President’s Report

In the November newsletter, I informed the membership that the NIUAA Board of Directors set three goals for this year: (1) solve the long-term problem of losing some revenue whenever SUAA dues are increased, (2) add 200 new members to our existing total of 1,900 members, and (3) revise the NIUAA Constitution and Bylaws. Below I report on the progress that has been made on these matters.

Lost Dues. Whenever SUAA dues are increased, NIUAA loses some revenue because the increased amount is not passed on to current employees who use payroll deduction. Dues increases are not passed on automatically because NIU has neither legal authorization nor computerized means to do so. Meetings with legal counsel and the payroll office, however, produced a solution to these problems. Specifically, a new sign-up form for payroll deduction will include (a) an explicit statement that the signer agrees to continue to pay dues even if they are increased and (b) instructions on how individuals can cancel their membership if they do not wish to pay the increased amount. The payroll office will then automatically deduct full dues ($36) for employees who use payroll deduction. I will also send affected individuals a letter providing them with instructions on how to cancel their membership if they choose to do so.

The problem of lost dues is not trivial. Currently, NIUAA loses some $400 in dues annually. If SUAA were to increase its dues by just $3 per year, however, NIUAA could lose as much as an additional $750 annually. Consequently, NIUAA’s Board of Directors voted unanimously to charge all NIUAA members the same amount of dues even if some individuals drop their membership as a result. Lastly, I must thank legal counsel and the payroll office, especially its director Kathy Smith, for their kind assistance in finding a workable solution to our lost dues problem.

Membership Drive. From July through December of 2015, NIUAA added 64 new members. Most of the increase was due to a letter writing campaign by various board members that asked friends and associates to join NIUAA/SUAA. The initial letter emphasized that NIUAA had already won two major Illinois Supreme Court cases that save the average SURS retiree over $1,000 annually. One case ruled that the State could not bill retirees 2% of their pensions for health care premiums. The other case ruled—among other things—that the State could not reduce the 3% automatic annual increases (“COLAs”) on pensions.

Our initial letter also encouraged recipients to join NIUAA because there were new battles to be fought in protecting their benefits. A second letter specifically indicated that these new battles include but are not limited to (1) preserving college tuition waivers for the children of current employees, (2) continuing the 3% automatic annual increases for retirees, and (3) exempting as much retirement income as possible from state income taxes for everyone regardless of their employment status or pension plan. While we are recruiting new members, we are losing some existing members, in part because of our aging membership, but also because some mistakenly think that our recent court victories on health care premiums and automatic annual increases eliminate the need for them to remain members.

The lessons here are clear. Personal appeals to friends and colleagues can convince them to join NIUAA/SUAA. Consequently, I invite every reader to join me and other board members in asking individuals you know to join NIUAA/SUAA. Feel free to use any of the information here, including the fact that $36 in annual dues is a small price to pay to protect their benefits. Lastly, we might have to extend our ambitious one-year time frame for recruiting 200 new members to a more realistic two-year time period.

NIUAA Bylaws. The NIUAA Constitution and Bylaws have not undergone a major updating since June of 2007. When SUAA completed the update of its bylaws last summer, the NIUAA Board decided it was time for us to do so as well. Because that process is in its final stages, now seems a good time to inform you of the major changes that will be proposed together with the rationales for those changes. The April newsletter will include a complete text of the revised bylaws. Members will vote on the proposed changes at the annual meeting.

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The first major change will combine separate sections on the Constitution and the Bylaws into one document. This change is proposed because organizations such as SUAA and NIUAA do not have a large set of abstract or general principles to govern their actions. This streamlined document will also eliminate the redundancies and ambiguities that occur when two documents use different wordings to refer to the same thing.

The second major change will extend the one-year terms for President and Vice President to two-year terms in order to ensure greater continuity of leadership over time. A second proposal will assign one of the four board positions reserved for staff to a civil service member and assign a second staff seat to a supportive professional staff member. These latter changes ensure that all constituencies will have some representation on the board.

