



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

August 1, 2015

August 2015 Newsletter



In this issue...



Hello All,

I hope all of you are enjoying your summer and finding time to hang out with your loved ones. I recently drove with some of my kids to Missouri. Lots of laughs!

Recently, Governor Rauner introduced legislation in regards to pension reform. Some of the main topics were consolidation, a Tier 3, Downstate Police and Fire Tier 1 employee “choice model”, local control of collective bargaining compromise and local government restructuring. The IPPFA is **OPPOSED** to all of this legislation.

The IPPFA, along with the representatives from the AFFL, the FOP, and the State Troopers lodge, recently testified in front of a legislative panel in regards to Police and Fire pensions. Many questions were asked about funding and pension benefits. From the discussion, some of our legislatures still are very misinformed about what we get as far as benefits and what our funding levels are. The IPPFA has provided all of this information for many years but obviously we need to do more. We have invited many legislatures to attend our seminars, schools, and conference. We have some that have attended. We will continue to invite and inform them. Please continue to educate your legislatures, alderman, trustees, and public about what our pensions consist of and what benefits we get. We will continue to monitor this situation.

The IPPFA recently introduced our new Certified Retirement Coordinator (CRC). Our first class will be held September 24, 2015 at the NIU Hoffman Estates campus. The CRC can be anyone in the municipality, a department head, union official, pension trustee, human resource director or finance director. Having more than one CRC may be beneficial as well. Not only will the CRC have answers about retirement, but in the event of a line-of-duty death or injury, the CRC will have information that the injured employee and/or survivors need to receive the help they need to get through a traumatic incident. Go to our website, www.ippfa.org, for more information.

Registration is now open for the MidAmerican Pension Conference! In the past, we have had trustees book their rooms but not register for the conference. Registration is on the IPPFA website, www.ippfa.org. The dates for the conference are October 6th – 9th. Hope to see you there!

I would like to Thank Greg Manko for putting on the Inaugural Remembrance Ride on July 12. All of the proceeds are going to the IPPFA Remembrance Fund. To make a donation to the Remembrance Fund, go to the website.

Stay safe!

Tim Moss—Executive Director, IPPFA

IPPFA 2015 MidAmerican Golf Outing Brute Golf Course – October 6, 2015, reserve your spot now. -[click here for more...](#)

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Illinois Articles...

Economy to roll along at a solid pace in 2015 and accelerate slightly in 2016

by William A. Strauss, senior economist and economic advisor, and Jacob Berman, associate economist—Chicago Fed Letter

According to participants in the Chicago Fed's annual Automotive Outlook Symposium, the nation's economic growth is forecasted to be near its long-term average this year and to strengthen somewhat in 2016. Inflation is expected to decrease in 2015 but rebound in 2016. The unemployment rate is anticipated to move lower through the end of 2016, reaching 5% by then. Light vehicle sales are predicted to improve moderately in 2015 and 2016. - [click here for more...](#)

States, Cities to Ask SEC to Beef Up Disclosures for Private-Equity Firms

About a dozen comptrollers, treasurers from around country sign letter to SEC demanding action

By Timothy W. Martin—The Wall Street Journal—July 21, 2015

A group of states and cities said it intends to send a letter to the Securities and Exchange Commission late Tuesday asking for greater transparency and more frequent disclosures by private-equity funds.

Around a dozen comptrollers and treasurers from New York to California want the SEC to demand private-equity funds make disclosures of fees and expenses more frequently than they do now, according to a copy of the letter reviewed by The Wall Street Journal.

Clearer and more consistent disclosures will give large retirement systems “a stronger negotiating position, ultimately resulting in more efficient investment options,” according to the letter. - [click here for more...](#)

Bad Math and a Coming Public Pension Crisis

By Mary Williams Walsh—The New Times—JULY 8, 2015

When Jim Palermo was serving as a trustee of the village of La Grange, Ill., he noticed something peculiar about the local police officers and firefighters. They were not going to live as long as might be expected, at least according to pension tables.

