



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

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May 2014 Newsletter



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Illinois Articles...

Proposed Reforms to Chicago Pensions: What's at Stake and How Much it Will Cost

By Anderson Economic Group (AEG)—April 2014

Under defined benefit pension plans, an employer can minimize costs by estimating future benefits for current employees and retirees and setting aside enough money to cover those obligations. For years, local governments in Chicago, including the City of Chicago, Cook County, and Chicago Public Schools, have failed to do so for hundreds of thousands of workers. As a result, city residents face a collective unfunded liability that exceeds \$30 billion.

To partially address the problem, Mayor Rahm Emanuel proposed, and the state legislature passed, a set of reforms to pension benefits for municipal employees and laborers in the City of Chicago. Governor Quinn has yet to sign the bill. In the long run, employers have only two ways to resolve an unfunded liability, and the recently-passed reforms include both. They reduce future benefits for active employees and current retirees. They also considerably increase the contribution by employees and the City government into the fund each year. - [click here for more...](#)

Public Pensions and the Lessons of Success

By Elizabeth K. Kellar—April 9, 2014—**Governing**

Some state and local retirement systems have found a formula for stability.

Do we learn more from success or failure? When it comes to state- and local-government pensions, we tend to focus on the plans that are struggling. But there are valuable lessons to learn from public-sector retirement plans that have remained well funded and from governments that have successfully negotiated changes to put their pension systems on a path to full funding.

Well-funded in Illinois: Given all the headlines about Illinois' seemingly endless struggle to reform its pensions, some might be surprised to learn that that the Illinois Municipal Retirement Fund (IMRF), the state's second-largest public pension, is a model of fiscal responsibility. - [click here for more...](#)

Governmental Plans Alert: IRS Issues Guidance Regarding Application Of The Windsor Decision To Qualified Retirement Plans

By ICE MILLER

The purpose of this notice is to provide guidance on the application (including the retroactive application) of the decision in *United States v. Windsor*, 570 U.S. ___, 133 S. Ct. 2675 (2013), and the holdings of Rev. Rul. 2013-17, 2013-38 I.R.B. 201 (Sept. 16, 2013), to retirement plans qualified under section 401(a) of the Internal Revenue Code (Code).

CKGROUND 01. Qualified Retirement Plan Rules Relating to Married Participants Several Code sections provide special rules with respect to married participants in qualified retirement plans, including, but not limited to, the following:

Under section 401(a)(11), certain qualified retirement plans must provide a qualified joint and survivor annuity (QJSA) upon retirement to married participants (and generally must provide

a qualified preretirement survivor annuity (QPSA) to the surviving spouse of a married participant who dies before retirement). If a plan is subject to these rules, the QJSA (or QPSA) may be waived by a married participant only with spousal consent pursuant to section 417. - [click here for more...](#)

National Articles...

Wells Fargo settles securities lending class-action lawsuit

By Rick Baert—April 16, 2014—Pensions & Investments Wells Fargo & Co. settled a federal class-action lawsuit led by the \$132 million Farmington Hills (Mich.) Employees' Retirement System that claimed the bank breached its fiduciary

duty when it lost money through its securities lending program, according to court documents. A trial, the third against the bank over its now-shuttered securities lending program, had been scheduled to start Monday in U.S. District Court in St. Paul, Minn., but attorneys for both sides told federal Judge Donovan Frank they had reached a settlement. - [click here for more...](#)

GASB offers tool kit for rules

By Hazel Bradford—April 14, 2014—**Pensions & Investments**

The Governmental Accounting Standards Board gave public pension systems new accounting and financial reporting rules that start taking effect this year. Now the Norwalk, Conn.-based organization is offering plan executives some help — in the form of an online tool kit — to figure out how to implement those rules. Some of the biggest changes in the new standards include more prominent reporting of net unfunded liabilities and requiring more accounting information from contributing employers within larger systems. - [click here for more...](#)

Financial Security Scorecard: A State-by-State Analysis of Economic Pressures Facing Future Retirees

By Christian E. Weller, PhD, Nari Rhee, PhD, and Carolyn Arcand—**National Institute on Retirement Security**

