



PENSION ADVISOR

POLICEMEN'S ANNUITY & BENEFIT FUND OF CHICAGO

August 2014, No. 53

Summer/Autumn

EXECUTIVE DIRECTOR'S REPORT

NEW COMPTROLLER FOR THE FUND:

I am pleased to report that the Fund has hired James A. Dollard (Jim) as the Comptroller, effective July 16, 2014. Jim brings to the Fund many years of experience as a chief financial officer with a variety of organizations, along with extensive experience at an independent accounting firm. Jim's breadth of experience and management of many diverse business functions is a wonderful addition to the administration and oversight of the Fund. Jim is a Certified Public Accountant (CPA) and a member of the American Institute of Public Accountants and the Illinois CPA Society. We welcome Jim to the Fund and look forward to his leadership in this important position.

CHANGES TO RETIREE DENTAL AND VISION PROVIDERS

The Fraternal Order of Police (FOP) has advised the Fund that the retiree dental and vision plan provider will be changing effective October 1, 2014. As a reminder, the FOP is the plan sponsor of the voluntary retiree dental and vision program. The Fund, as an accommodation to the retired members, deducts vision and dental premiums from a retiree's pension payments, based upon each retiree's coverage elections. The Fund **does not** select the provider, establish premium rates, or manage the claim payments. The new provider of coverages is Source 1 Benefits (as administrator) and MetLife. Should you have any questions

on coverages, premiums or even general matters relating to these changes or benefits, please contact Source 1 at 1-844-466-0883 or MetLife at 1-800-438-6388 (for Dental related matters) or 1-855-638-3931 (for Vision related matters).

UPDATE FROM THE FUND COMPTROLLER

Since my appointment as Fund Comptroller on July 16, 2014, I have had the great pleasure of learning more about the Pension Fund and its distinguished affiliation. It is truly an honor and privilege to serve such a devoted and exemplary member group. As such, I am wholeheartedly committed to providing you with the dedicated service you have earned as well as accurate and timely information to satisfy your pension needs. I am extremely proud to serve you and the City of Chicago.

The Fund's management is pleased to report that the audit of the Fund's financial statements as of and for the year ended December 31, 2013 has been completed. Consistent with prior years, the Fund received an unqualified opinion (also referred to as a "clean" opinion) from the Fund's independent auditors on the 2013 financial statements. Please visit the Fund's website at www.chipabf.org and click-on the "Financial Reports" link to view the most current Audited Financial Statements, Actuarial Reports, and CAFR Reports (CAFR stands for Comprehensive Annual Financial Report).

TRUSTEE ELECTION TO BE HELD OCTOBER 23, 2014

For a term ending on November 30, 2017

According to State Statute, the terms of the elected members of the Retirement Board of the Police-men's Annuity and Benefit Fund, who represent the rank Lieutenant or rank superior to Lieutenant and above; **and** Sergeants, both positions' terms expire on November 30, 2014.

On Thursday, October 23, 2014, an election will be held to fill the vacancies. The election will be conducted in accordance with the rules adopted by the Retirement Board. Each candidate must be elected by his peers, the class rank to which he belongs. **An independent accounting firm will supervise the election of all trustees and all balloting will be conducted through the U.S. Mail.**

Petition Blanks may be obtained at the Board office on or after **August 28, 2014**, between the hours of 9:00 a.m. and 4:00 p.m.

Filing of Petitions:

The petition of each candidate for the class of rank of **Lieutenant or rank superior to Lieutenant and above; and Sergeants** must be signed by at least twenty-five (25) persons entitled to vote in the appropriate class of rank. Petitions must be filed between September 23, 2014, and September 29, 2014, between the hours of 9:00 a.m. and 4:00 p.m.

Detailed rules concerning the Trustee Election may be obtained on our website and/or at the Fund Office.

RETIREES

Just a reminder; for any changes you need or want to make to an address, banking information or tax changes, the printable forms are available on our website, www.chipabf.org

As always, any change must be accompanied by your signature. We ask that you complete the appropriate form, sign and return it to our office. Your signature is required to assist in deterring fraud of any nature.



TRUSTEES' CORNER

By Lieutenant James P. Maloney, Trustee

I want to congratulate all our recent retirees. May you enjoy a long retirement. I would also like to thank the Pension Fund staff for the hard work that they do.

The Chicago Police Pension has hired a new Comptroller, James Dollard. Welcome aboard Jim.

Here are some numbers, as of this article: Retirees so far for 2014 total 232, the total retirees for 2013 were 406 and for 2012 there were 570.

As of July 15, 2014, there were 12,015 sworn officers paying into the Pension Fund. This number includes all title codes.

The Pension Fund has finished the search for new fixed income managers. Some current fixed income managers will be terminated and some other current fixed income managers will have their asset allocations adjusted to allow for the new Global, Absolute Return and Unconstrained Fixed Income managers. The Fund with the advice of our Pension consultants and our CIO has sought new fixed income opportunities on a more global mandate. With the low interest rate environment and the possibility of rising rates in the future, the Fund needs to have the ability to adjust to changing conditions and take advantage of them.

