



# PENSION ADVISOR

POLICEMEN'S ANNUITY & BENEFIT FUND OF CHICAGO

January 2016, No. 57

## Happy New Year!

**There are many ways of going forward, but only one way of standing still.**

*—Franklin D. Roosevelt*

### EXECUTIVE DIRECTOR'S REPORT

**By Regina Tuczak**

Happy New Years to all of you! Since the last Pension Advisor Newsletter was published, I am pleased to report that two trustees, Officer Michael Lappe and retired Officer Ken Hauser, were elected for a new term, effective December 1, 2015, through November 30, 2018. Both trustees secured strong victories. Congratulations to both of them and a sincere thank you to those that participated in the election process.

As we enter 2016, there are a few important reminders to the annuitants. All tax forms, including the Forms 1099-R and the letter issued by the Fund's Comptroller regarding medical deductions, will be sent by January 31, 2016, which is the deadline required by law. As significant resources and expenses are incurred in the mailing of these important documents, reprints or replacement requests can only be honored beginning February 16, 2016. Please plan accordingly with any respective tax advisors. Should you have a new address, please contact the Fund's offices as soon as possible.

Also note that per Illinois Statutes, annuitants of this Fund are paid on the last business day of the month. For a list of those dates, please see the Fund's website at [www.chipabf.org](http://www.chipabf.org). Those annuitants that are eligible for the Automatic Increase will receive such increase in the payment due January 31, 2016.

Please also note that signature affidavits for all annuitants will soon be sent by the Fund's offices. It is very important that each annuitant read the affidavit and provide an appropriate signature. This is an important procedure performed to reduce fraud and eliminate payments to annuitants that have passed away. Look for this important document in the next few weeks.

Thank you for your service to the City of Chicago. Best wishes for a healthy and prosperous 2016. Stay warm!!!

### TRUSTEE ELECTION RESULTS

The trustee election was held October 22, 2015.

For the Trustee member who represents the active members of the Police Department of the rank of Patrolman, Investigator, or equivalent rank there were three members who ran and the final vote count was as follows:

<b>Wilson Fantauzzi</b>	<b>250</b>
<b>Michael K. Lappe</b>	<b>1,671</b>
<b>Michael Koszola</b>	<b>547</b>

For the Trustee member of the Retirement Board representing Annuitant Members, the final vote count was as follows:

<b>Edward A. Richards</b>	<b>1,226</b>
<b>Kenneth Hauser</b>	<b>4,619</b>

Congratulations to Officer Lappe and retired Officer Ken Hauser, we look forward to another three productive years together. They will continue their Trustee responsibilities for this term, which expires November 30, 2018.

The Fund's Election Committee thanks all the candidates for their efforts and participation in the election process.



## RETIREES

### Changes to Medical Coverage, effective January 1, 2016.

ALL QUESTIONS CONCERNING YOUR CHOSEN PLAN, PLANS AVAILABLE, COVERAGE DETAILS AND OR PREMIUM RATES ARE TO BE DIRECTED TO BENEFITS SERVICE CENTER AT 1-877-299-5111.

The City's website offers helpful information concerning the various plans available at [www.chicagoretireebenefits.org](http://www.chicagoretireebenefits.org)

## TRUSTEES' CORNER

### PAYMENT?

by Sgt. Brian E. Wright #1575, Trustee

The City is obligated to make a payment of approximately \$600 million dollars in 2016 as the statute currently stands. The City proposed a bill in Springfield that lowers that payment to around \$445 million in 2016. The bill was supported by our unions only if it had a companion bill that would authorize a Chicago casino wherein the profits would be paid directly to the Police and Fire pension funds. The reduced payment bill sits on Senator Cullerton's desk while the casino bill has yet to be proposed and is in legislative limbo right now.

When asked what we will get paid and when will we get paid in 2016, the City trustees stated that the initial payment in 2016 will be under the old multiplier of 2 to 1 and will be paid in March or April of 2016. This means the fund will get approximately \$95 million by Spring of 2016. The balance will then be paid in October or November of 2016. However, the City does not know what that balance will be. It will either be \$350 million (\$445 million - \$95 million) or \$505 million (\$600 million - \$95 million) depending on the current law by the fall of 2016. The City is banking on the law passing. If it does, I hope there is a casino bill along with it.

Our fund pays out approximately \$650 million in benefit payments every year. That means we have to make that amount between our contributions, the City's contributions and our investment

returns. In 2014 our fund made 12% in investments - approximately \$348 million, the City paid around \$187 million and we contributed about \$95 million. So, all told we brought in \$630 million. That leaves us losing \$20 million in funding level in a year where we made 12%! That is not good.

