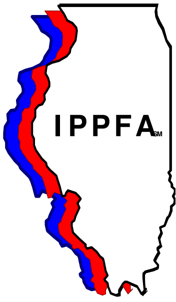

ILLINOIS PUBLIC PENSION FUND ASSOCIATION

An Association of Police and Fire Pension Funds

PENSION TRUSTEE NEWSLETTER

IPPFA NEWSLETTER

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IPPFA IS GOING GREEN!!!! THIS WILL BE OUR LAST MAILED NEWSLETTER

The IPPFA Newsletter is going to become a paperless newsletter to conserve on paper as well as costs. By doing this, we will be able to serve you more quickly and increase the timeliness of our information directly to your designated e-mail. As we begin to bring ourselves into the 21st Century, we will be able to increase our information and do it more often so that you can rely on our sources of information and other current events that come up between the newsletters. As we all know, much of the information we have is and can be time sensitive and we want to make sure that our readers are reading it from us rather than from other organizations or institutions. We do have some restrictions due to our not-for-profit status, but any suggestions or ideas would be appreciated by those interested. Please feel free to send your ideas and/or information to me at john@ippfa.org and I will review and use if it falls within the concerns and topics of our newsletter. Make sure that we have your latest e-mail address.

By John Edwards/ IPPFA Newsletter Editor

National Public Pension Coalition

Submitted to the

American Academy of Actuaries

Public Interest Committee

Public Pension Plan Forum
September 4, 2008

Government employers design public pension systems to achieve a variety of goals—to provide benefit security for employees, predictable and reasonable costs for employers, and responsible use of taxpayer dollars. For more than 100 years, public pension systems using a defined benefit model have provided modest retirement benefits for a variety of public workers and have enabled public employers to retain and attract a highly skilled workforce at reasonable costs to taxpayers. As a coalition representing the interest of the beneficiaries of these plans, we note that traditional accounting methods have worked remarkably well in meeting the over-arching policy goals of public pension systems. We believe traditional accounting methods provide for an appropriate balance between the interests of employees, employers, and taxpayers. Unfortunately, the addition of a Market Value of Liabilities (MVL) approach would undermine public pension plans' record of achievement.

Proponents of financial economics seek to require state and local govern-

(continued on page 3)

NORMAL RETIREMENT AGE ISSUES FOR GOVERNMENTAL PENSION PLANS

By Mary Beth Braitman, Terry A.M. Mumford and Katrina M. Clingerman
Ice Miller LLP

Normal Retirement Age Regulations

On May 22, 2007, the IRS issued final regulations (Treasury Regulation §1.401-1) clarifying that a pension plan (a defined benefit plan or money purchase pension plan established under Internal Revenue Code Section 401(a)) may be designed to allow the payment of benefits when an employee reaches normal retirement age but hasn't yet terminated employment. The final regulations establish the following standard for defining normal retirement age: "the normal retirement age under a plan must be an age that is not earlier than the earliest age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed."

The final regulations then address three age ranges. First, the regulations provide a "safe harbor" for a plan with a normal retirement age of age 62 or older, which is deemed to be not earlier than the earliest age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed. Second, the regulations provide that if a pension plan's normal retirement age is earlier than age 62, but not earlier than age 55, the IRS will examine all of the relevant facts and circumstances to determine whether the normal retirement age satisfies the standard. Generally, the IRS will give deference to an employer's reasonable determination that a normal retirement age between 55 and 62 satisfies the standards in the final regulations. Finally, if the plan's normal retirement age is lower than age 55, the age is presumed to be earlier than the standard established in the final regulations.

The final regulations also provide a special rule for pension plans in which substantially all of the participants are "qualified public safety employees." In such plans, a normal retirement age of age 50 or later will be considered to satisfy the standard established by the final regulations. A "qualified public safety employee" means "any employee of a State or political subdivision of a State who provides police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision."

