



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

January 5, 2015

January 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.



Tim Moss—Executive Director, IPPFA

December 2014

We wish you a Merry Christmas, We wish you a Merry Christmas ... well you know the rest. Well 2014 has officially "flown" by and before you know it, we will be up to our knees in snow. This is my first entry to the IPPFA newsletter. I will be writing a short blurb of the goings on with the IPPFA and other pension topics in each newsletter.

Let's recap 2014... in January the IPPFA moved into our new office space in Elgin, IL. Our old office was nice but we had outgrown it. Thank you all for your patience with the transition. We all survived the winter of 2014! It reminded me of the winter's we used to have in the 70's. I'm showing my age now!

The IPPFA staff was incredibly busy with all of the training we provided throughout the state. Just a reminder that all new pension trustees must have 32 hours of Certified Trustee

Training in their first year. All other trustees must have 16 hours of training within a year. In the spring, the IPPFA, represented by President McNamee, along with representatives from the AFFI, FOP, and PBPA, were in talks with legislators in Springfield regarding Article 3 and Article 4 pensions. We hope to keep an open dialogue with our representatives regarding pension issues.

The IPPFA Spring conference was a HUGE success. We had over 400 trustees at the Embassy Suites in East Peoria! We would like to thank all that attended. The Spring conference, now known as the Illinois Conference, will be held May 5-8, 2015 at the Embassy Suites in East Peoria. In the summer, The IPPFA held a Pension Summit which brought in representatives from many different organizations from around the country to discuss pension issues. We learned that pensions are being attacked in many different ways throughout the country and we will continue to fight for a secure retirement for all Americans!

We held the Midwest Pension Conference in October at the Grand Geneva Hotel. We had over 1100 attendees. Our 2 keynote speakers, Ronald Brownstein and General Anthony Zinni, were simply outstanding! The attendees were able to attend many different sessions. Some of the topics of the sessions were Social Security, HELPS, Trends in Fixed income, Legal Updates, Hottest trends in investing. We had a very "lively" talk show hosted by Phil Ponce of WTTW-Chicago. This is always a Conference favorite. The Midwest pension conference, now known as the MidAmerican Pension Conference, will be held October 6-9, 2015 at the Grand Geneva in Lake Geneva, WI. We also went green at the conference. We introduced our new app and will continue to expand on the app eliminating much of the paper that has been used in the past. This will save many trees!

On a sad note, we lost too many Police Officers and Firefighters throughout the country. The IPPFA Remembrance Fund provides a check for \$5000 to Line of Duty Deaths of members whose pension board belongs to the IPPFA. Families of Dan Bower from Freeport Fire, Casey Kohlmeier of the Pontiac Police Department, and Jim Morrissey from Oak Forest Police Department were presented with a \$5000 check. I would personally like to thank everyone that has either helped out with our events or have donated to the Remembrance Fund.

We will continue to educate pension trustees and also continue to fight for Defined Benefit Plans not just in Illinois, but throughout the country. May 2015 bring happiness and prosperity to you and your family. Be safe out there and may God Bless you all.

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Illinois Articles...

IPPPA Honors Mayors for Pension Initiatives

By Tony Halachoulis—IPPPA Membership Coordinator

On December 5th the IPPFA presented Mayor Robert Lovero of Berwyn and Mayor Tari Renner of Bloomington with recognition awards for their commitment to funding and protecting police and firefighters’ retirements. Mayor Lovero and the Berwyn City Council passed a bond issuance in which the city placed \$15 million into the police pension fund and \$15 million into the firefighters’ pension fund. The city entered into a memorandum of understanding with both pension fund to participate in a full faith effort to issue a series of bonds every two years for the next 10 years until the funds are a minimum of 90% funded.

In Bloomington Mayor Renner and the Bloomington City Council approved a 1.25% utility tax that will go directly to the police and fire pension funds. This tax will cost the average Bloomington household \$3.50 per month and is expected to raise \$1.7 million the first year. Bloomington Alderman Scott Black was recently quoted “it’s going to be making sure that we meet our legal obligations to them (first responders) and our moral obligations.”

The IPPFA commends both Mayor Lovero and Mayor Renner and their respective City Councils for their strong and progressive stand on pension funding. Their actions should be an example for other communities to follow.