For many Americans, retirement holds the promise of pursuing long held dreams. Others simply hope to be financially self-sufficient so that they can meet basic needs without relying on family members, charity or government assistance. However, it takes tremendous financial resources just to pay for the basic necessities of housing and health care in old age, never mind start a business or travel the world. The financial challenge of saving enough for that hoped-for retirement has become harder over time, especially after the Great Recession of 2007-2009. Households lost trillions of dollars of wealth amid the housing and stock market meltdown. They also struggled to pay their bills, much less save, as unemployment stayed high and wages remained low. - [click here for more...](#)

ASB interpretations address GASB pension issues

By Journal of Accountancy—April 22, 2014

The AICPA Auditing Standards Board (ASB) issued three auditing interpretations to help address some of the numerous accounting and auditing issues that are facing governmental cost-sharing multiple-employer pension plans and the government employers that participate in them.

The interpretations are intended to help auditors of governmental cost-sharing plans and participating employers in their audits of entities that are implementing the new pension standards created by GASB that will substantially change the accounting and financial reporting of public employee pension plans and the state and local governments that participate in such plans.

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

Defined benefit (DB) pension plans have existed in the United States since the 19th century

By **National Institute on Retirement Security**

Defined benefit (DB) pension benefits are highly valued by the retired Americans who count on these plans for a secure source of income in retirement. But the benefits provided by pension plans have an impact that reaches well beyond the retirees who receive pension checks.

In the private sector, the first defined benefit (DB) pension plan was introduced in 1875 by the American Express Company. Over time, many private sector employers saw the value of offering DB pension coverage to their employees, as these benefits not only were quite valued by workers, but from a human resource management perspective, they also acted as an effective recruitment and retention tool. Although private sector DB plans have experienced a decline in recent decades (due in large part to a difficult regulatory environment), in 2005, 33% of private sector employees still had DB pension coverage. - [click here for more...](#)

Detroit pension funds reach tentative deals on pension benefit cuts

By Christine Williamson—April 16, 2014—Pensions & Investments

Detroit's two public employee pension funds reached separate agreements regarding pension benefit cuts included in the city's revised bankruptcy recovery plan, filed April 1 in U.S. Bankruptcy Court in Detroit. Trustees of the \$2.8 billion [Detroit General Retirement System](#) on Wednesday afternoon approved the economic terms of a settlement that will impose 4.5% cuts to retiree pension benefits and eliminate cost-of-living adjustments. The settlement is a considerable improvement on the 26% pension benefit cut imposed if employees and retirees approve the city's recovery plan and 34% if the plan is rejected in a vote on the pension changes required by the Chapter 9 bankruptcy process. - [click here for more...](#)

Court Case...

Injured Firefighter Pedersen v. Village of Hoffman Estates

ALAN R. PEDERSEN and KAREN PEDERSEN, Plaintiffs-Appellants, v. VILLAGE OF HOFFMAN ESTATES and JAMES H. NORRIS, Village Manager, Defendants-Appellees.

Plaintiff Alan R. Pedersen (Pedersen) was injured in the line of duty as a firefighter for defendant Village of Hoffman Estates (Village) and sought continuing health coverage benefits under section 10 of the Public Safety Employee Benefits Act (Act) (820 ILCS 320/10 (West 2006)). Defendant Village manager James H. Norris (Norris), after a hearing, denied the claim for benefits.

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

Training and Education...

Sign up for the 2014 IPPFA Illinois Spring Pension Conference

IPPFA Spring Pension Conference will be held in East Peoria, IL. The dates for the 2014 conference are May 6 - 9, 2014. The venue will be the Embassy Suites. The IPPFA rate is \$145.00 per night which includes complimentary breakfast and manager's reception every day. Call the Embassy Suites direct at 1-309-427-2424 or register online. -

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

Peoria Chiefs Baseball Game Registration Sign Up NOW!!

Sign up now as we are limited so it is first come first served!!

Join Us for a Day at the Ball Park, Benefitting The Remembrance Fund--Price Includes ROUNDTRIP BUS TRANSPORTATION from the Embassy Suites, Ticket to THE CARDINAL'S ROOST PARTY DECK, Lunch buffet and soft drinks (cash bar on deck). - [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. 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...](#)
