



The Annuitant

Newsletter of the Urbana-Champaign Chapter

State Universities Annuitants Association
Spring 2014

President's Message

Terry W. Ruprecht

The months since our last newsletter have certainly been eventful for Illinois annuitants. I wish I could say that in a totally positive way, but alas, such is not the case. As I look at the last six months, my thoughts about retirement are basically twofold: decidedly *positive* in terms of the value, information and services SUAA has brought its members, both at the Chapter and State levels; but also *negative* as I review the continuing efforts by state officials to diminish the pension and benefits we all earned – *and were promised* – over our careers as University faculty and staff.

Recent months were dominated by two actions relating to pension benefits:

First, we suffered a confusing and worrisome introduction to the State/CMS' new MedAdvantage insurance for Medicare-eligible annuitants. Though we were generally aware the state was rebidding aspects of health insurance, we were not ready for the startling revelations in the local press on October 2 and the ensuing few days. Some of that information proved to be alarmist in nature, but regardless, hearing it in the press rather than in official notification from CMS was a terrible introduction to the biggest shift in retiree health insurance in 20 years or more. Eventually CMS made official information available, but not until several thousand annuitants in east central Illinois were panicking in fear of losing access to Carle doctors and facilities. Fortunately, in August - two months before the untimely MedAdvantage information in the press - our chapter Executive Committee booked Janice Bonneville, Deputy Director of CMS, as the primary speaker for the fall 2013 general meeting. We anticipated insurance changes in the fall and felt Ms. Bonneville would be the best to speak to them. [We were certainly correct in that expectation.] By the time the meeting rolled around (Oct 20, 2013) the concern by retirees had reached fever pitch. While usual Fall meetings are attended by 125 to 150 members, **506** concerned retirees turned out on October 20, far exceeding the seating for 300 we had arranged. Luckily, the I-Hotel opened another auditorium and provided audio and video feeds from our presenters. All attendees were able to see and hear Ms. Bonneville and Rick Perry, our 2nd speaker on Medicare-related health insurance.

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Spring Meeting Features Panel on Pension Reform

The spring meeting will be held **on Sunday, April 13** beginning at **1:30 PM** at the **Hawthorn Suites Convention Center**, 101 Trade Center Drive, Champaign. The event will begin with a "social half-hour" for conversation and discussion among friends and colleagues. **The formal program will begin at 2:00 PM.**

SUAA-UIUC's spring meeting will feature a panel that includes Law Professors John Colombo, Laurie Reynolds, and Robert Rich who will examine the legal and political issues entwined in the recently passed pension changes for both current and retired employees. Colombo and Reynolds are widely cited in both legal and popular press articles on Illinois pension law, while Rich, former Director of the UI's Institute of Government and Public Affairs is widely regarded as an expert on Illinois' political environment.

SUAA Executive Director Linda Brookhart is expected to attend the session as well, to give a status report on the SUAA law suit challenging the constitutionality of several elements within the recently adopted pension changes. Brookhart will also report on the implementation of new health insurance programs and will comment on other legislative issues of interest to both current employees and retirees .

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State Annual Meeting SAVE THE DATES June 17 & 18, 2014

The statewide SUAA Annual Directors meeting is held each June in Springfield and all SUAA members are encouraged to attend. This year the meeting will be June 17-18, 2014. Members whose email addresses are in the database at the State SUAA office will receive emails with registration forms. The registration forms will also be available on the State website (www.suaa.org).

If internet access is difficult for you, please contact a Chapter Executive Committee member to receive a hard copy of the form when they become available.

SUAA-UIUC CHAPTER 2013-14

Elected Leadership* & Committee Membership

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President

Terry W. Ruprecht*

Vice President

Terri Palumbo* Membership

Secretary

Jane Loeb* Communications

Treasurer

Gerald Brighton

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Thomas Conry*; Past President

Gary Engelgau*; Communications

Barbara Hartman*; Membership

Heidi Rockwood*; Communications

Stephen Rugg*; Legislative, Programs

Rick Schoell*; Legislative

Ginny Waaler*; Social&Arrangements

Ron Webbink*; Communications

H.F. (Bill) Williamson*; Benefits

Other Committee Members:

Mary Beastall; Benefits

Stephen D'Arcy; Benefits

Paul Dollins; Legislative

Mark Netter; Membership

Bob Rich; Legislative

Helen Satterthwaite; Legislative

Liaisons

Athalia Hunt; Campus

Helen Satterthwaite; Clark-Lindsey

SUAA Statewide Leadership

Thomas Conry* ; Executive Committee

Stephen Rugg*; Finance Committee

H.F. (Bill) Williamson*; Foundation

Nominations to the Executive Committee

At the spring meeting, four members are elected to the twelve-member executive committee for three-year terms. The four nominees selected according to Article V of the Bylaws are listed below. Additional candidates may be nominated from the membership by petition signed by no fewer than five members and filed with president Terry Ruprecht (twruprec@mchsi.com) or the Secretary Jane Loeb (jloeb@illinois.edu) at least one week before the April 13, 2014 meeting. Nominees added by petition will also appear on the website as time allows, and all nominees will be included on the ballot presented at the meeting. A hard copy of the biographies of nominees added by petition will be available at the meeting.