Coalition Determination Letters

From Illinois Department of Insurance—October 2014

The Coalition for Qualified Plan Status has received confirmation from the IRS that the requested Qualified Plan Determination Letters – one for Article 3 Police Pension Funds and one for Article 4 Firefighters' Pension Funds – have been granted!

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

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

Issue Brief The Pending FY2016 Fiscal Cliff

By Center for Tax and Budget Accountability (CTBA)—December 22, 2014

Following is an overview of the fiscal challenges facing the next General Assembly and Governor-elect Bruce Rauner in crafting a General Fund budget for Fiscal Year 2016. Assuming no tax policy changes, if spending on services in FY2016 is held constant in nominal, non-inflation adjusted dollars at FY 2015 levels, the state's accumulated deficit in its General

Fund will almost double, increasing from an estimated \$6.8 billion in FY2015, to \$12.7 billion by the end of FY2016.

This is shown in Figure 1. - [click here for more...](#)

National Articles...

The Lame Duck Congress and Pensions

By NCTR—Dec. 16, 2014

The post-election meeting of the 113th Congress, popularly referred to as the “Lame Duck” session, is slowly waddling to a close. The “heavy lifting” was completed over the past weekend in the form of passage of H.R. 83, the “Consolidated and Further Continuing Appropriations Act, 2015.” This \$1 trillion funding package consists of a continuing resolution (CR)—which funds the Department of Homeland Security through February of next year, thus allowing the new GOP-controlled Congress an opportunity in the new year to voice its displeasure over President Obama's recent Executive Order dealing with immigration—and an omnibus spending bill that will fund the rest of the government through September of 2015 (hence the term “CRomnibus,” frequently used by the media). The bill is now awaiting President Obama's signature, which he has indicated he will provide. - [click here for more...](#)

Spotlight on Retiree Health Care Benefits for State and Local Employees in 2014

By Alex Brown and Joshua Franzel—December 2014

A 2013 report from the National Association of State Retirement Administrators (NASRA) and the Center for State and Local Government Excellence (SLGE) examined the finances of health care benefits provided to general state employees for reporting periods 2011–2012. This update offers finance data on other postemployment benefits (or OPEB) which is expanded to include additional state and local government employee cohorts including teachers, public safety officers, university employees, and legislators, among others. Data for most states are current as of fiscal year 2013, unless noted otherwise. - [click here for more...](#)

Alicia Munnell Says Federal Regulation of Public Pensions Would Be “Useful”

By NCTR—Dec. 9, 2014

In an opinion piece in the December 3, 2014, issue of MarketWatch, Alicia Munnell, the director of the Center for

Retirement Research (CRR) at Boston College says that “federal regulation [of public pension plans] would be useful given the importance of state and local plans to the economy and the well-being of of workers.” Munnell specifically discusses legislation along the lines of the Public Employee Retirement Income Security Act (PERISA), a bill proposed in the early 1980’s that would have applied much of the reporting and disclosure provisions of the Employee Retirement income Security Act (ERISA) to state and local government retirement systems, but not the funding rules due to concerns over state sovereignty. - [click here for more...](#)

Hatch Outlines Priorities for Pension Reform and Retirement Savings in Speech at Financial Services Roundtable

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following remarks on pension reform and retirement savings at the Financial Services Roundtable: I want to thank the Financial Services Roundtable for holding this important conference on retirement security and savings policy and for having me here today. This is an important conference. Retirement policy has never been more challenging or more important. But, before I address those issues, I want to touch briefly on what the Senate Finance Committee will focus on in 2015. As you know, I am honored and privileged to serve on this important committee. I’ve been in the Senate for a long time and I can assure you, there’s just no other committee like it. The Finance Committee has, by far, the broadest jurisdiction of all Senate committees. As we turn to the future, there are a number of challenges before us.

