



IPPFA Online News

ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

Your Electronic Link to the Latest News Affecting Pe

March 2011 Issue

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FACTS ON STATE AND LOCAL GOVERNMENT PENSIONS

Retirement systems remain a small portion of state and local government budgets. State and local gov not paid out of general operating revenues, but instead, a trust that public retirees and their employers they were working. The portion of state and local government spending dedicated to retirement system than three percent.¹ While some pension trusts are fully funded (they have enough assets in the trust obligations), following the recent market decline, plans will need to increase their contribution levels to average to return to full funding.² The unprecedented number of benefit and financing changes in pub few years will help to keep any required increases to a minimum. [Click Here for more...](#)

Weighing In on State Bankruptcies

The New York Times—Business DAY

"I think it would be useful for Congress to look at the situation broadly and try to identify what potential be in the bankruptcy law."

BEN S. BERNANKE, Federal Reserve chairman [Click Here for more...](#)

Illinois tax increase: why lawmakers passed 66 percent income-tax hike

No other state has successfully raised income taxes to balance its 2011 budget. The Illinois tax the personal income tax rate from 3 percent to 5 percent--By Mark Guarino, Staff writer / January Science Monitor [Chicago](#)

The Illinois legislature has passed personal income-tax increases of 66 percent and corporate income percent, designed to address a \$15 billion state budget deficit that lawmakers said was leading the state. By the early hours of Wednesday, Senate and House lawmakers had voted to raise the personal income tax rate from 3 percent to 5 percent and the corporate tax rate from 4.8 percent to 7 percent. Both rates were adjusted for 2015, when they would drop to 3.25 percent and 5.25 percent, respectively. [Click Here for more...](#)

Illinois Pension Crisis in a “Nutshell”

by Lt. Anthony Martin, Chicago Fire Department and Fund Secretary of the Firemen’s Annuity and Benefit Fund of Chicago

The magnitude of the deficit related to public pensions that the State of Illinois, the City of Chicago and the state is substantial. The Commercial Club of Chicago, The Civic Federation and the Illinois Municipal League, along with many very prestigious law firms, public relations firms and lobbyists have led the call for reductions of benefits in public employee pension systems throughout the state. These prominent business and civic minded organizations collectively cast the blame for the fiscal woes of the State of Illinois, the City of Chicago, as well as many public employees and the costs associated with unfunded financial obligations of their pension funds.

IS WELCHING ON PUBLIC PENSION PROMISES AN OPTION FOR ILLINOIS?

By Eric M. Madiar

Illinois’ five public pension systems are in awful shape. Combined, the five retirement funds serving teachers, police officers, employees, university employees, judges, and legislators have for fiscal year 2012 unfunded liabilities of \$100 billion and an overall funding percentage of 39%. The Teachers Retirement System alone has \$45.9 billion in unfunded liabilities and is 40.5% funded. Indeed, Illinois has the largest unfunded pension obligations of any state in the nation. [more...](#)

Cullerton: Pension cuts unconstitutional

By The Associated Press -- Thursday, March 3, 2011

SPRINGFIELD – Illinois Senate President John Cullerton says cutting pension benefits for current state employees is “unconstitutional.” Illinois officials are looking for ways to cut costs, and pensions are a popular target. Michael Madigan suggested benefits might have to be cut. But Cullerton’s office said Wednesday that the Illinois Constitution bars reducing benefits once an employee was part of the state pension system. The state offer smaller pensions to workers it hires in the future, and officials already have taken some steps to reduce costs.

