



www.suaa-ui.org

The Annuitant

Spring 2015

A publication of the UIUC Chapter
State Universities Annuitants Association

ARE YOU GAMBLING ON A FAVORABLE SUPREME COURT DECISION???

Possibilities for Supreme Court's Consideration

- Pension reform severable provisions are: retirement age delays, earnings cap, effective rate of interest, unused vacation/sick leave not counted in pension
- Attorney General believes the automatic annual increases (AAI) can be separated from the original pension act
- Skip the AAI in certain years altogether
- Cap the entire AAI based on the number of years an individual worked
- State has fiscal problems which could lead to further underfunding of the pension systems

SUAA fought hard for **YOU** in the Circuit Court and won an injunction barring the State from enacting pension reform that steals your AAIs, raises your retirement age, and reduces the calculation of your pensions among other things. The State is now appealing to the Illinois Supreme Court to reverse it. We could just sit back and hope, but that is not a gamble SUAA is willing to take. Our attorneys must fight the State's appeal or your pensions could be sliced and diced.

**Support SUAA's Legal Fund NOW with a
suggested contribution of one month's AAI.**

(Ex: $\$50,000 \times 3\% = \$1,500 / 12 \text{ months} = \125)

<http://www.suaa.org/ContributeToLegalFund.php>

Spring Chapter Meeting to Feature Legislative Panel

Steve Rugg

The Spring Chapter meeting of SUAA-UIUC will be held Sunday, April 26 at 1:30 p.m., I-Hotel and Conference Center, First Street and St. Mary's Road in Champaign. The meeting will feature a panel discussion among local legislators of the state government. Senators Chapin Rose and Scott Bennett and Representative Carol Ammons are confirmed attendees at this time. The legislators will make brief comments about the current session of the General Assembly and will answer questions as well. Given the momentous issues to be addressed in this legislative session, there will be much to discuss.

The meeting will also feature the election of four nominees to serve on the SUAA-UIUC Executive Committee. These four are currently members of the Executive Committee and include Bill Williamson, Ron Webbink, Barb Hartman and Pam Cler. All are seeking a second term. Biographies are found on page 3.

Linda Brookhart, Executive Director of the statewide SUAA organization, will attend the meeting. She will provide the latest update on both the health insurance and pension reform lawsuits in which SUAA is an active participant, along with status reports on the latest legislative proposals SUAA is tracking. The statewide organization has been extremely active on behalf of all SURS participants, both active and retired, addressing issues of substantial significance for all.

At 1:30 we will host the usual "social half-hour" to enjoy some conversation with your fellow SUAA members. The formal meeting will begin at 2:00 p.m.

EXECUTIVE COMMITTEE

SUAA-UIUC CHAPTER

2014-15

* *designates elected positions*

OFFICERS

President

Terry W. Ruprecht*

Vice President

Terri Palumbo* - *Membership*

Secretary

Jane Loeb* - *Communications*

Treasurer

Ron Webbink*

EXECUTIVE COMMITTEE

Thomas Conry* - *Past President*

Barbara Hartman* - *Membership*

Bob Rich* - *Legislative*

Stephen Rugg* - *Legislative, Programs*

Rick Schoell* - *Legislative*

Ginny Waaler* - *Programs*

H.F. (Bill) Williamson* - *Benefits*

OTHER COMMITTEE MEMBERS

Mary Beastall - *Benefits*

Pam Cler - *Newsletter*

Paul Dollins - *Legislative*

Gary Engalgau - *Website*

Mark Netter - *Membership*

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*

Message from the President

These days in Illinois are reminiscent of the age-old curse, "May you live in interesting times." In recent weeks we've seen the proverbial two-edged sword - while it's reassuring to see new blood in Springfield trying to end decades of irresponsible budget decisions, Governor Rauner's budget address in February had something for nearly everyone to dislike. Clearly, it's time for long-delayed tough decisions regarding the state budget, which has operated with an obvious structural deficit for years. It's apparent to many that the magnitude of the deficit condition assures a budget solution of shared pain for all citizens of our state. It's time for the entire state to pay the piper. The proposals in the budget address regarding present annuitants sounded good (Governor Rauner said, "And if you are retired, you get everything you were promised"). Unfortunately, that will not be the end of the retiree discussions, or proposals for pension/benefit changes.