Jane W. Loeb retired in 2007 after 39 years at UIUC. During the last dozen years, she taught statistics and undertook research projects in the general area of equity in higher education as Professor of Educational Psychology. Prior to that, she served as Associate Vice Chancellor for Academic Affairs (since titled Associate Provost) under Vice Chancellor/Provosts Goldwasser, Berdahl, and Faulkner. Her final assignment involved overseeing the campus improvements to Undergraduate Education undertaken in the early 1990s. Earlier positions included Director of Admissions and Records in the 1970s and Coordinator of Research and Testing in the now-defunct University Office of School and College Relations. Since retirement, she continues serving as methodologist on students' doctoral dissertation committees. She has served one term on the UIUC chapter of SUAA, and currently serves as chapter Secretary.

Terri Palumbo was elected to the SUAA-UIUC Executive Board in 2011. During her time on the board, she has served as Vice President and Chair of the Membership Committee. She is currently employed at the University of Illinois at Urbana Champaign as an Administrative Assistant II for the Associate Provost for Human Resources. She began her career at the University in April 1982 as a Secretary II at McKinley Health Center. During her career at the University, she has worked at the Police Training Institute, Office of the Assistant Vice President for Business and Financial Services, and the Office of the Provost.

Terri has been a member of The Secretariat organization and served this group in the past as President, President-Elect and Secretary. She was elected to the Staff Advisory Council to represent Clerical/Secretarial employees. She also later completed an unfinished term on the Council to represent Executive/Administrative/Managerial employees. While on the Staff Advisory Council, she served as President and Secretary. While at the Office of Business and Financial Services, she was awarded an Office of Business Affairs' Outstanding Employee Award.

Robert F. Rich was Director of the University of Illinois Institute of Government and Public Affairs from 1986 to 1997 and from 2005 to 2012. He was also Professor of Law, Political Science, and Medicine on the Urbana campus. He retired on August 31, 2012. Since retiring, he has taught OLLI classes each semester, taught a course in the Honors Program, and has made several presentations as part of the China Executive Development Program. He has also been a member of the Legislative Committee of the SUAA-UIUC. Rich also continues his research on issues of health law and policy, focusing especially on the Affordable Care Act, Medicare, and Medicaid.

Terry W. Ruprecht has 38 years of administrative experience in higher education, having served in administrative roles at the University of Illinois @ Urbana-Champaign, including Associate Vice Chancellor, Associate Provost. He previously held administrative positions at Michigan State University.

Mr. Ruprecht is a registered engineer in Michigan and Illinois. He served in numerous roles for APPA, the professional association for Higher Education Facility Officers, and earned the President's Award, Meritorious Service Award, and Pacesetter Award for his APPA service. He served on their international Board of Directors.

President's Message *continued from page 1*

Prior to the October 20 general meeting, three members of our Chapter Executive Committee met with Carle CEO Jim Leonard and some of his executive team, to get better information regarding access to Carle doctors under MedAdvantage. Two different discussions were held with the Carle team, and we came away with a much better understanding of their position. We are highly appreciative of their receptivity and candor.

Reflecting on the above, I am proud of the leadership shown by the SUAA-UIUC Chapter in making solid, credible information available on state/CMS health insurance changes - and well before CMS or other state entities.

Second, on December 5 our pension benefit was significantly diminished. Senate Bill 1 was called for a vote after the Thanksgiving holiday weekend, passed by the State Legislature on December 3rd, and signed into law by the Governor on December 5 (Public Act 98-599). Among the many changes therein is a decimation of the annual increase for state retirees, aka COLA. This slashing of our pension benefits has been hailed by some public officials as saving the state's pension systems and being "good for the state of Illinois." Many experts would rigorously disagree on both counts: the changes made will NOT necessarily save the pension systems so thoroughly starved of funds by the legislature over more than 20 years, and renegeing on retirement promises made to thousands of honest, loyal-serving state workers and educators can hardly be called "good for Illinois". I submit it serves primarily to further lower the reputation of a politically-broken state, and potentially make Illinois an even more unfit home for business and commerce.

Lawsuits have now been filed by several notable retiree groups pointing to Public Act 98-599 as violating the constitutional provision banning diminishment of state pensions. After a great deal of discussion and debate, the SUAA state-level Executive Committee – with much input from our UIUC Chapter - contracted the services of a well-known and respected law firm. By the time this newsletter reaches you SUAA will also have filed suit. Lawsuits of this type are incredibly expensive. If you have not already done so, please donate to the SUAA Legal Fund. There has likely never been a more important time for member financial support.

