



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

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August 2011 Newsletter



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SEC: We're Probing Pensions

Friday, July 22, 2011-By Joan Quigley-The Bond Buyer-July 25, 2011

Schapiro Speaks at Dodd-Frank Event

WASHINGTON — The Securities and Exchange Commission is probing a number of governmental entities about the adequacy of their public pension disclosures, chairwoman Mary Schapiro told lawmakers Thursday.

Schapiro's remarks came during a hearing by the Senate Banking Committee devoted to the one-year anniversary of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Other witnesses included Ben Bernanke, the Federal Reserve chairman, Gary Gensler, chairman of the Commodity Futures Trading Commission, and Rep. Barney Frank, D-Mass., one of the architects of the sweeping financial reform law that bears his name. - [click here for more...](#)

2nd Annual IPPFA Remembrance & Survivors Fund Sporting Clays Shoot!!!

Saturday, October 8, 2011 the day after the Midwest Conference

Location: Richmond Hunting Club

5016 IL Route 173

Richmond, IL

Check-in starts at 8:00 am/Shooting starts at 9:00 am

Profits benefit the Remembrance Fund/\$80 per participant

Price includes: Clays and lunch after the shoot. Ammunition is **NOT** included! - [click here for more...](#)

Odds rise that a ratings agency will downgrade U.S. credit

By Scott Patterson, USA TODAY

As the debate over the debt and budget reaches a fever pitch, odds are increasing that the U.S. will get its knuckles rapped by a ratings agency.

How that affects the market and the broader economy is less clear. The inability of Republicans and Democrats to reach agreement on a wide-ranging budget deal days before Aug. 2, when the Treasury Department says it will lose its ability to raise cash, is pushing the U.S. closer to a point that many on Wall Street just weeks ago thought impossible: the loss of its vaunted triple-A rating.

James McNamee, president of the Illinois Public Pension Fund Association, says a downgrade of one notch wouldn't affect Illinois pension funds' ability to hold Treasuries. His primary fear, he said, is.... - [click here for more...](#)

Guest Editorial; 'We're Number One': Illinois Pension Crisis, part 1

by *Chris Lauzen*— *State Senator (R-25)*—*Elburn Herald*—June 30th, 2011

I begin every conversation with a public employee or teacher who calls to advise “no changes” to their pension plans “Teachers g – o – o – o -d, majority of politicians b – a – a – a – d!”

In Shakespeare's Henry VI, there is a scene where saboteurs are plotting to overthrow the king and one says, “The first thing we do, let's kill all the lawyers ...” When I read that sentiment as a schoolboy, I felt sorry for my friends who hoped to practice law. Now, as an adult, the current sentiment is to substitute “politicians” for lawyers.

Nineteen years ago, when you first sent me to Springfield, it was a big surprise to learn that a state government did not have to follow the same rules that every small business must follow regarding the proper funding of its pension obligations. If a small business owner did not deposit the correct amount, the first

penalty was to lose the tax deductibility of those payments. If it happened a second time, the owner could be prosecuted and sent to jail.

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

GASB Files for Divorce

Accounting standards are splitting away from pension funding policies.

By Girard Miller July 14, 2011—"Governing"

The Governmental Accounting Standards Board (GASB) has officially filed for a divorce from pension funds' and employer's funding policies. The July 8 exposure draft of proposed financial reporting standards will almost certainly work its way into formal rules next year. Unfortunately, the vast majority of pension funds will most likely adopt the accounting rules, but then go their own way with their funding policies because most employers cannot afford to pay the full actuarially calculated costs of the GASB standards. The resulting void will invite mischief and must be addressed by the public pension and public finance communities.

For those who don't follow GASB closely, the accountants have decided that: Unfunded pension liabilities should be presented on the balance sheets of the employers. The full cost of retirement benefits should be "expensed" as costs on the employer's financial statements, regardless of what the employer actually contributes to the retirement plan each year. The calculation of the pension liabilities should be refined to use (1) a different discounting rate to value liabilities that cannot be funded by assets already held in trust or contributed regularly, and (2) shorter amortization periods that would generally ensure that money is put away to pay for benefits before employees retire -- and not paid by the next generation who would get no benefits for bills presented to them after workers have left the payroll. - [click here for more...](#)

Arbitrator sides with union in Illinois wage dispute

Illinois Statehouse News July 20, 2011 8:50 PM by Andrew Thomas

SPRINGFIELD - An arbitrator blocked Gov. Pat Quinn's plan to deny 30,000 state workers salary increases set to start at the beginning of this month, saying Quinn's decision violated a 2008 contract between the state and workers' union.

Quinn's office said the state denied the \$75 million in higher wages to employees in 14 state agencies because the Legislature didn't appropriate enough money

"Funding these raises would mean that these agencies would not be able to make payroll for the entire year, disrupting core services for the people of Illinois, including children, the elderly and those with special needs," Quinn spokeswoman Annie Thompson said. "We will be appealing the arbitrator's decision." - [click here for more...](#)

Important Annual Open Enrollment Announcement

William F. Robinson, Jr. RHU, FLMI; Area Senior Vice President

Gallagher Benefit Services, Inc.

Family Protection Plus (FPP) Group Decreasing Term Life Insurance Plan

The second annual open enrollment period for the NCPERS **FPP Group Voluntary Life Plan** sponsored by the IPPFA will occur later this year for active plan participants.

This Plan is designed especially for public safety employees like you. It offers a supplementary survivor's benefit to augment your retirement system's benefits. Protecting your family's future through your pension benefit is something you can feel good about. But, how would your family support themselves if something tragic happened to you before you could accrue a substantial pension benefit? The **Family Protection Plus Plan** provides additional financial security for your family.

