



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

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Should public retirement plans be fully funded?

Abstract

Most state and local retirement plans strive for full funding, at least by actuarial standards. Funding measured at market values fluctuates and often falls short. In a model where most taxpayers hold debt and face intermediation costs, returns on pension assets are less than taxpayers' costs of borrowing. Hence, zero

pension funding is optimal. Also, unfunded pension promises are properly discounted at a rate strictly greater than the government's borrowing rate. Funding can still be in taxpayers' interests if legal enforcement problems make unfunded pensions risky for employees, but except in special cases, the optimal funding ratio is less than 100%.

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

ILFOP Endorsement of IPPFA Education and Employee Benefit Program

By Ted J. Street—ILFOP State President

President of Fraternal Order of Police, I am pleased to extend our endorsement of the IPPFA's Education and Employee Benefit Programs. We have found your sponsored programs to be focused on the needs of the Illinois public sector employee in preparing for an adequate retirement and sensitive to the administrative needs of employers.

By helping the Illinois Public Sector Employee build larger deferred compensation accounts through a 457 program that contains hands on service, a fiduciarily sound investment program, and significantly lower costs, the IPPFA has not only directly helped enrolled participants, you have created a competitive force to which the vendor community must respond. As labor representatives, we welcome such evolution in a benefit that is usually 100% employee funded. - [click here for more...](#)

States Want More in Pension Contributions

By Steven Greenhouse, June 15, 2011- New York Times.com

First came the pay freezes and unpaid furloughs. Then came the higher contributions for health insurance. Now, in the most definitive sign yet that the era of generous compensation for public-sector employees is ending, workers in more than half the states face the prospect of paying more of their salary toward their pensions.

So far this year, eight states, including Wisconsin and Florida, have decided to require government employees to contribute more, sometimes far more, to their pensions. Governors and legislators in 10 other states, including California and Illinois, are proposing their own pension changes as they grapple with budget deficits and underfunded pension plans. - [click here for more...](#)

PENSION REFORM SCHOOL

By Tony Martin

The turmoil involving public employees and public pensions has been and continues to be in the news constantly. In order to balance budgets, every level of government has targeted public servants wages and pensions to reduce deficits. In order to keep the Federal Government from defaulting on its debt Timothy Geithner has indicated he will raid a federal employee pension plan to keep the federal government afloat until the debt ceiling is raised. In 2010, over 20 states introduced or passed legislation aimed to reduce or otherwise modify pension plan benefits for current or future employees, and more proposals have been introduced this year. Many states have even attacked collective bargaining rights that millions of our fellow citizens have fought hard to achieve and in many instances have died pursuing. Whatever one's opinion of

unions may be, it was the union movement achieving collective bargaining rights that gave rise to the middle class in the United States including members of the Chicago Fire Department. - [click here for more...](#)

Pep Talk for Pension Reform

Viable, sensible, lasting solutions will require more efforts.

BY Girard Miller, June 9, 2011 – Governing.com

Last month, three key episodes in the multi-year pension reform debates were front and center. First, a capital-markets analysis from the well-respected Barclays Capital research department. Barclays reported that the world is not ending and that public pension obligations — albeit under stress — are manageable in most states.

Second, the Government Finance Officers Association (GFOA) held its annual national conference with prime-time sessions devoted to "dispelling myths about pensions" and properly chided the idea that we are at risk for an apocalyptic meltdown of the municipal bond market.

Third, in the course of GFOA's pension presentations, the association approved the most informative "best practices" document yet produced by anybody — right, left or center. - [click here for more...](#)

HHS to Reduce Premiums, Make it Easier for Americans with Pre-Existing Conditions to Get Health Insurance

By HHS.gov, May 31, 2011 – HHS Press Office

The U.S. Department of Health and Human Services (HHS) today announced new steps to reduce premiums and make it easier for Americans to enroll in the Pre-Existing Condition Insurance Plan. Premiums for the Federally-administered Pre-Existing Condition Insurance Plan (PCIP) will drop as much as 40 percent in 18 States, and eligibility standards will be eased in 23 States and the District of Columbia to ensure more Americans with pre-existing conditions have access to affordable health insurance. The Pre-Existing Condition Insurance Plan was created under the Affordable Care Act and serves as a bridge to 2014 when insurers will no longer be allowed to deny coverage to people with any pre-existing condition, like cancer, diabetes, and asthma. - [click here for more...](#)

2 Rockford officers' cases await pension board's decision

Police officer bids for disability rare; so are refusals

By Sean F. Driscoll, June 15, 2011 - BUSINESSROCKFORD.COM

Editor's note: This story originally contained wrong information about the number of disability application denials in the seventh paragraph. It has been corrected.