We will all be closely watching the progress of the various retiree lawsuits over the next three to twelve months. Suits have been filed in three or more different jurisdictions, and it will be important to follow the progress of each case. In the coming months, SUAA members may rest assured that our leaders and legal counsel will pursue every available path in our pursuit of justice for annuitants. Members can be confident that SUAA will keep them informed of the legal progress of the various cases via timely emails and Mini-briefings. **Your membership and special donation dollars have never been more critical – nor have they been harder at work!!**

Spring Meeting *continued from page 1*

A business meeting that will include election of new representatives to the SUAA-UIUC Executive Committee will follow the panel presentation.

Few issues have affected retired and current employees more directly than those adopted last December. Join us to get both insightful and current information!

Stay Informed

The way to keep up to date with events occurring in regard to your SURS Annuity (Pension) and State Benefits offered through the Office of Central Management Services (CMS) is through use of the Web. Start at **www.surs.org**. Member login is at the top. If you have not established a User Name and Password, call the number shown for help. Once online, if you need CMS information, use the Related Links on the far right of the initial Member page to reach them.

To keep up with State wide and legislative issues, visit **www.suaa.org**.

For UIUC Chapter information, visit **www.suaa-ui.org**. Our email: **suaa.ui@gmail.com**

Major Pension Reform Legislation Enacted

The Illinois State Legislature recently passed and the Governor signed pension reform legislation that will have a major effect on retirees and employees alike. The Conference Committee report to SB 1 passed both chambers of the Illinois State legislature on December 3, 2013 and was signed into law by Governor Quinn (Public Act 98-0599) on December 5, 2013. The major provisions enacted into law are summarized below and were prepared by the staff of SURS.

SUAA-UIUC executive committee members are working with the State SUAA office and State executive committee to plan the strategies and actions the Association will take next. SUAA has retained legal counsel to file suit challenging the constitutionality of the new provisions. SUAA is also soliciting contributions to a new legal fund to cover the costs associated with all elements of the legal challenge. Please watch the State SUAA website (www.suaa.org) for updates on such actions and other up-to-date information on pension reform.

Summary of Public Act 98-599 (Pension Reform)

December 5, 2013

Automatic Annual Increase (AAI)

Current and future Tier 1 retirees will receive automatic annual increases starting January 1, 2015, that will be 3% of the lesser of (i) the total annuity payable at the time of the increase, including previously granted increases or (ii) \$1,000 multiplied by the number of years of creditable service upon which the annuity is based. The 2015 AAI for retirements that are effective in calendar year 2014 will be subject to pro-rating under the new AAI formula.

The \$1,000 multiplier will be adjusted for inflation (CPI-u) each year thereafter. The CPI-u adjustment to the \$1,000 multiplier shall be equal to the annual unadjusted percentage increase in the CPI-u for the 12 months ending with the preceding September. These adjustments will be cumulative and compounded and the first adjustment will occur with the AAI effective January 1, 2016.

Tier 1 members who retire on or after July 1, 2014, will not be eligible to receive the following automatic annual increases based on their ages as of June 1, 2014:

- Age 50 or over - will not receive their 2nd automatic annual increase;
- Age 47 to under age 50 - will not receive their 2nd, 4th or 6th automatic annual increase;
- Age 44 to under age 47 - will not receive their 2nd, 4th, 6th or 8th automatic annual increase;
- Age 43 and under - will not receive their 2nd, 4th, 6th, 8th or 10th automatic annual increase.

The changes to the AAI do not apply to the Tier 2 retirement and survivor AAIs, the Tier 1 survivor AAIs, and the Tier 1/Tier 2 disability benefit and disability retirement annuity AAIs.

Retirement Age

Retirement age eligibility is delayed as follows for Tier 1 members who begin receiving an annuity on or after July 1, 2014:

- Members age 46 and older on June 1, 2014 are not subject to any delay in retirement eligibility;
- Members age 45 on June 1, 2014 are subject to a 4 month delay in retirement eligibility;
- Members age 44 on June 1, 2014 are subject to a 8 month delay in retirement eligibility;
- Members age 43 on June 1, 2014 are subject to a 12 month delay in retirement eligibility;
- Members age 42 on June 1, 2014 are subject to a 16 month delay in retirement eligibility;
- Members age 41 on June 1, 2014 are subject to a 20 month delay in retirement eligibility;
- Members age 40 on June 1, 2014 are subject to a 24 month delay in retirement eligibility;
- Members age 39 on June 1, 2014 are subject to a 28 month delay in retirement eligibility;
- Members age 38 on June 1, 2014 are subject to a 32 month delay in retirement eligibility;
- Members age 37 on June 1, 2014 are subject to a 36 month delay in retirement eligibility;
- Members age 36 on June 1, 2014 are subject to a 40 month delay in retirement eligibility;
- Members age 35 on June 1, 2014 are subject to a 44 month delay in retirement eligibility;
- Members age 34 on June 1, 2014 are subject to a 48 month delay in retirement eligibility;
- Members age 33 on June 1, 2014 are subject to a 52 month delay in retirement eligibility;
- Members age 32 on June 1, 2014 are subject to a 56 month delay in retirement eligibility; and
- Members age 31 or younger on June 1, 2014 are subject to a 60 month delay in retirement eligibility.