To say Governor Rauner's position is unenviable is an understatement. The tasks before him and the legislature are massive, and arguably, unprecedented in the United States. SUAA will do everything in its power to ameliorate negative effects on SURS retirees, but it is hard to imagine we will be unaffected.

The favorable court decision for pensioners in the health insurance (Kanerva) case has proceeded, albeit at a slow pace. Once the court arguments regarding attorney fees are settled, it appears annuitants will see a refund of their 1%, 2% and/or 4% withholdings sometime in June. That's good news!

The court case addressing PA98-599, which implemented pension "reform", continues. At the time this newsletter went to press, oral arguments were to be made before the Supreme Court on March 11. It's fair to say all eyes are on that case. It is getting national attention, having been referenced in the *Wall Street Journal* and many other financial publications. Yes, it's potentially that critical to Illinois' economy and credit rating.

And last, I cannot sign off without again asking you to be generous in your donations to the SUAA Legal Fund. Even if legal fees are addressed in the settlement of the health insurance case, our SUAA court battles in the pension reform case are far from over. We know that powers in Springfield are preparing the next round of initiatives, both in court and via the state constitution, to grease the way for reductions in pensions and/or benefits. *Please help assure we have the financial resources to legally represent all SURS annuitants!* I encourage you to dedicate some portion of your upcoming health insurance refund to the Legal Fund.

Terry Ruprecht, President

Chapter News

Nominations & Upcoming Election 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 below were selected according to Article V of the Bylaws. 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 Secretary Jane Loeb (jloeb@illinois.edu) at least one week before the April 26, 2015 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.

Pam Cler was appointed in Fall 2014 to fill the Newsletter Editor vacancy on the SUAA-UIUC Executive Committee. She will serve an elected term with the goal of reducing cost of and streamlining newsletter production.

Pam retired as an Administrative Aide in 2007 after 33 years of service at UIUC. She held a variety of civil service positions for 32 years in the Office of International Student & Scholar Services. Prior to that she worked for just under a year in the Educational Placement Office. Pam served on several committees for a number of years: Student Affairs FOCUS Committee (professional development) and the Student Services Building Network Support Committee. She also served on the board of Secretariat for several years.



Ronald Webbink was elected to the SUAA-UIUC Executive Committee in 2012, serving as chapter treasurer since April 2014 and seeks to continue in that capacity. He holds an SB degree in Physics from MIT, a PhD in Astronomy from Cambridge University, and served as junior officer on active duty in the U.S. Navy from 1969 to 1972. He is now Professor Emeritus of Astronomy, having spent his entire professional career at the University of Illinois, from his arrival as a postdoctoral research assistant in 1975, until his retirement in 2009. From 1989 to 1995 he served as Chair of the Department of Astronomy. In retirement, he continues to maintain an active research program with collaborators around the globe.

Barbara Hartman was elected to the Executive Committee of the UIUC chapter of SUAA in 2012 and is interested in serving another term to remain informed of retiree issues and to advocate for SURS participants and annuitants.

She retired as Associate Director of Academic Human Resources in 2004 with more than 32 years of service to the UIUC. She served as Assistant Head for Business Affairs in the Department of Psychology for 14 ½ years. From 1972-1986 she held civil service staff positions of increasing responsibility in the Departments of Urban & Regional Planning and Psychology. Ms. Hartman holds a bachelor's degree in liberal arts and sciences (English major) and a master's degree in labor and industrial relations, both earned at UIUC.



H. F. (Bill) Williamson is completing a term on the Executive Committee. He previously served two terms on the Committee including three years as the Chapter's President. He also serves as the Chair of the Foundation for the state SUAA organization. Bill retired in 2002 after 38 years as a faculty member in the Department of Economics. He was also Associate Dean for Undergraduate Affairs in the College of Commerce and Business Administration (now Business) at the time of his retirement.

Treasurer's Report

Year Ended December 31, 2014

Ronald F. Webbink, 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 has employees whose principal duty is advocacy on behalf of SURS annuitants, to protect our retirement and survivor benefits. Of your \$39 annual dues, \$31 was for SUAA and \$8 for our SUAA-UIUC Chapter. For the year, the Chapter's share of dues was \$17,083.

