



# ILLINOIS PUBLIC PENSION FUND ASSOCIATION

## *Preparing Pension Funds for Tomorrow*

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

April 1, 2012

## April 2012 Newsletter



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### **STATE PENSION REFORM, 2009-2011**

By Ron Snell March 2012—NCSL-National Conference of State Legislatures

From 2009 through 2011, 43 states enacted major changes in state retirement plans for broad categories of public employees and teachers to address long-term funding issues. Their changes were designed to reduce pension fund

obligations by increasing employee contributions or age and service requirements for retirement, or both, and adjusting benefit provisions in various other ways that reduce costs. Such legislation was rare before 2005, but became national in scope from 2009 on. Ten states made such changes in 2009; 21 did so in 2010 and 32 did so in 2011. Several states acted more than once, for a total of 43 states over the three years. - [click here for more...](#)

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### **ATTENTION LAW ENFORCEMENT PROFESSIONALS! WHITE SOX VS. TWINS**

LAW ENFORCEMENT DAY AT THE PARK—TO BENEFIT THE NATIONAL LAW ENFORCEMENT MUSEUM—*Thursday, May 24, 2012 - 7:10 P.M. U.S. Cellular Field*

The Chicago White Sox have dedicated May 24th, 2012 as Law Enforcement Appreciation Day at the Park to benefit the National Law Enforcement Officers Memorial Fund and Nationals Law Enforcement Museum, in honor of Illinois finest public safety officers. The Memorial honors the service and sacrifice of the men and women who have paid the ultimate sacrifice and have died in the line of duty protecting our communities. The National Law Enforcement Museum will tell the rest of the story, the history of American law enforcement and the stories behind the badge. This event is open to all law enforcement officers, family members and anyone who supports and appreciates our law enforcement professionals. - [click here for more...](#)

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### **Undermining state pensions is short-sighted**

By John Burbank—HeraldNet

Are you saving for your retirement? If you are working, you are. You put 4.1 percent of your paycheck into Social Security, through the FICA tax.

Now consider if we had no Social Security. The vast majority of workers would be understandably worried about paying the bills on their current income, their co-insurance for health coverage, their mortgage, not to mention saving for college for their kids. Retirement savings? That can be put off another day, month, year, decade. And that is what gets us into trouble when we actually do retire and look for some income to help us along in our declining years. - [click here for more...](#)

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### **Center for Retirement Research at Boston College**

It seems we can't find what you're looking for. Perhaps searching, or one of the links below, can help!!

*Recent Posts*

- How Can Employers Encourage Young Workers to Save for Retirement?
- Can the Actuarial Reduction for Social Security Early Retirement Still Be Right?
- The Rise of Financial Fraud
- What's the Tax Advantage of 401(k)s?
- Social Security Claiming: Trends and Business Cycle Effects
- Economic Consequences of the Great Recession: Evidence from the Panel Study of Income Dynamics
- 2012 Retirement Research Consortium Conference

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

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### **Retiree Healthcare Funding**

### ***IPPFA Benefits by Joel Babbitt***

There are many articles about the devastating cost of health care in retirement. With the increasing reduction or elimination of the employer subsidy for healthcare in retirement, many public sector workers are looking for solutions to allow them to pre-fund their retirement healthcare costs over their career on a tax-favorable basis.

Instead of spending your Deferred Compensation Plan or a significant portion of your monthly pension check on insurance premiums post-tax, how would you like to pay for your medical expenses in retirement, including the premiums completely tax-free? A Retirement Healthcare Funding Plan (RHFP) is a health care savings plan that provides a source of tax-free funds to reimburse the participant for the cost of health care expenses for themselves, their spouses and any other qualified tax-dependents. - [click here for more...](#)

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### **IMPORTANT!! New Requirements for All Trustees—Read!!**

by The Attorney General Lisa Madigan

It is the public policy of this State that public bodies exist to aid in the conduct of the people's business and that the people have a right to be informed as to the conduct of their business.

- Illinois Open Meetings Act, 5 ILCS 120/1.