It is unclear at this time whether the retirement age delay applies to retirement eligibility under the "30 and Out" eligibility criterion. SURS will seek future legislative clarification on this issue.

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Pension Reform *continued from page 4*

Pensionable Earnings Limitation

Pensionable earnings for Tier 1 members shall not exceed the Tier 2 earnings limitation (as adjusted for inflation). For reference, the FY2015 Tier 2 earnings limitation is \$110,631.26.

Tier 1 participants who are receiving earnings exceeding the Tier 2 earnings limitation as of June 1, 2014, are grandfathered and pensionable earnings will be limited to the participant's annualized rate of earnings as of June 1, 2014, or the annualized rate of earnings immediately preceding the expiration, renewal or amendment of an employment contract or collective bargaining agreement that is in effect on June 1, 2014.

Tier 1 Employee Contribution Decrease

Beginning July 1, 2014, Tier 1 employee contributions are decreased by 1% of earnings. This is accomplished by reducing the employee "normal" contribution rate by 0.5% of earnings, and eliminating the 0.5% employee contribution rate for the AAI. Tier 2 and SMP employee contribution rates remain unchanged.

Money Purchase Formula Changes

Beginning in FY 2015 (July 1, 2014), the annuity factors used to calculate money purchase benefits shall change to a new effective rate of interest.

The new effective rate of interest shall be equal to the 30-year US Treasury bond rate plus 75 basis points. The new effective rate of interest shall apply prospectively towards crediting interest to money purchase plan accounts, Portable plan lump sum retirements and refunds, purchases of service credit, etc.

Changes to the money purchase annuity conversion factors are applied prospectively, but members who retire on or after July 1, 2014, are eligible to receive the money purchase benefit they were eligible to receive had they retired during the fiscal year preceding June 1, 2014 or the money purchase benefit they are eligible to receive under the new formula, whichever is greater. The member must have been retirement eligible during the aforementioned fiscal year for this provision to apply.

Optional Defined Contribution Plan

An optional defined contribution plan (DC plan) will be made available to active Tier 1 employees. The plan is to be implemented by July 1, 2015, unless the plan is not qualified under the Internal Revenue Code. If the plan is not qualified by July 1, 2015, the plan shall be implemented upon being determined a qualified plan. No more than 5% of the active Tier 1 membership may elect to participate in the plan.

Contrary to media reports, this is not a 401(k) plan, but will most likely be a 401(a) defined contribution money purchase plan like the Self-Managed Plan. Accordingly, the employee will not be permitted to choose how much salary to contribute. Tier 1 employees participating in the DC plan will contribute at the same rate as other Tier 1 participants under the Traditional and Portable plans (DB plan). The DC plan participants will fund the cost of administration of the plan through deductions from the employee contributions to their accounts. Disability benefits may be provided, but employee contributions will fund the cost.

Employer contributions shall be a minimum of 3% of pay and no greater than the employer's normal cost for Tier I members in the DB plan. The State of Illinois will adjust the employer contribution rate annually.

Tier 1 members electing to participate in the DC plan will cease accruing benefits under the DB plan. Service credit for DB plan benefit sizing will cease to accrue. However, service credit earned under the DC plan will be used for vesting purposes in the DB plan. Interest crediting for purposes of the money purchase formula (Rule 2) will cease. No service purchases for the DB plans will be permitted.

Unused Sick and Vacation Time — New Hires

Persons who first become SURS participants June 1, 2014, are not eligible to convert unused sick and/or vacation days into service credit or have unused sick and/or vacation days used to enhance pensionable earnings under the Final Rate of Earnings.

Prohibition of Non-Public Employers

Employers that are not defined as an employer under the SURS article shall be excluded from enrolling new employees in SURS. Those employees of such employers that are already SURS participants shall remain participants. The SURS Board of Trustees is given the authority to determine whether a person is an employee. In case of doubt as to whether an individual is an "employee," the decision of the Board of Trustees is final.

State Funding

The State shall be required to adhere to a funding schedule that provides an annual contribution, beginning in FY 2015, equal to normal cost plus an amount that is sufficient to fund 100% of each system's liabilities by FY 2044. Normal cost contributions shall be determined under the entry age normal cost method beginning in FY 2016. In FY 2045 and each fiscal year thereafter, the State shall contribute an annual amount to maintain a funding status of 100%.

