



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

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July 2014 Newsletter



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Articles...

GASB PROPOSES MAJOR IMPROVEMENTS FOR REPORTING HEALTH INSURANCE AND OTHER RETIREE BENEFITS

By Governmental Accounting Standards Board—05/28/14

Norwalk, CT, May 28, 2014—The Governmental Accounting Standards Board (GASB) today voted unanimously to approve two Exposure Drafts proposing significant improvements to financial reporting by state and local governments of other postemployment benefits (OPEB), such as retiree health insurance. The GASB also approved a third Exposure Draft that would establish requirements for pensions and pension plans that are outside the scope of the pension standards the GASB released in 2012. - [click here for more...](#)

Joint Letter to Commissioner Gallagher—U.S. Securities and Exchange Commission

Dated June 16, 2014—NASRA

Dear Commissioner Gallagher:

On behalf of the national associations listed above—representing state and local governments, elected and appointed officials and public retirement systems—we are writing to express serious concern with your recent remarks before the Municipal Securities Rulemaking Board's 1st Annual Municipal Securities Regulator Summit and to share salient facts regarding state and local government retirement plans and financial reporting. In addition, we are providing information on recent initiatives by our organizations, as well as the state and local government community, to ensure the continued financial integrity and sustainability of governmental retirement programs. - [click here for more...](#)

EMPLOYER COSTS FOR EMPLOYEE COMPENSATION – MARCH 2014

United States Department of Labor--JUNE 11, 2014

Employer costs for employee compensation averaged \$31.93 per hour worked in March 2014, the U.S. Bureau of Labor Statistics reported today. Wages and salaries averaged \$21.96 per hour worked and accounted for 68.8 percent of these costs, while benefits averaged \$9.97 and accounted for the remaining 31.2 percent. Total employer compensation costs for private industry workers averaged \$29.99 per hour worked in March 2014. Total employer compensation costs for state and local government workers averaged \$43.10 per hour worked in March 2014. Employer Costs for Employee Compensation (ECEC), a product of the National Compensation Survey, measures employer costs for wages, salaries, and employee benefits for nonfarm private and state and local government workers. - [click here for more...](#)

FUNDS HELD IN INHERITED INDIVIDUAL RETIREMENT ACCOUNTS ARE NOT RETIREMENT FUNDS WITHIN MEANING OF BANKRUPTCY EXEMPTION:

By Cypen & Cypen—June 19, 2014

Clark filed a petition for Chapter 7 bankruptcy, seeking to exclude roughly \$300,000 in an inherited individual retirement account from the bankruptcy estate, using the “retirement funds” exemption. The Bankruptcy Court concluded that an inherited IRA does not share the same characteristics as a traditional IRA, and disallowed the exemption. The District Court reversed, explaining that the exemption covers any account in which the funds were originally accumulated for retirement purposes. The Seventh Circuit disagreed, and reversed the District Court. On certiorari, the United States Supreme Court held that funds in an inherited IRA are not “retirement funds” within the meaning of the Bankruptcy Code.

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

“Short” Falls: Who’s Most Likely to Come up Short in Retirement, and When?

By Jack VanDerhei, Ph.D., Employee Benefit Research Institute

Introduction:

Will Americans have enough to live on when they retire? As the pace of Baby Boomers crossing the traditional threshold age of retirement accelerates, so has the frequency with which this question is posed. Unfortunately, the answers provided are as diverse, and sometimes disparate, as the projection models that produce those results. One explanation for the disparity among the results from the various models lies in the different age cohorts examined. For example, some models limit their analysis to households already retired, while others focus on households still working, but old enough that reasonably accurate projections regarding their future wages and prospects for accumulating retirement wealth are obtainable. Other models attempt to analyze the prospects for all working households, including those whose relative youth makes accurate, long-term predictions somewhat problematic. Another explanation for the wide range of results lies in the basic objective of the particular model used for the analysis. - [click here for more...](#)

Despite \$3 billion boost, Alaska pension cost will hit municipalities hard

By PAT FORGEY—Anchorage Daily News—June 15, 2014

JUNEAU—A move to shore up Alaska's troubled public retirement systems with \$3 billion from state savings is coming under fire from some members of the board set up to ensure that an earlier costly pension debacle wasn't repeated. This year's action by the Legislature comes with strings attached that could lead to problems down the road, they say.

