



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

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June 2012 Newsletter



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More Biggs Bombast

by NCTR Federal E-News on Thursday, May 31, 2012

Andrew Biggs, the economist and self-proclaimed expert on all things related to pensions, has been a busy boy in the merry, merry month of May. From his perch at the American Enterprise Institute (AEI) -- a Washington conservative think tank that is also home to Newt Gingrich, John Bolton, and Lynne Cheney -- Biggs has a long history of bashing public employees and their pension plans.

Teachers have a special place in his heart. He believes that education is a "less rigorous course of study" than other majors; that teachers "enter college with below-average SAT scores but receive much higher GPAs than other students;"

and that a degree in education “simply does not reflect the same underlying skills and knowledge” as a degree in other areas. - [click here for more...](#)

NATIONAL ASSOCIATION OF STATE RETIREMENT ADMINISTRATORS

SUBJECT: Perspectives on Recent "GASB Won't Let Me" Report by Keith Brainard Governmental Accounting Standards Board (GASB) standards are accounting guidelines, not funding requirements, a fact that will come into even sharper focus this summer when GASB issues its expected revised statements for pension accounting. The new standards are expected to remove the link between pension accounting and funding, achieved in part by eliminating the Annual Required Contribution (ARC). - [click here for more...](#)

Look Before You Leap

The Unintended Consequences of Pension Freezes

By Ilana Boivie and Beth Almeida at the National Institute on Retirement Security Americans are increasingly worried about their retirement security in the face of falling home values, turmoil in the financial markets, and general economic instability. This insecurity can, at least in part, be attributed to the fact that fewer workers and retirees are able to count on a secure, predictable monthly pension, as more employers in the private sector have “frozen” participation in their pension plans. The trend away from traditional defined benefit pension plans in the private sector in favor of individual retirement savings accounts (such as those found in defined contribution plans) has left Americans especially vulnerable to the volatility in financial markets. [click here for more...](#)

Statement from Governor Quinn on Stabilizing Our Pension System

Governor Pat Quinn today released a statement regarding the status of pension reform in Illinois.

Springfield – May 31, 2012.

“While this has been a productive legislative session, our work is not done for the people of Illinois. “Many members rose to the occasion to take difficult votes to save our Medicaid system from collapse, enact retiree healthcare reform and abolish the oft-abused legislative scholarship program. But we have not finished our work to reform Illinois’ pension system, which is drowning in an ocean of unfunded liability. - [click here for more...](#)

THE FUNDING OF STATE AND LOCAL PENSIONS: 2011-2015

By Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, Madeline Medenica, and Laura Quinby Center for Retirement Research At Boston College, May 2012

Introduction:

The stock market hovers around pre-crisis peaks, tax revenues have rebounded, and plan sponsors have raised employee contributions for all workers and/or reduced benefits for new workers, yet the funded status of state and local pension plans has once again slipped. This result reflects slow growth in the value of actuarial assets as actuaries in the public sector tend to smooth gains and losses over several years, which was only partly mitigated by an unexpected reduction in liability growth. Because of smoothing, the funding results looked much better in 2009 and 2010 than developments warranted, but less good than developments in 2011. - [click here for more...](#)

Remarks as Prepared for Delivery on Pension Reform

Springfield, Illinois May 8, 2012

Representative Nekritz, Speaker Madigan and members of the Personnel and Pension Committee, thank you for the opportunity to come before you today. The people of Chicago elected me to bring change to our City. And in the past year we have made tough choices to break from the status quo, making our schools stronger, our streets safer, and our finances more stable. But today, the progress we've made on all these fronts is at risk because of one looming challenge: the increasing pressure from our pension obligations. Our City can get every other issue right, but without fundamental reforms to our pension system, Chicago's economy and quality of life will falter. And Chicago is not alone: leaders in cities and towns across this State are facing similar challenges. Before I go any further, it is important that I make one point: we do not face these challenges because our public employees and our taxpayers did anything wrong -- they did what was required of them with every pay stub. We are here today because those in positions of responsibility didn't hold up their end of their bargain. - [click here for more...](#)

2012 FACT SHEET

FACTS: State and Local Bankruptcy

Unintended Consequences. The mere suggestion that Congress should enact preemptive authority for states to file for bankruptcy is pernicious because of its predictable consequences. Any federal law allowing states to declare bankruptcy would only serve to increase interest rates, rattle investors and markets, raise the costs for state government, create more volatility and uncertainty in financial markets, and erode state sovereignty under the 10th Amendment to the U.S. Constitution. - [click here for more...](#)

BlackRock Releases National Retirement Survey

New York, May 3, 2012 – When it comes to enjoying life in retirement, the reality for current retirees is beating the expectations of current workers, according to a new survey released today by BlackRock, Inc. (NYSE: BLK). The lifestyles of today's retirees are continuing to draw considerable support from secure retirement income delivered by traditional pensions – an income source that will not be as widely available to future retirees. At the same time, the poll shows, long-term participation in a workplace retirement savings plan like a 401(k) – now steadily replacing the traditional pension as the dominant corporate retirement offering – is also emerging as a key boost to well-being in retired life as well as effective retirement planning among current workers. - [click here for more...](#)

Fund Managers 'Intimidating' Pensions

by Elizabeth Pfeuti European Editor, *aiCIO* Thursday, May 24, 2012

Fund managers are often blinding trustees with science, but is it the investors who should be better educated so they are not caught out?

(May 24, 2012) -- Some fund managers are purposefully bamboozling pension fund investors, who are struggling to see the bigger picture when allocating capital, industry experts have claimed.

Some asset management teams wilfully talk at too high a level when touting their products and services, panellists at a roundtable discussion in London on pension fund governance said today.

Toby Nangle, Head of Multi Asset and Asset Allocation at Threadneedle Investments, said: "As a trustee of a DC pension scheme and a grant-giving charity, I have seen first-hand that some fund managers try to intimidate trustees." - [click here for more...](#)

Pensions in Transition: Retirement Plan Changes and Employer Motivations

Towers-Watson-Retirement Planning—May 2012

Several factors have combined over the past decade to make sponsorship of defined benefit (DB) pension plans less attractive to employers. Low interest rates, falling equity values, a deep economic recession and an uneven recovery have lowered pension funding ratios and led to large employer contributions at a time when many can least afford them. Moreover, the legislative and regulatory climate has added uncertainty to the mix, which — in the eyes of some critics —

has erased the economic basis of offering such a plan. - [click here for more...](#)

Training and Education

2012 IPPFA Midwest Pension Conference

For over 25 years the IPPFA has offered Public Pension Trustees the best and latest in trustee training. With the recent far reaching changes in pension law and with the difficult challenges yet to come, the IPPFA strives to prepare pension trustees for the future. Please join us for Training in Ethics, Investment Procedures, Fiduciary Responsibilities, Legal and Legislative Updates, and much, much more and all with nationally renowned speakers. IPPFA Midwest Pension conference will be held in Lake Geneva, WI. The dates for the conference are October 2-5, 2012 at the Grand Geneva Resort & Spa. - [click here for more...](#)

Open Meetings Act

06/01/2012

The Open Meetings Act now requires every trustee, elected or appointed, to complete the electronic training curriculum developed and administered by the Public Access Counselor of the Attorney General Office. - [click here for more...](#)

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...](#)

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...](#)

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...](#)