Family Protection Plus includes Life Insurance and Accidental Death & Dismemberment (AD&D) Insurance for the member and Life Insurance for eligible dependents—all for just \$17 a month. A basic will preparation benefit is included at no cost with the Plan. It is available for active employees and coverage is in effect 24/7—on or off the job. There is no physical required, no health questions to answer and the premium never increases. And as long as you continue to pay the \$17 a month premium, you can also keep this coverage throughout your retirement.

Look for more information on the upcoming **FPP Plan** annual open enrollment in future IPPFA newsletters.

NIRS Testifies Before U.S. Senate That Pensions Create Jobs, Stimulate the Economy

Pensions Most Economically Efficient Means to Ensure Middle Class Americans Can Remain Self-Sufficient in Retirement—EON-Enhanced Online News-July 12, 2011

WASHINGTON—National Institute on Retirement Security (NIRS) executive director Diane Oakley testified today before the U.S. Senate Committee on Health, Education, Labor & Pensions that pensions provide substantial economic stimulus for virtually every state and town across America. In a preliminary analysis conducted for the hearing, NIRS estimates that 2009 expenditures from public and private sector pension plans:

- Had a total economic impact of \$756 billion;
- Supported more than 5.3 million American jobs; and
- Supported more than \$121.5 billion in annual federal, state, local tax revenue.

“Pensions are a ‘high five’ for the U.S. economy: investing \$5.35 trillion in assets for the future, keeping some 5 million retired Americans out of poverty, supporting 5.3 million American jobs, and delivering retirement income at nearly 50 percent lower cost than individual defined contribution retirement accounts,” said Diane Oakley, NIRS executive director. - [click here for more...](#)

Is Retirement Getting Better Or Worse?

By Ken Dychtwald, PhD-Gerontologist, psychologist, author, entrepreneur and public speaker—The

Huffington Post 07/13/11:

Exactly 10 years ago in 2001, Age Wave, in partnership with SunAmerica Financial Group and Harris Interactive, conducted the landmark "Re-Visioning Retirement" study, for which we interviewed 1,000 men and women age 55 and older to learn how they felt about retirement. This groundbreaking investigation was the first to look beyond basic financial and demographic issues to reveal the emotions, attitudes, expectations and behaviors of pre-retirees and retirees nationwide. The study revealed that the majority of Americans thought they'd be able to comfortably retire in their early- to mid-60s. And, thanks to a lifetime of savings, guaranteed company pensions and rock solid government entitlements, most thought they'd be able to afford decades of non-working leisure.

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

What are the Top 10 Cities for Retirement?

Jul 27, 2011 Written by James Gilbert

(CBS News) -- AARP The Magazine printed their rundown for the nation's best cities for retired folks to spend their silver years. Did any city in the Midlands make the list?

The magazine ranked the destinations by examining financial data on more than 350 cities across the country. The publication based their results, not only on property- and sales-tax rates, median housing price, and cost of living, but also the tax rate on pensions and Social Security. Recreation, climate, and arts and culture were also considered.

10th Best City for Retirement: Runner-up on AARP The Magazine's 10 Affordable Cities for Retirement list is Cheyenne, WY. The median housing price is \$141,400, there's no state tax on pensions or a state tax on Social Security. Sales tax is 6 percent.

Continue to read this article to see what the other 9 cities are!!! - [click here for more...](#)

36 NEW POLICE & FIRE BOARDS Joined IPPFA in 2011 to Date

Calumet Park Park, Savanna Police, Fosterburg Fire, DuQuoin Fire, Morton Police, Manteno Fire, Metropolis Police, Romeoville Fire, Bartlett Police, Deerfield/Bannockburn Fire, Marengo Police, Silvis Fire, East Alton Fire, Mattoon Fire, Taylorville Police, Bartlett Fire, Monticello Police, Mattoon Police, Arlington Heights Fire, Western Springs Police, Collinsville Fire, Marion Fire, Savanna Fire, Canton Fire, Palatine Fire, Hoffman Estates Police, Litchfield Fire, Maywood Fire, Lombard Fire , Williamson County Fire, Peoria Heights Police, Prospect Heights Fire, Pana Police, Leyden Fire, Beardstown Fire and Beardstown Police.

New Affiliates 2011

Epoch

UBS Global Asset Management (Americas) Inc

Investment Performance Services, LLC

Lowery Asset Consulting

Credit Suisse Asset Management

Garcia Hamilton & Associations

Reaves Asset Management

NEW SPONSORS 2011

Hagens Berman Sobol Shapiro LLP

Wall & Associates (moved up to sponsor level)

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](#)

Important Notice!!! We are filling Up Fast!

We have been informed that room reservations at the Grand Geneva Resort are fast approaching capacity for the resort. There are a few two bedroom suites still available at Timber Ridge at the Grand Geneva at a rate of \$225.00 plus taxes. We have arranged for some overflow rooms at the Holiday Inn at Lake Geneva Resort, which is on the Grand Geneva grounds.

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...](#)

Annual Golf Outing Registration—2011 Midwest Golf Outing

Illinois Public Pension Fund Association

The Highlands – October 4, 2011

Please Join Us for a Scramble Round of Golf, Lunch & Beverages on the Course

Tuesday, October 4, 2011 The Highlands - Grand Geneva

\$90 per Golfer / **\$360** per foursome/Price Includes golf with cart, lunch and beverages on the course.

- [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...](#)