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Pension Reform continued from page 5

Additional Pension Stabilization Fund Contributions – beginning in FY 2019, the 5 state retirement systems shall receive additional payments as debt service payments on existing Pension Obligation Bonds expire. The Pension Stabilization Fund will receive dedicated revenues that will be proportionately distributed to each system based on the systems proportional share of the State’s total unfunded liabilities. In FY 2019, the Pension Stabilization Fund will receive \$364 million. Beginning FY 2020, the Pension Stabilization Fund will receive \$1 billion a year. The transfers will terminate at the end of FY 2045 or when each of the retirement systems has achieved 100% funding, whichever occurs first. The systems shall not include these contributions or interest accrued on these contributions in calculations to determine required contributions until the system is 100% funded or FY 2045, whichever occurs first.

Additional supplemental payments – beginning in FY 2016, the 5 state retirement systems shall receive additional payments equal to 10% of the difference of what contributions would have been required had the reform not been enacted and required contributions under the reform. The systems shall not include these contributions or interest accrued on these contributions in calculations to determine required contributions until the system is 100% funded or FY 2045, whichever occurs first.

Example: if the reforms are enacted and SURS certifies a \$1 billion contribution, but would have certified a \$1.5 billion contribution without the reforms, the State would be required to make an additional supplemental contribution equal to \$50 million.

Funding Guarantee

Beginning July 1, 2014, the State is obligated to contribute an amount not less than the normal cost plus the portion of the unfunded liability assigned to that year by law. If the State fails to make a required payment, the Board of Trustees shall bring a mandamus action in the Illinois Supreme Court to compel the State to make the required payment. For purposes of this Section, the State waives its sovereign immunity. This payment mechanism will also apply to “Pension Stabilization Fund” payments. However, all such payments are subordinate to bonded debt obligations.

Current Session of the 98th Illinois General Assembly

During the current session of the 98th General Assembly the following issues will be on the agenda:

- A. Tax Reform-Should we, as a State, be adopting a graduated or progressive income tax to replace our current flat tax?
- B. The current state income tax rate of 5 per cent is due to expire in January of 2015. Should this be renewed?
- C. The annual operating budget for state agencies and activities. Depending on how items A and B are handled (Or not resolved) will determine the amount of available new revenue; how it should be allocated will be a major issue.
- D. Continued debate over pension reform including the Chicago pension crisis.
- E. Reducing the corporate income tax rate.

Treasurer’s Report For the Year ended December 31. 2013

Gerald D. Brighton, SUAA-UIUC Treasurer

SUAA represents annuitants and employees of Illinois Public Universities and Colleges. The UIUC Chapter has no employees, only volunteers. The SUAA office in Springfield office in Springfield has employees whose principle duties are membership and working to protect our retirement and survivor benefits. Of your \$39 annual dues, \$31 was for SUAA and \$8 for our Chapter, SUAA-UIUC. For the year, the Chapter’s share of dues was \$17,378. Each dollar was used as follows:

<i>The Annuitant</i> newsletter (Fall and Spring issues)	\$0.36
Executive Committee expenses for meetings and travel	\$0.41
Letters to members and website	\$0.08
Medical insurance consultant	\$0.15
Added to reserves	<u>\$0.00</u>
Total	\$1.00

2014 - UIUC-SUAA Legislative Position Statement and Fact Sheet

Key Discussion Points

Achieving fiscal stability as soon as possible is the most critical step for Illinois state government. Our state continues to face enormous structural deficit and budget problems. No effective long-term planning or progress is possible without stability.

No single mechanism is sufficient to achieve fiscal stability. A combination of budget cuts, budget reform and new revenue measures is required.

Higher Education is critically important to economic growth for Illinois, both in terms of delivering a technologically sophisticated work force and in generating new business growth via commercialization of university-based research and development.

Competitive benefit programs are essential to attract and retain faculty and support staff to sustain higher education's role in economic development.

Current retirement programs for higher education are not overly generous.

New retirement provisions enacted in 2013 likely will significantly worsen competitiveness and will add cost pressures on institutions which must replace lost benefits to stay competitive.

Several lawsuits have been filed on behalf of public and university employees and retirees by various state, local, labor, teacher, and university organizations. The lawsuits in essence assert that provisions of recently enacted PA 98-599 violate the non-impairment clause of the state constitution that applies to retirement benefits.

University leaders and retirees must work together to address benefit as well as state budget issues.

Last Spring the UI Institute of Government and Public Affairs produced a comprehensive proposal to provide a long-term solution to the State's pension funding crisis. If the state legislature revisits the pension issue, **UIUC-SUAA continues to endorse the IGPA pension reform proposal.**

Illinois' Fall 2012 election ballot included a Constitutional Amendment proposed by the General Assembly that would have changed benefit processes. The language of the proposed Amendment was confusing and its purposes obscure and unclear. A leading expert on the Illinois Constitution characterized the proposal as "catastrophic." **SUAA established a ballot initiative group, separate from SUAA, and successfully worked to defeat the Amendment.**

Illinois worst-in-the-nation **pension deficits are attributable to decades of under-funding by the state** failing to make the employer share for the program. Employees have paid every penny required of them, and SURS investment earnings have exceeded benchmarks.

