

isuaa news

"ISUAA – serving annuitants and survivors since 1971

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Illinois State Annuitants Association Newsletter
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PRESIDENT'S REMARKS

Jan Cook

Earlier this week I listened to a distinguished doctor address Mennonite School of Nursing students on the value of the elderly to society. He felt that the traditional roles of the older generation, as experienced advisors to adults and children and as transmitters of society's values and customs to the young, are being devalued by today's culture. I thought about the pension funding problems in Illinois and decided that our state does indeed have the attitude that the retired are outside current productive society and are receiving unearned charity in the form of "pensions".

That attitude is wrong on both counts.

We are productive in many ways, not as hunters and gatherers and sellers of insurance, but as volunteers, caretakers for our relatives and friends, confidantes for our grandchildren, and as people who speak up on public issues with concrete good sense (well, most of us).

Our pensions are not charity, but the earned return on our work and investment into the pension system. Ken Andersen's guest editorial on page 2 addresses this point very well.

Nonetheless, much of the general public has not noticed our productivity and does not think of pensions as earned.

We need to make ourselves more visible in society as contributors to our

several communities. Speak up and say that you're retired from ISU.

Too, we need to make our relatives and friends more aware of how pensions work. People think they understand how Social Security works, but public pensions are quite different. Ask. Do your children know how our SURS benefits are earned and paid for, and what protections your spouse has, now and later? Here's a chance to spread the word that our pensions are not funded by the current workers, as Social Security is. Our pensions are earned by our own work and paid for by return on investments made by us and by our employers.

CALENDAR OF EVENTS IN 2006

Wed., May 10, 2006. ISUAA Board Meeting with Committee Chairs, Spotlight Room, 2:00 to 3:30

Thurs, May 25, 2006. Lincoln Presidential Museum Tour, 12:45 p.m. bus departure from Bone Student Center west entrance, 6:00 return. Reservation required. See page 8 & 9.

Wed., June 7. ISUAA Dinner and Annual Meeting 5:30 -7:30 p.m. Clarion Hotel, Bloomington. See Reservation Form.

Wed., Jul. 12, 2006. ISUAA Board Meeting with Committee Chairs, Spotlight Room, 2:00 to 3:30

Mon., Jul. 17, 2006. Deadline for materials for August Newsletter

Wed., Sept. 6, 2006. ISUAA Luncheon 11:30 – 1:00, Brown Ballroom, Bone Student Center

Wed., Sep. 13, 2006. ISUAA Board Meeting with Committee Chairs, Spotlight Room, 2:00 to 3:30

Mon., Oct. 16, 2006. Deadline for materials for November Newsletter

Wed., Nov. 8, 2006. ISUAA Board Meeting with Committee Chairs, Spotlight Room, 2:00 to 3:30

Wed., Dec. 6, 2006. ISUAA Holiday Luncheon 11:30 – 1:00, Brown Ballroom, Bone Student Center

HELPING HAMPER

The Helping Hamper for our June Dinner will benefit the St. Vincent De Paul Food Pantry on Main St. in Bloomington. They always can use non-perishable foods and sanitary products, but as hot weather approaches their patrons are especially grateful for canned or powdered juice drinks and standard sizes of bar soap and deodorant. Thanks for helping!

IT'S A DEBT PROBLEM, NOT A BENEFIT/PENSION PROBLEM Ken Andersen, UIUC Condensed from Illinois Academe, Spring 2006, with his permission

State pension costs caused by the historic underfunding by the state and the need to balance the budget have created a firestorm about funding Illinois public pensions.

Too often public discussions suggest that pensions are the problem. The truth is it is a debt problem, a debt incurred by the state by choice of the state legislature and governor.

Who created the problem? The public pension systems were established

by state laws that provided for payments to be made by the employees, matched by employer contributions. Employees have always paid their share with amounts taken out of each paycheck. However, the state did not meet its obligations to fully fund their share of the costs.

Are pensions excessive? No. IBHE data show neither salaries nor total compensation are competitive, with benefits markedly less so than salaries.

Did faculty try to prevent the shortfall? Yes. In the 1970's, faculty filed a suit asking that the state be required to make the payments required by law. State courts ruled they did not have grounds to sue until the money they contributed was actually being used to meet payments of the state's share of the pension.

