



# ILLINOIS PUBLIC PENSION FUND ASSOCIATION

## *Preparing Pension Funds for Tomorrow*

[www.ippfa.org](http://www.ippfa.org)

June 1, 2015

## June 2015 Newsletter



*In this issue...*



**Hello,**  
The IPPFA recently held its Illinois Conference in East Peoria, IL. We had over 375 attendees in attendance. The Illinois State Comptroller, Leslie Geissler Munger, led off the conference talking about how the state is financially. Ms. Munger spoke about police and fire pensions and how that our pensions is a promise and promises will be kept. The attendees also heard from Thomas Barnett who spoke on the Global Economy and how the US is a leader throughout the world when it comes to the economy. We would like to thank all of our sponsors that helped us out at the conference. We truly appreciate your support.

We held a golf outing at the Conference in which the proceeds went to the IPPFA Remembrance Fund. We had over 60 golfers at Weaver Ridge Golf Club in Peoria. We raised over \$1400 for the Remembrance Fund. Thank you to all of the golfers and all of our sponsors!

I am sure you are all aware that the Illinois Supreme Court ruled the law that affected pensions unconstitutional. We are thrilled by this decision. We will continue to monitor the legislature and keep you updated on any new developments.

Please remember to sign check the website, [IPPFA.org](http://IPPFA.org), for any upcoming trainings. Mid-August is the deadline for your required 16 hours of training. The IPPFA offers many opportunities throughout the year for you to obtain your training. The MidAmerican

Conference will be held October 6th-9th, 2015 at the Grand Geneva Resort in Lake Geneva, WI. Registration is now open for the conference. Please visit our website for more information.

The IPPFA Remembrance fund will be having a Blue Ribbon Remembrance Motorcycle Run on July 12, 2015. Check the IPPFA website under the IPPFA Service Tab to find out more information.

Be safe,  
Tim Moss

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**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...*

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### **Illinois Supreme Court rules landmark pension law unconstitutional**

By Rick Pearson and Kim Geiger—Chicago Tribune—May 8, 2015

The Illinois Supreme Court on Friday unanimously ruled unconstitutional a landmark state pension law that aimed to scale back government worker benefits to erase a massive \$105 billion retirement system debt, sending lawmakers and the new governor back to the negotiating table to try to solve the pressing financial issue.

The ruling also reverberated at City Hall, imperiling a similar law Mayor Rahm Emanuel pushed through to shore up two of the four city worker retirement funds and making it more difficult for him to find fixes for police, fire and teacher pension funds that are short billions of dollars. - [click here for more...](#)

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### **Looking for Benefits?**

Answer questions to find out which government benefits you may be eligible to receive. - [click here for more...](#)

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### **FY 2016 Economic Forecast and Revenue Estimate and FY 2015 Revenue Update**

#### **HOUSE JOINT RESOLUTION 100**

On May 31, 2014, the Illinois House adopted HJR 100 as the official revenue estimate for the new fiscal year. In early May, CGFA released a revised FY 2015 estimate totaling \$34.662 billion. HJR 100 augmented that forecast by incorporating two additional components. SB

274 [P.A. 98-682] allowed for \$650 million of interfund borrowing to take place as directed by the Governor. Borrowed funds must be paid back within 18 months from the date borrowed. In addition SB 741 [P.A. 98-651] increased the statutory required transfer from the Hospital Provider Fund to the GRF by \$40 million. As a result, HJR 100 assumed revenues would total \$35.352 billion, or a reduction in general funds of \$1.366 billion from actual FY 2014 levels. for IPPFA, articles for IPPFA, articles for IPPFA - [click here for more...](#)

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### **Pensions and Eligibility: Managing Employee Retirement and Compliance in Turbulent Times**

By Government Technology

Calls for pension reform, accountability and legislative compliance are impacting public sector pension administrators like never before. To comply with new legislation and standards, government organizations have had to implement multiple rules and rule changes into manifold, interdependent business processes. Executing these changes rapidly, accurately and consistently is at the heart of strong compliance. - [click here for more...](#)

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### **TRENDS IN SOCIAL SECURITY CLAIMING**

By Alicia H. Munnell and Anqi Chen—Center for Retirement Research—May 2015

With lower Social Security replacement rates, vanishing traditional pensions, and longer lifespans, many people will need to work longer to ensure a secure retirement. Working longer directly increases current income; it avoids the

actuarial reduction in Social Security benefits; it allows people to contribute more to their 401(k) plans; and it shortens the period of retirement. The good news is that people have begun to respond; the average retirement age has increased by about two years over the last 25 years.