Each dollar was used as follows:

Newsletter (SP14 & FA14)	\$0.21
Meetings (local/regional/state)	\$0.37
Website (devel/maint)	\$0.02
SUAA Legal Fund	\$0.76
Gain (loss) in reserves	<u>(\$0.36)</u>
Total	\$1.00

Spring 2015 Membership Moves Up

Barb Hartman

As of January 31, 2015, our chapter's membership stands at 2,134. This is 114 more members than we had six months ago. *Thank you to those who have recently joined as well as to those who continue their membership.* Although the chapter'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 and to encourage others to consider doing so. Our association advocates for all of our benefits. Membership costs little, especially considering what the organization is attempting to protect. Membership applications are available at www.suaa.org.

UIUC Retirees Still Giving

Mark Netter

In each of the past two fall issues *The Annuitant* has included an appeal from the Campus Charitable Fund Drive (CCFD). Your SUAA-UIUC executive committee felt that, while the CCFD was effective in reaching out to faculty and staff who are currently working, we could assist them in doing the same for retirees. Each fall we will continue to mail *The Annuitant* to every UIUC retiree (8,000+), making it the perfect vehicle to reconnect them to the CCFD.

So, what are the results of the Fall 2014 Campus Charitable Fund Drive?

Number & % of Retiree Donors	262	9%
Amt & % of Retiree Donations	\$242,450.60	19%
Number of All Donors	2,945	
Amount of All Donations	\$1,270,119.49	

These are impressive numbers. As one volunteer member of the CCFD wrote, "...the percentages (9% of donors but 19% of dollars donated) tell a compelling story." The story told is that UIUC retirees continue to be a generous group, who are dedicated to making our communities wonderful places to live.

Keep Up With Your Benefits

Mary Beastall and H. F. Williamson

Any report on annuitant benefits has to be a work in progress. Given the changing environment within which we live, new events may have occurred after this article was written that will affect our members. This is why the SUAA leaders monitor benefits-related activities in order to keep annuitants informed through the material provided on the Chapter and State SUAA websites noted below. It is important to monitor the CMS and SURS websites discussed in this article as well.

Claim Payment Delay

SUAA leadership continues to receive inquiries from members about the delay in claim payments for the Quality Care Health Plan and the Quality Care Dental Plan. This is a reminder that updated

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information regarding such delays appears on the CMS website under State Employee benefits. This includes the dates of payment for health providers, and notes that late payment will include an interest payment. Some annuitants find it helpful to give copies of this information to their health providers.

Benefits Choice Period

As previously noted, there are now two Benefit Choice periods for annuitants depending on Medicare status of the annuitant and any dependent on the State health insurance plan. The fall period is for annuitants who are Medicare-eligible and whose dependents, if any, are also Medicare-eligible. The Benefit Choice period for other annuitants is in the spring.

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 the Chapter website (<http://suaa-ui.org>). Most will be of interest wherever these individuals are living. Some benefits will be principally for those living in the Champaign-Urbana area. These include the following:

The Lifetime Fitness Program. This program is sponsored by the Department of Kinesiology and Community Health and is designed for residents of the Champaign-Urbana area who are age 55 or older. Activities include group fitness, individual training and aquatics. Further information can be found at <http://lifetimefitnessprogram.kch.illinois.edu>. Members of OLLI receive a 20% discount on fees.

Audiology, Speech-Language Impairment, and Financial Justice Clinics. There are a number of clinics housed in departments throughout the UIUC campus that provide services to individuals. Included among these are two clinics in the Department of Speech and Hearing Science. The ***Audiology Clinic*** (217-333-2230) provides services to individuals of all ages who may be experiencing hearing difficulties, with such services including hearing assessment. The ***Speech-Language Pathology Clinic*** (217-333-2205) serves individuals of all ages who have communicative impairments.

Further information is available on the departmental website at <http://shs.illinois.edu>. The ***Financial Justice Clinic*** in the College of Law provides assistance to elders over 60 who have been victims of financial exploitation. There is no charge for the services of this clinic, although individuals with low income and few assets generally receive priority. Further information is available on the website <http://law.illinois.edu/academics/elder-financial-justice> or by telephone at 217-244-9494.