The final regulations are generally applicable May 22, 2007. However, for governmental plans, the IRS has extended the effective date of the regulations to plan years beginning on or after January 1, 2011.

IRS Notice 2007-69

The final regulations resulted in a number of concerns about how to apply the regulations by the deadline. In response, the IRS issued Notice 2007-69, providing temporary relief for private-sector plans until the first day of the plan year beginning after June 30, 2008. The temporary relief does not apply to governmental plans because of their extended effective date.

Notice 2007-69 also addresses a normal retirement age based on years of service, an issue of significant interest to many governmental plans. The final regulations do not address a normal retirement age based on years of service; however, Notice 2007-69 requested comments from governmental plans on this issue by November 2007. The IRS has not yet issued any further guidance on this point. Notice 2007-69 does clarify that the new regulations do not prohibit a plan from making distributions at a normal retirement age based on years of service, provided the member has terminated employment prior to the distributions.

Recent Developments

The IRS does intend to issue further guidance on the topic of normal retirement age. The 2008-2009 Priority Guidance Plan issued late last year specifically listed follow-up guidance to Notice 2007-69 as an item to be addressed. Therefore, we expect to see additional information on the normal retirement age rules.

It is important to note that this is not an issue which must be addressed by governmental plans which are seeking a determination letter in Cycle C. That is, the IRS will not be reviewing a governmental plan's definition of normal retirement age under the standard provided in the final regulations prior to issuing a Cycle C determination letter.

At the NCPERS Legislative Conference in February 2009, Bill Bortz from the Treasury Department spoke on this topic. Mr. Bortz indicated that the final regulations apply to governmental plans in two areas – in-service distributions and pre-ERISA vesting requirements. The pre-ERISA vesting requirements require that a governmental plan provide that a participant is vested upon reaching normal retirement age. For these purposes, Mr. Bortz indicated that normal retirement age could be an age or a compound concept such a the lesser of age 65 or

(continued on page 6)

National Public Pension Coalition (cont. from p.1)

ments to measure and disclose the MVL of their pension plans. However, MVL reflects a pension plan's settlement costs—the amount a plan would owe if it were terminated and required to settle its liabilities with a so-called risk-free portfolio of bonds. Public sector entities, which have never defaulted on their pension obligations, rarely declare bankruptcy and, unlike corporations, are not subject to merger or acquisition.

The MVL approach eliminates the use of smoothing, which is an essential component of measuring the liabilities of public plans. Through smoothing, governments are able to maintain more predictable payment schedules and reduce contribution volatility, while also weighing the other important obligations that exist for the public treasury. By requiring higher contributions than are necessary, MVL would seriously undermine the funding of both public pension systems and other essential government obligations.

Proponents argue, among other things, that calculating MVL would provide a standardized measure of pension liabilities, simplifying comparisons between and among plans. While comparison of plans within and across states may provide worthy data for research, the calculation of the differences between MVL and traditional liabilities will create confusion and may distort the public and political perception of the value and cost of these plans. Actuarial assumptions should not be determined using mandated measures designed to prepare for events that rarely occur in the public sector. None of the key stakeholders of these plans—participants, sponsors, and taxpayers—would benefit from this change.

Each defined benefit governmental pension plan is a unique entity designed to meet the needs of a specific government employer or groups of employers. These plans provide different levels and types of benefits that ultimately are best compared on how well they deliver the highest level of replacement income for the lowest cost to employees, employers, and taxpayers. MVL does not take into account this essential value. And, in fact, the application of MVL is likely to result in a combination of reduced public pension benefits, higher required contributions, and reduced funding levels over time.

We are also concerned that adoption of MVL accounting methods would lead to lower investment returns by lowering equity holdings relative to fixed income. Over the last 30 years, public pension plans have developed tremendous expertise in equity investing. This expertise has translated to higher returns that have in turn lowered the required contributions of employers and employees to these programs. According to the U.S. Census Bureau, during the period 1982 to 2006, public pension plans generated some $4 trillion in revenue, of which approximately $2.6 trillion (65 percent) was from investment earnings. According to estimates by the National Association of State Retirement Administrators, had public pension funds been invested in "risk-free" portfolios, the cumulative investment earnings during this period would have been lowered by approximately $1 trillion.

