



ILLINOIS PUBLIC PENSION FUND ASSOCIATION

Preparing Pension Funds for Tomorrow

www.ippfa.org

September 1, 2015

September 2015 Newsletter



In this issue...



From the President and Founder, James McNamee

Well it's fast approaching our MidAmerican conference time, and looks like we will have over 1200 attendees. This is the largest public pension conference in the Midwest and one of the largest in the United States. I'm looking forward to seeing old friends and making new ones. Our conference agenda is packed with great speakers and seminars. We have a lot to talk about.

This year has been filled with great disagreement and tension between our new governor and the legislatures in Illinois. The governor had many proposals on pensions. Many that IPPFA would oppose. The governor's proposal to put new and current public employees in a DC plan and close the pension, would not only increase costs to the employer, but put public employees at risk of poverty in retirement. All you have to do is look at the volatility of the current market, which shows that it's risky investing out there. An individual has little chance of saving enough to have a secure retirement. We are hoping that as the year winds down some of the rhetoric will get toned down and the legislature and governor can come to an agreement on the budget.

We also are looking at recent developments in Indiana, where local government can set up foundations to get investment income. IPPFA also supports the idea that, before any income generating asset is sold by local government, it would be offered first to the retirement system. In Chicago there is an agreement between the governor and the police and fire associations that would give the profits of a casino to their police and fire pension funds. We need to look at ways to generate revenue to the fund, and this was one way. The bill for the casino has not yet been moved forward. We also know some municipalities have used pension bonds to fund their pensions in this low interest rate environment. There is a risk to that, so make sure you review that option carefully.

IPPFA has created a new school this year. It's called the "Retirement Coordinator School". The school teaches the attendee all of the possible retirement benefits a participant might qualify for. If you are interested in attending and want to find out when the next class is, please call the office, or look in our newsletters and website.

Finally congratulations to all the Police and Fire Pension Trustees for doing an outstanding job managing your retirement assets, as shown in a recent study by Anderson Economic. Police and Fire Pension Funds have beat their investment benchmarks over many years.



I hope of all you had a wonderful summer. I cannot believe it is almost over. My kids are back in school and let all the homework and practices begin. As many of you know, the Illinois legislature is still trying to pass a budget. The IPPFA recently held a 1 day seminar for our legislatures and other pension trustees from around the country. Rep. Elaine Nekritz was able to come to the seminar. We had some great conversations with Representative Nekritz. We will continue to monitor what our state reps are doing in Springfield. Stay tuned!

The MidAmerican Conference is filling up fast. Please remember to register for the conference. We have quite of few trustees that have reserved hotel rooms but have not registered. The dates of the conference are October 6th-9th, 2015 at the Grand Geneva in Lake Geneva, WI. We have a great line up for the conference.

Registration is open for the Retirement Coordinator. The date of the class is September 24, 2015 at the NIU campus in Hoffman Estates. This class is filling up extremely fast. Check the website to register.

I was recently talking to a buddy of mine that has been a State Trooper for 26 years. He informed me he is retiring at the end of the year. He is going to defer his pension until he turns 50. I asked him what was the "breaking point" for him to make this decision. He told me that the other day he was blocking traffic after an accident so that the tow truck could remove a vehicle. The tow truck driver was done and began to get into his truck. My buddy was pulling away when he noticed a car coming at a high rate of speed from behind headed his way. He also saw the tow truck driver get out to grab a piece of debris that was left. He stayed in his spot, still with his lights on, when the car from behind came to a screeching halt and stopped about 1 foot from his passenger door. He said he has been in near misses way to many times and this one was the icing on the cake. Some may say it's nice for him to be able to retire so young. These people have no idea of what Firefighters and Police Officers go

through every day. The wear and tear on our bodies and minds is incredible. I know I am preaching to the choir so just be safe out there.

Thanks,
Tim Moss-Executive Director, IPPFA

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Illinois Articles...

