



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

December 3, 2012

December 2012 Newsletter



ANNOUNCEMENT!! CHANGING FLOORS FOR THE 2012 "HOLIDAY PARTY" FROM THE 6TH TO THE 2ND FLOOR !!!!

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Census Bureau Reports State Pension Systems Assets Rise Nearly \$325 Billion in 2011

US Department of Commerce—US Census Bureau—August 9, 2012

The nation's state-administered defined benefit retirement systems totaled \$2.5 trillion in cash and investment holdings in 2011, a 14.6 percent increase from \$2.2 trillion in 2010, according to new statistics from the U.S. Census Bureau. Earnings on investments were \$410.6 billion, up from \$291.1 billion in 2010 (See Table 1).

These statistics come from the 2011 Annual Survey of Public Pensions: State-Administered Defined Benefit Data, which provides an annual look at the financial activity and membership information for the nation's 222 state-administered public-employee retirement systems, including revenues, expenditures, investment holdings, membership and beneficiaries. Statistics are shown for the nation and individual states. This information includes actuarial liability statistics, which project the total obligation required to cover costs for providing pensions to former and present employees. - [click here for more...](#)

Obama administration moves forward to implement health care law, ban discrimination against people with pre-existing conditions

By US Department of Health and Human Services—November 20, 2012

The Obama administration moved forward today to implement provisions in the health care law that would make it illegal for insurance companies to discriminate against people with pre-existing conditions. The provisions of the Affordable Care Act also would make it easier for consumers to compare health plans and employers to promote and encourage employee wellness.

“The Affordable Care Act is building a health insurance market that works for consumers,” said Health and Human Services Secretary Kathleen Sebelius. “Thanks to the health care law, no one will be discriminated against because of a pre-existing condition.” - [click here for more...](#)

The Great Recession: Pressures on Public Pensions, Reforms & Employment Relations

Why This Study:

- Increased attention to public pensions since 2008. In the wake of the financial crisis:
 - Pensions, like most investors, saw a substantial decline in funded levels.
 - State budgets experienced fiscal challenges due to declining revenues.
 - Some have argued to replace public DB plans with cash balance or DC plans.
 - Review evidence of DB effect on labor relations, and likely effects of switch. - [click here for more...](#)
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Civic Committee of the Commercial Club of Chicago

A letter to its members dated November 14, 2012

It was the Commercial Club's hope that the November elections would bring much-needed change to our legislature and remove those from office who have been roadblocks to pension reform. Instead, it appears we will soon have even more legislators who aren't prepared, or willing, to make the tough decisions necessary to save our state. -

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

The Effect of Police on Crime: New Evidence from U.S. Cities, 1960-2010

By Aaron Chalfin, UC Berkeley & Justin McCrary, UC Berkeley; NBER

November 8, 2012

Abstract:

Using a new panel data set on crime in medium to large U.S. cities over 1960-2010, we show that (1) year-over-year changes in police per capita are largely idiosyncratic to demographic factors, the local economy, city budgets, measures of social disorganization, and recent changes in crime rates, (2) year-over-year changes in police per capita are mismeasured, leading many estimates in the literature to be too small by a factor of 5, and (3) after correcting for measurement error bias and controlling for population growth, a regression of within-state differences in year-over-year changes in city crimes on within-state differences in year-over-year changes in police yields economically large point estimates. Our estimates are generally similar in magnitude to, but are estimated with a great deal more precision than, those from the quasi-experimental literature. Our estimates imply that each dollar spent on police is associated with approximately \$1.60 in reduced victimization costs, suggesting that U.S. cities employ too few police. The estimates confirm a controversial finding from the previous literature that police reduce violent crime more so than property crime. - [click here for more...](#)

The Washington Post Tries to Scare You on Public Sector Pensions

Dean Baker, CEPR | Oct. 21, 2012

The Washington Post rarely tries to conceal its contempt for unions or middle class workers. In keeping with this spirit it ran a column today that was intended to scare readers about the extent to which public sector pensions will impose a burden on taxpayers in the years ahead. The column projects that the unfunded liabilities of public sector pensions will require:

"on average, a tax increase of \$1,385 per U.S. household per year would be required, starting immediately and growing with the size of the public sector." Now that's pretty scary, right? It sure looks like we better go after those public sector workers and their generous pensions. - [click here for more...](#)

Chicago Teachers pension fund wins appeal on shortchanged contribution

by Barry B Burr | October 3, 2012

Chicago Public School Teachers' Pension & Retirement Fund won its appeal in its lawsuit accusing the Chicago Board of Education of shortchanging a \$307.4 million contribution it paid.