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

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### **NCPERS Unveils Code of Conduct for Pension Service Providers**

by Debra Cope and Nick Peters Wednesday, May 6, 2015

Voluntary Guidelines Protect Interests of Plan Participants and Beneficiaries, Washington, D.C.—Public pension plans will begin asking their service providers to commit to a new set of ethical guidelines designed to protect the interests of plan participants and beneficiaries, the National Conference on Public Employee Retirement Systems (NCPERS) announced at its Annual Conference and Exhibition, being held in New Orleans May 3-7. - [click here for more...](#)

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### **SEC Proposes Rules to Require Companies to Disclose the Relationship Between Executive Pay and a Company's Financial Performance**

Rules Would Provide Greater Transparency and Better Inform Shareholders 2015-78

Washington D.C., April 29, 2015 —The Securities and Exchange Commission today voted to propose rules to require companies to disclose the relationship between executive compensation and the financial performance of a company. The proposed rules, which would implement a requirement mandated by the Dodd-Frank Act, would provide greater transparency and allow shareholders to be better informed when they vote to elect directors and in connection with advisory votes on executive compensation. -[click here for more...](#)

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### **Now Is the Time—Fiscal Policies for Sustainable Growth**

International Monetary Fund—April 2015

Fiscal risks remain significant in both advanced and emerging market and developing economies. Fiscal policy continues to play an essential role in building confidence and, where appropriate, sustaining aggregate demand. According to this issue of the Fiscal Monitor, strengthening fiscal frameworks—particularly to manage public finance risks and ensure debt sustainability—must be part of the fiscal policy response. Countries should seize the moment created by lower oil prices to start the process of energy taxation and energy subsidy reform. - [click here for more...](#)

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### **Pension Reform Partially Overturned by Oregon Supreme Court**

By Ted Sickinger—Tribune News Service—May 1, 2015

The Oregon Supreme Court on Thursday overturned a key piece of the Legislature's 2013 reform work on the Public Employees Retirement System, setting the stage for a heavy financial cost to government agencies across the state while restoring lost benefits to retirees.

Bottom line, the court said a deal is a deal, and lawmakers can't lower cost-of-living adjustments on retirement benefits that were earned before the state reformed the public pension system. - [click here for more...](#)

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## **National Data**

ArticlesBy Public Plans Data—Overview

According to the U.S. Census Bureau, roughly 4,000 public sector retirement systems exist in the U.S. Some of the 227 state-administered plans and 3,771 locally-administered plans date back to the 19th century and each has evolved independently. Collectively, these plans have:

- \$3.80 trillion in assets
- 14.4 million active (working) members and 9.0 million retirees
- \$228.5 billion in benefit distributions annually

Most public pension plans release comprehensive annual financial reports (CAFRs) with information on pension trust cash flows and plan membership as well as actuarial data on plan assets, liabilities, and annual costs. CAFRs are prepared in compliance with the accounting standards set by the Governmental Accounting Standards Board (GASB) and can be found on most plans' websites. - [click here for more...](#)

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## **These 5 charts perfectly capture America's fears about retirement**

By Warren S Hersch—April 24, 2015

What would most help you achieve your future financial goals?

Like last year, job security is more important to achieving future financial goals for Gen X and Gen Y, whereas a rising stock market and lower healthcare costs are more important for Baby Boomers. - [click here for more...](#)

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## **PERA shortfall 'fixed' in 2010 but minders see quick solution in bonds**

By David Migoya—The Denver Post—04/26/2015

A staggering \$23 billion shortfall in the state's public-employee pension system that was, in theory, fixed five years ago is the focus of renewed efforts that could put Colorado's stellar credit rating on the line.