IPPFA Retirement Coordinator

Whether a rookie or someone that is nearing retirement, every employee at some point will have a question about post-retirement benefits. When they do, who in your municipality has all the answers they need? Probably no one. That is where the IPPFA Retirement Coordinator (RC) program comes into play. When trained as a RC, you are the "go-to" person with the answers. The RC can be anyone in the municipality, a department head, union official, pension trustee, human resource director or finance director. Having more than one RC may be beneficial as well. - [click here for more...](#)

The Retirement Expert Who Got Death Threats for Her Ideas

By Carla Fried—Bloomberg—8/5/2015

Retirement policy wonks don't usually get hate mail. But in 2008, Teresa Ghilarducci, an economics professor at the New School for Social Research, proposed replacing 401(k) plans and their income tax break with a mandated government savings plan for all workers. The blowback from some Tea Partyers was so intense that the school's chief of security gave her his cell phone number. The plan called for mandatory savings of 5 percent of salary, with the government handling all investment decisions, guaranteeing a rate of return above inflation, and ultimately paying out the retirement money in a lifelong annuity. It's pretty radical. Conservatives hate it. She continues to advocate for it, though she won't comment on whether she has discussed it as one of the cadre of economists advising Hillary Clinton in her presidential bid. - [click here for more...](#)

New Jersey Legislator Calls for Federal Bailout of Public Pensions

By The National Council on Teacher Retirement—NCTR

Calling unfunded state and local government pension liabilities a “national crisis,” the President of the New Jersey State Senate, Steve Sweeney (D), is urging the Congress to create a “Federal pension debt restructuring program”—estimated by press reports to be as large as \$1 trillion—that would “reduce annual payments and provide long-term savings for states throughout the country, including New Jersey.” According to a “Fact Sheet” that accompanied Sweeney’s press statement released on July 29, 2015, state governments “are facing a pension crisis that threatens to force hundreds of billions of dollars in tax increases or deep cuts in services, and slow economic growth over the next three decades.” - [click here for more...](#)

National Articles...

Disability.gov’s Guides to Information & Resources

By Disability.gov—2015

These guides have been developed to help people with disabilities, their families and caregivers locate the resources they need in their community and nationwide. Whether you’re looking for information about Social Security benefits, how to find a job, or financial assistance for students with disabilities, you’ll find a guide with answers to your questions. Click on a guide for more information. - [click here for more...](#)

Why financial education should be a pillar of any wellness program

By EBN—Employee Benefit News

Addressing employees’ financial stress can lead to increased productivity and help an employer’s bottom line, just two of the reasons benefit advisers should be working with company C-suites to implement a financial wellness program, says Jeffrey Tulloch, vice president of MetLife PlanSmart. - [click here for more...](#)

Retirement Benefits for Members of Congress

Katelin P. Isaacs—Analyst in Income Security—Congress Research Service—July 31, 2015

Prior to 1984, neither federal civil service employees nor Members of Congress paid Social Security taxes, nor were they eligible for Social Security benefits. Members of Congress and other federal employees were instead covered by a separate pension plan called the Civil Service Retirement System (CSRS). The 1983 amendments to the Social Security Act (P.L. 98-21) required federal employees first hired after 1983 to participate in Social Security. These amendments also required all Members of Congress to participate in Social Security as of January 1, 1984, regardless of when they first entered Congress.

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

Internal Revenue Service

Number 201532036—Release Date: 8/7/2015

This letter is in response to a ruling request submitted by your authorized representative on behalf of Plan B, dated June 29, 2011, as supplemented by correspondence dated November 5, 2012, and March 6, 2015, with respect to the federal income tax treatment of certain contributions to Plan B under sections 401(k), 414(h), 415(c), and 3401(a) of the Internal Revenue Code (the "Code"). The following facts and representations are submitted under penalties of perjury in support of your request.

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

Sustainability of the Louisiana State Retirement Systems

by Paul T. Richmond, EA, ASA, MAAA, EGA Actuary for the Legislative Auditor

Public Retirement Systems' Actuarial Committee Meeting August 13, 2015

According to Actuarial Standards of Practice, actuarial assumptions and methods should represent the actuary's best estimate of future events and should not be biased either positively or negatively. - [click here for more...](#)

CDC: 53 million adults in the US live with a disability

New report provides state-by-state data on disability types

In the United States, one out of every five adults has a disability, according to a new study published by the Centers for Disease Control and Prevention. The most common functional disability type was a mobility limitation – defined as serious difficulty walking or climbing stairs -- reported by one in eight adults, followed by disability in thinking and/or memory, independent living, vision, and self-care. - [click here for more...](#)

The Interplay of Public Pensions and the Broad Economy

By Dennis Lockhart—President and Chief Executive Officer
Federal Reserve Bank of Atlanta

Public Pension Funding Forum Speech—Berkeley, California—August 24, 2015

Atlanta Fed President and CEO Dennis Lockhart, in an August 24, 2015, speech to the Public Pension Funding Forum in Berkeley, California, discusses ways that public pensions and the broad economy interact.