Illinois Appellate Court in Chicago ruled that the board should have made a contribution of \$345 million, an increase of \$37.5 million for the fiscal year ended June 30, 2010.

The Sept. 28 ruling, written by Judge Rodolfo Garcia, reversed the judgment of the Cook County Circuit Court in Chicago in favor of the board.

The litigation centered on whether the board's contribution should be based on an estimate of the state's share of the total contribution. -[click here for more...](#)

Will poverty await future retirees?

By Mark Miller August 8, 2012

Tue Aug 7, 2012 11:50 am EDT CHICAGO (Reuters) — Is your workforce going to retire in poverty?

Today's seniors are more affluent than the general population. But the generations that follow them – starting with baby

boomers – will not be as fortunate. The decline of pensions, the erosion of Social Security and the housing crash all are pointing toward a new crisis of poverty among lower- and middle-class seniors in the years ahead. Social Security and pensions, in particular, have been the two most important factors in keeping seniors out of poverty for decades. Both provide reliable, guaranteed income sources for life. And home equity has been an important fallback source of assets that can be tapped in retirement. That is because seniors typically have more equity built up in their homes than younger homeowners and carry less debt into retirement. - [click here for more...](#)

Dicey Retirement: The Long Ride Down

November 6, 2012—Squared Away Blog—Financial Security Project/Boston College

No one really needs confirmation of how tough the Great Recession was. But the Center for Retirement Research at Boston College has quantified the decline – and it's brutal.

Investment losses and falling home prices placed 53 percent of U.S. households in danger of a decline in their standard of living once they quit working and retire, reports the Center, which funds this blog. That's up sharply from 45 percent in 2004, prior to the financial boom, which created a strong – albeit fleeting – increase in Americans' wealth.

The longer-term erosion in Americans' retirement prospects is even more troubling and reflects deeper issues. The Great Recession just hammered the point home. - [click here for more...](#)

MADE IN AMERICA, AGAIN

US Manufacturing Renaissance—Sirkin, Rose, Zinser

For years, conventional wisdom has maintained that manufacturing in the United States is in terminal decline. But now the tide is turning. Rising wages and currency rates, among other factors, have dramatically narrowed the gap between manufacturing costs in China and the United States, with the result that several US companies are now bringing manufacturing jobs home to America.

In *The US Manufacturing Renaissance: How Shifting Global Economics Are Creating an American Comeback*, authors Harold L. Sirkin, Justin Rose, and Michael Zinser provide historical perspective on why the death of US manufacturing has often been predicted—but failed each time. And why the present will be no different. - [click here for more...](#)

Training and Education

IPPFA ANNUAL HOLIDAY PARTY

Change in Floor location—Moving to 2nd Floor!!! No Longer on 6th Floor!!

Celebrate the holiday season!

IPPFA ANNUAL HOLIDAY PARTY

Let's enjoy the holiday season with good friends, great food, and holiday cheer!

December 7th, 2012 / 8:00 – 11:00 PM

65 W. Jackson Blvd., 2nd Floor, Chicago IL

For Hotel Reservations: Union League Club: (312) 427-7800

Palmer House: (312) 426-7500 -

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

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2013 IPPFA Spring Pension Conference

The IPPFA Spring Conference is scheduled for May 7-10, 2013 at the President Abraham Lincoln Hotel in Springfield, IL. Call in to reserve your room right away!! - [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.

Please fill out the attached form for each trustee attending and fax it to 630-784-0416 or email to Kelli Spicer at kelli.spicer@ippfa.org to reserve your spot. - [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.

“IPPFA Regional Seminar schedule for March 19, 2013 at the Jumer's Casino & Hotel, Rock Island.”

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