The Fund was created in 1922 by an act of the Illinois Legislature. The Fund is administered in accordance with Chapter 40 ILCS 5/5 101 et. Sq. The Fund's powers and responsibility are derived from these statutes.

Myself and others have met with many State of Illinois elected Representatives. We have answered their questions and have also enlightened them on many issues relating to the Chicago Police Pension. I am on a committee with the Illinois Public Pension Fund Association (IPPPFA). Our goal is to educate and meet with elected State Legislators in regard to the health and preservation of our Pension Funds.

As I have said in the past and I will continue to stress, it is extremely important for all of us to be in contact with our Representatives. Know who your Representatives are, meet them at their office or other public events.

In some upcoming elections, there may be Law Enforcement Officers running for public office. We

need to support our fellow Officers when they run for public office. Get out and vote, make sure your friends and family are signed up to vote and get everyone out to the polls on Election Day.



LEGISLATION LOOMING?

by **Sgt. Brian E. Wright, Trustee**

As I am sure many of you are aware, the section of the Illinois Pension Code that applies to us requires the City to make the actuarially required contribution, or ARC, payment in 2016. In order to collect for that payment, the City has to levy the taxes in 2015. Mayor Rahm Emanuel presented his budget without that payment included. So obviously the Mayor believes he will not have to make that payment in 2016. This leads to the conclusion that the Mayor believes he can change the statute between now and then, or plans on violating state law in 2016.

In order for the Mayor to avoid the ARC payment, the statute will most likely be attacked in the fall veto session coming up. The ARC payment for 2016 is projected at \$582 million and rises about \$30 million every year thereafter. Currently, the City has to pay a 2 to 1 multiplier of membership contributions. This comes to approximately \$190 - \$200 million every year. Thus, the ARC payment will be approximately three times what the City is paying now. We have all heard the Mayor's battle cry that there is no money and that the City is broke. But, as I stated in previous newsletters, what has he done to prepare for the ARC payment that has been in place since 2010, and the entire time he has been in office? Answer: NOTHING. Now the City will go to Springfield and ask for relief from the current law after not giving any effort for 4 years to address the problem themselves.

The next few months are going to be critical for the long term health of this fund. Every member must be vigilant as to the legislation being proposed that will be affecting their future. So, I urge every member to call their respective aldermen, state representatives and state senators so they are fully aware of our position and that we will not be going down without a fight.

This will be my last newsletter before I run for re-election to my position as the Sergeant Trustee. I have enjoyed my time representing all of the members of this fund and hope to continue to do so in the future. If the membership decides to re-elect me, I will continue to fight for our benefits that we have earned and inform the membership the best I can.



Sgt. Brian E. Wright



JUST A FEW THOUGHTS...

by **P.O. Michael Lappe, Trustee**

As our State heads into the fall legislative session, a few of our elected politicians haven't a clue how a pension system(s) are funded, the source of funding or perhaps the percentage of contributions made by the employee and employer. There are other critical components that in theory make a pension system function correctly. Some of these same politicians will have the opportunity to cast a misinformed vote that they believe will be in our best interest. Then there are those elected members of our local and state government who could care less about active and retired employees. At times it comes down to it's their way or no way! Once again, their bad decisions usually end up costing us, the tax payer in some form or another. I have been saying for years that just because you made it to third base doesn't mean you hit a triple. Some, not all have rounded the bases "the Chicago Way", if you know what I mean.

So, now it's time to have you, our elected officials and trustees throughout Illinois roll up your sleeves and listen up. There's a ton of issues that need to be addressed in Springfield, at your local agency, and here at City Hall in Chicago. These

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next few paragraphs inform the reader what's on the horizon with regards to updating formal pension training.

The **Illinois Public Pension Fund Association** (IPPPFA) is an organization that educates newly elected pension trustees from throughout the State of Illinois. The executives at the IPPFA are currently developing a program that will be designed to educate newly elected and current state law makers, alderman, trustees, executive directors of pension funds and other individuals who are affiliated in some manner with a pension fund. This program should provide the learner with basic funding concepts. For some individuals an advanced workshop is also being developed. As any first responder knows, continuing education is vital for success. This will be an "in-service" pension training that is long overdue.

To give you the reader a little better understanding of some of the issues that we, the trustees at our pension fund grapple with at any one given time include, but are not limited to: actuarial issues, administrative issues, employer and employee's contribution and audit issues. Let's not forget the fiduciary duties of public pension fund trustees and the fundamentals of pension fund investing. I cannot leave out the hot button topic of "pension reform." (Pension reform will be addressed after the fall session adjourns). Then we have my favorite; understanding medical and disability issues.