We believe that mandating that public pension funds calculate and disclose a market value of liabilities would have negative consequences for public plans, public employees, employers, and, ultimately, taxpayers. Taxpayers will be forced to pay unnecessary additional taxes for current employees and retired workers that under the current framework are provided through investment gains. Public pension systems provide the opportunity to employees and employers to smartly finance retirement security over a lifetime of work and should not be undermined by ill-fitting and inapplicable "one-point-in-time"(termination liability) corporate accounting methods that are designed to prepare for failure. At a time when the national savings rate is dismal and retirement security is in jeopardy for so many Americans, we urge the Academy to reject efforts to standardize MVL accounting for public pension plans and allow public plans to continue with traditional accounting methods that are working well for all public sector stakeholders.

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www.ippfa.org

The Coalition for Qualified Plan Status

What Is It and Why Should I Care? By Lauterbach & Amen

By now many of you may have heard of this "Coalition" or the recent "IRS troubles", but for those of you who haven't, let's bring you up to speed…..in late 2007 an Illinois Article 4 Firefighters' Pension Fund applied for a Private Letter Ruling from the IRS for the Employer Pick-up Program (a ruling so the members could have their contributions withheld from payroll on a pre-tax basis). The IRS denied this application, citing the pension fund was not a "Qualified Plan".

What is a Qualified Plan? A Qualified Plan is a plan whose Plan Document (which for us is the Illinois State Statute: Article 3 or Article 4) is in compliance with federal regulations and IRS code. When our pension funds were first created many years ago, the Article 3 and Article 4 statutes were in compliance. However, as the federal laws have changed, the Illinois statutes were not updated to reflect these changes. Therefore, in the eyes of the IRS, our Article 3 and Article 4 funds are no longer in compliance with the requirements of a Qualified Plan.

So what if we aren't a Qualified Plan? Benefits available to Qualified Plans include:

Tax exemption for line-of-duty disability pensions

The ability to allow pre-tax payroll contributions

The ability to allow rollovers of contribution refunds to other Qualified Plans such as a 457, IRA or other Downstate Pension Fund ("Portability") with no tax penalty

Tax exemption for Pension Fund investment income

Eligibility for Pension Funds for certain investment options

So how do we re-instate our Qualified Plan Status with the IRS? A Coalition was formed in 2008 consisting of members from AFFI, IGFOA, ILFOP, IMTA, IPFA, IPPFA and MAP (see the contact information at the end of this article) to work with the IDFPR-IDOI to develop a proactive approach in addressing this matter with the IRS. Ice Miller LLP, a tax law firm which has extensive experience with tax matters relating to pension funds, was engaged by the Coalition to assist in this process.

Why can't we just do this ourselves? There were three main factors which weighed in the Coalition's decision to ask for Ice Miller's assistance:

Time. The IRS has categorized all pension funds into 5 cycles, with Government pension plans falling into Cycle C. The application deadline for Cycle C funds was January 31, 2009. The next application window is February 1, 2013 through January 31, 2014. (The Qualified Plan Determination Letters are valid for a period of five years.)

Experience. Ice Miller brings experience in working not only with various-sized pension funds such as IMRF but also with the IRS and Qualified Plan status applications. The potential risk of losing the invaluable benefits listed above guided the Coalition's decision toward bringing in "the professionals" to help ensure this process is "done right".

Cost. The cost to a single pension fund for a Qualified Plan Determination letter can be in excess of $40,000 (the $1,000 application fee to the IRS, the $25,000 fee for the IRS Voluntary Compliance Program, and the additional legal fees incurred). Because the Plan Document is the same for all Article 3 pension funds and for all Article 4 pension funds, two applications have been filed: one for Article 3 funds and one for Article 4 funds. This not only drastically reduces the costs involved but also solidifies our appeal to the IRS for a uniform decision, applicable to all Downstate Pension Funds.

