President’s Report

Dear NIUAA Members:

For those of us living in northern Illinois, the recent Polar Vortex reminds us of how vulnerable we are to the whims of Mother Nature. Of course, Mother Nature has nothing on the Illinois General Assembly and its whims, which affect us regardless of residence or work status (retired or employed).

2014 brings with it the culmination of one of last year’s major changes – new healthcare provisions for Medicare-eligible retirees. As of February 1, 2014, this group of retirees either has left state-sponsored health care for traditional Medicare plus private supplements or has joined a new Medicare Advantage program from CMS. Regardless of which choice one made, healthcare in 2014 will be different. It’s much too early to tell if the new Medicare Advantage program will meet the needs of those who chose one of its options; we trust it will. The NIUAA Board will continue to monitor the implementation and operation of the new plans and share with you any pertinent information. Your input from your own experiences is most welcome.

The impact of changes in healthcare is immediate on Medicare-eligible retirees. Changes to the pension system will have an impact on every SURS participant sooner or later. The Legislative Report below provides an overview of where things stand early in the New Year, in particular the lawsuits challenging the new pension “reform” law. Each section of this newsletter offers important information for you and I urge you to read it carefully in its entirety.

Now more than ever, we need the strength of numbers to fight against harmful and disruptive changes to SURS and the other state pension systems. As a member of NIUAA, you can help us increase our impact in Springfield by bringing new members into NIUAA, which will also make them members of our state organization, SUAA. Current employees often think of us as just an organization of retirees, when in fact NIUAA is open to all SURS participants. In the case of pension changes, current employees are likely to lose far more in future benefits than retirees and need to be active participants in the battles ahead. By joining NIUAA, they can strengthen the voice of SURS members in Springfield. Please reach out to both retirees and current employees who are not NIUAA members. We are all in this fight for our future together.

Jim Lockard
NIUAA President

Looking Ahead:

While winter is still spreading its chill, spring is not too far off. Our Annual Meeting is scheduled for Wednesday June 4 at 3 p.m. in the Holmes Student Center’s Sandburg Auditorium. Please mark this on your calendar. We trust the weather will be warmer by then.
Legislative Report
by Jim Lockard
Legislative Chair

Despite the predictions of many astute Springfield watchers, House Speaker Madigan managed to engineer the passage of what looks a lot like his original SB1 pension “reform” bill, which Gov Quinn quickly signed into law. There are countless sources of detail on the new law, many of which I shared in recent weeks with those of you for whom we have an email address on record. If you did not receive this information via the NIUAA Google Group, please send your email address to me at jalockard@gmail.com and I will add you to the distribution list for future updates as well as to the general NIUAA and SUAA email lists.

If you would like a summary of the new law, PA 98-599, SURS has prepared one which is available at http://www.surs.org/pdfs/legal/Pension-Reform-Summary-SB1.pdf. If you are unable to download it, drop me a note and I will email you a copy. There is also a SURS PowerPoint presentation about the law at http://www.surs.org/news-article/011514/governor-quinn-signs-pension-reform-bill as well as links to the actual bill and the roll call votes, in case you don’t know how your own legislators voted. You may want to keep that vote in mind on election day in November.

Given the time that has passed since enactment of the new law, the current focus is on legal challenges to it. Unless the courts grant a stay of implementation, the law will go into effect June 1, 2014. Few observers expect that to happen. As of now, multiple organizations have filed separate lawsuits seeking to have the law nullified. They include the Illinois Retired Teachers Association (http://irtaonline.org), the WeAreOneIllinois union coalition (http://www.weareoneillinois.org/), the Retired State Employees Association (http://rsea4u.org/), the Illinois State Employees Association Retirees (http://www.isearetirees.org/), and the Illinois Association of School Administrators (http://www.iasaedu.org/). Our state-wide organization, SUAA (http://www.suaa.org), is also preparing its own lawsuit, with details to follow.

The primary reason for multiple suits is the uniqueness of each of the pension systems with varying provisions, costs, contributions, etc. The law does not appear to differentiate among the systems, which is problematic. It is widely expected that the courts will ultimately combine the various suits into one large case, but only time will tell.

From what I have read, the existing lawsuits base their challenge to the law on one or more of three major claims:

1. The law violates the Illinois Constitution’s “pension protection” clause (Article XII, Section 5) because it diminishes retirement benefits
2. The law violates Article I, Section 16, because it impairs the obligation of a contract.
3. The law violates Article I, Section 2, because it violates equal protection of the law.

The first point is the most widely discussed and obvious, and it relates directly to the second. The pension protection clause states that membership in a state retirement system is an “enforceable contract.” The third point is a result of the General Assembly leaving the Judicial Retirement System (JRS) out of the law, which thus affects only four of the five state retirement systems. The justification for this omission is that no one expected the law to go unchallenged, thus bringing it before members of the JRS and creating a clear conflict of interest for judges.

How quickly the courts may take any action on the lawsuits is uncertain. There has been talk of “fast tracking” the cases to the Supreme Court, but even that would be no assurance of a speedy ruling. However confident we may be that the law is unconstitutional, there is no certainty of outcome in the courts. Presumably if the case goes against retirement system participants at the Illinois Supreme Court, federal challenges will be pursued at least on the grounds of contract law and equal protection.

