



# ILLINOIS PUBLIC PENSION FUND ASSOCIATION

## *Preparing Pension Funds for Tomorrow*

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

March 2, 2015

## March 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.***



**Hello,**  
**Do you think we will ever be warm again? I was talking with my kids about the past 2 winters and how they reminded me of the 1970's winters. Now I am dating myself! Hopefully March will be a little warmer for all of us.**

**The IPPFA has been following the news out of Springfield. As many of you know, Governor Rauner presented his budget to the legislature. He spoke about reforming the State's pension system. The IPPFA will continue to work with the PBPA, the AFFI, and the FOP, in monitoring the actions coming out of Springfield. President McNamee recently spoke at the West Suburban Mayor Conference. He spoke about public pensions and what pensions do**

for their community. He gave them some ideas on revenue and financing these pension obligations. It was well received by all.

I recently spoke at the LATEC conference in New Orleans. There was much discussion about public pensions and some of the dilemma's that we are facing. We will continue to monitor the discussion that is happening throughout the country. On March 13, 2015, the IPPFA will be celebrating it's 30th Anniversary at the Pheasant Run Resort. There are still some tickets available. You can contact the IPPFA office to purchase tickets. We will have food and drinks throughout the night. If you know of any trustee that has served for 20 years or more, please let us know. We would like to recognize them at this event.

The IPPFA Illinois Conference is right around the corner. The dates are May 5th - 8th. We will be at the Embassy Suites in East Peoria, Illinois. You can register online at IPPFA.org. If you have any questions or concerns regarding pensions, trustee education, and upcoming trainings, please don't hesitate on contacting the IPPFA.

Be safe,  
Tim Moss—Executive Director, IPPFA

### *Illinois Articles...*

- [Mondelez International plans \\$529 million in worldwide pension contributions](#)
- [New Pension Perspectives Long-Awaited GASB Pension Changes Begin Special Report](#)
- [Kraft Food Groups to dish out \\$195 million in pension contributions for 2015](#)
- [Illinois Revenue Volatility Study—Public Act 98-0682](#)
- [New Public Pension Annual Statement System Features](#)
- [Working Paper](#)

### *National Articles...*

- [Choose a Retirement Plan, ESTABLISHING A RETIREMENT PLAN](#)
- [State and Local Fiscal Facts: 2015](#)
- [Statement on Making the Municipal Securities Market More Transparent, Liquid, and Fair](#)
- [Press release: CMS Strengthens Five Star Quality Rating System for Nursing Homes](#)
- [Case Studies of State Pension Plans that Switched to Defined Contribution Plans](#)
- [Infrastructure Investment—Harnessing Long-Term Capital for Local Development](#)
- [President Obama proposes more retirement plan access, cap on tax savings](#)
- [IMPORTANCE OF SUPPLEMENTAL RETIREMENT SAVING PLANS FOR CITY AND COUNTY EMPLOYEES](#)

### *Training and Education...*

- [IPPFA Illinois Pension Conference/Seminars/Certified Trustee Training/e-Learning/Toolkit](#)

---

### *Illinois Articles...*

---

### **Mondelez International plans \$529 million in worldwide pension contributions**

By Meaghan Kilroy—Pensions and Investments—February 20, 2015

Mondelez International Inc., Deerfield, Ill., plans to contribute \$529 million total to its defined benefit plans in 2015, said the company's 10-K filed Friday. Mondelez expects to contribute \$210 million to its U.S. pension funds and \$319 million to its non-U.S. pension funds. The company contributed \$11 million to its U.S. plans and \$353 million to its non-U.S. plans in 2014, the filing said. - [click here for more...](#)

---

### **New Pension Perspectives Long-Awaited GASB Pension Changes Begin Special Report**

Fitch Ratings—Public Finance

Pension systems are releasing their fiscal 2014 actuarial valuations and financial reports under GASB statement 67, one of two new pension accounting standards announced in 2012. The transition to new GASB pension reporting has only just begun; governments will release their own financial reports subject to GASB statement 68 for fiscal years ending after June 15, 2015.

This special report focuses on the changes that affect a system's reported net pension obligations. - [click here for more...](#)

---

### **Kraft Food Groups to dish out \$195 million in pension contributions for 2015**

By Meaghan Kilroy—Pension and Investments—February 20, 2015

Kraft Food Groups Inc., Northfield, Ill., expects to contribute about \$195 million total to its defined benefit plans in 2015, said spokesman Basil T. Maglaris, in an e-mail. Of the \$195 million, about \$170 million will go to the company's U.S. pension funds and \$25 million to its Canadian pension funds, the company's recently filed 10-K shows. In 2014, Kraft contributed \$145 million and \$16 million to its U.S. and Canadian plans, respectively. - [click here for more...](#)

---

### **Illinois Revenue Volatility Study—Public Act 98-06824**

by Commission on Government Forecasting and Accountability—December 31, 2014

On June 30, 2014, Governor Quinn signed into law P.A. 98-0682. A major component of this Public Act was the creation of the Illinois Revenue Volatility Study Act. Under this Act, the Commission on Government Forecasting and Accountability is charged with conducting a study of the volatility of the sources of general revenue funds collected by the State of Illinois. The Act states that the study shall include, but is not limited to: - [click here for more...](#)

---

### **New Public Pension Annual Statement System Features**

From the Illinois Department of Insurance "The Siren"—February 4, 2015

#### **Illinois Department of Insurance Public Pension Division**

The Department of Insurance ("Department") has added two new features to the Pension Annual Statement System ("PASS") effective February 4, 2015. We encourage all Funds to take advantage of the new enhancements.