So what is this going to cost me? The Coalition has asked the accounting firm of Lauterbach and Amen, LLP to prepare a budget incorporating the estimated costs and the number of pension funds affected. The Coalition is asking for a voluntary contribution from each Article 3 and Article 4 fund of only $400. Payments can be made at any time to the COALITION FOR QUALIFIED PLAN STATUS, PO BOX 1486, WARRENVILLE, IL 60555-1486.

What happens if my pension fund chooses not to contribute? The Determination Letters will benefit all Article 3 and Article 4 pension funds, whether or not they contribute. The estimated contribution of $400 was determined based upon the assumption that the majority of the 641 Article 3 and Article 4 Pension Funds would

(continued on page 8)

Illinois Pensionomics

Measuring the Economic Impact of State and Local Pension Plans Overview

Written by, "The National Institute on Retirement Security"

Expenditures made by retirees of state and local government provide a steady economic stimulus to Illinois communities and the state economy. In 2006, 357,067 residents of Illinois received a total of $8.62 billion in pension benefits from state and local pension plans, with $8.51 billion paid from plans within the state and the remainder originating from plans in other states.

The average pension benefit received was $2,012 per month or $24,149 per year. These modest benefits provide retired teachers, public safety personnel and others who served the public during their working careers income to meet basic needs in retirement.

Impact on Jobs and Incomes:

Retiree expenditures stemming from state and local pension plan benefits supported 83,611 jobs in the state. The total income to state residents supported by pension expenditures was $5.5 billion.

Of this, the greatest share, $3.1 billion, was comprised of employee compensation (wages and salaries). Proprietors' income (self-employment income) represented $389.2 million, and other property income (including payments from interest, rent, royalties, profits and dividends) totaled $2.1 billion.

Economic Impact:

State and local pension funds in Illinois and other states paid a total of $8.62 billion in benefits to Illinois residents in 2006. Retirees' expenditures from these benefits supported a total of $12.9 billion in total economic output in the state, and $6.1 billion in value added in the state.

$8.3 billion in direct economic impacts were supported by retirees' expenditures on goods and services from businesses in the state. An additional $2.2 billion in indirect economic impact resulted when these businesses purchased additional goods and services, generating additional income in the local economy. $2.4 billion in induced impacts occurred when employees hired by businesses as a result of the direct and indirect impacts made expenditures, supporting even more additional income.

Key Findings:

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of Illinois.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a multiplier effect.

Expenditures stemming from state and local pensions supported…

- 83,611 jobs that paid $5.5 billion in wages and salaries

- $12.9 billion in total economic output

- $2.0 billion in federal, state, and local tax revenues

… in the state of Illinois.

Each dollar paid out in pension benefits supported $1.50 in total economic activity in Illinois.

Each dollar "invested" by Illinois taxpayers in these plans supported $5.62 in total economic activity in the state.

Total Economic Impact: 12.9 billion

- Indirect impact 2.2 billion
- Induced impact 2.4 billion
- Direct impact 8.3 billion

For more information on the data and methodology used for these estimates, please refer to Pensionomics: Measuring the Economic Impact of State and Local Pension Plans.

National Institute on Retirement Security: Washington DC. February 2009. www.nirsonline.org

See our website, www.ippfa.org under the News section for more information on this article.

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NORMAL RETIREMENT AGE ISSUES FOR GOVERNMENTAL PENSION PLANS (cont. from page 2)

the age which was 10 years after the member began participation in the plan. He stated that a normal retirement age for vesting purposes which was only a years of service standard would not satisfy the Final Regulations but the plan could request a ruling from the IRS on whether that was permissible.