What happens if the law is declared unconstitutional at some level? Presumably the General Assembly will return to the drawing board and try once again to “reform” the systems. For all the harm to members that the challenged law would cause, it does not actually do much to address the state’s fiscal mess. The Institute for Government and Public Affairs at UIUC (http://igpa. uillinois.edu) issued a report assessing the situation and documenting the very limited impact of the new law on the state’s long-range structural deficit (http://igpa.uillinois.edu/system/files/Pension-Reform-Will-Not-Fix-Deficit.pdf). Although differing in approach, this IGPA report at the core echoes the long-standing position of Ralph Martire’s Center for Tax and Budget Accountability (http://www.ctbaonline.org/) that the fiscal problems of Illinois are structural, resulting from flawed tax policy, and not a result of the pension systems. Martire’s group continues to champion a
Constitutional amendment to allow for a graduated income tax in place of the current flat tax, among other measures that would actually address the real causes of the problem.

2014 is an election year and, as usual, a large percentage of legislative seats will involve no real competitive race, and the differences among the candidates for governor from either party regarding our concerns appear to be minimal at best. It will be important for SURS members to think carefully about the election and how best to help legislators who have been thoughtful and supportive of public employees. As always, real change will begin with concerned citizens who are willing to take action within the system. Expect to hear more on this theme in the coming months.

If you would like to receive periodic updates on political, pension and benefit issues, updates that are much timelier or more detailed than can be communicated through this newsletter, please send me an e-mail (jalockard@gmail.com) and I will gladly add you to my NIUAA distribution list, which uses Google Groups. You may always ask to be removed from the list at any time. I also welcome your specific questions and comments.

Report from State Universities Retirement System (SURS)

by John Engstrom
SURS Representative

Members with email addresses should have access to “Public Act 98-599: Pension Reform in a Nutshell,” that was presented to SURSMAC in their meeting of January 13, 2014. This information can be accessed through the SUAA Mini-Briefing of January 14, 2014. This information is in the form of a PowerPoint presentation. As indicated on the second slide, this information is tentative. However, it should give members an indication of the changes that will take place if the act is judged constitutional.

SURS continues to report good investment results. As of November 30, 2013, the investment return for July-November, 2013 was 9.7%. As of that same date, SURS had investments of $16.2 billion. As of October 31, 2013, the funding ratio, based on market values, was 46.0%, compared with 43.7% as of July 1, 2013. (Previously, I reported the funding ratio, using a smoothed method of valuing assets, used for state funding purposes.)

The financial audit of SURS for the year ended June 30, 2013 is now complete. SURS received an unqualified audit opinion from McGladrey with only one minor comment. With this audit, McGladrey will complete the sixth year of a six year audit contract. Unless the contract is extended, SURS will have a new auditor for the year ended June 30, 2014. I continue to be the Chair of the Audit Committee. By the time this article goes to press, the financial statements for the year ended June 30, 2013 should be on the SURS website.

The fiscal year ended June 30, 2014 will also usher in new accounting standards from the Governmental Accounting Standards Board (GASB). That, along with changes brought about by “pension reform,” will make next year’s financial report a challenge.

In recent months, SURS contracted with a new investment advisory firm, NEPC, after using Callan Associates for the past three years. During the next few months, SURS and NEPC will be conducting an asset-liability study. Also, after a search, SURS decided to award a new five year contract to Gabriel Roeder Smith & Company as our actuary.

The next few months will be a challenge for both the staff and board as they move toward implementation of the pension changes. SURS will be required to implement the new public act unless and until a court tells it not to. Records will be required to generate information on liabilities to each member to be paid or withheld, depending on the results of court action. SUAA will be a part of the court challenges.
Report on Fun and Fantastic Social Events for NIU Annuitants

by Steven Johnson
Events Chair

One of the benefits of belonging to the NIU Annuitants Association is the opportunity to participate in a number of fun special events, planned specifically for NIUAA members and their guests. Check your e-mail or the NIUAA website (under “annuitants association” in the university’s drop-down alpha listing) for times and places. Specific details and costs of events will be forthcoming when available.

It is the belief of the NIUAA Board that the organization of special events helps increase ‘camaraderie’ among members of the association. We urge you to take part.

Several complimentary coffee klatches and wine and cheese tastings are held throughout the year. Check the Annuitants page often for upcoming events.

Some Upcoming Events:
February 23 - March 1, 2014: WWII museum and New Orleans, $599

March 8-16: Amelia Island, St. Augustine and Jacksonville, Florida

March 21: Chicago Flower and Garden Show

March 26: NIU Wellness Fair, Holmes Student Center

April 2: Les Miserables, Drury Lane

April 27 - May 13: Panama Canal Cruise, Florida to California

May 17: Chicago Botanic Garden

June 1: CUBS at Miller Field, Milwaukee

June 7-21: Alaska, triple Denali and the Yukon (Land + Sea)

July 21-25, 2014: Stratford Festival of Canada

If you have additional ideas for special events/trips that might interest members of the NIU Annuitants Association, please contact Steven at sjohnso11@niu.edu. NIUAA events are also posted on the NIUAA website: www.niu.edu/annuitants/events/index.shtml.