Disability issues and procedures must include proof of disability that is followed up with hearings before the entire board. Adjudicating disability claims for either a non-duty benefit or duty-related benefit, are tough decisions that have to be thoroughly reviewed involving the retention of medical experts, legal representation, and possibly other witnesses. This is just a very short synopsis of how the administrative portions of trustee duties are executed. By the way, in my 1½ years here at the fund as your elected trustee, I have, with the support of the other seven trustees, terminated the disability benefits of a handful of shameless individuals and sent them packing back to the police academy as a re-tread. (Some of these re-treads have a potty mouth towards me, as I have been told by others. To me, this speaks volumes that we are doing a good job!) Collectively, the Fund has saved you, the pension contributor, a few million bucks had these people been allowed to stay on what I term a "very suspicious continued" duty claim until they would become eligible to retire.

On a positive note, let's applaud all CPD members who have incurred an injury in the line of duty, and with challenging hard work and medical rehabilitation, were able to return to active duty before their medical time was exhausted. As always, for members injured while in the performance of an act of duty or those who have incurred an illness which prevents return to duty due to their medical condition, the disability benefit is available. This is your earned benefit. Congratulations to you officers achievement and personal work ethics. We look forward to honoring you/these individuals each year at the Recognition Ceremony.

Nonetheless, let's never forget those officers who cannot return to work due to a catastrophic injury. My heart, and those of all the CPD members, goes out to you. I personally think of you officers each and every day. You are true and respected heroes that leave me humbled.

On another note, I must publicly thank the Chicago Police Department's Medical Section staff and Commanding Officer Captain Sanchez. Thank you for the much improved communication between the Medical Section and the Chicago Policemen's Pension Fund. It's a breath of fresh air for a change. With the departure of two certain people from the Medical Unit, the pension funds administrative staff has been receiving critical documents pertaining to an officer's disability claim in a timely manner. I must however advise that you, the officer at times may have to make the trip to 35th Street Headquarters to retrieve and/or deliver some documents. **Take some ownership of your case.**

Going back for a moment to the IPPFA, perhaps you may be interested in learning more yourself about pensions. If so, I encourage you to click onto the IPPFA website. When the IPPFA gets their educational program up and running, I will be encouraging each law maker or any other elected official to take full advantage of the IPPFA's educational "*pensionomics*" program. This truly has the potential of being an enlightening win/win learning experience for all. Elected officials have a public duty to serve all of us to the best of their ability. You can contact the IPPFA at their website: www.ippfa.org. Also, don't forget to visit our website here at the Chicago Policemen's Annuity and Benefit Fund. www.chipabf.org. **STAY INFORMED!** It's for your own benefit. (No pun intended).

Two last important notes; I received a call from a retired detective who was assigned to Area 2. This

retiree was very upset because he had an individual come to his home and identified himself as an investigator for a Cook County public defense lawyer. This person told our retiree that he got his name and phone number from the Chicago Police-men's Pension Office. Let me tell you who are reading this as I told the retiree, there is **ABSOLUTELY NO WAY THE PENSION FUND WOULD EVER GIVE TO ANYONE YOUR PERSONAL INFORMATION WITHOUT A COURT ORDER OR SUBPOENA!!! EVER!** Even when we receive a FOIA request, the information given out only pertains to a retiree's pension benefits and/or salary while an active officer. Personal information is not provided! By federal law, we have to supply this information. So beware all active officers and retirees. I believe that with social media and other internet sources, Joe Blow can with very little effort, locate information on you. Some of you retirees may have been involved in some past controversial cases. Be cautious and take note, the lawyers are out there looking to cash in. If someone comes knocking at your door or snooping around to your neighbors asking questions about you, send them away. DO NOT speak to them. Our Executive Director Gina Tuczak, Board Attorney David Kugler and I have been keeping a watchful eye on what information leaves the office.

Now my monthly reminder to you is call our pension office at 312-744-3891 to check and make sure your personal documents are up to date. i.e.; birth certificate(s) of new born children, marriage license, divorce document, death benefit etc. You will be asked for your Social Security number and/or other personal questions to confirm that it's you we are speaking to when you call. Feel free to contact the fund with any questions you may have.

As always my friends, stay safe, be smart. Now for a little last minute advice; don't listen to the "know-it-all" guy or gal in the roll call room giving you his/her spin on what's going to happen with

the pension. Bad information hurts us all. When new developments happen, we will make every effort to get the message out.

Thanks to all of you and your families for the years of personal sacrifices made performing a thankless duty of service. Be safe.



P.O. Michael Lappe

RETIREMENT

by Kenneth A. Hauser, President

Whoever said "In retirement you will be able to do all the things you weren't able to do while working" sure was not a retiree. Since my retirement in 2005, I have gotten busier with each passing year. As this goes to print I will be attending to pension matters, which I will report on in the next edition. I hope you have enjoyed a safe and healthy summer.



Kenneth A. Hauser



Pension Advisor is a publication of the Policemen's Annuity and Benefit Fund. You will be receiving a copy to update you on the matters that affect your pension and the concerns of active police officers, retirees and widows that make up our membership. If you have a question about your pension or the Fund, or, if there is a particular issue you would like to see addressed, please feel free to send a note to:

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Visit our website
at: chipabf.org

OFFICE HOURS: 8:30 A.M. – 4:30 P.M. MONDAY – FRIDAY

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