Why are participants in the pension system angry? Also, the public may not realize that employees under the state pension system do not qualify for social security through that employment. If they do qualify based on work elsewhere, any social security payments are reduced in "offsets" because they receive an Illinois pension. See page 4.

In short, pensions are not excessive. The state's debt should be paid and not by those who are making or already made their required payments.

LEGISLATIVE REPORT **By Tom Wilson**

On March 15 Carolyn Bartlett, Paul Schertz, and Tom Wilson ventured to beautiful Springfield, Illinois, just three days after the big tornado hit the city and about three weeks before the legislature was scheduled to adjourn.

The main purpose of our trip was to join about 60 other SUAA members to

lobby legislators, their assistants and a few executive leaders. We dealt mainly with pension problems, particularly the state short-changing "required" pension contributions by \$2.4 billion in fiscal years (FY) 2006 and 2007.

On April 13 Fitch Ratings assigned Illinois its lowest rating, primarily for neglect of pension fund contributions. Only two other states (Michigan and Louisiana) joined Illinois in this Fitch category called "Negative Rating Outlooks". Fitch specifically mentioned the massive unfunded pension liability of Illinois as a reason for caution in purchasing the State's general obligation bonds. This means Illinois will need to pay higher interest rates to get people to buy the State's bonds.

ILLINOIS CONSTITUTIONAL CONVENTION AND PENSION RIGHTS **By Tom Wilson**

Several groups in Illinois have indicated interest in using a constitutional convention to diminish pension rights. Briefly, Article 14, Section 1b of the Illinois Constitution provides that if the question of whether a convention should be called is not submitted during any 20 year period, the Secretary of State shall submit such question at the General Election in the 20th year following the last submission. The question was put to Illinois voters in 1988 and the voters decided not to call a Convention. The issue will be up for another vote in November, 2008, unless the Illinois legislature calls for a Convention before then. There is need for awareness of the provisions for a Constitutional Convention and the potential impact on retirees and current employees.

The provision on pension rights is in Article 13, Section 5 of the Illinois Constitution. It states “membership in any pension or retirement system of the State ... shall be an enforceable, contractual relationship, the benefits of which shall not be diminished or impaired.” Delegates at the 1970 Constitutional Convention proposed and approved this section on the floor, rather than going through the usual committee process. Thus, there is little indication of the exact intent. The Illinois Supreme Court has held that it protects pension rights already earned, not any right to earn more benefits. The Court has also ruled that it does not prohibit the practice of allowing unfunded pension fund liabilities to increase if there is no immediate threat that the pension systems will run out of money.

The pension provisions (including the 3% compounded annual increase) have generally been good for us. Naturally, we think there could be some improvements. However, the danger is from groups who feel that the benefits have been too generous and would like to alter Article 13, Section 5 to limit or even eliminate pension benefits.

We should note and tell the public that participation in SURS (and the other State pension plans) is part of the contract for employment. We had no choices until recently except for the Traditional Plan of SURS. We were not provided with Social Security. Participation in SURS with required employee contributions has been and still is an absolute requirement. Pension benefits from the State are not a matter of generosity but rather a matter of following through a contractual obligation.

SOCIAL SECURITY OFFSETS

By Christ Schwelle

Some ISUAA members are adversely affected by Social Security (SS) offsets. The Windfall Elimination Provision (WEP) impacts those eligible for both SURS pensions and SS benefits. WEP significantly reduces the SS benefits of those affected. It is especially unfair to those receiving only partial SURS pensions. The Government Pension Offset (GPO) affects spouses, widows and widowers. If these survivors receive a SURS pension their SS spouse's, widow or widower's benefits are reduced.

SUAA is preparing to work with the National Education Association in an effort to eliminate these offsets. SUAA is asking that those affected by the offsets respond to the following:

1. If you are impacted by WEP or GPO, please write SUAA and state the dollar amount of the WEP or GPO penalty.
2. If you wish you may write a statement. Either will be appreciated.
3. Please sign and date your document and identify your Congressional Rep. by name. For most ISUAA members your Congressman is Tim Johnson or Jerry Weller.

If legislation is not passed this year your document will be filed for future use. If you are affected, now is your chance to assist SUAA in addressing this issue. Given the problems with the federal budget this is a tough issue, but the argument for change is very compelling. Please forward your information to: Don Naylor, Executive Director; SUAA, 3085 Stevenson Dr. Suite 301; Springfield, IL 62703.