The most significant area of change occurs with NIUAA’s committee structure. The ad hoc committee to develop proposals (Bryan, Grush, Lockard, and Neeley) struggled with various alternatives. In the end, the committee proposed and the Board voted: to be inclusive rather than exclusive; to recognize publicly the significant contributions of our committee chairs; and to define more clearly the identity of NIUAA as a service-intensive organization. Toward these ends, the revised document retains eight existing committees, deletes one committee (Awards), adds two new committees (Education and Social), and reassigns the tasks of some committees to make their duties more coherent.

Other changes are also being proposed, but discussion of them will be reserved for the April newsletter.

Joe Grush
NIUAA President
Member of SUAA’s Executive Committee

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**Legislative Report**

by Jim Lockard
Legislative Chair

**State of the State.** In my November Legislative Report, I described the situation in Springfield with the old military acronym “snafu.” However apt the sentiment was then, it is probably even more appropriate now. Illinois has entered the eighth month without a state budget and remember, this is for the current fiscal year that ends June 30! At a time when our politicians should be working on the FY17 budget, we still have no budget for FY16. Absent a budget, money continues to be spent via statutory requirements, court mandates, and other means based on the previous budget, a budget built on the temporary 5% income tax rate. Currently the state income tax rate is 3.75%, and that is creating an even bigger hole than has become the norm for our state. I believe it was the state comptroller who estimated a total shortfall of around $12 billion by the end of this fiscal year. As all this continues, MAP grants are on hold, leaving colleges and universities to try to cover student financial aid from their own funds. At the same time, social service agencies have cut back and even eliminated programs, reduced staff, and left some of the state’s neediest citizens to fend for themselves.

Institutions of higher education have tightened their belts beyond the last hole and now are preparing for layoffs, furloughs, and other means to get through this academic year. Chicago State University, for example, has declared a state of financial exigency in preparation for major cuts. EIU has sent layoff notices to 200 non-instructional employees while others face furloughs in March. WIU has also planned furloughs in the coming weeks. NIU appears poised to survive this year, but how long will its reserves last? Illinois needs a budget. Now.

**Bills of Interest.** A few bills that would affect NIUAA members have been introduced, and you can always check on their status on the Illinois General Assembly website at http://www.ilga.gov/. Whether any of these bills eventually become law remains to be seen.

HB3703 would withhold 5% of appropriations to state universities to be “earned back” through performance metrics. The current law withholds one half a percent. For more on the concept of performance funding as a means to increase completion rates, check out http://completecollege.org/the-game-changers/.

HB4539 would provide funding for all of higher education and the MAP grants. Article 25, Section 5, appropriates nearly $73 million to NIU for “ordinary and contingent” expenses in FY16. However, this bill would become effective only if HB4521 is passed and signed into law. That bill gives the governor authority through FY17 to move funds around to manage the

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Legislative Report (continued)

fiscal crisis. Area State Representatives Pritchard and Demmer are among the cosponsors of HB4539.

Pensions. Pensions are not a dead issue, despite the Illinois Supreme Court’s ruling that the Constitution does indeed ensure that benefits “may not be diminished or impaired.” The media have covered the on-again off-again deal between Senate President Cullerton and Governor Rauner to revive what is essentially Cullerton’s previous plan (SB2404). You may recall that the House never considered the Cullerton plan, preferring instead the Madigan plan (SB1), which the Court found unconstitutional. Since no bill has yet been introduced in this session, details are scarce, but it is clear that this “plan” is once again based on the legal concept of consideration. The idea is that if someone is offered A in exchange for B and the person accepts, then the exchange is valid. When applied in the previous Cullerton plan, the offer was a choice to receive the current 3% automatic annual increase or to receive state-sponsored healthcare coverage. Observers believed this is also unconstitutional because both choices are benefit reductions. The issue is discussed by the interim Dean of the UIUC College of Law at https://news.illinois.edu/blog/view/1612/174756.