Implications for Governmental Plans

The final regulations certainly address normal retirement age with respect to in-service distributions. Thus, a governmental plan which permits a participant to begin taking distributions at an age below 55 while still employed will face problems when the rules become effective for the plan year beginning on or after January 1, 2011. Any plans in this situation should begin considering how to address that situation now, while there is plenty of time to analyze the situation and amend plan provisions before the effective date, if necessary. Plans should also consider whether they allow participants to terminate service and then return to work in a way which may be treated as an in-service distribution. (The IRS treats a participant who terminates employment subject to an agreement to return to work as not having actually separated from service. Therefore, any distributions to that participant would be treated as inservice distributions.)

Unfortunately, it is still somewhat unclear how the final regulations will apply outside that context. If in future IRS guidance the rules are applied more broadly, such as with respect to establishing the age at which a participant may retire and begin distributions, it will create problems for many governmental plans. If governmental plans must change their retirement age to comply with the regulations, many will face difficulties due to state and local laws providing for protection of benefits. Furthermore, it is not clear how the rules could impact governmental plans which base their definition of normal retirement age for any purpose on years of service or a combination of age and years of service.

In addition, if the rules are applied more broadly, they may impact the ability of governmental plan retirees to claim the $3,000 HELPS exclusion. As you know, this provision allows eligible retired public safety officers to exclude up to $3,000 of retirement benefits if used for qualified health insurance premiums or long-term care insurance premiums. IRS Notice 2007-7 provides that "[t]he terms of the Eligible Government Plan from which the participant will be receiving the distributions apply in determining whether a public safety officer has separated from service by reason of disability or after attainment of normal retirement age." Thus, it appears that the plan's definition of normal retirement age controls for purposes of the HELPS exclu sion. However, if the final regulations are applied broadly for governmental plans, normal retirement age could be impacted for all purposes, including the HELPS exclusion.

Conclusion

Given the extended timeline now applicable to governmental plans, we are very hopeful that the IRS will issue additional guidance with regard to retirement ages which reference only years of service. This additional time should provide an opportunity for the IRS to provide further guidance as to how broadly these rules will be applied – i.e., whether they will be applied only for purposes of in-service distributions or also for other purposes such as pre-ERISA vesting standards.

In the meantime, governmental plans should examine the circumstances in which they permit in-service distributions to identify potential problems when the regulations become effective in 2011. Obviously, many governmental plans do not provide for distribution of retirement benefits while the member is still working for the same employer. For governmental plans that do allow a distribution to commence while the member is still working, the final regulations limit the ages at which such distributions are permissible. In addition, for governmental plans that allow retirement benefits to continue when the member returns to work after retiring, the plan must examine whether that retirement was a legitimate separation from service under IRS guidance. If there was not a legitimate separation from service under IRS guidance, the distribution is an in-service distribution and the final regulations will also limit the ages at which such distributions are permissible.

Circular 230 Disclosure:

Except to the extent that this advice concerns the qualification of any qualified plan, to ensure compliance with recently-enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including any attachments, is not intended or written by us to be used, and cannot be used, by anyone for the purpose of avoiding federal tax
penalties that may be imposed by the federal government or for promoting, marketing, or recommending to another party any tax-related matters addressed herein.

This publication is intended for general information purposes only and does not and is not intended to constitute legal advice. The reader must consult with legal counsel to determine how laws or decisions discussed herein apply to the reader's specific circumstances.

Ice Miller LLP

The Silver Lining in Tough Economic Times

By IPPFA Staff

As each day cintinues, reports of our financial situation paint an increasingly bleak picture, it's important to remember that there is a silver lining to this very dark cloud.

Let's face it, most of us are relatively unsophisticated when it comes to financial management and planning, and our efforts at budgeting often take a back seat to the lure of credit and spending tomorrow's paycheck on today's luxuries. Then there are the items out of our control, like predatory lending and enormous and unexpected health care costs. It's no wonder why many household budgets resemble a financial train wreck.