DAN BRADY AT U. CLUB 2/10

On February 10, 2006, ISUAA sponsored the University Club Discussion Hour, which featured a conversation with State Representative Dan Brady. Some thirty people attended; approximately half were ISUAA members. Also attending was Don Naylor, SUAA Executive Director. After Brady's presentation about the state budget, retirement system funding and related topics there was a healthy Q & A session.

**BRADEN AUDITORIUM'S 2006 –
2007 SEASON**
By Brian Badgley

Welcome to another year with the Stars on Stage Series at Braden Auditorium. As distinguished members of the Illinois State University community, you are cordially invited to some great shows at Braden. You won't find a better time to experience the magic that can only happen on show night at Braden!

In our fall season we are proud to host the Broadway classic Hairspray, the musical genius of Maestro Marvin Hamlisch and singer/actor Joel Grey, the comedic styling of Blue Collar Comedy Tour member Ron White, all leading up to a romantic evening of holiday music from renowned performer Jim Brickman.

You say you're looking for something for the family. On November 11th Braden Auditorium will be presenting the Circus Nexus in their performance of Rites and Rituals. Through their astounding circus artistry, scintillating dance, rib splitting comedy, heart pounding music and phantasmagorical décor we can promise a night your entire family will not soon forget.

Our second family show will make little girls want to be a princess and little boys wish to become a prince. Through a special arrangement the State Ballet of Russia, in their North American debut, will be performing the timeless ballet Cinderella. Join us at Braden Auditorium on February 11th for a magical evening for kids from 1-100!

For more information on all our shows please visit our website at www.deanofstudents.ilstu.edu/programming For ticket information please contact our Box Office at (309) 438-5444.

**THANKS TO
BRADEN AUDITORIUM**

Thank you to Braden Auditorium for sponsoring this issue of ISUAA News. There's nothing quite like experiencing live professional entertainment and the Braden offerings for '06 – '07 are something I am looking forward to, and I hope you are as well.

MEMBERSHIP RENEWAL
By Christ Schwelle

Those with single payment memberships expiring 6/30/06 should have received or soon will receive membership renewal information from SUAA's Springfield office. Other single pay members will receive renewal notices as their calendar year membership expiration date nears. Those on automatic dues deduction do not have to worry about renewal. We hope all our single pay members **consider automatic dues deduction**. This option is available to members receiving a SURS monthly annuity. This method of dues payment saves ISUAA/SUAA time and expense. **Please renew promptly** to be certain

you are on the mailing list for the Directory. Last year some people who were late renewing were not included in, and did not receive, the Directory.

If your spouse is not enrolled, please consider that. If you're thinking about not renewing because you've been unable to attend ISUAA events please reconsider. **The bulk of your dues go toward SUAA/ISUAA advocating on your behalf.** Those who attend the luncheons pay for their meals. Over 90% of the cost of printing the Directory is paid via the sponsorship of ISU Advancement. Approximately 1/2 the cost of each newsletter is paid by the sponsor of that issue. Certainly it is worth a couple of dollars per month to help protect your benefits even if you are not able to participate actively in chapter activities.

You may determine your membership status from the label on this newsletter. A "dd" means you are on automatic dues deduction. "Jun06" means your membership expires June '06. "Jan07" means your membership expires Jan '07. If you think the membership status on the label is incorrect, or if you have any other questions about membership, please contact Christ Schwelle (cfschwel@ilstu.edu or 663-0230). Thank you.

DOHRMANN WINS FACULTY-STAFF POOL CHAMPIONSHIP

The campus-wide faculty-staff pool tournament sponsored by the Bowling & Billiard Center (BBC) took place on February 6 at the BBC. Some ISUAA members did very well with Paul Dohrmann winning the championship, Ray Smock finishing 2nd and Don Peterson 4th.

SUAACTION – ADVOCATING FOR YOUR EARNED BENEFITS **By Christ Schwelle**

Four years ago SUAA decided that their methods used to influence legislators needed more consistent local action. Some chapters, such as this one, were doing an effective job with local legislators, but other chapters were not. SUAA decided to form a political involvement committee (PIC) centrally and in each chapter. The PIC would focus on local involvement to improve connections with elected leaders and disseminate information on issues affecting members. The PIC would be established to comply with election campaign laws so it could endorse/contribute to candidates if and/or when it was deemed appropriate. A statewide PIC Board of Directors was established. I am our chapter rep and am chairing ISUAA's local PIC.