One potential change in current pension law is found in HB0134, which would create a new Tier III benefits package for new employees. The plan may address concerns about whether Tier II actually satisfies IRS regulations for keeping employees out of the Social Security system. HB3828 also deals with a new Tier III plan.

HB1334 is called the “Retirement Means Retirement” act. It provides that if a retiree were re-employed by the same agency in a similar position, the individual’s pension above $2,000 per month would be offset by the amount the individual is being paid.

The most extreme approach to the state’s pension issues is contained in HJRCA 9, which would place before the voters an amendment to the Illinois Constitution that would repeal the pension protection clause, which is the basis of the Illinois Supreme Court ruling that pension benefits may not be diminished or impaired.

Also on the subject of healthcare, you should watch for information about the strained negotiations between Gov. Rauner and AFSCME. Remember, the AFSCME contract determines your healthcare benefits! Most recently, Rauner has asked the Illinois Labor Relations Board to declare an impasse in the negotiations, which could then allow him to impose his version of a contract on the union. AFSCME’s response to an unacceptable contract would be to strike. You can read more about this from reports in the Chicago Tribune (http://www.chicagotribune.com/news/local/politics/ct-bruce-rauner-union-afscme-contract-talks-met-20160115-story.html).

Update Your Beneficiary Information!

Sherie Spear, Chair of our Benefit Committee, strongly advises all members to review their beneficiary information to ensure that their current designations match their current circumstances. Periodic review of your life insurance and survivor beneficiaries are always recommended.

Reviewing your beneficiary information is particularly important whenever major life events occur, such as marriage, divorce, birth of a child, death of a spouse or child, and major changes in your health. In the end, updating beneficiary information ensures that your current wishes will be honored as to who should receive your benefits if something serious were to happen to you.

Update Your Contact Information!

Please notify NIUAA if your address changes by emailing or calling Lee Ann Henry at annuitants@niu.edu, lhenry@niu.edu, or (815) 753-7406. If Lee Ann does not have your current email address, please forward it to her. Doing so will facilitate faster communication on matters of interest to the members of our chapter.

Although we will continue to send “hard copies” of our newsletter to NIUAA members without email addresses, we can contact you more quickly and less expensively if we have an email address for you. If you do not have an email address, you can get one for free by calling the NIU Helpdesk at 815-753-8100 and identifying yourself as a member of NIUAA.
SURNS Report to NIUAA Membership

by John Engstrom
SURNS Representative

This report is intended for the NIUAA membership via the newsletter. Any expression of opinion contained herein is my own and not that of the SURNS Board or Staff.

As indicated below, the Board will have a new Chairperson once nominated by the Governor and confirmed by the State Senate. Board and staff turnover have presented challenges during the past few years.

I urge NIUAA members to keep up with SURNS through its website: http://www.surs.org. As of this writing on February 8, the following were included:

1. The Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. The financial report received an unqualified opinion from our auditors and a Certificate of Achievement in Financial Reporting from the Government Finance Officers Association. The report is indexed so you can go to any section directly.

2. The January Newsletter. This should have been sent directly to you, but if you didn’t receive it, you can find it here.

3. “Into the Vault.” A history of SURNS is presented, beginning with its inception in 1941 through the current time. SURNS is celebrating its 75th anniversary. The history contains a number of interesting facts, such as the rise in members served.

4. Calendar of Events. This is always on the website and includes mention of the Board Meetings in March in Champaign.

5. Seminars and Webinars.

6. Recent Requests for Proposals.

7. The Chairperson of the SURNS Board of Trustees, Lindsay Anderson, is resigning her position effective February 19 to become the Executive Director of Governmental Relations for the University of Illinois.

The website also has directions to many items, such as details of plan options, and current legislative proposals. However, I urge you to refer to the SUAA webpage (http://www.suaa.org) or to the many updates provided by Jim Lockard for the latest in legislative developments.