After Mr. Palermo dug into the numbers, he found that the actuary — the person who advises pension plan trustees about how much money to set aside — was using a mortality table from 1971 that showed La Grange's roughly 100 police officers and firefighters were expected to die, on average, before reaching 75, compared with 79 under a more recent table.

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

National Articles...

Commission Guidance Regarding the Definition of the Terms “Spouse” and “Marriage” Following the Supreme Court's Decision in United States v. Windsor

A Rule by the Securities and Exchange Commission on 07/01/2015

By the Federal Register—The Daily Journal of the United States Government

On June 26, 2013, the Supreme Court of the United States ruled in *United States v. Windsor* that Section 3 of the Defense of Marriage Act (“DOMA”) is unconstitutional. Section 3 provides that in “determining the meaning of any Act of Congress, or of any ruling, regulation, or interpretation of the various administrative bureaus and agencies of the United States,” the “word ‘spouse’ refers only to a person of the opposite sex who is a husband or a wife,” and the “word ‘marriage’ means only a legal union between one man and one woman as husband and wife.” - [click here for more...](#)

CMS Releases First Round of Home Health Compare Quality of Patient Care Star Ratings

Articles By Centers for Medicare and Medicaid Services—go.cms.gov/media—July 16, 2015

Today, the Centers for Medicare & Medicaid Services (CMS) for the first time published star ratings on Home Health Compare, CMS’s public information website for Home Health Agencies. Star ratings can help consumers more quickly identify differences in quality and make use of the information when selecting a health care provider. In addition to summarizing certain data about Home Health Agency performance for consumers, star ratings can also help the agencies identify areas for improvement.

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

Puerto Rico Government Agrees to Miss Payment

By Ezra Fieser—Bloomberg First Word—Bloomberg Brief’s—July 27, 2015

The Puerto Rico government has decided to not make a \$94 million Public Finance Corp. debt payment due to a lack of liquidity going forward, the Director of the Office of Management and Budget Luis Cruz said in an interview published by El Vocero Monday. No budget appropriation was made for the debt.

A "very challenging" situation of "tight" cash flows means the government could be left without funding for services if it decided to make the payment, Cruz said. Cruz also said the government "recognizes the priority of GOs over other debts" and has to find a balance between payments on GOs and funding services. - [click here for more...](#)

S&P 500 Corporate Pensions and Other Post-Employment Benefits (OPEB): Heading Into the Sunset, a Half-Trillion Dollars Short

By S & P Dow Jones Indices—McGraw Hill Financial

How to provide Americans with reasonably adequate retirement income and affordable medical care has been one of the country's most hotly debated social and political topics of the 21st century, and that doesn't seem to be changing. To see why, take a look at the current health of funding for both corporate pensions and other post-employment benefits

(OPEB), especially medical care benefits for retirees. At one time in the not-too-distant past, these programs formed the core retirement benefits for much of America's workforce, supplemented by Social Security for retirement income and Medicare for health insurance.

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

Blood pressure in firefighters, police officers, and other emergency responders

By Kales, SN; Tsismenakis, AJ; Zhang, C; Soteriades, ES—PubMed.gov

Elevated blood pressure is a major risk factor for cardiovascular morbidity and mortality. Increased risk begins in the prehypertensive range and increases further with higher pressures. The strenuous duties of emergency responders (firefighters, police officers, and emergency medical services (EMS) personnel) can interact with their personal risk profiles, including elevated blood pressure, to precipitate acute cardiovascular events. Approximately three-quarters of emergency responders have prehypertension or hypertension, a proportion which is expected to increase, based on the obesity epidemic. Elevated blood pressure is also inadequately controlled in these professionals and strongly linked to cardiovascular disease morbidity and mortality. Notably, the majority of incident cardiovascular disease events occur in responders who are initially prehypertensive or only mildly hypertensive and whose average premorbid blood pressures are in the range in which many physicians would hesitate to prescribe medications (140-146/88-92). - [click here for more...](#)

