



# ILLINOIS PUBLIC PENSION FUND ASSOCIATION

## *Preparing Pension Funds for Tomorrow*

www.ippfa.org

February 3, 2015

## February 2015 Newsletter



*In this issue...*

### **SPECIAL CELEBRATION—IPPFA’s 30th Anniversary Celebration**

***Save the Date: March 13, 2015. IPPFA 30th Anniversary Celebration at the Pheasant Run Resort, St. Charles, IL. All proceeds will benefit the IPPFA Remembrance and Survivor’s Fund. For more information, please call the IPPFA Office at (630)784-0406.***



*I hope that everyone had a safe and happy new year. I can’t believe we are already through January and spring is almost here. We have lucked out with a pretty mild winter compared to the polar vortex we were stuck in last year.*

*President McNamee and I just recently attended a fantastic presentation by Ralph Martire from the CTBA at the Union League Club in Chicago. The title of the presentation was “Illinois Fiscal Forum: Truth or Consequences”. Mr. Martire spoke about the state’s budget crisis and how it is a concern for everyone. He was joined by State Senator Don Harmon (D-39) and State Senator Matt Murphy (R-27). There was great discussion on how to fix the budget crisis. Both senators agreed that the General Assembly has to work together to solve this crisis.*

*On Thursday, January 23, 2015, the Illinois Supreme Court said that it is sticking to its schedule to hear arguments in the pension reform case. This case will be heard in March. Last summer the Illinois Supreme Court ruled that retiree health insurance is a protected right and the state could not charge premiums to retirees who were previously not required to pay them. The IPPFA will continue to monitor this case and update you immediately with any outcome. Stay Tuned!*

*I was recently invited to attend the CORpath conference where leaders from around the country addressed pension issues within their state. As many of you know, public pensions are under*

*attack throughout the country. We are creating a communication network to fend off these attacks. We have to stay united to fight these wealthy groups that want to take away modest retirements from people like you and me.*

*The IPPFA Illinois Conference in East Peoria, Illinois is just around the corner. The conference will be held May 6th-9th at the Embassy Suites. Register by going online at [IPPFA.org](http://IPPFA.org).*

*As I write this, I am reflecting on my past weekend with my brothers and sisters of the AFFI Honor Guard. We gathered together for training and inducting some new members into the Honor Guard. We honored, cherished and we remembered our fallen brothers and sisters in the fire service. Firefighters and Police Officers, as we all know, work in some of the most dangerous conditions. The IPPFA Remembrance fund has donated \$5000 to 13 families of fallen Police Officers and Firefighters that belong to the IPPFA. The IPPFA, which is made up of mostly Police Officers and Firefighters, will continue to support the work that our brothers and sisters do and will always have your back.*

*If you ever have any questions or concerns, please don't hesitate to contact the office.*

*Be safe,*

*Tim Moss*

*Executive Director, IPPFA*

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### *Illinois Articles...*

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### **Announcing 2015 IPPFA Illinois Pension Conference Golf Outing**

Registration now open for the 2015 IPPFA Illinois Pension Conference Golf outing on May 5, 2015 at the Weaver Ridge Golf Club. Space is limited: So Sign up right away!! - [click here for more...](#)

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### **Economic Outlook Symposium: Summary of 2014 results and 2015 forecasts**

by William A. Strauss, senior economist & economic advisor & Jacob Berman, associate economist—Chicago Fed  
According to participants in the Chicago Fed's annual Economic Outlook Symposium, the U.S. economy is forecasted to grow at a pace slightly above average in 2015, with inflation ticking lower and the unemployment rate edging down. The Federal Reserve Bank of Chicago held its 28th annual Economic Outlook Symposium (EOS) on December 5, 2014. More than 100 economists and analysts from business, academia, and government attended the conference. - [click here for more...](#)

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### **CHALLENGES FOR REFORMING GOVERNMENT PENSIONS:**

Cypen & Cypen Newsletter for January 15, 2015

The Urban Institute has released a research report entitled "Reforming Government Pensions to Better Distribute Benefits." Efforts to reform the retirement plans provided to state and local government employees are gaining momentum across the country. From 2009 to 2011, 43 states significantly revised their state retirement plans. Ten states made major structural changes to their plans in 2012. More recent reforms have passed in such states as Kentucky, Tennessee and Illinois. - [click here for more...](#)

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### **Momentum Trading, Return Chasing and Predictable Crashes**

By Ben Chabot, Eric Ghysels & Ravi Jagannathan—Federal Reserve Bank of Chicago 12/12/14

We combine self-collected historical data from 1867 to 1907 with CRSP data from 1926 to 2012, to examine the risk and return over the past 140 years of one of the most popular mechanical trading strategies — momentum. We find that momentum has earned abnormally high risk-adjusted returns — a three factor alpha of 1 percent per month between 1927 and 2012 and 0.5 percent per month between 1867 and 1907 — both statistically significantly different from zero. However, the momentum strategy also exposed investors to large losses (crashes) during both periods. - [click here for more...](#)

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### **Blue Ribbon Remembrance Motorcycle Ride**

Come and join a motorcycle ride to raise funds for the Remembrance fund for our fallen heroes this summer. The date set is for July 12, 2015. The ride will be from Wauconda, IL to Plainfield, IL. Specific locations and times will be determined later. Anyone interested in helping should contact Greg Manko from the North Aurora Police Pension Fund at (630)740-3837 or e-mail [gsmanko@hotmail.com](mailto:gsmanko@hotmail.com) . - [click here for more...](#)

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*National Articles...*

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## **Hatch, Wyden Launch Bipartisan Finance Committee Tax Reform Working Groups**

By the U.S. Senate Committee on Finance

Five Bipartisan Groups to Analyze Challenges of Tax Code, Develop Policy Recommendations for Comprehensive Tax Reform

WASHINGTON – Finance Committee Chairman Orrin Hatch (R-Utah) and Ranking Member Ron Wyden (D-Ore.) today announced the launch of five separate bipartisan Finance Committee Tax Working Groups to spur congressional comprehensive tax reform efforts in the 114th Congress.