[Here for more...](#)

Society of Actuaries' Risk Report Highlights Impact of Inflation on Retirement Planning

SCHAUMBURG, Ill., Feb. 28, 2011 /PRNewswire/ -- Compared to other planning activities, only 72 percent of pre-retirees and 55 percent of retirees are calculating the effects of inflation on their retirement planning, according to a new report from the Society of Actuaries (SOA). This finding highlights the need for individuals to better understand and manage longevity risks when planning for retirement. The report, *Process of Planning and Personal Risk Management*, presents findings from a survey of retirees and pre-retirees as it relates to retirement risk management strategies. Pre-retirees are more likely than retirees to express concern about inflation, investment and longevity risks. The report findings indicate that seven in 10 pre-retirees (71 percent) are very or somewhat concerned about inflation.

compared with six in 10 retirees (58 percent). Similarly, six in 10 pre-retirees (62 percent), and half of retirees are concerned about interest rate changes impacting their retirement. Pre-retirees are also more likely to be concerned about depleting their savings (58 percent vs. 47 percent) and maintaining a reasonable withdrawal rate (56 percent vs. 45 percent). Compounding inflation and savings concerns, 39 percent of pre-retirees and 31 percent of retirees withdraw money from their savings as needed with no set plan. [Click Here for more...](#)

MEMBERS!! Important Info--How to choose good passwords:

by Ken Sarni—IPPPFA Web Master

What not to do when choosing a password:

Do not choose a password based upon personal data like your name, your username, or other information that can be easily discovered about you from such sources as searching the internet.

Do not choose a password that is a word (English or otherwise), proper name, name of a TV show, or anything else that one would expect a clever person to put in a "dictionary" of passwords.

Do not choose a password that is a simple transformation of a word, such as putting a punctuation mark at the end of a word, converting the letter "l" to the digit "1", writing a word backwards, etc. For example, "password123" is a good password, since adding "123" is a common, simple transformation of a word.

Do not choose passwords less than 8 characters long and that are made up solely of numbers or letters. Use different cases, mixtures of digits and letters, and/or non-alphanumeric characters.

The best method for choosing passwords

The single best method for generating passwords is to do the following:

Make up a sentence you can easily remember. Some examples:

I have two kids: Jack and Jill.

I like to eat Dave & Andy's ice cream.

No, the capital of Wisconsin isn't Cheeseopolis!

Now take the first letter of every word in the sentence, and include the punctuation. You can throw in extra characters and turn numbers into digits for variety. The above sentences would become:

Ih2k:JaJ.

IlteD&A'ic.

N,tcoWi'C!

As you can see, the passwords generated by this method can be fairly secure, but are easy to remember. The key to picking is one that is easy for you to remember.

Please don't use one of the sentences above to generate your password.

NEW State Bills to View:

SB 28-Harmon- Pension Code articles for: General Assembly, State Employees, State Universities, and Judges. For each system sets maximum number of years anyone can claim for pension credit, proration of vacation time for calculating benefits, recalculates the final average salary upon which a pension is based, and provides for an annual increase for retirees at 3% or the consumer price index, whichever is lower. Makes other changes to the pension code.

SB 30-Lauzen-For the General Assembly System only restricts the participation to only persons in the system as of 7/1/2011.

SB 32-Lauzen-Pension Code- Limits the investments of downstate police and downstate fire pension funds to no more than 30% in specified corporate debt securities and other restrictions.

SB 36-Murphy/Righter-Creates the Pension Funding and Fairness Act. Establishes a formula for the funding limitation and state funding of public pensions. Creates the State Budget Stabilization Act to serve as a

when revenues are lower than anticipated.

SB 105-Lauzen/Murphy-Pension Code and articles for General Assembly, State Employees, State U Teachers and Judges. Allows participants to move to a self managed retirement plan and or other opt for such plan. Changes formula for the State share retirement contributions.

Check out our website for more info on this at www.ippfa.org

New House Bills:

by **Dorene M. Egan, Fletcher, O'Brien, Kasper & Nottage, P.C.**

HB 1325-G. Harris. Pension Code. Authorizes each pension fund and retirement system to establish optional retirement plan. Establishes minimum requirements, employer authorization of participation, administration and funding vehicles, participation by employees, etc.

HB 1363-Moffitt. Property Tax Extension Limitation Law/ Property Tax Code. Levies for fire protection contributions and insurance are exempt from the definition of "aggregate extension".

HB 1365-Moffitt. Truth in Taxation Law/ Property Tax Code. The Truth In Taxation Law does not apply are subject to the Property Tax Extension Law.