Staying Informed About Your Benefits

Within SUAA, you can visit the state web site at www.suaa.org and the Chapter web site at www.suaa-ui.org. We recommend that you contact Central Management Services (CMS) concerning questions about health care benefits and the State Universities Retirement System (SURS) about your annuity. Contact information for those offices and further information about what is available on the SURS web site is shown below.

Central Management Services (CMS)

URL: <http://www2.illinois.gov/cms/Employees/benefits/Pages/GroupInsuranceBenefits.aspx>

Phone: 800-442-1300

CMS uses your information on file with SURS. Thus, you should **remember to keep your personal information up to date with SURS**

SURS

URL: <http://surs.com/>

Phone: 800-ASK-SURS (800-275-7877) or
217.378-8800

Fax: 217.378-9800

Mailing Address: 1901 Fox Drive, P.O. Box
2710, Champaign, IL 61825-2710

The SURS home page provides access to a number of topics of interest to our members such as the schedule of the "Post-Retirement Seminars" held in Champaign each fall and spring. The "Life Events" link at the top of the home page provides a link to the "Death of a Member" site which contains instructions on the steps that survivors should take when this event occurs. The steps presented there are similar to those discussed in the Survivor Assistance Workshops offered in the past.

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Finally and perhaps most importantly, you can use the “Member Login” link at the top of the page to learn how to reach what is essentially your own home page. After entering your username and password (established on your first visit), you can view a wide range of information about your annuity including your entire payment history and your current payment information. You can also change such items as your address, beneficiaries, phone number or email address, and your Federal Income Tax withholding status. For those in the Champaign area without easy computer access, SURS has set up a kiosk computer station in their lobby for its members. The receptionist is available to assist annuitants using the kiosk.

IN MEMORIAM

Barb Hartman

As a service to readers, *The Annuitant* publishes a listing of deceased employees and annuitants taken from *Inside Illinois* issues as well as other print sources. The following listing gives the name, the age at death (when known), and the date of death (when known) for those individuals whose death notices appeared between August 21, 2014 and February 19, 2015.

Due to increased privacy restrictions and the lack of public information in many obituary notices, this list can be difficult to develop. Thus the list may gradually become less comprehensive.

Chester B. Baker, 96, 10/30/14
Mary Louise Ballew, 84, 01/22/15
Marion Dale Bateman, 85, 10/19/14
Judith A. Becker, 75, 09/19/14
Ronald L. Bennett, 09/29/14
Clarence H. Berbaum, 95, 11/26/14
Terry Bishop, 70, 01/17/15
Beverly Blossom, 88, 11/01/14
Loren Bode, 71, 12/03/14
Arthur L. Brummet, 98, 09/30/14
Annabelle B. Compton, 09/08/14
Judith Lee Conover, 73, 09/05/14
Kent R. Conrad, 52, 09/05/14
John O. Corliss, 92, 12/21/14
Mina Mae Coy, 85, 05/27/14