In 2015 we were not so lucky. While the full year numbers are not in yet, our investments did not do well this year. We had to sell investments to make benefits payments and will continue to do so until we get an influx of cash from the City or our investments get back on track. That is why we need money **NOW**. The sooner we get the payment from the City, the sooner we can stop the bleeding of selling assets. So, while the City would like to wait as long as possible to make their payment, every month that goes by we are in the hole another \$55 million in benefit payments.

The City can hope that their bill passes and they will only be responsible for \$445 million in 2016, but that does not help us in the short term. The city knows that the \$445 million payment is a best case scenario. So, the City should give us half of the \$445 million, or about \$222 million so we can stem this tide of money out the door and stop our funded ratio from falling any further. The \$222 million would give us four months of benefit payments while we wait for our investments to pick back up, our payroll contributions to come in, maybe casino revenues and the second payment in late 2016.

The City waiting to pay their obligations is what got us into this mess in the first place.

**JUST STOP WITH THE POLITICS AS USUAL AND PAY YOUR BILLS!!!!!!**



Sgt. Brian E. Wright



## “A LOOK INTO THE PENSION FUNDS OFFICE”

by: **Officer Mike Lappe; Trustee**

Hello to all; One of our administrative staff members who facilitates the Pension News Letter has been after me to submit an article by her deadline. After thinking about what would be relevant and interesting to you, I decided not to write about the pension crisis, lack of funding, court rulings, hearsay talk loaded with rumors and bogus information, insurance premiums' going through the roof and last but not least the Fund going broke within 6 to 10 years.

I believe that you should get an inside peek what the Fund goes through each and every day, the never ending phone calls each day, not to mention the Board meetings when officers sit before the Board with their attorney and present their evidentiary documents why they should be entitled to a duty disability benefit. **NOTE: THERE ARE CASES THAT ARE 100% LEGITIMATE. MYSELF and THE OTHER BOARD MEMBERS HAVE NOTHING BUT PRAISE FOR THE MEMBER'S ACT OF HEROISM and ACT OF BRAVERY DURING THEIR PERFORMANCE OF DUTY.**

The Trustees do have a problem, just as you would, with those officers who are seemingly “less than truthful” when they appear before the board with such embellished claims of injury causes you to wonder how the CPD Medical Section allowed this officer to remain on the medical for 365 days. Here are a few examples of what I'm writing about:

- Officer X testifies to being assigned to administrative duties in a top secret unit at Homan Square. Officer X was given a direct order by the Lieutenant to “hand-carry” some top secret documents down the hall to the unit's Commander. Officer X trips on a nail and sustains a knee injury. After exhausting the full medical benefit, Officer X appears before Pension Board seeking a duty disability. If Officer X and others would read (section 5-113 “ACT OF DUTY”) of the pension code, it is very clear why claims such as these are without merit. Claim denied.
- Officer Y testifies of a physical confrontation with an arrestee. A surgical procedure repaired the officers damaged shoulder. Exhausting 365 days of medical time Officer Y appeared before the board seeking a duty disability benefit. This claim was granted. A year later, Officer Y was scheduled to appear as required by state law before the Board's physician for a routine exam. The Board's physician thinks the Officer can return to duty, so the officer is then called to a status hearing before the Board. Officer Y testifies to the Board stating how life has changed and further stated that

Officer Y is now permanently disabled. Prior to the status hearing the pension office was contacted by a neighbor who relates Officer Y's claim is all a scam. At the direction of the Board an investigator films Officer Y playing an 18 hole round of golf. All the while, your 9% pay check contributions are paying for Officer Y to have a great time on your dime. Nothing like being ripped-off by your own brothers and sisters. Needless to say Officer Y is in the process of returning to work full duty.

I could go on and on about so many case. I'll save the last part of my article for one that is a real gem. In the meantime, here are a few facts.

In 2015, 40 officers made applications for various disability benefits. Of the 200+ officers on disability, 28 of these officers were terminated, retired or returned to duty. Some applicants chose not to move forward for a hearing. The Fund also processed 399 officers who chose to retire during the past year.

Lastly, I would like you to read this case. This one is eleven pages long. Not enough space in this news article, so please Google it: *Majid v. Retirement Board of the Policemen's Annuity & Benefit Fund, 2015 IL App (1st) 132182*. This case is a classic example and demonstrates to what extremes an officer will go to in order to collect a disability benefit that they are not entitled to. If you find yourself with a little extra time on your hands while at your computer, search for Administrative Decisions pertaining to the Funds Trustees decisions that were either ruled in the Funds favor or not. You may find a few of these cases an interesting reading for some of you. Otherwise, please frequently visit the Chicago Policemen's Annuity & Benefit Funds website. Stay informed.

