



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

November 2, 2015

November 2015 Newsletter



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Hello

I hope this article finds you healthy and happy! The IPPFA MidAmerican conference was a huge success. We had over 1200 attendees at the conference. I would like to Thank all of our sponsors for all that they do. If you did attend, make sure you fill out all of your COA's so you can get credit for the training. I would also like to Thank the IPPFA staff for all of their hard work.

The budget battle continues down in Springfield. We are always keeping an eye on the situation and our lobbyist, Mike Kasper, updates President McNamee on a daily basis. We held our 1st Retirement Coordinator seminar. We had over 100 attendees! We will hold another class in the spring and this class will be held throughout the state.

The IPPFA Christmas Party will be held December 4, 2015 at the Union league club in Chicago. Please call the office to RSVP.

Check the website for upcoming training and events. www.ippfa.org If you have any questions, please feel free to contact the office at 630-784-0406

Be safe

Tim Moss—Lieutenant, Oak Forest Fire Dept.—Executive Director, IPPFA

Announcement!! IPPPFA Annual Holiday Party on Friday, December 4, 2015 at the Union League Club of Chicago

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Illinois Articles...

Potential Impact of No Social Security COLA on Medicare Part B Premiums in 2016

By Patricia A. Davis—Specialist in Health Care Financing—October 20, 2015

Medicare Part B covers physician services, outpatient care, durable medical equipment, laboratory services, and some home health services. Most beneficiaries pay a monthly Part B premium that is set at a rate to cover about 25% of the costs of Part B. The General Fund of the U.S. Treasury covers most of the remaining costs. - [click here for more...](#)

Consumer credit trends by income and geography in 2001–12

by Gene Amromin, Leslie McGranahan, and Diane Whitmore Schanzenbach—Chicago Fed

As economists have tried to understand the causes of the Great Recession¹ and its consequences for households and firms, a consensus has emerged: The severity of the recession was amplified by the rapid buildup in consumer credit leading up to it and the subsequent credit retrenchment.² However, the credit cycle played out unevenly among individuals of different financial means and across different parts of the U.S. Thus, one potential key to understanding the Great Recession is documenting how credit trends varied across the distribution of income and across geography, as well as across the two measures jointly.

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

Medicare Part B

By National Governors Association (NGA) Letter—October 09, 2015

Dear Speaker Boehner, Leader Pelosi, Majority Leader McConnell and Leader Reid:

Governors call on Congress to find a fiscally responsible solution to help mitigate the projected \$2.3 billion increase in Medicare Part B premiums for states in 2016.

The Medicare Trustees project a 52 percent increase in Part B premiums next year for beneficiaries—most of whom are dually eligible for Medicare and Medicaid—not covered by a hold harmless provision in the Social Security Act. The hold harmless provision protects approximately 70 percent of Part B beneficiaries from premium increases that exceed the Social Security Cost of Living Adjustment (COLA). With no COLA expected next year, Part B premium increases will be spread among the remaining beneficiaries to ensure premiums cover 25 percent of program costs, as required by law. State Medicaid programs, which pay all or a portion of Part B premiums for dual eligibles, will be forced to absorb a disproportionate share of rising Medicare costs.

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

National Articles...

SLGEP: Article on Emerging Pension Issues

By AICPA—October 2015

This article is another auditing publication as defined in AU-C section 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards (AICPA, Professional Standards). It also provides nonauthoritative accounting guidance. Other auditing publications have no authoritative status; however, they may help you, as an auditor, understand and apply certain auditing standards. Users of this article should consult the original material referenced in this practice aid for a complete understanding of the standards, requirements, and guidance.

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

Confirmed: No Inflation Means No Social Security COLA; Medicare Premiums to Surge for Some

By Think Advisor.com—October 15, 2015

Drop in CPI confirms Social Security beneficiaries will see no benefit increase, again, while upper-income recipients will see big jump in Part B premiums.