High-level discussions between state treasury officials and Colorado Public Employees' Retirement Association executives have been underway for months, looking for a way to solve the shortfall faster than the 30 years it will take under legislation passed in 2010. -

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

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## ***Legal & Legislative Updates***

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### **114TH CONGRESS 1ST SESSION**

**H. R. 606**—To amend the Internal Revenue Code of 1986 to exclude certain compensation received by public safety officers and their dependents from gross income. To amend the Internal Revenue Code of 1986 to exclude certain compensation received by public safety officers and their dependents from gross income. IN THE HOUSE OF REPRESENTATIVES JANUARY 28, 2015 Mr. PAULSEN (for himself, Mr. COSTELLO of Pennsylvania, Mr. BYRNE, Mr. PASCRELL, and Mr. REICHERT) introduced the following bill; which was referred to the Committee on

Ways and Means. To amend the Internal Revenue Code of 1986 to exclude certain compensation received by public safety officers and their dependents from gross income. - [click here for more...](#)

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## ***Court Case***

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### **Court Finds Agreement with Village Establishes Lawfully Pensionable Final Salary**

#### **Barba v. Village of Bensenville, 2015 IL App (2d) 140337 (Mar. 25, 2015)**

By Attorney Richard J. Reimer, General Counsel of IPPFA

In 1978, Barba began his membership in the Bensenville Firefighters Pension Fund. After decades of work for the Village of Bensenville Fire Department, in 2005, Jack Barba eventually became the “Chief of the Fire Prevention Bureau” (a non-union appointed position), basically the Village’s fire marshal. In the Spring of 2007, the Village transferred its fire protection obligations and assets to the Bensenville Fire Protection District No. 2. At the same time, the Fire District assumed responsibility for the Village’s firefighter pension fund.

At the time of the transition, Barba had only 29 years of service and wanted to retire with 30 years of creditable service time. Toward that end, a couple of months before the transition, Barba met with the Village Manager and the Village’s attorneys to discuss his situation. Following that meeting, the Village and Barba hammered out an agreement.

With respect to Barba’s pension, the parties agreed, “Barba’s salary during the year prior to his retirement was \$88,000.” In addition, “he was due for a cost-of-living increase for his final year, which would raise his salary to \$92,000.” At the same time, because Barba would not reach his 30th anniversary, “to ensure that Barba retired with his ‘full 30,’ his salary would be raised to \$96,000 on the date of his retirement to offset the difference from the purpose of calculating his pension.” This would result in an additional \$322 being on Barba’s final paycheck. The Agreement also dealt with several non-pension related issues. The intergovernmental agreement between the Village and District specifically referenced Barba’s agreement.

Despite entering into this Agreement, the Village never passed an appropriations ordinance and, as a result, never paid Barba the \$322 on his final check. In light of the Village’s failure to appropriate, the firefighters’ pension fund, concluded Barba only had 29 years of service. The Pension Board also concluded Barba’s pensionable salary was \$88,000. Barba challenged the Pension Board’s decision. The trial court affirmed the Board’s findings.

After some attempts at negotiating, Barba sued the District and Village for breach of contract. Before the trial court, the Village and District argued, “Barba could not have reasonably relied on the representations of officials from the Village and the District; that the proposed increase constituted an ‘illegal pension spike’ in violation of the Pension Code, thereby rendering any contract or agreement void as contrary to public policy...” The trial court found the Village owed Barba \$322 but concluded the administrative proceeding before the Pension Board barred his claims for “lost pension benefits.” Barba appealed.

The Appellate Court reversed, in part, the trial court’s decision. It held, “when the Village failed to make any appropriation for Barba’s salary increase, the Village precluded the pension board from including the salary increase in its computation of Barba’s pension.”

Largely, the District and Village claimed such an increase to Barba’s pensionable salary would constitute an “illegal pension spike.” The Appellate Court rejected that argument. It explained, “We reiterate that Barba’s end-of-career salary

increase, or any salary increase for that matter, would have been lawfully pensionable so long as the increase was established by municipal ordinance.”

The Appellate Court further concluded Barba’s suit against the Village and District are not duplicative to his suit against the Pension Fund. The Court wrote, “Barba could not have sued the pension board for lost benefits as damages any more than he could have sought his pension directly from the Village.” In light of the foregoing, Barba was found to be entitled to seek “the monetary equivalent of the full payment of benefits, retroactive benefits, an injunction, reinstatement, or rescission of the pension plan agreement...” The matter was remanded to the trial court for a determination of damages.

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

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

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

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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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