Lockhart says that state and local government spending cuts can become a headwind in a downturn and subsequent recovery, and pension funding gaps can exacerbate this tendency. But he doesn't see the underfunding of public pension funds as a systemic risk. - [click here for more...](#)

IRS Seeks Applications for Advisory Committee for the Tax Exempt and Government Entities Division

IR-2015-100, Aug. 10, 2015

WASHINGTON — The Internal Revenue Service seeks applicants for vacancies on the Advisory Committee on Tax Exempt and Government Entities (ACT). The committee provides advice and public input on the various areas of tax administration served by the Tax Exempt and Government Entities Division (TE/GE).

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

Court Case...

PSEBA Emergency Response A Factual Question Precluding Summary Judgment

Bremer v. City of Rockford, 2015 IL App (2d) 130920

By REIMER DOBROVOLNY & KARLSON LLC

In order to qualify for PSEBA benefits, a covered employee must have sustained a “catastrophic injury” as a result from “response to what is reasonably believed to be an emergency, an unlawful act perpetrated by another, or during the investigation of a criminal act.” See 820 ILCS 320/10. It has long been the law that a pension board’s award of a duty disability benefit meets the PSEBA requirement for a “catastrophic injury.” See Krohe v. City of Bloomington, 204 Ill.2d 392 (2003). However, whether the award of an occupational disease disability under Section 4-110.1 of the Pension Code is also synonymous with a “catastrophic injury” under PSEBA remained an unanswered question.

In Bremer, the Pension Board granted Rockford firefighter William Bremer an occupational disease disability benefit pursuant to Section 4-110.1 of the Pension Code. The Pension Board found his heart condition resulted from service in the fire department due to exposure to chemicals and toxins while fighting fires, very heavy exertion during emergency calls including lifting of people and equipment and overhaul of fire scenes. After the pension board granted his application for occupational disease disability benefits, he applied for PSEBA benefits. The City denied Bremer’s application arguing his occupational disease benefit did not constitute a “catastrophic injury” within the meaning of PSEBA.

The Second District Appellate Court first found the grant of the occupational disease disability by the pension board satisfied the “catastrophic injury” element of PSEBA. Recognizing settled case law finding “catastrophic injury” under PSEBA synonymous with grant of a line of duty disability under Section 4-110 of the Pension Code, the Court noted no meaningful distinction between a line of duty pension benefit due to cumulative acts of duty and an occupational disease disability. As such, the Appellate Court found as a matter of law that Bremer’s occupational disease disability benefit is synonymous with a “catastrophic injury” under PSEBA.

Having concluded Bremer satisfied the first requirement of PSEBA in suffering a “catastrophic injury.” the Court next turned to the issue of whether the injury occurred as the result of a response to what is reasonably believed to be an

emergency. The firefighter argued he is eligible for benefits because his heart condition resulted from the cumulative effects of his responses to emergencies. In support thereof, he submitted transcripts and evidence from the pension board hearing indicating the pension board's findings of specific acts of service that contributed to his disability. Because the pension board was required only to find whether Bremer's heart condition resulted from service as a firefighter (as opposed to any specific acts of duty), the Appellate Court found the trial court erred in relying on those materials to reach the factual conclusion his disability resulted from response to an emergency. Opining that the question of whether an emergency exists is a factually intensive inquiry that varies from one situation to the next, the Appellate Court held a question of fact existed as to whether Bremer's heart condition resulted from his response to an emergency. It remanded the case for further factual proceedings on that issue.

Finally, Bremer's complaint sought attorney's fees pursuant to the Wage Actions Act. On this matter, the Appellate Court found because Bremer was no longer an employee of the City, the relief he sought in the form of PSEBA benefits could not be considered wages under the Act. As a result, the Court held he could not seek attorney's fees from the City. ❖

Training and Education...

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...](#)

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...](#)