The silver lining may be that this crisis helps gets that train back on track, by motivating us to reassess our spending habits, redouble our efforts to save and recreate the responsible saving patterns of our more prudent past.

We haven't always been a nation of over-spenders. In the early 1980's our personal savings rate topped 10 percent of our post-tax income. But in 2006 and 2007, our savings rate dropped below one percent, even dipping briefly into negative territory.

But things are changing, and people are beginning to spend less and save more. For the millions of low and moderate income households with high-cost cosumer debt and little savings, this is a wonderful trend; those households cannot and should not bear the brunt of stimulating our economy through increased purchasing.

So what's the "magic bullet" for families who desperately need to change their financial situation? There is none. The answer lies in the four core principles of personal financial survival, which are the cornerstone of the advice offered through X Saves, a non-profit campaign which provides free financial advice, savings products and education. Hundreds/thousands of area residents have signed up with the campaign to take advantage of these resources.

The principles are: First, spend less than you earn, and save the difference. Ignoring this principle is precisely where our problems began. Start by looking at exactly how you spend your money. Most of us are shocked at how a daily cup of coffee adds up, or what happens when we regularly eat out instead of preparing food from the grocery store. Most of us, once we actually see where we are spending our money, can easily identify 2-3 items to eliminate. The good news is that saving here and there is becoming the 'trendy' thing to do. Pay special attention to establishing an emergency savings fund, to cover unexpected expenses like car repairs or medical emergencies – this will allow you to avoid high-cost, short-term loan services, which create a cycle of debt.

Second, pay-off high cost debt, as fast as possible. If you took out a payday loan, owe money on a high-interest credit card, or have another high-cost debt, those interest charges are driving you deeper into debt. Paying off this debt should be priority number one.

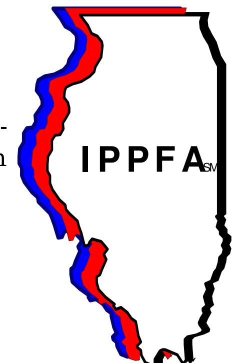
Third, invest in appreciable assets, like a home or education. Appreciable assets grow in value over time or increase your earning potential, thereby boosting your net worth. But buyer beware, and don't bite off more than you can chew. Responsible lenders will insure that you'll be fine in the long run.

Finally, save for retirement. Take advantage of workplace retirement programs like 457 or IRAs, and if your employer matches your contribution make sure you are contributing up to the full match.

If your workplace doesn't offer a retirement savings plan, set up automatic deposits or transfers into your own savings and retirement accounts. The key is 'automatic'; the money is taken right after your pay is deposited, every time, so you aren't tempted to spend it elsewhere. 'Paying yourself first' insures that the money ends up in a saving account even before you have a chance to spend it

One of the greatest rewards of getting back on track is the peace of mind that comes with slowly getting out of debt and building a nest egg. Debt-fueled spending can become addictive, but the freedom and peace that comes from breaking old spending habits, building wealth and getting out of debt can be one of life's most liberating experiences. And here's the icing on the cake, as more and more of us rekindle our savings ethic we become the engine that rebuilds our financial institutions and provides the capital to grow our economy in the long term.

So start today and make a commitment to yourself to get back into that old fashioned savings habit. Direct a portion of your paycheck into a savings or wealth building account at your local bank or credit union; enroll as an America Saver at americasaves.org – no obligation – and join the national movement to save money, build wealth and reduce debt.



