

IGFOA Professional Education Committee presents the  
**2015 Illinois Public Pension Institute**

**March 19, 2015**

**8:30 AM to 4:30 PM**

**Doubletree Suites Hotel and Conference Center, 2111 Butterfield Road, Downers Grove, IL**

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

8:25 – 8:30 AM           **Welcome and Overview**

8:30 – 9:00 AM           **IMRF GASB 68 Report**

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

GASB Statement 68 imposes many new disclosure requirements for multiple employer pension plans. The Illinois Municipal Retirement Fund (IMRF) has devised a report for its members to use in satisfaction of the new requirements imposed by GASB Statement 68. This session will provide a review of the report and discussion of rolling the amounts forward for entities that have year ends other than December 31.

Learning Objectives:

*Participants completing this session will be able to:*

1. Review of the requirements of GASB Statement 68
2. Review the IMRF GASB 68 Report and obtain a working knowledge of its utilization to comply with requirements
3. Obtain a working knowledge to utilize the report for rolling balances and amounts forward for fiscal year ends other than December 31.

9:00 – 10:00 AM           **What Will the Auditors Want for GASB 67 and 68**

Speakers: **Linda Abernathy**, CPA, Partner, McGladrey LLP and  
**Fred G. Lantz**, CPA, Partner-in-Charge, Government Services, Sikich LLP

The Governmental Accounting Standards Board (GASB) has issued two pronouncements covering accounting and reporting for government pension plans and governments that participate in pension plans. In addition, the American Institute of Certified Public Accountants has issued position papers providing guidance to auditors of pension plans as well as auditors of employers that participate in pension plans. This session will review this new guidance from the AICPA to assist pension plans and employers in understanding what the auditors may request in the future. In addition, the requirements of GASB Statements 67 and 68 will be reviewed and an update as to their implementation will be provided.

Learning Objectives:

*Participants completing this session will be able to:*

1. Understand the audit implications for single employer pension plans and the additional documentation requirements that auditors may request.
2. Understand the audit implications for multiple employer pension plans and the additional documentation requirements that auditors may request.
3. Understand the audit implications for employers that participate in single employer plans and multiple employer plans and the additional documentation requirements that auditors may request.
4. Explore alternative procedures that may be required to avoid a modified audit opinion.
5. Review requirements and status of implementation of GASB Statements 67 and 68.

10:00 – 10:30 AM      **Tier II Benefits**

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

Recent attempts at pension reform in Illinois have created a two tiered benefit system for public employees in the state. This session will review the two tiers from the perspective of IMRF, and will include the statutory authority for the two tiered system, the specific differences in benefits, and current annual limits for Tier II employees. In addition, a comparison between the two tiers will be presented as well as information as to how an employer's IMRF Contribution rates will be impacted.

Learning Objectives:

*Participants completing this session will be able to:*

1. Discuss the status of legal challenges to the legislation authorizing the two tiers
2. Present the annual limits for 2015
3. Understand the differences in benefit levels between the two tiers

10:30 – 10:45 AM      **Morning Break**

10:45 AM – 12:00 PM      **Speak Now or Forever Hold Your Peace: Municipal Intervention in Pension Disability Hearings**

Speaker: **Yvette Heintzelman**, Partner, Clark Baird Smith LLP

Recent legislation and court decisions have placed a heightened importance on the pension disability hearing process. A Police Officers' or Firefighters' Pension Board Finding of a line of duty disability may presumptively trigger costly healthcare benefits under Public Safety Employee Benefit Act (PSEBA). Such a decision may also complicate the employee's workers compensation case. Municipal intervention in the pension disability hearing process may present an opportunity to participate in the pension process, ensure that the Pension Boards receive all relevant information as well as preserve a municipality's rights. This course will examine the practical aspects of intervening in the pension disability process including legal considerations and recent case law, rights and responsibilities of the parties involved in the process, as well as the role of municipal staff or officials who also serve as pension trustees.

Learning Objectives:

*Participants completing this session will be able to:*

1. Discuss the issues to consider in determining whether a motion to intervene should be filed.
2. Discuss alternative avenues a municipality has to present its arguments and evidence. Discuss the consequences of filing a motion or not filing a motion to intervene?
3. Understand what steps should be taken prior to the pension application being filed to preserve a municipality's right to participate in the pension proceeding and have access to information relevant to the issues.
4. Discuss who should be involved in the decision making process?
5. Discuss the costs associated with filing a motion to intervene?

12:00 – 12:45 PM      **Lunch**

12:45 – 1:30 PM

## Administration of QILDRO's and Service Transfer Credits

Speaker: **Allison Barrett**, Principal, Pension Benefits Services, Lauterbach & Amen

Administering pension benefit payments in the event of a member's divorce can be tricky. Courts provide the basic framework of the terms of the division of the benefits payments, but those terms are seldom consistent from situation to situation. What portion of the benefits payment is subject to division? How much does each party receive? When do the payments need to commence and can they ever be prorated? What is the pension fund's responsibility for gathering information in this process? How does the pension fund keep from getting in the middle of a contentious domestic situation? This session will outline the process of administering the benefits payments subject to QILDRO and will outline the roles and responsibilities of the payee, the alternate payee and the pension fund in the process.