The groups will analyze current tax law and examine policy trade-offs and available reform options within the group's designated topic areas. Each group will be co-chaired by one Republican and one Democrat member. - [click here for more...](#)

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## **Worst-Funded U.S. Pension Shows Kentucky's Neglect: Muni Credit**

By Darrell Preston—Bloomberg—Jan 8, 2015

Kentucky's worker retirement plan, the nation's worst-funded state pension, is losing ground even after a three-year rally in stocks, underscoring the fiscal peril of forgoing payments into the pools.

A 15.5 percent return in fiscal 2014 wasn't enough to bolster the Kentucky Employees Retirement System, which serves 119,735 workers and retirees. Officials shortchanged the plan for more than a decade. They diverted the cash elsewhere, leaving KERS with 21 percent of the funds needed to pay promised benefits in 2014 as distributions exceeded revenue.

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

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## **Major Retirement Systems and Public Policy Proposals Graded by Actuaries**

By American Academy of Actuaries—January 8, 2015

There's a new way of evaluating how well public and private retirement systems and proposals to reform them meet the needs of participants, sponsors, and other stakeholders. The American Academy of Actuaries is grading retirement-income systems and reform proposals. The Academy bestowed its highest marks on retirement legislation proposed last year by then-U.S. Sen. Tom Harkin and a Canadian government pension system among five systems and proposals that were graded.- [click here for more...](#)

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## **Annual Survey of Public Employment & Payroll Summary Report: 2013**

By Robert Jesse Willhide—United States Census Bureau—December 19, 2014

### **Introduction**

This report is part of a series of reports that provides information on the structure, function, finances, taxation, employment, and pension systems of the United States' approximately 90,000 state and local governments. The U.S. Census Bureau currently produces the Census of Governments quinquennially for the years ending in "2" and "7." Additionally, associated intercensal surveys provide data quarterly and annually. These surveys provide a wealth of data on the economic activity of state and local governments. - [click here for more...](#)

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## **“Give the Arnold Money Back”**

By The National Council on Teacher Retirement—NCTR Supporting Retirement Security for America's Teachers  
**A Holiday Message from NCTR’s Meredith Williams**

Throughout 2014, the overall record of state and local government retirement systems has been to continue to strengthen their sustainability, building on the key elements of the defined benefit (DB) model and enhancing it, where needed, with important variations. Nevertheless, our community has also continued to be the target of a well-planned, well-coordinated, and well-funded assault by opponents of the continued use of the DB approach as a vital component in assuring our nation’s teachers and many other public employees of an adequate, equitable, secure, and affordable retirement. - [click here for more...](#)

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## **Health care costs growing despite slower-rising premiums**

ebn—**E**mployee **B**enefit **N**ews

Since the Affordable Care Act became law, health insurance premiums have risen slower than years past. However, the cost to employees is increasing due to stagnant wages and cost-shifting. “Annual premium increases have far exceeded wage growth for more than a decade,” recent research shows.

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

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## **CalPERS Beliefs—Thought leadership for generations to come**

Pension Beliefs

In May 2014, the CalPERS Board of Administration adopted a set of 11 Pension Beliefs that articulate the pension fund’s views on public pension design, funding, and administration.

CalPERS Board members, executives and staff will use the 11 Pension Beliefs in their communications with members, employers, policy makers, other pension systems, the media and other stakeholders. These important principles will be beneficial for all pension systems and policy leaders to consider during the ongoing local, state and national policy debates about

pensions and retirement security. -

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

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## **2014 Disability Policy Panel: Continuing Disability Reviews**

Report to the Social Security Advisory Board—December 2014

The Social Security Advisory Board (SSAB) appointed this independent Panel to review the Social Security Administration’s (SSA’s) Continuing Disability Review (CDR) process, including the Medical Improvement Review Standard (MIRS) that must be applied in conducting CDRs. In general, the Panel found the CDR an effective tool for enhancing DI and Supplemental Security Income (SSI) program integrity. CDRs not only identify beneficiaries who no longer meet program eligibility criteria but also raise awareness of SSA oversight. - [click here for more...](#)

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## **Training and Education...**

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### **2015 IPPFA Illinois Pension Conference**

IPPFA Illinois Pension Conference, for 2015, will be held in East Peoria, IL. The dates for the 2015 conference are May 5 - 8, 2015. The venue will be the Embassy Suites. The IPPFA rate is \$149.00 per night which includes complimentary breakfast and manager's reception every day.

Dr. Thomas P. M. Barnette will be our keynote speaker at this conference. Thomas P.M. Barnett has worked in US national security circles since the end of the Cold War, starting first with the Department of Navy's premier think tank, the Center for Naval Analyses. - [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 speaking on a variety of topics. - [click here for more...](#)

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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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### **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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### **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...](#)

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