The Coalition for Qualified Planned Status (cont. from page 4)

choose to contribute. Each pension fund that elects not to contribute increases the burden placed upon their neighbors. Additionally, it will be necessary to reapply for a new Determination Letter and possibly update the State Statutes/Administrative Code every five years. Although the IDOI has expended considerable time and interest in assisting the Coalition, the State has no vested interest in obtaining Qualified Plan Status or in making the contributions mandatory. **If this voluntary effort cannot be sustained on an ongoing basis, our ability to maintain Qualified Plan status into the future will fall into jeopardy.**

Where are we now? Ice Miller filed the two applications with the IRS in January 2009. The applications were signed by Scott Brandt, Acting Director of the Division of Insurance of the Illinois Department of Financial and Professional Regulation. The applications included the suggested revisions to the Plan Documents to bring them into compliance. The Coalition's intent is that any changes shall be incorporated via Administrative Rulings and should not require legislative changes. Further, they will not have any affect on the pension benefits currently provided under the Articles as they exist today. The IDFPR hopes to have the Determination Letters in hand by mid-2010 and copies will be available upon request at that time. An updated list of contributions received, contributing pension funds and disbursed expenses can be found at www.lauterbachamen.com Please do not hesitate to contact any of the Coalition Members should you have any questions.

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Mon.	Cozumel	8:00 A.M.	10:00 P.M.
Tues.	"Fun Day" at Sea		
Wed.	Grand Cayman	7:30 A.M.	4:30 P.M.
Thurs.	Ocho Rios	8:00 A.M.	3:30 P.M.
Fri.	"Fun Day" at Sea		
Sat.	Miami	8:00 A.M.	

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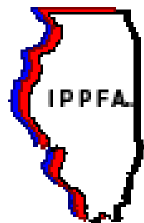
- Trustee Education and Travel Reimbursement
- Fiduciary Considerations in RFP's, Selecting Consultants and Managers
- Actuarial Considerations and Audits
- Regulatory Oversight of the IDPFR Division of Insurance
- Fraud Prevention



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Watch our web site www.ippfa.org for updates on this agenda and other training opportunities

General Assembly Passes Pension Reform Bill

The Illinois General Assembly, in one of its first actions of the 2009 Session, enacted new legislation aimed at imposing new ethical requirements on State pension systems. Senate Bill 364 requires financial disclosure statements by all pension fund trustees, imposes greater restrictions on consultants and other vendors, and reconstitutes several of the State pension systems. The legislation, which was sponsored by House Speaker Michael J. Madigan and Senate President John Cullerton and recently signed by Governor Pat Quinn, will make retirement and pension funds that manage public moneys more transparent and subject to greater ethical restrictions. The bill includes the following provisions:

1. Disclosures. Beginning this year every board member of a retirement system, pension fund, and investment board must file a statement of economic interest with the Secretary of State. The Statement must include a disclosure of any lobbyists with whom the person maintains a close economic relationship, the names of entities in which the person holds an ownership interested in excess of $5,000 and any entity from which the person derives income in excess of $1,200. The local State's Attorney or Attorney General will have the authority to bring an action against a board member who fails to file a statement of economic interest.
2. State Employee's Ethics Act.The legislation also expands the definition of "employee" in the State Officials and Employees Ethics Act is amended to include any appointed or elected commissioner, trustee, director, or board member of a State agency, including a retirement system or investment board. As a result, all pension trustees are subject to the Ethics Act. Previously, elected board members were not covered by the Act.

By Michael Kaspar, IPPFA Government Affairs

To see the rest of the report, look up on the website to view the whole report at ***www.ippfa.org***

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Letter from U.S. Senator Durbin on Worker, Retiree & Employer Recovery Act

Dear Mr. McNamee:

February 5, 2009

Thank you for writing to me about changes in our pension laws. I understand your concerns and appreciate hearing from you. In December 2008, Congress passed and the President signed into law the Worker, Retiree, and Employer Recovery Act (P.L. 110-458), which eases the pension funding requirements for companies that faced major losses in 2008. I supported this legislation. Under the new law, companies will be required to reach a target funding level, but not the 100 percent standard originally required under the Pension Protection Act.

The Worker, Retiree, and Employer Recovery Act also suspended the minimum distribution requirement rules for 401(k) plans and individual retirement accounts for calendar year 2009. The measure ensures that retirees will not be required to pull money out of their retirement accounts in 2009, when many Americans' investments have lost value. This measure brings relief to workers, retirees, and employers weathering the economic downturn. I will keep your views in mind as Congress considers legislation addressing retirement security.