A Review of the Supreme Court's 2014-2015 Term

By Franczek and Radelet Attorney's and Counselors—July 2015

During the United States Supreme Court's 2014-2015 term, the Court departed from the pro-business reputation it had developed in labor and employment cases. This term, employees prevailed more often than not, including in several key cases. However, the Court also issued a handful of decisions that were favorable to employers. In spite of the different outcomes this term, the Justices followed last year's trend in showing a remarkable degree of unity in many of the employment-related cases. Of the 11 employment-related decisions during the 2014-2015 term, six were unanimous or virtually unanimous (i.e., with a vote of 8 to 1), and two were by a vote of 6 to 3. - [click here for more...](#)

Sixty-Month Period of Employment Requirement for Government Pension Offset Exemption

A Rule by the Social Security Administration on 06/15/2015

By the Federal Register—The Daily Journal of the United States Government

This final rule adopts, with clarifying changes, the proposed rule we previously published in the Federal Register on August 3, 2007. This final rule revises our Government Pension Offset (GPO) regulations to reflect changes to the Social Security Act ("Act") made by section 9007 of the Omnibus Budget Reconciliation Act of 1987 (OBRA 1987) and section 418 of the Social Security Protection Act of 2004 (SSPA). These regulations explain how and when we will reduce the Social Security spouse's benefit for some people who receive Federal, State, or local government pensions if Social Security did not cover their government work. - [click here for more...](#)

Sustainability in American Financial Security Programs

Developed by the Public Interest Committee of the American Academy of Actuaries—June 2015

The American public relies on the promises made under many different financial security programs—whether they are public programs like Social Security and Medicare or offered through the private sector such as employer-sponsored pension plans or insurance products. The public must have confidence that these programs can be sustained and continue to meet their goals.

The monetary compensation or other benefits promised by a financial security program provide protection against the financial impact of risks encountered daily. It is important that the benefits are provided as expected. If they are not, the consequences could be as critical as a lack of food, medical care, or other basic needs, in addition to the trauma arising from the unexpected nature of the loss. Beyond the financial impact of the benefits, there is an intangible security effect where program participants gain important “peace of mind.”

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

Legal & Legislative Updates...

SB 842 was just approved by Governor Rauner, a Currie/Cullerton bill. PA 99-0008

Articles Sean M. Smoot—Director & Chief Legal Counsel—PB & PA of Illinois—Treasurer – NAPO
Amends the State Finance Act. Provides that, beginning in State fiscal year 2017 (rather than State fiscal year 2016), payments to the designated retirement systems under provisions concerning the State Pensions Fund shall be in addition to, and not in lieu of, any State contributions required under the Illinois Pension Code. Provides that, for fiscal year 2016, the General Assembly shall appropriate from the State Pensions Fund to the State Universities Retirement System the amount estimated to be available during the fiscal year in the Fund. Amends the State Finance Act and the Illinois Pension Code to provide for payment of State contributions to the State Employees' Retirement System of Illinois. Further amends the Illinois Pension Code. In the Downstate Police, Downstate Fire, Cook County, Cook County Forest Preserve, Chicago Park District, and Metropolitan Water Reclamation District Articles and in provisions relating to certain transit authorities, provides that if the employer fails to transmit required contributions to the pension fund, the fund may certify to the State Comptroller the amount due, and the Comptroller must deduct and deposit into the fund the certified amounts from payments of State funds to the employer. Amends the Uniform Disposition of Unclaimed Property Act. Provides that, beginning in State fiscal year 2017 (rather than fiscal year 2016), all amounts that are deposited into the State Pensions Fund from the Unclaimed Property Trust Fund shall be apportioned to the designated retirement systems. Effective July 1, 2015.

To read the whole version of SB0842; -

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

Court Case...

Appellate Court of Illinois, Fifth District

Jeffrey W. VAUGHN, Plaintiff–Appellant, v. The CITY OF CARBONDALE, Defendant–Appellee.

Decided: March 25, 2015

Patrick T. Sharpe, Maurizio & Sharpe, Marion, IL, attorney for appellant. P. Michael Kimmel, City Attorney, Carbondale, IL, attorney for appellee.

