension Fund Trustee Training.** - [click here for more...](#)

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### **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...](#)

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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. - [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 speak on a variety of topics. - [click here for more...](#)

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