Retirement Data: What Do the Numbers Tell Us?

- Between 1998 and 2008 SURS participants contributed \$2.64 billion to SURS, as required by law. During the same period the State contribution was \$1.2 billion less than required by law. (Source: UIC Action)
 - SURS participants total just over 205,000 with 45,000 retirees and almost 160,000 not yet drawing retirement. It is the state's failure over many years to set aside funds for the future pension payments to these employees still in the "pipeline" that has created the severe funding crisis now requiring much larger allocations.
 - The typical SURS employee retires at age 62 with 20 years of service and a pension of \$31,300. (Source: SURS presentation to SUAA-UIUC.)
 - The average gross salary of a SURS participant across all public colleges and universities is \$45,988. (Source: IRSI fact sheet.)
 - More than three-quarters (78%) of SURS retirees live in Illinois. For the five Illinois public pension systems in total, more than 150,000 pension recipients live in Illinois and in total receive pensions of more than \$4 billion. With an economic multiplier of 1.5, this means that public pension recipients generate \$6 billion in economic benefit for Illinois each year.
- SURS participants are prohibited from receiving Social Security coverage for their state employment, and those who qualify for Social Security due to other employment receive severely reduced benefits upon retirement. SURS is the only or by far the major pension benefit for all SURS participants.
- The top 100 SURS pensions, which news media and others use to illustrate the "lavish" public pensions, represent 2/10 of one percent of the total number of SURS pensions.

SURS was forced to sell \$1.2 billion more in assets than anticipated in FY2011 just to meet retiree payout requirements for that year. Presently, the State's failure to pay its share has directly damaged the good work accomplished by SURS investment management.

- For at least four decades, peer institutions with which the UI competes for faculty and staff have spent more on pension benefits for their employees than has the state of Illinois. The vast majority of peer institutions offer a "Social Security Plus" retirement program in which the employer share of Social Security is a mandatory annual payment and annual contributions to supplemental retirement programs are made regularly.

UIUC-SUAA Legislative Affairs Committee
February 2014

Benefits Report

Mary Beastall and H. F. Williamson

SUAA continues to monitor benefits related information in order to keep annuitants informed. However, information continues to change, and thus some might not be available at the time this article was written.

Benefits Choice Periods

There will now be two Benefit Choice periods for annuitants, one period for those who are Medicare-eligible and a separate period for those who are not eligible for Medicare. Central Management Services (CMS) anticipates that the Benefit Choice period for **Medicare-Eligible Annuitants** will coincide with the federal enrollment period, generally several weeks beginning in October and ending in December. However, an annuitant who is Medicare-eligible will not qualify for this period if that annuitant has dependents who are not eligible for Medicare on the health plan. The Benefit Choice period for those **annuitants who are not eligible for Medicare** or have dependents who are not eligible for Medicare on the health plan will be in May. Please carefully review any material received from CMS. It is also a good idea to keep the annual federal *Medicare and You* booklet for reference.

Benefit Choice "Opt Out"

Sometimes annuitants choose to opt out of the state health insurance. During the Benefit Choice period for Medicare-eligible annuitants in 2013, dental insurance and life insurance, if elected, could continue when opting out, but prescription and vision coverage could not. Again read any CMS information carefully during the Benefit Choice period.

Cost for Health Insurance

Due to state legislation effective July 1, 2013, each annuitant paid 1% or 2% of his or her annuity amount for health insurance depending on Medicare status. It is our current understanding that this cost will double on July 1, 2014.

Late Payment to Health Providers

This is a reminder that there continues to be a claim delay for the Quality Care Health Plan and the Quality Care Dental Plan. Updated information regarding payment delays appears on the CMS website, and some annuitants have found it helpful to give a copy of this information to healthcare or dental providers.

Same Sex Marriage in Illinois

Annuitants who are out of state may not know that Illinois is now the sixteenth state to recognize the freedom to marry for same sex couples. Marriage licenses can be applied for beginning June 1, 2014. Civil unions are still available; a current civil union can be converted to a marriage, if desired.

Did You Know?

The members of the Chapter Benefits Committee will continue to review and update the information on benefits available to retirees and other annuitants in issues of the Annuitant and on the Chapter website (<http://suaa-ui.org>). Most will be of interest wherever these individuals are living. For others, the benefits will be principally for those living in the Champaign-Urbana area. For example, those who want walk for fitness at the UI Armory may not be aware that seniors 55 and over may purchase a lifetime registration for \$25 rather than pay the \$3 daily fee (see <http://www.fightingillini.com/facilities/armory-info.html> for further information).