William L. (Bill) Daniel, 72, 02/15/15
Wanda R. Dyson, 96, 09/27/14
Gail Ellis, 57, 12/06/14
Patricia Jane Endlsey, 81, 12/10/14
Beverly Sue Fagner, 68, 10/17/14
Jo Ann Fley, 84, 10/15/14
Maurice Friedberg, 84, 08/15/14
George R. Gilmore, 85, 11/27/14
Lawrence Arthur Gushee, 83, 01/06/15
Norma L. Harris, 76, 08/14/14
John Donald “Jack” Hathaway, 92, 10/28/14
Elza Ray Hawkins Jr., 93, 01/12/15
Donald R. Hodgman, 93, 02/15/15
Helen L. Howard, 83, 08/31/14
Goldagene Hubbard, 76, 08/23/14
Julius T. Hufmeyer, 66, 02/08/15
Bette Hulmes, 83, 09/30/14
Mary Ann Irwin, 85, 10/05/14
Frederic Cople Jaher, 80, 10/20/14
William Herbert Johnson, 88, 10/04/14
Dick Justice, 68, 10/21/14
Barbara D. Kaufman, 85, 01/17/15
Oscar L. Kocher, 96, 11/14/14
Richard Weldon “Larry” Larimore, 91, 01/13/15
Olen M. Mackey, 98, 11/14/14
Frederic E. Mansfield Jr., 85, 11/14/14
William H. May, 81, 11/23/14
Paul Eugene Mayes, 85, 12/12/14
Wayne McClain, 60, 10/15/14
Willie Lee McDonald Sr., 72, 09/20/14
Francis E. Merrifield, 87, 11/20/14
Elmer Miller, 86, 10/11/14
Alinda Modest, 59, 02/19/15
Francisco Montalvo Jr., 77, 11/11/14
Thomas R. Morey Jr., 80, 10/14/14
Donald P. Mullally, 77, 01/20/15
Richard David Newman, 82, 12/12/14
Paul “Butch” Noxon, 69, 09/20/14
Donald Robert Pearson Sr., 71, 09/02/14
Hugh Milo Satterlee, 86, 09/04/14
Kathy Jean Schnepfer, 63, 01/18/15
Richard G. Semonin, 84, 10/27/14
Richard Marshall Sheets, 74, 11/07/14
Ivens A. Siegel, 82, 10/14/14
William K. Smith Sr., 92, 11/24/14
Betty Marie Stites, 78, 01/27/15
Anna Lee Thompson, 84, 11/12/14
Charles D. Weber Sr., 90, 10/19/14
Janet Weston, 63, 09/02/14
Betty Carolyn Reid “Grannie” White, 91, 11/05/14
Robert L. “Bulldog” Wright, 90, 09/17/14
Elizabeth Pope Ingram Yankwich, 91, 07/18/14

State SUAA News

Report on State SUAA Activities

Thomas F. Conry

This has been a busy year for SUAA with the various activities surrounding our litigation on the “Pension Reform” Bill (PA 98-0599). To recap, five different groups representing state employees, retired teachers, the WE-ARE-ONE union coalition, and SUAA representing ALL SURS participants—both retired and active—filed suit to overturn the law. The SUAA suit was filed in Champaign County, but was subsequently consolidated with all the other lawsuits in Sangamon County.

Along the way, the SUAA attorneys intervened in the Kanerva case that was on its way to the Illinois Supreme Court; that case dealt with the issue of retirees paying for their medical insurance costs, which had previously been promised to be covered by the State if one had twenty years of service. The Supreme Court ruled that the medical premiums benefit was part of the total retirement benefit, and thus it was protected by the non-impairment clause of the Illinois Constitution. This ruling would be a basis for argument in the original lawsuit.

After hearing written and oral arguments from all parties in the “Pension Reform” lawsuit, Sangamon County Judge Belz ruled PA 98-0599 unconstitutional. The State appealed to the Supreme Court. As I write this, the briefs of the State and the plaintiffs have been submitted to the Supreme court with oral arguments scheduled for March 11, 2015. A decision by the Supreme Court is expected sometime in April.

SUAA has been paying our attorneys through voluntary contributions to the Legal Fund. All bills to date have been paid, but there is a need for more funds to pay for the appeal to the Supreme Court. Please consider donating to the Legal Fund—see the SUAA website www.suaa.org.

The Kanerva case mentioned above resulted in the State having to repay the annuitants the sum of premiums collected plus interest. However, the attorneys who filed the original case did it on a contingency fee basis and were requesting the judge to allocate fifteen percent of the total refunds due to retirees as their fee. Since the SUAA attorneys and the attorneys for the unions were paid for their work, they filed an objection with the Court. They argued

that the attorneys working on contingency ought to be paid for their work, but that fifteen percent was exorbitant. See the SUAA website for all the details under “Kanerva website”.

The judge will rule on an equitable fee for those attorneys, which will be subtracted from the total refund amount before refunds are mailed to retirees. That decision should be made before April.

The vote on a new set of bylaws fell short of what was needed to pass at the Annual Meeting last June. Larry Alferink (ISU) chaired a new committee this year, and a draft of the proposed Bylaws are out for comment.