### Learning Objectives:

*Participants completing this session will be able to:*

1. Demonstrate a working knowledge of the roles and responsibilities of the parties in the QILDRO process.
2. Be familiar with the forms involved in the process and applying the specific terms of their situation to calculate the benefits division
3. Understand the responsibilities of the pension fund administrator in the process

Illinois law allows for service transfer credit between downstate Police and Fire Pension Funds. The pension fund that the employee is transferring into as well as the fund the employee is separating from need to share information to accomplish the transfer. Additionally, the new fund's actuary will need to be involved in the process. Also, what are the requirements for the employee and what amounts will he or she need to pay? How does a refund of contributions affect the process? What are the options for payment of the employee's amount? How is the actuary involved?

This session will provide an overview of the requirements, administration, and process of service transfer credits and the responsibilities of the participants and outside consultants.

### Learning Objectives:

*Participants completing this session will be able to:*

1. Have a knowledge of the statutory authority and requirements for valid service transfer credits
2. Have a knowledge of the information required to be obtained to prepare the calculations for a service credit transfer
3. Have the knowledge necessary to perform the calculation of the contribution due from the employee's former pension fund to the new pension fund.

1:30 – 2:30 PM

## Maximizing Investment Returns

Speakers: **Bill Yocius, Jr.**, MBA, Senior Vice President, Mitchell, Vaught and Taylor, Inc. and **Jim Nowicki**, CPA, Vice President, Mitchell, Vaught and Taylor, Inc.

Investment returns from your police and fire pension funds can affect your government's fiscal operations, property taxpayers and pensioners-both positively and negatively. Therefore constructing a truly diversified investment portfolio in order to obtain the most consistent and persistent investment returns across a variety of market environments/conditions is paramount. This session will identify the how, what, where and why of constructing an investment portfolio to maximize returns; and address such topics asset allocation, risk management, the type of investments in the portfolio, and correlation and its impact on diversification.

Learning Objectives:

*Participants completing this session will be able to:*

1. Understand the importance of asset allocation for portfolio return;
2. Understand how non-correlating and correlating assets affect overall investment return;
3. Understand key elements of risk and return when constructing your portfolio.

2:30 – 2:40 PM                    **Afternoon Break**

2:40 – 3:40 PM                    **Pension Regulatory Audits**

Speakers: **Bruce Sartain**, Audit Manager, Public Pension Division, Illinois Department of Insurance and **Elaine Keller**, Audit Supervisor, Illinois Department of Insurance

Pension funds in Illinois have many legal and administrative requirements, which Police and Fire pension funds must comply with. The Illinois Department of Insurance (DOI) is the State regulatory agency charged with verifying compliance with the standards and requirements. In order to carry out its mission of compliance verification the DOI has a compliance audit program for Police and Fire pension funds within the state. This session will focus on common audit findings observed during the compliance audit process.

Learning Objectives:

*Participants completing this session will be able to:*

1. Understand the DOI's Compliance Audit function
2. Understand the requirements and common audit findings related to the pension fund's requirements with regard to:
  - a. Management
  - b. Municipal Funding
  - c. Contributions and Benefits
  - d. Investments
  - e. Membership Records
  - f. Corporate Records
  - g. Accounting Records

3:40 – 4:30 PM                    **PUC vs EAN What Do They Mean to the Average Pension Fund**

Speaker: **Kathleen Manning**, Consulting Actuary, MWM Consulting Group

The session will discuss the actuarial methods which are employed ( some legislated, some required by accounting standards) in pension plan and retiree health / OPEB valuation disclosures and funding reports.

- What are the standard / required funding methods ?
- What are the elements which are considered as part of the funding method?
- What are the considerations in the selection of the actuarial method?
- What are the characteristics of the different methods
- Which are the most economically significant aspects of alternative methods for pension and retiree health programs,
- What role should the finance officer, employer, officials and other fiduciaries take in the selection of actuarial methods ( where discretionary )

Learning Objectives:

*Participants completing this session will be able to:*

1. Obtain an understanding of the various actuarial methods and the elements contained in the applying the methods.

## 2015 Illinois Public Pension Institute

2. Obtain an understanding of how methods are selected and what issues are to be considered. they are typically selected
3. Obtain an understanding of the relationship of the various methods which and how they may inter-relate regarding funding methods and accounting methods
4. Obtain an understanding of the financial impact of the selection of funding methods upon entity financials and budgets and upon plan programs.

4:30 PM

### **Wrap-up**

*Many thanks to Chris Minick, Finance Director, City of St. Charles and Public Pension Team Leader for the IGFOA Professional Education Committee for planning and coordinating the 2015 IPP Institute!*



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