Check out our website for more info on this at www.ippfa.org

Certified Trustee Training Dates and Locations

Sign up now and get this training as it will count toward your 16 hours of required annual training. [Click Here for more](#)

The Spring Conference 2011--April 28 & 29 - At the O-Center

You are running out of time!! Sign up for the Spring Conference which is located in St. Charles, IL. [Click Here for more](#)

AGENDA

Thursday, April 28th

7:00-8:00AM Continental Breakfast/Registration

8:00-8:30AM Welcome/Opening Remarks

James McNamee—IPPFA President

Mayor Don Dewitt of St. Charles

8:30-9:45AM Globalization

Thomas Barnett

9:45-10:00AM Book Signing

Thomas Barnett

10:05-10:55AM National Legislative Update

Hank Kim

11:05-11:55AM Illinois Legislative Update

11:55-1:00PM Luncheon

1:10-2:00PM Ethical Decision Making (90 Min)

Classroom A Great Lakes Advisors

Investment Policy - Annual Audits/Statute Compliancy

Classroom B Thomas McShane—Graystone Consulting Brian LeFevre—Sikich

2:10-3:00PM Ethical Decision Making (Con't)

Classroom A *Great Lakes Advisors*

Actuarial Issues Facing Public Pension Funds

Classroom B *Tom Gray—Teachers Retirement System of IL*

Art Tepfer—Tepfer Consulting, LLC

Jason Franken—Foster & Foster

3:10-4:00PM Roth IRA Conversions

Classroom A *Doug Aller—New Concept Benefit Group*

IPPFA Benefits

Classroom B *Joel Babbitt and Don Hook—IPPFA Benefits*

4:15 PM Reception

Friday, April 29th

7:00-8:00AM Continental Breakfast/Registration

8:00-8:45AM Market Outlook 2011-2012

Sandy Lincoln

9:00-10:20AM Judicial Review of Pension Board Decisions

Richard J. Reimer—IPPFA General Counsel

Honorable Terence M. Sheen— In the Circuit Court of the 18th Judicial Circuit Dupage County

10:20-10:40AM Refreshment Break

10:40-11:50AM Judicial Review of Pension Board Decisions

Richard J. Reimer—IPPFA General Counsel

Honorable Terence M. Sheen— In the Circuit Court of the 18th Judicial Circuit Dupage County

11:50-1:00PM Luncheon

1:10-2:00PM Not Your Father's Retirement

Classroom A *Dr. David Gursky— Clinical Psychiatrist*

Charles Brown-CB3 Financial Group

IRS Issues

Classroom B *Karen Sanchez—Sikich*

2:10-3:00PM DOI Audits and Requirements

Classroom A *Travis March—Director DOI Pension Division*

Value vs. Growth Style Investing

Terri Madigan Hayes-LaSalle Street Consulting

Classroom B *Wells Frice-Great Lakes Advisors*

John Meara-Argent Capital

3:10-4:00PM Freedom of Information and Open Meetings Act

Classroom A *Charles Atwell—IPPFA Deputy Counsel*

James Dobrovolny—IPPFA Deputy Counsel

Rethinking Risk

Classroom B *Andy Bischel— SKBA Capital Management*

****All sessions will be held in the Fox Valley Ballroom****

Seminars throughout the State--March 16, 2011 at Rockford, IL. and March 29, 2011 at Edwardsville, IL.

Sign up now and get 8 hours of training at these locations. [Click Here for more...](#)

Get Ready for the 2011 Midwest Conference--Sign up NOW!!

The 2011 Midwest Conference will be at the Grand Geneva Resort in Lake Geneva, WI. from October 4-7, 2011 in a beautiful room!! [Click Here for more...](#)

IPPFA ONLINE TRAINING COURSE/e-learning

Get 8 hours of required training through the IPPFA Online Training Course through NIU!!! [Click Here for more...](#)

[ILLINOIS PUBLIC PENSION ASSOCIATION](#)

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