Last, the Board of Directors voted to increase the annual dues by two dollars per year. The amount of legislative and executive branch activity regarding SURS retiree pensions and benefits has increased, which has put a strain on the State Office budget, thus the need for the dues increase.

Don't Forget the Upcoming Election of the SURS Board Trustees

The SURS Board of Trustees is the primary decision-making body of SURS and of critical importance to all annuitants in these turbulent financial times. The eleven member Board consists of: 4 members elected by contributing (active) SURS members, 2 elected by annuitants, 4 appointed by the governor, and lastly the chair (ex-officio) of the Board of Higher Education. Three of the 11 seats on the SURS Board of Trustees will be elected this year. Since there are only two candidates for the two contributing member positions, the new members will be candidates Aaron Ammons, UIUC and Antonio Vasquez, City Colleges of Chicago.

Only one annuitant member position is being elected this year. The candidates are **Fred Giertz, UIUC**; and Mitchell Vogel, Northeastern Illinois University.

Election ballots will be mailed to all annuitant members the fourth week of March 2015, to ensure delivery by March 31. The voting period is April 1 - May 1, 2015. Election Day is May 1, 2015. If you don't receive a ballot, be sure to contact SURS at 1-800-ASK-SURS or 217-378-8800 in the Champaign-Urbana area. **Be sure to vote in this important election!**

Legislative News & Highlights

Governor's FY2016 Budget Promotes Reform

Steve Rugg, Rick Schoell, Bob Rich, Helen Satterthwaite

As a candidate, Bruce Rauner promised frequently to “shake up Springfield.” In his first budget address to the Illinois General Assembly, Governor Rauner called for actions of seismic proportions, proposing a severely limited new pension plan for state employees going forward, slicing the share of state support going to higher education more than by 30% along with sharp reductions in funds shared with local governments, public transportation, Medicaid and a host of other state programs. Essentially the only state program gaining new funding was K-12 education. The Governor’s address itself largely mirrored his earlier comments on Illinois’ fiscal crisis, emphasizing reform concepts but offering relatively few details. Even the traditional pre-address briefings of legislative staff and the working press were curtailed.

This article was prepared shortly after the address was delivered on February 18. The State’s top two legislative majority leaders generally took a “wait and see” approach, promising to work with the Governor and his staff, although both suggested at the outset that it would take a combination of budget reform and reductions plus additional revenue to craft a budget that could pass the heavily Democratic Legislature. House Speaker Michael Madigan expressed concern over the Governor’s including more than \$2 billion in projected pension savings immediately in his FY2016 budget – a step not taken in 2015 pending the outcome of court challenges to reductions passed in PA98-599. Senate President John Cullerton took issue with the steep cut to higher education and to the loss of revenue sharing dollars, particularly for the City of Chicago.

On pensions, the Governor promised that current employees and retirees “could keep what they were promised” via current pension provisions, but that going forward all employees would be moved into “Tier 2” programs. Multiple analyses show that limiting retirement benefits for higher education to Tier 2 provisions would put Illinois at a serious

competitive disadvantage in attracting and retaining top-quality faculty and staff. Moreover, concerns have also been expressed that long-term participation in the Tier 2 benefit structure might leave state employees below the federal “safe harbor” level that would trigger mandatory participation in Social Security.

Long-time observers of Illinois politics differ on the “real” intent of the Governor’s budget proposal. Some think it’s an effort to define a position ahead of difficult negotiations with the Legislature, so that cuts less than those proposed by the Governor will seem easier to accept. Others believe the Governor is serious about securing major reforms in legislative areas he perceives as restrictive to business growth, with his budget proposals only the first of many to come. In either case it is clear that creating a budget for FY2016 will be a process filled with months of debate over virtually every state-funded program and activity. Readers are encouraged to watch the SUAA web site (www.suaa.org) for timely budget updates.