Pursuant to the fundamental philosophy of the American constitutional form of government, it is declared to be the public policy of the State of Illinois that all persons are entitled to full and complete information regarding the affairs of government and the official acts and policies of those who represent them as public officials and public employees consistent with the terms of this Act. Such access is necessary to enable the people to fulfill their duties of discussing public issues fully and freely, making informed political judgments and monitoring government to ensure that it is being conducted in the public interest. - Illinois Freedom of Information Act, 5 ILCS 140/1. - [click here for more...](#)

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### **SEC Charges Illinois-Based Adviser in Social Media Scam**

Agency Issues Alerts on Social Media Risks for Investors and Firms

*US Security Exchange Commission - Washington, D.C., Jan. 4, 2012* — The Securities and Exchange Commission today charged an Illinois-based investment adviser with offering to sell fictitious securities on LinkedIn and issued two alerts in an agency-wide effort to highlight the risks investors and advisory firms face when using social media. The SEC's Division of Enforcement alleges that Anthony Fields of Lyons, Ill. offered more than \$500 billion in fictitious securities through various social media websites. For example, he used LinkedIn discussions to promote fictitious "bank guarantees" and "medium-term notes." The postings resulted in interest from multiple purported potential buyers. - [click here for more...](#)

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### **PRINCIPLES FOR A NEW RETIREMENT SYSTEM**

*Retirement USA—Working for a Universal Secure & Adequate Retirement System*

Retirement USA is an initiative developed by organizations representing workers and retirees that are committed to working for a universal, secure, and adequate private retirement system for the future that supplements Social Security.

The organizations

launching the initiative are the Economic Policy Institute, the National Committee to Preserve Social Security and

Medicare, the Pension Rights Center, and the Service Employees International Union. - [click here for more...](#)

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### **Introduction: defined benefit pension plans in the united states**

#### **Defined benefit (DB) pension plans have existed in the United States since the 19th century**

*National Institute on Retirement Security by Ilana Boivie*

In the private sector, the first defined benefit (DB) pension plan was introduced in 1875 by the American Express Company. Over time, many private sector employers saw the value of offering DB pension coverage to their employees, as these benefits not only were quite valued by workers, but from a human resource management perspective, they also acted as an effective recruitment and retention tool. Although private sector DB plans have experienced a decline in recent decades (due in large part to a difficult regulatory environment), in 2005, 33% of private sector employees still had DB pension coverage.

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

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### **State and Local Government Pension Plans**

#### **Economic Downturn Spurs Efforts to Address Costs and Sustainability, March 2012**

*What GAO Found*

Despite the recent economic downturn, most large state and local government pension plans have assets sufficient to cover benefit payments to retirees for a decade or more. However, pension plans still face challenges over the long term due to the gap between assets and liabilities. In the past, some plan sponsors have not made adequate plan contributions or have granted unfunded benefit increases, and many suffered from investment losses during the economic downturn. The resulting gap between asset values and projected liabilities has led to steady increases in the actuarially required contribution levels needed to help sustain pension plans at the same time state and local governments face other fiscal pressures. - [click here for more...](#)

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### **Legal Updates**

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#### **Judge Orders Brookstreet CEO to Pay \$10 Million Penalty in SEC Case**

*US Security Exchange Commission - Washington, D.C., March 2, 2012* — The Securities and Exchange Commission today announced that a federal judge has ordered the former CEO of Brookstreet Securities Corp. to pay a maximum \$10 million penalty in a securities fraud case related to the financial crisis.

The SEC litigated the case beginning in December 2009, when the agency charged Stanley C. Brooks and Brookstreet with fraud for systematically selling risky mortgage-backed securities to customers with conservative investment goals. Brookstreet and Brooks developed a program through which the firm's registered representatives sold particularly risky and illiquid types of Collateralized Mortgage Obligations (CMOs) to more than 1,000 seniors, retirees, and others for whom the securities were unsuitable. Brookstreet and Brooks continued to promote and sell the risky CMOs even after Brooks received numerous warnings that these were dangerous investments that could become worthless overnight. The fraud caused severe investor losses and eventually caused the firm to collapse. - [click here for more...](#)

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## **Training and Education**

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### **IPPFA On-Line Certified Trustee Program/and Classroom 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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### **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...](#)