Speaking of the website, for those who may be interested in State pension issues visit the Illinois Public Pension Fund Association at [www.IPPFA.org](http://www.IPPFA.org)

**On that note, be safe to all. God Bless you and God Bless America**



**P.O. Michael Lappe**



## PENSION FUND UPDATES

by **Kenneth A. Hauser, President**

On October 22, 2015, the ballots were counted for the Pension Board election of Trustees. There were 5,845 votes cast for the Annuitant Trustee representing all retirees and widow/ers. I received 4619 votes, which overwhelmingly re-elected me to a three-year term of office. I'd like to thank you for your vote of confidence! My new term of office began on December 1, 2015 and will extend until November 30, 2018.

The Policemen's Annuity and Benefit Fund sent out a Holiday 13th check of \$500 to all minimum annuitants on December 4, 2015. The definition of a minimum annuitant is: widow/er is receiving \$1000 monthly or less and retired police officer annuitant is a police officer who began receiving an annuity of \$1050 monthly or less. This 501c3 gift is not taxable to you. I hope this gift will bring some holiday assistance to you.

The following is reprinted from *AARP ILLINOIS: WE OPPOSE TAXATION OF RETIREMENT INCOME!*

Members of the Illinois House have an opportunity to stand with 1.7 million AARP Illinois members and thousands of retirees across the state to oppose the taxation of retirement income. House Resolution 890 filed yesterday (December 3, 2015) by State Representative David McSweeney (R-Barrington Hills) earned the support of AARP Illinois for its advocacy on behalf of Illinois' retirees and its unwavering resolve to not permit the taxation of retirement income. "Retirees of Illinois did not create today's state budget crisis and should not be singled out as the top-grossing revenue option to rebuild our state's economic outlook," said AARP Illinois State President Rosanna Marquez. Proposed plans to tax retirement income will make it harder for older Illinoisans to pay for basic necessities, including groceries, medication and utility bills, ultimately raising costs to the government. Older Illinoisans currently struggle to make ends meet on fixed incomes as Social Security remains the primary source of income for 1 out of 5 retired Illinoisans. The taxation of retirement income will drastically limit retirees' quality of life in Illinois and may serve as a catalyst to relocate to a more tax-friendly state. Marquez added, Illinois needs a comprehensive look at all taxes paid by Illinois residents and businesses,

and a equitable tax reform approach to raise revenue, rather than a piecemeal approach shouldered by Illinois' retirees. AARP Illinois urges all members of the House of Representatives to become the voice and champion for older Illinoisans and retirees in their district by co-sponsoring House Resolution 890.

Wharton University of Pennsylvania-October 23, 2015. The spotlight is back on the funding gap in the U.S. Social Security system. The trigger was last's week's statement by the Social Security Administration (SSA) that 65 million Americans will not see an automatic increase in their monthly benefits because there was no increase in the consumer price index – or inflation – from the third quarter of 2014 to the third quarter of 2015. It was the third time in six years such increases were denied.

I started the September Pension Advisor by including the Social Security Administration's definition on when to file for Social Security. I have since received a number of critical responses because I didn't mention the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). My intention was to assist potential retirees who did not know how or when to file for Social Security. We, as public employees, are already painfully aware that we are not entitled to 100% of Social Security. I, therefore, did not go into further detail.

I hope you have a happy and healthy 2016.



**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:

**POLICEMEN'S ANNUITY AND BENEFIT FUND  
PENSION ADVISOR  
221 North LaSalle Street - Suite 1626  
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**James A. Dollard**  
Comptroller

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Assistant Comptroller  
Visit our website  
at: [chipabf.org](http://chipabf.org)

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

**RETIREMENT BOARD**

**Kenneth A. Hauser**, President,  
Elected Member

**Kurt A. Summers Jr.**, Trustee,  
City Treasurer,  
Appointed Member

**James P. Maloney**, Recording  
Secretary, Elected Member

**Juan C. Avila**, Trustee,  
Appointed Member

**Carol Hamburger**, Trustee,  
Deputy Budget Director,  
Appointed Member

**Michael K. Lappe**, Trustee,  
Elected Member

**Carole L. Brown**, Trustee,  
City Chief Financial Officer,  
Appointed Trustee

**Brian E. Wright**, Vice President,  
Elected Member