ROCKFORD — Two Rockford police officers are waiting to hear whether they will receive disability discharges from the force. Based on the track records of the city's two pension boards, they're likely to get them.

Still, it's not a given. Both officers Stan North and Cheryl Buntjer are claiming post-traumatic stress as the cause for their disabilities.

The same rules apply no matter the cause for the disability, and the police pension board members will use both Illinois law and their own judgments to determine the merits of both cases. - [click here for more...](#)

Public sector pension funds: Not dead yet

By Andrew Leonard, Thursday, June 9, 2011 – Salon.com

A new report suggests government union benefits won't be bankrupting states, after all remember that awful public sector union pension crisis that was going to bankrupt every state from California to Wisconsin? A little less Armageddon in the coffee, please. Reuters is reporting some interesting details from a new report by the National Conference of Public Employee Retirement Systems.

Public pension funds are experiencing a robust recovery from the historic market downturn of 2008-2009 -- reporting strong investment returns, growing assets and funding levels on track to meet obligations," said the National Conference of Public Employee Retirement Systems. The group, the largest trade association for public sector pensions, surveyed state and local systems representing 7.6 million people and assets exceeding \$900 billion. - [click here for more...](#)

Employers Recognizing Need for Benefits Appealing to Young and Old Workers

By Rita Pyrellis, June 15, 2011 – Workforce.com

The need to attract new talent while holding onto experienced workers is creating a demand for financial benefit plans that appeal to a multigenerational workforce, according to a new study by Bank of America Merrill Lynch, which takes a look at the role these programs play in talent management.

"Longer life expectancies and baby boomers' desire or need to keep working are leading to an aging population of American employees that will require more age-friendly workplaces and benefit plans designed to meet the unique needs of multiple generations," says Andy Sieg, head of retirement services for Bank of America Merrill Lynch. - [click here for more...](#)

NCPERS Survey Finds Public Pension Funds Solidly Funded, Actively Changing to Adapt to Economic, Political Conditions

June 08, 2011 – Business Wire.com

WASHINGTON—(Business Wire)—The most comprehensive and up-to-date study addressing retirement issues for public pension plans finds state and local pension funds are solidly funded and are adopting substantial organizational and operational changes to ensure their long-term sustainability.

The 2011 NCPERS Public Fund Study, conducted by the National Conference on Public Employee Retirement Systems (NCPERS) and Cobalt Community Research, surveyed no less than 215 public pension

funds in March and April. The vast majority – 83 percent – were local pension funds, while the remaining 17 percent were state pension funds. Those funds cover nearly 7.6 million active and retired public employees and have assets exceeding \$900 billion. - [click here for more...](#)

Legislative Updates

PENSIONS AND RETIREMENT PLAN ENACTMENTS IN 2011 STATE LEGISLATURES

By Ronald K. Snell, May 30, 2011 - National Conference of State Legislatures

ABOUT THIS REPORT

This report summarizes selected state pensions and retirement legislation enacted from January 2011 through the date of publication. Its goal is to help researchers and policy makers know how other states have addressed issues that could arise in any state. In keeping with that goal, the report excludes most clean-up legislation, cost-of-living adjustments, administrative procedures and technical amendments. This report is organized according to the topics that legislatures addressed in 2011, listed at the end of this introduction.

Bills summarized below have been enacted into law unless there is a specific indication to the contrary. Not all legislation had been chaptered at the time this report was compiled. It is likely that additional legislation on these topics will be enacted later in 2011. Any bracketed language is an editorial explanation and is not part of the legislative summary.

The sources of this report are StateNet searches of current and enacted legislation, retirement systems' websites, state legislatures' reports of enacted legislation, and information provided by legislative and retirement system staff. I am indebted to the many legislative staff who write and share summaries of their legislatures' acts, the many retirement system staff throughout the United States who have posted legislative summaries on their web sites, and the staff of legislatures and retirement systems who have taken time to identify and explain legislation and its context to me. - [click here for more...](#)

Training and Education

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...](#)

2011 IPPFA Midwest Pension Conference

[Hotel Reservations now available](#)

IPPFA Midwest Pension Conference will be held in Lake Geneva, WI

The dates for the 2011 conference are [October 4-7, 2011](#).
The venue will be the Grand Geneva Resort & Spa.
The IPPFA rate is \$138.00 per night. - [click here for more...](#)

Illinois Public Pension Fund Association 2011 Midwest Golf Outing

The Highlands – Tuesday, October 4, 2011
Sign up for the Golf outing at the Grand Geneva Resort in Lake Geneva. - [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...](#)
