

# Public Pension Financial Focus



## President's Message

As we approach another annual P2F2 conference, this is the last time I will be addressing you as President in this year's newsletter. It has been a very exciting and productive year. I want to thank you all for giving me the opportunity to serve you as P2F2 President during the last year.

Reflecting back over the year, it has certainly been a challenging and exciting ride. Our pension funds have been faced with political pressures, market declines, poor publicity, potential government regulations, declining benefit offerings and many other threats. For most of us, responding to such threats has been a new experience. Our upcoming conference in Sacramento, California is themed "Threats to Public Pension Plans" for just that reason. We hope, through networking and education, that you will be more prepared to face the unknown threats of the future.

Our organization's efforts to respond to GASB's Invitation to Comment on Pension Accounting and Financial Reporting have given P2F2 a presence in the regulatory environment that surrounds our profession. P2F2 will make every effort to continue to be a voice of reason and advocacy for public pension finance in the future.

Lastly, we are always looking for volunteers to serve on committees, help with the conference, assist with advocacy issues such as the GASB ITC and much more. We welcome your input and participation. Please feel free to speak to me or any of the other officers about how you can become involved and help our organization mature and become an even greater success!

Thank you again for allowing me to serve this profession and organization! It has been an extremely satisfying experience leading an organization as terrific as P2F2.

Michele Nix, P2F2 President  
[Michelen@mosers.org](mailto:Michelen@mosers.org)

## Contents

### Special Interest Articles

President's Message	1
GASB ITC Response	2
Sustainable Plans	2
P2F2 Conference	3
IRS Initiative	4
NAPPA Website	4
NIRS Pensionomics	4

### Individual Highlights

P2F2 Purpose	2
Sacramento Tidbits	3
Sacramento What to Do	3
Suggestion Box	4



## P2F2 Purpose Statement

Promote excellence in public pension plan financial operations,

Provide educational programs of current interest to membership,

Create a medium for the consideration of common problems and the exchange of ideas and information that will facilitate the most efficient and economical operation of the financial operations and reporting between public pension systems,

Foster sound principles, procedures and practices in the field of public pensions related to the financial operations of such plans, and

Provide an appropriate national organization representing the financial operations of public pension systems throughout the United States, including providing comment to exposure drafts and other potential accounting pronouncements promulgated by the Governmental Accounting Standards Board.

## P2F2 Responds to GASB ITC

Art Hewig, Vice-President of P2F2, led a group of members in preparing a response to GASB's Invitation To Comment on Pension Accounting and Financial Reporting. This complex 76 page document can be found at

[http://www.gasb.org/exp/itc\\_pension\\_accounting\\_and\\_financial\\_reporting.pdf](http://www.gasb.org/exp/itc_pension_accounting_and_financial_reporting.pdf) and was

intended to elicit comments at an early stage of GASB's reexamination of pension accounting and financial reporting standards. Art and his committee met and prepared a written response which was sent to GASB on July 31, 2009. You can read the response by using the following link -

<http://p2f2.org/Financial%20Standards%20Responses/GASB%20ITC%202009.pdf>. In general the response was supportive of the current approach used in GASB 25 and 27 for pension accounting.

In addition to the written response, P2F2 has for the first time represented our membership by participating in the public hearing held by GASB. On August 28, 2009, Luke Huelskamp, President-Elect, represented P2F2 at the hearing. Luke was the first participant to speak to the GASB Board and summarized the written response, educated the GASB Board on our organization, and answered questions from them. As a first-time participant in the public hearing process, Luke found that the Board was extremely detailed in their line of questioning. Luke and Michele Nix, President of P2F2, attending as an observer to the hearing, were greatly impressed with the thoroughness and level of knowledge that the GASB Board displayed in the hearing. They both came away from the hearing with more respect for the standard-setting process.

The GASB Board will continue their reexamination of the pension and financial reporting standards and will likely issue an exposure draft in the future. The timing of the exposure draft has yet to be determined based on the current GASB technical bulletin. When this exposure draft is published, P2F2 will again bring together a team of our members to respond with our concerns regarding the draft. If you are interested in joining in the development of this response, please contact a member of the P2F2 Board at the upcoming conference or send an email to [kgreve@copera.org](mailto:kgreve@copera.org).

## Re-engineering Sustainable Pension and OPEB Plans

Girard Miller, who recently joined Public Financial Management (PFM) as a senior strategist, and Jim Link, PFM's national practice leader for retirement plans, have written a fascinating article in the August 2009 Government Finance Review Magazine ([http://www.gfoa.org/index.php?option=com\\_content&task=view&id=72&Itemid=92](http://www.gfoa.org/index.php?option=com_content&task=view&id=72&Itemid=92)). The reason for this article can best be summarized by this quote "If one or more of an employer's postretirement benefit plans is unsustainable, then it's time to devise a strategy map that will provide direction and guidance". In this article, Girard and Jim lay out the strategic map to move a plan back towards sustainability.

Key milestones along the way:

- Identifying all the key metrics
- Forming a multidisciplinary team
- Doing a sustainability assessment
- Creating a strategic map for benefits redesign
- Conducting labor negotiations
- Implementing the strategy

The article includes a sustainability assessment exhibit, an exhibit on common symptoms of unsustainable retirement plans and an exhibit on sustainable reform strategies. If you are struggling with these issues, I urge you to get a copy of this article. Girard Miller has previously been a keynote speaker at the P2F2 annual conference.