In Memoriam on our Website: www.suaa-ui.org

As a service to readers, *The Annuitant* typically contains a listing of deceased employees and annuitants taken from Inside Illinois issues as well as other print sources. Due to space limitations, the list of those identified between September 5, 2013 and February 6, 2014 is published on our website rather than included in this edition.

Newsletter Experience Needed

We need the assistance of a member with experience in the production of newsletters or other publications to act as editor of The Annuitant, this newsletter. While the majority of content is created by the various officers and committees, the editor schedules and coordinates the content for delivery to our printer. Printed copies go directly from the printer to the U of I Mailing Center. Publication times are scheduled by the dates of our biannual Membership meetings which are typically held in April and October. Thus the production time is usually about eight to nine weeks in advance to assure members receive their copy at least two weeks before the meeting. The Editor's attendance at the monthly Executive Committee meetings is desired. Resources are available to improve this publication so your experience and ideas can be put to good use. If you are interested, please contact us at suaa.ui@gmail.com, or by calling the current Chair of the Communications Committee, Gary Engelgau, at (217) 278-7220.

Communication is vital to our advocacy on behalf of the interests of current and future retirees and their survivors. Please help us improve it by sharing your expertise.

Help Wanted!

The UIUC Chapter continues to request volunteers to serve on committees and/or assist with various projects including record maintenance and the preparation of the newsletter. At this time a volunteer is needed to work with the campus Mail Center in maintaining the Inside Illinois mailing list. If you are willing to help, contact the Chapter at suaa.ui@gmail.com or by writing to us at our University address and express your interest: **University of Illinois at Urbana-Champaign, SUAA-UIUC Chapter, 364 Henry Administration Building, MC-346, 506 S. Wright St., Urbana, IL 61801-3689.**

Subscribing to Inside Illinois (for SUAA members only)

Inside Illinois is published semi-monthly and distributed to campus mail boxes and subscribers off campus by the mail. It is a great way to keep up with the highlights of campus. Subscription is free to SUAA-UIUC members who request it. If you do not receive a home subscription and wish one, please use the form below.

Inside Illinois now offers online subscriptions. These subscribers will receive an email with links to the issue index and several featured stories. In addition, when there is news between issues, subscribers will receive an email. To subscribe, go to <http://illinois.edu/gm/subscribe/7330>.

To unsubscribe to a home subscription received through SUAA-UIUC membership, please send your request, name and address to our email: suaa.ui@gmail.com.

Initial Subscription Form for UIUC "Inside Illinois" Newspaper

Complete this form for an initial subscription to Inside Illinois. A new subscription begins as soon as possible after the form is received and continues as long as SUAA membership dues are kept current. **Return this form to: SUAA-UIUC Chapter, 364 Henry Admin. Bldg., 506 Wright St., Urbana, IL 61801-3689**

NAME

(Last) (First) (M.I.)

ADDRESS

(Number) (Street Name) (Apt. #)

(City) (State) (Full 9 digit Zip Code)

(Email address)

ANNUAL SPRING MEMBERSHIP REPORT

The Membership Committee

As of February 1, 2014, our chapter's membership stands at 2028. While the organization's membership is substantial, it still represents only a fraction of the UIUC retirees and employees who are eligible to join. We ask you to join SUAA if you have not done so and to encourage others to join. Our association fights for your benefits. Membership costs little, especially considering what the organization is attempting to protect. We have had success recently helping to block Constitutional Amendment (CA) 49, which, if it had passed, had the potential to nullify the protection afforded by the non-impairment clause. And, with our support of the U of I's Institute of Government and Public Affairs pension reform proposal, the panel charged with solving Illinois' pension crisis has been able to consider some of its points.

Why should you join SUAA?

- **SUAA**, founded in 1971 as a voluntary membership association, continues its vigilance to preserve and protect the pension system, the healthcare plans and all other benefits provided for the well-being of the 208,000 State Universities Retirement System (SURS) participants and beneficiaries.
- **SUAA** provides continuous tracking of pension and healthcare benefit matters, state funding, along with other related concerns.
- **SUAA** works with its membership to assure legislators, executive officers and other policy makers are knowledgeable about member issues.
- **SUAA** is the **only** advocacy organization that focuses **solely** on preserving pension and healthcare benefits for the public universities' and community colleges' employees - both active and retirees - their spouses and survivors and SURS members who live out of state.
- **SUAA** membership affords the opportunity to interact and build relationships with other members of SURS through the local chapters on each public university and community college campus.
- **SUAA** membership provides a communication network through newsletters, legislative bulletins, websites, workshops and meetings that informs and updates you on both local and state issues relative to and focused on pension and healthcare benefits.
- **SUAA** membership assists in building a knowledge base in order to better understand how each element of legislation can affect pension and healthcare benefits for both today and for tomorrow.
- **SUAA** membership allows direct involvement in the legislative process through coordination of a clear **VOICE** and visibility as a solid advocacy organization that protects the pension and healthcare benefits of the participants and beneficiaries enrolled in the SURS.
- **SUAA** membership offers assistance to spouses and survivors of annuitants by providing them with important information to aid them in receiving all rights and benefits to which they are entitled.