Document Submissions: The following documents may now be filed electronically with the Public Pension Division (Division) via the Pension Annual Statement System: - [click here for more...](#)

---

## **Working Paper**

by Marc D. Joffe—June 2013

Mercatus Center—George Mason University

I use an open-source budget-simulation model to evaluate Illinois's credit risk and to compare it to that of Indiana, a neighboring state generally believed to have better fiscal management. Based on a review of the history and theory of state credit performance, I assume that a state will default if the aggregate of its interest and pension costs reaches 30 percent of total revenues. In Illinois, this ratio is currently 10 percent, compared to 4 percent in Indiana. My analysis finds that neither state will reach the critical threshold in the next few years under any reasonable economic scenario, suggesting no material default risk.

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

---

## ***National Articles...***

---

### **Choose a Retirement Plan, ESTABLISHING A RETIREMENT PLAN**

IRS—Tax Exempt and Government Entities

Experts estimate that in the American workforce as a whole, workers will need 70 to 90 percent of their pre-retirement income to maintain their current standard of living when they stop working. Lower income earners may need more than 90 percent. Among these workers 25-64 years of age, a little more than half are participants in an employer-sponsored retirement plan.

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

---

### **State and Local Fiscal Facts: 2015**

State and Local Finances - Municipal Bonds - State and Local Pensions

#### **Fiscal Condition of State and Local Governments**

In the past few years, state and local government revenues have been slowly improving. While challenges remain, officials have been taking steps to replenish rainy day funds and address long-term structural imbalances. State Finances For states, 2014 brought a moderate improvement in fiscal conditions and the trend for 2015 is that improvements will continue. General fund spending and revenues are projected to increase for the fifth consecutive year based on state-enacted budgets.

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

---

### **Statement on Making the Municipal Securities Market More Transparent, Liquid, and Fair**

By Commissioner Luis A. Aguilar—U.S. Securities and Exchange Commission—Feb. 13, 2015

It is difficult to overstate the importance of the municipal securities market. There is perhaps no other market that so profoundly influences the quality of our daily lives. Municipal securities provide financing to build and maintain schools, hospitals, and utilities, as well as the roads and other basic infrastructure that enable our economy to flourish. Municipal bonds' tax-free status also makes them an important investment vehicle for individual investors, particularly retirees. Ensuring the existence of a vibrant and efficient municipal bond market is essential, particularly at a time when

state and local government budgets remain stretched.

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

---

### **Press release: CMS Strengthens Five Star Quality Rating System for Nursing Homes**

CMS.gov Center for Medicare & Medicaid Services—February 20, 2015

The Centers for Medicare & Medicaid Services (CMS) today strengthened the Five Star Quality Rating System for Nursing Homes on the Nursing Home Compare website to give families more precise and meaningful information on quality when they consider facilities for themselves or a loved one. Today's announcement also marks an important milestone to achieving the goal of implementing further improvements to the Five Star system in 2015, as the Administration announced last October.

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

---

### **Case Studies of State Pension Plans that Switched to Defined Contribution Plans**

By National Institute on Retirement Security—February 2015

The "Public Pension Resource Guide" provides readers with facts and data on the important role that public pensions play in the economy—for employees and retirees, public employers, and taxpayers alike.

A misperception persists among some that defined contribution (DC) plans "save money" when compared with traditional pensions. However, several states that switched to DC plans have experienced a much different reality over time. Indeed, a recent NIRS analysis of the economic efficiencies of defined benefit (DB) plans reconfirmed that pensions deliver the same amount of lifetime income for about half of the cost of providing the lifetime income from a typical DC plan.

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

---

### **Infrastructure Investment—Harnessing Long-Term Capital for Local Development**

by Joshua Franzel and M. Nicolas Firzli—PM Magazine

Given the continued discussions in Washington, D.C., state capitals, and council meetings about the expenditures needed to maintain and update infrastructure systems, what other sources of investment should local government managers be keeping their eyes on now and in the future? Public pension funds, with their natural preference for long-term investments and tradition of "capital stewardship," could become key investors in this socially beneficial asset class. -

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

---

### **President Obama proposes more retirement plan access, cap on tax savings**

By Hazel Bradford—Pensions & Investments—February 2, 2015

President Barack Obama's fiscal year 2016 budget proposal released Monday calls for expanding access to retirement savings in the workplace while capping the tax-favored accumulation of all private retirement assets.

It would also raise \$19 billion over the next 10 years by changing the way the Pension Benefit Guaranty Corp. sets

premiums. After consulting with stakeholders, premium increases would be split among single-employer and multiemployer programs and phased in gradually. - [click here for more...](#)

---

## **IMPORTANCE OF SUPPLEMENTAL RETIREMENT SAVING PLANS FOR CITY AND COUNTY EMPLOYEES**

By Center for State & Local Government Excellence

Do local government employees with more generous defined benefit plans contribute less to supplemental retirement plans than those with less generous benefits? Yes, according to research conducted by Robert Clark and his team from North Carolina State University. In this brief, the final in a three-part series, the authors analyze employee participation in primary and supplemental retirement plans, retiree health care benefits, and Social Security in 20 large cities and counties across the country.

- [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...](#)