Thank you again for writing to me on this issue. Please keep in touch.

Sincerely,

Richard J. Durbin

United States Senator

RJD/ms

IPPFA

CERTIFIED TRUSTEE PROGRAM

Preparing pension fund trustees for tomorrow

We are now accepting registrations for Program 23

The dates are January 21, February 25, March 25 and April 22, 2010

The 32-hour program is offered twice per year in four eight-hour modules, with classes beginning either in January through April or August through December each year, 8:00am to 4:00pm on Thursdays, approximately one month apart. Classes are held at the NIU Outreach Center, 5555 Trillium Boulevard, Hoffman Estates, IL. All modules must be completed within a twelve month period. The cost of the program **is $750.00 per participant for IPPFA members** and **$1,000.00 for non-members** and includes all instructions, a notebook, all textbooks, and related handout material. A $25.00 reassignment fee will assessed for each missed module. The Illinois Department of Financial & Professional Regulation, Division of Insurance has approved this fee as a "necessary pension fund expense" under the Illinois Pension Code.

MODULE 1 January 21, 2010
FIDUCIARY FUNDAMENTALS
FIDUCIARY DUTIES OF PUBLIC PENSION FUND TRUSTEES
FUNDAMENTALS OF PENSION FUND INVESTING

MODULE 2 February 25, 2010
ACTUARIAL/MEDICAL
BASIC FUNDING CONCEPTS
UNDERSTANDING MEDICAL AND DISABILITY ISSUES

MODULE 3 March 25, 2010
INVESTMENTS
FUNDAMENTALS OF FIXED INCOME INVESTING
FUNDAMENTALS OF EQUITY INVESTING

MODULE 4 April 22, 2010
LEGAL/ADMINISTRATIVE PRACTICES
LEGAL ISSUES AND ETHICS FOR PENSION FUND TRUSTEES
UNDERSTANDING THE ADMINISTRATION OF PENSION BENEFITS

For more information, contact the IPPFA, 455 Kehoe Suite 106 Carol Stream, IL 60188 Phone 630-784-0406 Fax 630-784-0416 or check our website at www.ippfa.org for up to date class schedules and downloadable registration form or use the attached registration form.

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Name ______________________ Police / Fire ______________________

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This course must be taken in its entirety and is not available in individual modules. Each participant must successfully complete module one before attending any of the three remaining modules. All four modules of instruction must be completed within a twelve month period.

Enclose a check for **$750 (IPPFA members) or $1,000.00 (non-members) payable to the IPPFA** with this form and mail to: IPPFA at 455 Kehoe Suite 106 Carol Stream, IL 60188

These dates are subject to change.

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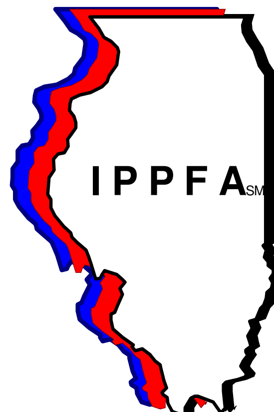

NEW TRAINING LOCATION FOR CTP

The IPPFA is making some changes to make it easier for our members to access important information and receive necessary education.

- Watch for our updated more user friendly web site that will be up and running soon
- New programs to assist trustees to meet new state mandated trustee education requirements
- Streamlined registration procedures for IPPFA conferences and seminars
- New locations for the IPPFAsm Certified Trustee Program*

In the meantime, keep watching our web site for information and updates
Thank you for supporting the IPPFA
If you have registered for the Certified Trustee Program starting August 20, 2009, the location has been changed to the NIU Outreach Center- Naperville, 1120 East Diehl Rd., Naperville, IL. We apologize for any inconvenience. Contact the IPPFA office at 630-784-0406 if you have any questions.