The release Thursday of the Consumer Price Index figures for September 2015 confirmed that all Social Security beneficiaries — old age and survivors, disabled workers and SSI recipients — will not see a COLA increase in benefits next year for the third time since 2009. Under law, that will also mean that Social Security beneficiaries with higher incomes will see increases in their premiums for Medicare Part B, which pays for physicians' bills, outpatient care, durable medical devices and other goods and services. - [click here for more...](#)

Five Reasons Why Traditional Pensions Are Still the Best Way to Provide Retirement Security

By Bailey Childers—Huffington Post—October 25, 2015

This week, America is celebrating National Save for Retirement Week, established by Congress to raise public awareness about the importance of putting money aside for our golden years. For decades, traditional pensions, or defined benefit plans, have been the retirement savings tool of choice for employers in the public and private sector, and they continue to be the best way to provide the most workers with a secure retirement. Here are the top 5 reasons why pensions are best for workers, and a safe bet for taxpayers. - [click here for more...](#)

The Windfall Elimination Provision It's Time to Correct the Math

By Social Security Advisory Board—October 1, 2015

This paper explains how the formula used to calculate benefits under the Windfall Elimination Provision (WEP) works and describes proposals to modernize it; a separate paper will explain how the Government Pension Offset (GPO) works and outline proposals to improve it. WEP and GPO are similar in that they adjust Social Security benefits based on the presence of non-covered earnings. They differ in that they apply to different categories of beneficiaries: WEP adjusts worker benefits while GPO adjusts spousal and survivor benefits. - [click here for more...](#)

Fast Facts & Figures About Social Security, 2015

Fast Facts & Figures answers the most frequently asked questions about the Programs administered by the Social Security Administration (SSA). It highlights basic program data for the Social Security (retirement, survivors, and disability) and Supplemental Security Income programs. Most of the data come from the Annual Statistical Supplement to the Social Security Bulletin, which contains more than 240 detailed tables. The information on the income of the aged is from the data series Income of the Population 55 or Older. Data on trust fund operations are from the 2015 Trustees Report. - [click here for more...](#)

'Sticker shock' of retiree health costs reinforces savings message

Employees who don't factor health care costs into their retirement planning could be in for a rude awakening. A couple, both aged 65 and retiring this year, can now expect to spend an estimated \$245,000 on health care throughout retirement, up from \$220,000 last year, according to data from Fidelity. - [click here for more...](#)

ICI: U.S. retirement assets flat in second quarter

By Meaghan Kilroy—Pension & Investments—September 28, 2015

U.S. retirement assets totaled \$24.8 trillion for the quarter ended June 30, relatively unchanged from \$24.9 trillion at the end of the previous quarter, said the Investment Company Institute's most recent quarterly report. The report looks at government defined benefit plans, corporate DB plans, defined contribution plans, annuity reserves and individual retirement accounts.

Assets in defined contribution plans rose slightly to \$6.8 trillion, up 0.4% from the quarter ended March 31. Of the \$6.8 trillion, \$4.7 trillion was held in 401(k) plans; \$872 billion in 403(b) plans; \$537 billion in other corporate defined benefit plans, \$441 billion in the Federal Retirement Thrift Savings Plan, Washington; and \$266 billion in 457 plans. -

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

RSA under fire: Inside the latest battle over Alabama's pension powerhouse

By Casey Toner—Alabama.com—September 24, 2015

Displayed on the walls outside David Bronner's office in Montgomery are more than 100 framed political cartoons that span his career leading the Retirement Systems of Alabama.

A who's who of Alabama politics, the framed illustrations depict Bronner scrapping with everyone "To get a political cartoon, you have to get your head kicked in on the front page, followed by getting your head kicked in on the editorial page," said Bronner, 70. "That's the third shot at you in the era of editorial newspapers.

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

Deepening the foundations of risk management

by Marshall Eckblad, Lamont Black, and Esther Ogunro—Chicago Fed Letter

The ongoing recovery from the Great Recession has been accompanied by changes in the types of risks that financial institutions face and the ways in which they manage them. Even as improving labor markets and modest economic growth have strengthened balance sheets and stabilized most businesses, financial services firms remain under considerable pressure. In this context, the Federal Reserve Bank of Chicago and DePaul University hosted their eighth annual risk conference on March 31–April 1, 2015.

