

IGFOA Professional Education Committee presents the

2017 ILLINOIS PUBLIC PENSION AND OPEB INSTITUTE

Thursday, March 16, 2017

8:25 AM to 4:30 PM

Chicago Marriott Naperville, 1801 N. Naper Blvd, Naperville, IL 60563

Room: Grand Ballroom

7:40 – 8:25 AM Registration & Continental Breakfast

8:25 – 8:30 AM Welcome and Overview

8:30 – 10:00 AM It's Deja vu All Over Again...GASB Statements 74 and 75

Speakers: **Jim Savio**, Partner, Sikich LLP
 Allan Lyon, Audit Manager, Sikich LLP
 Jason Franken, Actuarial Consultant, Foster & Foster, Inc.

This session will provide an overview of the reporting requirements and implementation of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. In addition, the session will discuss the impacts of the new standards on a government's financial statements, including that of separately issued post-employment benefit plan's financial statements. It will also discuss the actuarial impacts and external audit impacts of implementing these standards.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand the reporting requirements of GASB Statement Nos. 74 and 75;
2. Learn how to implement GASB Statement Nos. 74 and 75 by using a real-life example; and,
3. Understand the actuarial changes and external audit implications of GASB Statement Nos. 74 and 75.

10:00 – 10:20 AM Morning Break

10:20 – 11:10 AM Economic Forecast

Speaker: **Bruce Ebel**, CFA, CFP®, Director-Client Portfolio Manager, Great Lakes Advisors

This session will assess the global macroeconomic and investment environment to identify what opportunities may be in store for the rest of 2017 and beyond. In addition, this session will delve into the outlook for global stocks, bonds, and other asset classes.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand primary dynamic trends affecting the global economic recovery;
2. Learn how capital markets are processing those trends; and,
3. Discuss whether policy shifts may alter the trajectory.

11:10 AM – 12:10 PM Legislative Update

Speaker: Joe McCoy, Legislative Director, Illinois Municipal League (IML)

Illinois Municipal League (IML) Legislative Director Joe McCoy will provide insight to participants about current legislative issues and concerns related to pension reform, the status of the proposed property tax freeze as it relates to pension levies, and an update on the overall state of the budget.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand the views held by state legislators on pension reform and how an eventual agreement may affect local governments and pension boards;
2. Explore recent developments in proposed pension reform legislation;
3. Understand the key provisions of proposed property tax freeze legislation and how they could impact pension levies; and,
4. Comprehend the existing tensions creating the state budget impasse and the current status of efforts to reach a budget agreement.

12:10 – 12:50 PM Networking Luncheon

12:50 – 1:40 PM Going Down? Why is my Pension Liability Impacting my Bond Rating? What Can I do About it?

Speaker: Rachel Cortez, Vice President, Senior Credit Officer/Manager, US Public Service Group, Moody's Investor Service

Moody's ratings for US local governments take into account a variety of factors, including unfunded pension liabilities and employer contribution requirements. This session will provide an overview of Moody's methodologies for rating US local governments and describe how pensions factor into those methodologies. The presentation will focus on credit and pension issues specific to Illinois local governments.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand how Moody's incorporates exposure to unfunded pension liabilities in its methodologies for rating US local governments;
2. Understand Moody's adjustments to reported pension information, including data presented by governments and plans under GASB 67 and 68;
3. Discuss how the legal framework for Illinois public pensions factors into Moody's analysis; and,
4. Anticipate the pension-related questions a local government is likely to receive from a Moody's analyst during the course of a rating review.

1:40 – 2:30 PM Level with Me: The Difference Between the Level Dollar and Level Percentage of Payroll Actuarial Methodologies. Is One More Expensive than the Other? How Much More Expensive?

Speaker: **Jason Franken**, Actuarial Consultant, Foster & Foster, Inc.

This session reviews the annual amortization payment required to pay down the unfunded liability of pension plans. In addition, this session will review all of the factors used to determine the payment amount along with their long-term ramifications. Important issues to be considered include: the level dollar vs. level percentage of payroll payment methods, open vs. closed amortization periods, the payroll growth assumption, and the appropriate length of an amortization period. This session will provide real-life examples to help demonstrate the differences.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand the difference between the level dollar and level percentage of pay methods;
2. Understand the impact of the payroll growth assumption; and,
3. Recognize that the future contributions of the municipality are driven by the methods that are selected today.

2:30 – 2:50 PM Afternoon Break

2:50 – 3:40 PM Pension Investing in a Low Growth World

Speaker: **Douglas Polak**, Executive Director, Multi-Asset Solutions,
J.P. Morgan Asset Management

J.P. Morgan Asset Management recently updated their 2017 Long-term Capital Market Assumptions. The big theme from this year's assumptions was "even lower returns" in the future than previously expected. Many public pension plans are looking for guidance on identifying ways of bridging the gap between lower returns and their respective return targets. This session will focus on key issues facing public pension plans and the solutions public plans are employing to mitigate the challenges posed by lower returns.

Learning Objectives: *Participants completing this session will be able to:*

1. Share trends and challenges facing pension management;
2. Offer a Multi-Asset viewpoint and approach to addressing the return challenge; and,
3. Identify considerations for each asset class in the context of a pension program

3:40 – 4:30 PM **IMRF Update**

Speaker: **Mark Nannini**, Chief Financial Officer, Illinois Municipal Retirement Fund (IMRF)

The Illinois Municipal Retirement Fund (IMRF) provides a general overview of important topics that impact pension fund operations, benefits, and legislative action. IMRF is the administrator of an agent multiple-employer public retirement system that provides retirement, death, and disability benefits to employees of local government in Illinois. IMRF is governed by Article 7 of the Illinois Pension Code (940 ILCS 5). This session will provide an update of IMRF operations, the impact on employers, and a discussion on the impact of recent legislation.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand operations and funding of IMRF;
2. Understand employers' participation in IMRF; and,
3. Obtain a working knowledge of IMRF, staff assistance, and the impact of recent legislation.

4:30 PM **Closing Remarks**

Many thanks to Chris Minick, Finance Director, City of St. Charles and Public Pension Team Leader and Jon Beckmann, Manager of Finance, Waukegan Park District from the IGFOA Professional Education Committee for planning and coordinating the 2017 Illinois Public Pension & OPEB Institute!



Illinois Government Finance Officers Association is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org