We have an economy that, despite recent upticks, is still struggling. We have total public debt that, despite recent reductions in the deficit, is just eclipsing \$18 trillion and is headed toward even more astronomical levels. -[click here for more...](#)

California copied as states seek retirement plans

By Calpensions.com

A California plan to give private-sector workers a state-run retirement savings plan is nearing \$1 million in contributions, the goal set to pay for a market analysis to help design the program. Although the California plan is still in the formative stage, last week the Illinois legislature approved a plan based on the California model, even using the same name, “Secure Choice.” Legislation for similar programs named “Secure Choice” has been introduced in three other states: Maryland, Minnesota and Ohio. A variety of plans to aid workers without retirement plans has been introduced in 17 state legislatures. - [click here for more...](#)

The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at 401(k) Plans

By ICI Investment Company Institute-- DECEMBER 2014

BrightScope/ICI Defined Contribution Plan Profile is a collaborative research effort between BrightScope and the Investment Company Institute that analyzes plan-level data gathered from audited Form 5500 filings of private-sector defined contribution (DC) plans, providing unique, new insights into private-sector DC plan design. The research draws from information collected

in the BrightScope Defined Contribution Plan Database. The database is designed to shed light on DC plan design across many dimensions, including the number and type of investment options offered; the presence and design of employer contributions; features of automatic enrollment; the types of record keepers used by DC plans; and changes to

plan design over time.

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

CYPEN & CYPEN NEWSLETTER

DECEMBER 4, 2014

PUBLIC PENSIONS STILL MODEST:

Writing in the Palm Beach by Kim Ryals, CEO of Florida Public Pension Trustees Association;

Says the average annual benefit for retired public employees in Florida is \$19,000 (for state workers) and \$23,000 (for municipal workers). For most municipal workers, a 30-or-35-year career yields modest benefits that strengthen retirement security and the local economy, which is a critical factor for the many who do not receive Social Security.

More than two-thirds of Florida's municipal pension plans are adequately funded, with many others rebuilding after the collapsed stock market of the Great Recession. FPPTA's research shows that nearly every city in Broward County has made cuts to employee benefits, and restructured funding, to secure pension benefits. Similar results show up in Lee and Miami-Dade Counties.- [click here for more...](#)

Pensions Can Provide Retirement Income at Half the Cost of Individual Accounts

WASHINGTON, D.C. December 4, 2014 – A new report finds that defined benefit (DB) pension plans are a far more cost-efficient means of providing retirement income as compared to individual defined contribution (DC) accounts. The study calculates that the economic efficiencies embedded in pensions enable these retirement plans to deliver the same retirement income at a 48% lower cost than 401(k)-type DC accounts.

The new analysis from the National Institute on Retirement Security (NIRS) finds that there are three unique drivers of the cost savings. More specifically, DB pensions:

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

The Muni Meltdown That Wasn't

By Bloomberg Brief—November 2014

An old-media kind of guy, I still keep file folders of stories, blog entries, clippings, messages and reports printed out and more or less sorted. Back in early 2009, I started a file labeled "Hysteria" to hold the physical evidence of what I thought the most unusual and even outlandish claims being leveled against an asset class I have spent 33 years writing about — municipal bonds. Over the next couple of years, the file swelled. I started another. And another. I didn't even include Meredith Whitney. She got an entire file of her own. -

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

Local Government Strategies to Address Rising Health Care Costs

By Elizabeth Kellar, Christine Becker, Christina Barberot, Ellen Bayer, Enid Beaumont, Bonnie Faulk, Joshua Franzel, Mark Ossolinski, and Danielle Miller Wagner—December 14, 2014

Rising costs over the last decade have prompted many local governments to make changes to their health plans and strategies. Cost sharing, wellness program, and disease management initiatives are widely reported. Other changes cited

include increased reliance on high-deductible plans, dependent eligibility audits, and altering retiree benefits. - [click here for more...](#)

Court Case...

Lisa Madigan files pension-law appeal with high court

Crain's Chicago Business—December 03, 2014

(AP) — Illinois Attorney General Lisa Madigan has filed an appeal with the Supreme Court over a lower court's declaration that the state's pension overhaul law is unconstitutional. Madigan filed the appeal Wednesday concerning the law adopted a year ago designed to reduce the state's more-than \$100 billion liability in its retirement accounts for state employees. Court spokesman Joe Tybor says Madigan has indicated she will also file a request that the court rule on the case in an expedited manner.

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

Training and Education...

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...](#)

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...](#)