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

Many Public Employees Face 50 Percent Hike in Medicare Part B Premiums

The National Council on Teacher Retirement—Supporting Retirement Security for America's Teachers
Effective 1/1/2016

With the official announcement October 15th that there will not be a Cost-of-Living-Adjustment (COLA) for Social Security recipients in 2016, the wheels have been set in motion to substantially increase the Medicare Part B premiums for many public sector employees and retirees. The general rule is that if you pay the standard Part B premium, which covers doctor visits and outpatient care, and it is already taken out of a Social Security check, then your premium will NOT increase in 2016. However, in general, if you are enrolled in Part B but pay your premiums directly to Medicare—including many public employees and retirees who are not covered by Social

Security—then your premium will likely increase.

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

Court Case...

Appellate Court Confirms Termination of Benefits of Officer Convicted of a Felony While Receiving Disability Pension

Majid v. Retirement Bd. of the Policemen's Annuity and Benefit Fund of the City of Chicago, 2015 IL App (1st) 132182

By REIMER DOBROVOLNY & KARLSON LLC

The First District Appellate Court recently issued a decision, which affirmed the pension board's determination to terminate disability benefits of an officer convicted of a felony.

The Retirement Board of the Policemen's Annuity and Benefit Fund of the City of Chicago ("Board") reached a decision to terminate the disability benefits of Officer Nail Majid following his conviction on charges arising out of impersonating a Drug Enforcement Agency agent and possession of an unregistered firearm in Ohio. Majid served as a Chicago police officer for four years before he was injured and awarded a line of duty disability pension. Majid ultimately pleaded guilty and was convicted of possession of an unregistered firearm, and was sentenced to three (3) years' probation.

Upon learning of the conviction, the Board suspended Majid's disability benefits and gave notice of a hearing on the matter. Following the hearing, at which Majid testified he had been convicted of a felony, the Board issued a written order denying Majid's application for reinstatement of disability benefits, pursuant to 40 ILCS 5/5-227. The Board found there were only two issues to be determined: (1) whether Majid was convicted of a felony; and (2) whether he was receiving a disability benefit at the time of his indictment and conviction.

Section 5-227 of the Pension Code states in relevant part in the second paragraph: "None of the benefits provided for in this article shall be paid to any person who is convicted of any felony while in receipt of disability benefits." 40 ILCS 5/5-227. "The unambiguous language of the second paragraph of section 5-227 required that the officer receive disability benefits at the time of his felony conviction before his benefits could be forfeited." 2015 IL App (1st) 132182, ¶25.

In appealing, Majid argued there must be a nexus between the felony committed and service as a police officer. The Appellate Court disagreed, holding the court "will not 'read in'" the nexus requirement that would render the second paragraph of Section 5-227 superfluous." 2015 IL App (1st) 132182, ¶24. The Court unequivocally stated, nowhere in analyzing this section, "did we state or imply that the nexus requirement applied to forfeiture of benefits under the second paragraph of section 5-227." *Id.* at ¶26.

The Appellate Court also found there were no violation of Majid's procedural due process rights in the Board's determining his disability benefits should be terminated. Majid claimed he did not receive a "meaningful" hearing. The Court disagreed, noting Majid was given the opportunity and did indeed testify at the hearing, that he had been convicted of a felony while he was receiving a disability benefit. "Those were the only two elements require for the termination of his

disability benefit...Majid's argument that he did not receive a meaningful hearing was not supported by the record." Id. at ¶35, 41.

The Appellate Court also found Majid's claim the decision violated his equal protection rights to be baseless. Majid claimed a violation of equal protection for the legislature to not require any nexus between the felony and police service to terminate disability pension benefits while requiring a nexus to terminate retirement pension benefits. The Appellate Court held it was not a violation of equal protection for the legislature to treat police officers convicted of a felony while receiving disability pension benefits differently from those officers who receive retirement benefits and are convicted of a felony. ❖

Training and Education...

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...](#)

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...](#)