The SURNS Board had an Investment Committee meeting on February 4 and a Board Educational Forum on February 5. At that time we were presented with the results as of the end of December which indicated that we have $16.5 billion in assets in the defined benefit plan, a funding ratio of 41.1%, and investment losses fiscal year to date of 2.3%. Three-year returns on investments are 11%; five-year returns are 11.2%; ten-year returns are 7.1%. Hopefully, things will improve during the second half of the year, although January was problematic. The Educational Forum included presentations by Fidelity and TIAA-CREF, our two providers in the Self Managed Plan. Recently, the Board approved the continuation of those two providers. In the near future, those of you in the Self Managed plan will be contacted by your providers with information regarding some new options that will be available for you. Also, keep checking the SURNS website.

Despite what you may have read in the press, SURNS does continue to receive funds from the State, on a somewhat delayed basis. Unlike the colleges and universities, we do have continuing appropriation authority.

I continue to enjoy my service on the SURNS Board. Our next meeting will be on March 10-11 in Champaign. I will keep you posted regarding a replacement for Chairperson Anderson.
2016 NIUAA Trips and Event Schedule
by Steven Johnson
Events Chair

One of the many benefits of belonging to the NIU Annuitants Association (NIUAA) is the opportunity to participate in a number of fun-filled events that are planned for members and guests. For times and places, please check your email or NIUAA’s webpage under “annuitants association” in the university’s drop-down alphabetical listing at www.niu.edu.

Upcoming Events:

February 29: Leap Year Coffee Hour, 9:30-11 Panera Bread Community Room
March 12: Chicago Flower and Garden Show
March TBD: The Producers at Mercury Theater
April 14: “Hersey Felder as Irving Berlin” (SOLD OUT)
May 12: DreamGirls, Stage 773, Chicago
May 18-28: Paris and Rhine River cruise to Amsterdam
June TBD: Alaska and the Yukon Territory, Holland America Land+Sea Summer Solstice annual trip.
July 16: The Book of Mormon
July 24: CUBS @ Miller Field, Milwaukee
July 25-29: Stratford Festival of Canada
August TBD: Serengeti Safari plus Zanzibar
October TBD: Lancaster and Gettysburg
October 26: Hamilton
December 3: Chicago Shopping Trip
December 5-9: Branson Holiday Show Trip
December: Holiday cruise from New York
January 2017: Polar Vortex Escape Cruise

For Information or Reservations:
Contact Steven Johnson at sjohnso11@niu.edu

Third NIUAA Mardi Gras trip to New Orleans, February 2016
Websites and E-Mail Addresses of Interest to NIU Annuitants

NIU Annuitants Association
Website: www.niu.edu/annuitants/

State Universities Annuitants Association
Website: www.suaa.org

Central Management Services (CMS)
Phone: (800) 442-1300
Websites: www.cms.illinois.gov
www.benefitschoice.il.gov

State Universities Retirement System (SURS)
Phone: (800) 275-7877
Website: www.surs.org

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Governor Bruce Rauner
E-mail through the website
www.illinois.gov/gov/contactus/Pages/default.aspx

Attorney General Lisa Madigan
E-mail through the website
www.illinoisattorneygeneral.gov/about/email_ag.jsp

John Cullerton, President of the Senate
Phone: (217) 782-2728
John@senatorcullerton.com

Michael J. Madigan, Speaker of the House
Phone: (217) 782-5350
mmadigan@hds.ilga.gov

For those members who are not represented by one of the above named legislators, you can look up your own legislator and their contact information at www.ieanea.org/legislative/find-your-legislators/ or at www.ieanea.org/legislative/contact-your-legislators/ where you can compose a letter on the spot.

You can also easily reach your legislators courtesy of the We Are One Illinois coalition. Both telephone and email contacts are possible at www.weareoneillinois.org/
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Please Note: Voting members of the NIUAA Board include all officers and those listed as Directors.