While the SUAA Central Office is effective in lobbying in Springfield, grassroots work by volunteers at the local level, where our members vote, can be more effective.

The statewide PIC board has met three times and continues to meet regularly. The PIC board, called SUAACTION, is the coordinating board for all local efforts. A tagline under consideration is "Advocating For The Earned Benefits of Those Who Made Public Higher Education One of Illinois' Greatest Assets."

It is extremely important that SUAA speak with one voice, all local PICs communicating the same messages to legislators. Local PIC members must be able to suppress partisan politics in favor

of the SUAA agenda. Not everyone can do this. Local PIC volunteers must be able to effectively communicate with legislators. So far some 125 volunteers throughout Illinois have attended training sessions led by an experienced lobbyist.

Statewide, legislative districts are being divided up among chapters. Locally we are responsible for Senators Bill Brady and Dan Rutherford and Representative Dan Brady. Illinois Central College will be responsible for Representative Keith Summer. This year the focus is on establishing relationships with assigned senators and representatives, so we're prepared to exert grassroots influence locally and statewide when the '07 legislative session begins.

SUACTION is being funded as a sub-budget of SUAA, supplemented with voluntary donations. Should SUACTION get to the point of endorsing/donating to candidates, it will be necessary to have a separate legal body and cease using SUAA general funds.

The SUAA legislative committee, on which people like Dave Wiant and Tom Wilson have been active, will continue. It will likely focus on monitoring, researching and analyzing legislative issues and possibly developing strategies

When I first heard about PIC I wasn't too keen on it, because I assumed that other local chapters were like this one where the leaders have been doing a good job with local legislators. That is not the case. Some are, but many are not. Now that I see what is happening, I believe SUACTION is a very promising.

The best way to support SUACTION is to renew your membership and get others to join

ISUAA/SUAA. If your spouse is not a member, enroll him/her. Should you wish to donate to SUACTION make your checks payable to SUAA and on the memo line enter "PIC." Send to: SUAA, 3085 Stevenson Dr., Suite 301, Springfield, IL 62703.

ANNUAL DINNER MEETING

The Annual Dinner Meeting and Election of Officers for the Illinois State University Annuitants Association will be held on Wednesday, June 7, 2006 at 5:30 p.m. at the *Clarion Hotel* in Bloomington.

This hotel started out as the *Holiday Inn*, then the *Ramada Inn*, then the *Empire Inn*, then back to the *Ramada Inn*, and is now the *Clarion Hotel*. The *Clarion Hotel* is located on Holiday Drive, the frontage road along Veterans Parkway at the corner of Veterans and Empire (Rt.9). There is ample parking and easy drop-off. When you enter the hotel, go straight to the swimming pool and then turn right. At the south end of the swimming pool is the "new" banquet room. Tables will be set up outside for you to pick up your name tags.

We are fortunate to still be able to charge only \$13.00 for the evening—so come and enjoy good friends, a good meal, as well as electing some new officers.

The menu is beef stroganoff (beef tips and mushrooms), rolls and butter, assorted desserts, coffee and ice tea. Sodas and alcoholic beverages will be available for sale in the bar. For the vegetarians, substitute cheese-filled ravioli with marinara sauce for the beef tips.

Reservations are due by Wednesday May 31st. Because of the hotel's deadline, **no reservations can be**

accepted after May 31st. And please—
no phone reservations!
Hope to see you June 7th!

LINCOLN MUSEUM TOUR
Thursday, May 25th

*Chartered coach departs Bone
Student Center (west side) 12:45 pm.*

*Museum tour is scheduled for 2:15
pm; takes approximately 2 ½ hours*

*Chartered coach returns to Bone
Student Center at approximately
6:00 pm.*

Cost of the tour is \$21.00 and covers
transportation, museum ticket, and light
refreshments on the return trip. We are
limited to 55 reservations.

Please submit the reservation form
below (p. 9) and your check (payable to:
ISU ANNUITANTS ASSOCIATION)
to **Sharon Quiram, 23273 N. 1600 East
Road, Hudson, IL 61748. Reservations
must be received by Monday, May 8.**
(Email confirmations will be sent). If
you have any questions, call Sharon at
309/726-1686

NEW RETIREES