## Upcoming Sacramento Conference

The P2F2 conference committee and Board are well aware that many pension systems are struggling with budget constraints, limiting our members' travel funds, especially for out-of-state travel. If you're in that situation, please know that we understand and will miss you this year in Sacramento. If you're not able to make it, also know that session materials will be made available on the P2F2 website after the conference – hopefully you will gain some benefit from those educational materials.

The Conference Committee has done a fabulous job of planning and coordinating our October event. We will again offer a variety of educational sessions in accounting, compliance, investment accounting and employer reporting. And we will be welcoming back some of our most highly-rated speakers, including Mary Beth Braitman and Paul Zorn, along with updates from GASB, the economy, legislation and of course, the IRS !!

Most importantly -- as requested by many conference attendees, we have moved the Ice Cream Social to a late-afternoon break session – that way, we won't add too many calories to our waistline with a late-night ice cream scoop, or two or three !! ☺

The conference brochure, registration, and hotel information can be found on the P2F2 website. October is just around the corner, so please make your plans soon to attend !

Brochure:

[http://www.p2f2.org/09\\_Conference/P2F2%206th%20Annual%20Conference%20Brochure.pdf](http://www.p2f2.org/09_Conference/P2F2%206th%20Annual%20Conference%20Brochure.pdf)

Registration:

[http://www.p2f2.org/09\\_Conference/P2F2Conference2009RegistrationForm.pdf](http://www.p2f2.org/09_Conference/P2F2Conference2009RegistrationForm.pdf)

Hotel Registration:

<http://embassysuites.hilton.com/en/es/groups/personalized/SACESES-LAC-20091018/index.jhtml>

Monday Night Dinner Location:

<http://www.californiastaterailroadmuseum.org/>



### Sacramento Tidbits

Population: 1,374,724 (Sacramento County)

Elevation: 25 feet

When gold was discovered in 1848, the rush of people to Sacramento and its surrounding areas was recorded as the largest human migration in history.

6 million trees

Sacramento has many nicknames. It is variously known as "the Camellia Capital of the World," "River City," and "City of Trees" and the "Big Tomato". Locals tend to call it Sac or Sactown.

It snows in Sacramento about once every ten years. Don't bring your skis.

### What To Do:

California State Railroad Museum - <http://www.csrnf.org/>

Old Sacramento - <http://www.oldsacramento.com>

Sacramento Zoo - <http://www.saczoo.com/>

Crocker Art Museum – <http://www.crockerartmuseum.org>

[50 Things You Must Do in Sacramento - Sacramento Magazine - January 2007 - Sacramento, California](#)

## Public Pension Financial Forum Benefits for You

Excellence, Education & Interaction

Delivered to you through the

Annual conference,  
Member forum,  
Contacts you develop,  
Newsletter,  
Website, and the  
Board responding to GASB & GFOA

## Suggestion Box

Please email your suggestions to  
kgreve@copera.org



## IRS Governmental Plans Initiative

In April 2008, IRS Employee Plans (EP) launched the Governmental Plans Initiative, consisting of education, outreach, guidance and compliance for the governmental plan community. Their stated goal is to provide governmental plans with tools, assistance and programs to help plans comply with federal pension law. On April 22, 2008, the IRS hosted a governmental plans roundtable as part of an initiative to better serve the governmental plan sector of the EP customer base by raising awareness of the need to comply with tax qualification requirements. The roundtable was the first step in establishing a dialogue between the IRS and the government plans community.

The next phase in the initiative was the mailing of a questionnaire to a pilot group of governmental plans which occurred this summer. A copy of the questionnaire can be found on the IRS's website at <http://www.irs.gov/pub/irs-pdf/f14035.pdf>. Twenty-five governmental plans were chosen randomly to be the lucky participants in this pilot program.

In late 2009, the IRS will compile and analyze the responses received and issue a public report. It is anticipated that this questionnaire will be revised and then sent out to a larger group of governmental plans at a later date.

IRS Employee Plans has set up a website as part of the governmental plans initiative, which you may find useful in following the continuing development of this initiative - <http://www.irs.gov/retirement/article/0,,id=181779,00.html>.

## NAPPA Website Includes Sample RFPs

Need help developing an RFP for actuarial services? The National Association of Public Pension Attorneys has included a sample cover letter and RFP for actuarial services on their website. They can be found at <http://www.nappa.org/doc.asp?id=53>. Along with the sample RFP for actuarial services you will also find an RFP for investment consulting, an RFP for legal services and an investment contract checklist.

## National Institute on Retirement Security – Measuring Economic Impact

The National Institute on Retirement Security has issued a report titled "Pensionomics: Measuring the Economic Impact of State and Local Pension Plans". It can be found at <http://www.nirsonline.org/storage/nirs/documents/Pensionomics%20Report.pdf>. They also have developed fact sheets for each state which can be accessed by state at [http://www.nirsonline.org/index.php?option=com\\_content&task=view&id=184&Itemid=88](http://www.nirsonline.org/index.php?option=com_content&task=view&id=184&Itemid=88).



*See you in Sacramento!*