"Any way you look at it, we've pushed these costs onto our kids and grandkids," said Kris Erchinger of Seward, a member of the Alaska Retirement Management Board. In the just-concluded legislative session, lawmakers extended the period over which Alaska's \$12 billion unfunded pension liability would be paid off while shifting some costs to Alaska cities and boroughs.

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

Understanding Cuts to Public Pensions

By Monique Morrissey—Economic Policy Institute—June 9, 2014

In the past several years, fears that underfunded public pensions are a growing burden on taxpayers have led to calls to cut employer-provided pension benefits through increased employee contributions, increased retirement ages, reduced cost-of-living adjustments (COLAs), or other changes. But too often news reports on proposed or enacted pension cuts either overplay the rationale behind them, or minimize the impacts on affected workers. The latter is especially true with changes that do not decrease take-home pay but reduce future retirement benefits and thus may be harder to quantify. -[click here for more...](#)

Remarks at Municipal Securities Rulemaking Board's 1st Annual Municipal Securities Regulator Summit

By Commissioner Daniel M. Gallagher—U.S. Securities & Exchange Commission—Washington, DC—May 29, 2014

Thank you, Lynnette [Kelly], for your very kind introduction. I am honored to be today's keynote speaker at the first MSRB Municipal Securities Regulator Summit. The MSRB has always been an important institution, but never more so than now. The statutory construct governing municipal securities regulation places the MSRB on the front lines of the federal oversight program for these vital markets and the participants therein. And, thanks to more than half a decade of the Federal Reserve's zero percent interest rate environment, the fixed income markets have taken on an increasingly important role in the financial planning of retail investors. - [click here for more...](#)

The Funding of State and Local Pensions: 2013-2017

By Alicia H. Munnell, Jean-Pierre Aubry and Mark Cafarelli—Center for Retirement Research

The *brief's* key findings are:

- Despite a strong stock market, the funded status of public plans in 2013 remained unchanged at 72 percent for two reasons:
- actuarially smoothed assets grew modestly; and
- CalPERS, one of the nation's largest plans, significantly revised its reported funded ratio.
- An encouraging sign is that sponsors appear to be paying a larger share of their annual required contribution.

Going forward, the funded ratio is projected to gradually move above 80 percent, assuming historical stock market returns. - [click here for more...](#)

New Jersey unions lining up to sue over reduced pension fund contributions

By Robert Steyer—June 10, 2014—Pension & Investments

More than a dozen unions have sued the state of New Jersey and Gov. Chris Christie trying to prevent him from withholding state payments to the \$76.8 billion New Jersey Pension Fund, Trenton, for the fiscal years ending June 30, 2014, and June 30, 2015.

The lawsuits seek to block the governor's decision, announced May 20, to withhold a majority of the payments for the two fiscal years. The governor and the state Legislature had agreed several years ago that he would make the payments in return for legislation that, among other things, raised the retirement age for certain public employees and required employees to pay more for their pensions. - [click here for more...](#)

Training and Education

2014 IPPFA Midwest Pension Conference

The **Grand Geneva main lodge** is now filled. Timber Ridge and the Holiday Inn Vacation Club Vacation Resort is still accepting reservations. IPPFA Midwest Pension Conference will be held in Lake Geneva, WI. The dates for the 2014 conference are September 30 - October 3, 2014. The venue will be the Grand Geneva Resort & Spa.

- [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...](#)

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. Plus you can do this in the comfort of your own home or office! - [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...](#)