99th General Assembly Begins Spring 2015 Session

Steve Rugg, Rick Schoell, Bob Rich, Helen Satterthwaite

The 99th General Assembly has begun its 2015 Spring Session and the Governor gave his State of the State address on February 4 and presented his FY 2015-16 budget on February 18. Clearly the major issue confronting both the Governor and Lawmakers is restoring the State’s financial stability. It is likely a variety of proposals will be considered that will address the State’s fiscal situation through a combination of spending cuts and new revenues. *(The Governor’s Budget proposals are addressed more fully in the previous article.)*

This legislative session includes a first-time Governor who is new to elected office and from a different political party than both the President of the Senate and Speaker of the House; the session includes the immediate need to replace revenue foregone when the Income Tax rate was reduced on

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January 1; it includes a severe, long-term structural budget deficit (one in which recurring programs require more revenue than recurring sources produce) and a growing stack of unpaid bills left over from prior years; it includes major policy issues such as an increase in the minimum wage, reform or restructuring of Medicaid, and many other substantive policy issues; and of course it includes a momentous decision by the State Supreme Court on pension law. Several lawsuits have been filed on behalf of public and university employees and retirees, asserting that retirement provisions recently enacted in PA 98-599 violate the non-impairment clause of the state constitution. These cases are pending before the State Supreme Court and a final

ruling on the constitutionality of the pension reform act is expected relatively soon. Even before the outcome of these cases was known additional pension reform legislation has already been introduced, as have proposals to alter the Constitution to remove the non-impairment clause.

Any single one of these issues would be cause for uncertainty in anticipating what might happen. Taken together, these factors make this session perhaps the most unpredictable one in memory. We urge you to watch the SUAA web site (www.suaa.org) regularly for updates on these and all other issues that will affect us. That site also includes a link to the statewide SUAA legislative position, including elements which SUAA supports and those we oppose.

2015 SUAA-UIUC Legislative Principles, Goals and Facts

The following information presents the SUAA-UIUC legislative position statement for the current session. It outlines the principles on which our legislative actions will be based. Along with the statewide SUAA office we will monitor these closely and continue to work hard on your behalf to ensure your well-earned benefits are protected.

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.

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

Current retirement programs for higher education and other public employees in Illinois are not overly generous. Indeed, most institutions with which the University of Illinois competes for talented faculty and staff invest substantially more in retirement programs for their employees. Virtually all such programs combine Social Security and supplemental institutional benefits.

New retirement provisions enacted in 2013 would significantly worsen competitiveness and 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, asserting that the retirement provisions enacted in PA 98-599 violate the non-impairment clause of the state constitution. SUAA established a legal fund to retain counsel to represent SUAA members in the pending court cases. SUAA is also active on behalf of its members in litigation pertaining to the provision of health care benefits to annuitants.

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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.**

Given the state's current deficit and worst-in-the-nation **pension funding (attributable to the state's failure to pay the employer's share for the program)** it is certain that new pension reform legislation and possibly constitutional amendments will be forth coming in 2015.

Accordingly, we must remain vigilant and active to ensure our benefits are protected and remain whole. Employees have paid every penny required of them, and SURS investment earnings have exceeded benchmarks.

State SUAA Legislative Position Statement

The SUAA Board of Directors has endorsed a legislative position statement for the statewide organization. It identifies new efforts that SUAA can support as well as those which the organization will continue to oppose strongly. The statement can be viewed at the SUAA web site: www.suaa.org.

Some Basic SURS Data

- At the end of 2013, the State Universities Retirement System (SURS) covered a total of 81,302 active employees in public colleges and universities. Of that number 70,515 were enrolled in a defined benefit plan and 10,746 in the "self-managed" option.
- For 2013, 48,142 retirees under the SURS defined benefit program received a monthly annuity averaging \$3,054 or approximately \$36,650 per year.
- That average annuity was based on a final average salary figure of \$52,500 and an average of 19.11 years of eligible service credit.
- While considerable media attention is devoted to the "top 100" state pensions, they represent only 2/10s of one percent (0.2%) of all SURS pension recipients. The vast majority of SURS retirees earn modest annuities.
- In the mid-1990s legislation was enacted mandating improved funding for all of Illinois' public retirement systems, with a goal of achieving a funding ratio of 90% of assets to liabilities. By FY2000, the funding ratio had reached 88% before declining to 66% in FY2004, where it held steady through FY2007.
- Although every individual SURS participant paid every penny he/she was required to pay in every year, significant reductions in the amount of state support appropriated for SURS and substantial reductions in interest earnings during the Great Recession had combined to drop the funding ratio to 43.7% by FY2013.

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