SUAA dues can be deducted from both payroll and annuity payments. We strongly encourage all members to opt to have their dues automatically deducted when they join or at their next renewal. This method benefits SUAA by keeping costs down. And it is convenient for members by making renewal automatic.

The Spring Meeting is scheduled for April 13, 2014. We hope you are able to attend as your participation provides an opportunity to exchange information vital to UIUC's pension plan participants.

How to Join SUAA-UIUC Chapter:

On page 11 of this issue, you will find three membership application forms: one for retirees, one for current employees who opt for payroll deduction of dues, and one for current employees who opt for an annual cash payment.

Total annual dues are \$39; this amount includes chapter dues of \$8. Send membership form (and payment if paying by check) to:
State Universities Annuitants Association | 217 E. Monroe, Suite 100 | Springfield, IL 62701

NOTE: A form for a dues deduction requires an original signature.



Make all checks payable to: SUAA
 Return the signed membership form to:
 SUAA, 217 E. Monroe, Suite 100
 Springfield, IL 62701

Dues are not deductible as a charitable contribution for tax purposes, but are deductible as a business expense. Contributions to the SUAA Foundation are tax deductible.

State Universities
 Annuitants Association

SUAA Membership Application
 University of Illinois
 Urbana-Champaign Chapter
RETIRES ONLY

Select Payment Option:

- ___ 1. Automatic Dues Deduction (SURS)
- ___ 2. Annual Cash Payment

Membership Type:

- ___ Retiree
- ___ Retiree and Spouse/Partner
- ___ Spouse/Partner
- ___ Surviving Spouse/Partner
- ___ Supporter

Name: _____
 Spouse/Partner _____
 Address: _____
 City: _____
 State: ___ Zip: ___ Phone: _____
 Email: _____

Chapter Dues Amount:

- \$ ___ 3.25 member monthly deduction
- \$ ___ 6.50 member & spouse monthly deduction
- \$ ___ 39.00 member annual cash payment
- \$ ___ 78.00 member & spouse annual cash payment
- \$ ___ SUAA Foundation Contribution (voluntary)

Signature Required for SURS Dues Deduction:

I hereby authorize the State Universities Retirement System (SURS) to deduct monthly the amount as certified by the UIUC Chapter as the current rate of dues. The deduction will start once the SURS process is complete and will continue until termination is requested in writing.

Signature: _____



State Universities
 Annuitants Association

SUAA Membership Application
 University of Illinois
 Urbana-Champaign Chapter
EMPLOYEES ONLY

Select Action to Take:

- ___ 1. Activate Payroll Deduction
- ___ 2. Terminate Payroll Deduction

Select Employee Pay Schedule:

- ___ 1. Monthly
- ___ 2. Bi-weekly

Membership Type:

- ___ Active Employee

Employee UIN: _____
 Name: _____
 Spouse: _____
 Address: _____
 City: _____
 State: ___ Zip: _____
 Telephone: _____
 Email: _____

Chapter Dues Amount:

- \$ ___ 3.25 employee's monthly deduction (annual deduction total of \$39.00)
- \$ ___ 1.63 employee's bi-weekly deduction (annual deduction total of \$39.00)

Signature Required for Payroll Deduction:

I hereby authorize the University of Illinois to deduct, each month, the amount as certified by SUAA as the current rate of dues. The initial deduction will begin within 30 days of receipt of this dues deduction authorization by the University of Illinois. The dues deduction will continue until termination is requested in writing.

Signature: _____ Date: _____



State Universities
 Annuitants Association

Make all checks payable to: SUAA
 Mail membership application to:
 SUAA
 217 E. Monroe, Suite 100
 Springfield, IL 62701

SUAA Membership Application

University of Illinois

Urbana-Champaign Chapter

CURRENT EMPLOYEES ONLY
ANNUAL CASH PAYMENT

Membership Type:

- ___ Active Employee (including allied agencies)
- ___ Active Employee and Spouse/Partner
- ___ Spouse/Partner
- ___ Supporter

Name: _____
 Spouse/Partner: _____
 Address: _____
 City: _____ State: _____ Zip: _____
 Telephone: _____ Email: _____

Chapter Dues Amount:

- \$ ___ 39.00 Member annual cash payment
- \$ ___ 78.00 Member & Spouse annual cash payment
- \$ ___ SUAA Foundation Contribution (voluntary)

Dues are not deductible as a charitable contribution for tax purposes, but are deductible as a business expense. Contributions to the SUAA Foundation are tax deductible.

University of Illinois at Urbana-Champaign
SUAA-UIUC Chapter
364 Henry Administration Building, MC-346
506 S. Wright St.
Urbana, IL 61801-3689

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