OPINION

The plaintiff, Jeffrey Vaughn, sought a permanent injunction to prevent the defendant, the City of Carbondale, from terminating his employer-provided health insurance coverage in accordance with section 10 of the Public Safety Employee Benefits Act (the Act) (820 ILCS 320/10 (West 2012)). The circuit court of Jackson County entered an order denying the complaint. For the reasons which follow, we reverse the decision of the circuit court and remand for further proceedings. - [click here for more...](#)

Appellate Court Confirms Need to Name Necessary Parties on Administrative Review

By REIMER DOBROVOLNY & KARLSON LLC

Mannheim School Dist. No. 83 v. Teachers' Retirement System of Ill., 2015 IL App (4th)

In a recent opinion, the Fourth District Appellate Court issued a decision which makes clear the need to properly name parties in a case for administrative review and the limitations on the ability to amend to correct omitted parties.

Section 3-107 of the Administrative Review Law states: "No action for administrative review shall be dismissed for lack of jurisdiction based upon the failure to name an employee, agent, or member, who acted in his or her official capacity, of an administrative agency, board, committee, or government entity, where the administrative agency, board, committee, or government entity, has been named as a defendant as provided in this Section." 735 ILCS 5/3-107(a). Pursuant to an amendment to Section 3-107, there are only two specific instances where a plaintiff will be allowed to amend, within 35 days, to name additional necessary parties:

(1) the individual employee, agent, or member who acted in his or her official capacity can be added when the plaintiff has named the administrative agency, board, committee, or government entity "as provided in this section"; or
(2) the administrative agency, board, committee, or government entity can be added when the plaintiff has named the director or agency head, in his or her official capacity, "as provided in this section."

In this case, the plaintiff named only the Teachers' Retirement System of Illinois. The plaintiff failed to name either the Board of Trustees for the Teachers' Retirement System of Illinois or any of the individual members or officers of the board. "Plaintiff did not name any of these parties, but defendant" 2015 IL App (4th) 140531, ¶23. In finding the plaintiff failed to properly name parties which would allow for amendment to name any additional, necessary parties, the Appellate Court stated: "It is the Board that makes final administrative decisions subject to judicial review and is the proper party to sue and be sued." Id.

The county court and the Appellate Court both found the Plaintiff school district had failed to name any of the proper parties which would allow for amendment to name the additional necessary parties to proceed with administrative review. By naming the agency only and none of the necessary parties within 35 days following the board issuing its decision, the Plaintiff school district blew the statute of limitations for seeking administrative review. The Appellate Court noted: "In fact, it is imperative that the administrative agency which rendered the final administrative decision be named as a defendant, as it is that agency which must file an answer consisting of a record of the proceedings before it." Id. at ¶28.

Based on the school district's failure to name any of the proper parties within 35 days of the board's decision, the complaint for administrative review was found to have been properly dismissed, with prejudice. ❖

Training and Education...

2015 MidAmerican Pension Conference—Celebrating Our 30 Year Anniversary

IPPFA MidAmerican Pension Conference will be held in Lake Geneva, WI.

The dates for the 2015 conference are October 6th - 9th, 2015. The venue will be the Grand Geneva Resort & Spa. Our Keynote Speaker will be General Conway who is a four-star general and served as the 34th Commandant of the Marine Corps.

Grand Geneva Resort and Spa is now full. A few rooms are still available at Timber Ridge Lodge. The Holiday Inn Club Vacations has space available. **Call 866-915-4224** to make reservations and use the **Group Code: IPP**. The Holiday Inn Club Vacations is located at the Grand Geneva Resort and Spa as is Timber Ridge Lodge

2015 IPPFA MidAmerican Pension Conference online registration is now open for enrollment.

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

2016 IPPFA Illinois Pension Conference

Dates and location for 2016 IPPFA Illinois Pension Conference:

2016 IPPFA Illinois Pension Conference is schedule for May 3th - 6th, 2016, at the Embassy Suites in East Peoria, Illinois.

Book your rooms now for the Embassy Suites - Online Registration is now available. -[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 speaking on a variety of topics. - [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...](#)

IPPFA Toolkit!!!

Illinois Public Pension Fund Members:

In our desire to actively engage our membership, and produce relevant materials that will be useful to our members in the field we have commissioned the services of VISION MAI, LLC to produce a tangible, easy-to-read handbook that can be referenced and revered at any time. - [click here for more...](#)