V.O.I.C.E.S: Volunteers Offering Intergenerational Collaborative Experiences with Students

by Bennetta Stearnes

The purpose of the VOICES program is to create opportunities and develop ideas for the involvement of all generations in promoting quality education. The VOICES program works to strengthen the connections among all levels of education with business, community and retiree/aging organizations.

We are currently seeking one or two volunteers to give a limited amount of time at the District 428 office to coordinate the revitalization of VOICES in DeKalb Schools K-12.

As a result of the elimination of positions that have occurred within the district during the last several years, there is currently no staff member in District 428 that is assigned the duties of a coordinator for the VOICES program. It is necessary to have a volunteer on site at the District Office to process data for VOICES and also coordinate the activities necessary to make it a viable and sustainable program again.

Supt. Briscoe has made a commitment to the NIUAA Board to make available $2,000 for the VOICES program for background checks to be performed on the volunteers who will be interacting with children. This commitment is more than enough to support our volunteer needs for background checks this year.

All that is needed now is one or two volunteers to be on site at the district office. Please contact Bennetta Stearnes (815-758-1657 or bstearnes@niu.edu) if you are willing to help in this way.
Member of NIUAA

Membership in NIUAA stood at 1860 as of the end of December 2013. We should be able to reach and even exceed a target of 2000 members this academic year, which could make NIUAA the largest chapter of SUAA in the state. NIUAA currently has 372 members who are actively employed, the largest number of any SUAA chapter and four times as many as the University of Illinois Urbana-Champaign.

It is a common misconception that NIUAA is only for retired individuals. In fact, it is also very important for current employees of NIU to belong to NIUAA, which also includes membership in SUAA. Changes in healthcare and pension reform may have an immediate impact only on retirees, but these changes may be even more devastating to active employees when they reach retirement age. SUA is our finger on the pulse of the action in Springfield, and our SUAA lobbyists work very hard to influence legislation in a direction that is favorable to our members. SUAA lobbyists are veterans of the Springfield scene and have developed strong relationships with politicians and bureaucrats over many years. Your membership helps to fund their work on our behalf. Thanks to each of you for joining and maintaining your membership in NIUAA. Please encourage your friends and colleagues who do not belong to join now. The more members we have, the louder our voice will be in Springfield.

All associations are only as strong as their membership. If you have a colleague, friend or family member who is eligible to join NIUAA but has not, please have them contact the association, an officer or director, or Lee Ann Henry at University Advancement. Information about the association is available online at www.niu.edu/annuitants, and an application form for membership can be located at the SUAA website and can be downloaded by clicking on Membership in the left column. An NIUAA brochure is also available from Lee Ann Henry.

Association dues are minimal (currently $34 per year) and can be paid through payroll deduction, direct deduction from pension payments, or annually by check. Dues cover membership in both the state and local organizations. If you have any questions pertaining to your membership in NIUAA/SUAA, please contact Lee Ann Henry at lhenry@niu.edu or (815) 753-7406. NIU employee members should note that if you currently have payroll deduction for your membership, when you retire you will need to fill out new membership forms in order to have your dues paid by monthly deduction from your SURS pension.

Lifelong Learning Opportunities at NIU for Retirees

“Just when I thought I was out, they pull me back in…” So says Michael Corleone in the classic movie, The Godfather, a statement uttered by countless retirees. For many entering this new phase of life, while examining and exploring options, the choice is to willfully retain some connection to our previous environment. Others seek new venues in which to participate, whether it’s pursuing new and old hobbies or avocations, travel plans, or other long put-off interests, balancing the comfort and security of our family and friends while seeking out answers and adventures.

The Lifelong Learning Institute (LLI), offered through External Programming in the College of Liberal Arts and Sciences, allows those persons age 50 or older from any walk of life to choose either course. LLI serves as a venue for sharing ideas, opinions, and experiences, answers many of the questions we face at this stage of our lives, and offers us the opportunity to pursue new areas of interest.

It offers weekly sessions throughout the year in which a wide array of topics are examined and explored, ranging from archeology to science, philosophy to travel, local history to classical music, current events to great movies. LLI's offerings are organized into four annual sessions. Fall and spring terms are eight weeks while winter and summer offer four-week classes. It is a volunteer-led program; all course conveners are volunteers who may be sharing professional expertise or love for a hobby or an interest in learning something new.

Life is a highway for learning on which the journey, not the destination, is the real reward. Take this opportunity to make or renew friendships, exchange ideas, explore the possibilities, and enjoy new experiences. Come join us. It’s an offer you shouldn’t refuse.

For more information including upcoming specific opportunities visit our website at www.lli.niu.edu or email niulli@niu.edu or call 815-753-5200.
Update Your Contact Information!

Please notify the NIUAA when your address changes by e-mailing or calling Lee Ann Henry: annuitants@niu.edu, lhenry@niu.edu, or (815) 753-7406. If Lee Ann does not have your current e-mail address, please forward it to her. It will facilitate faster communication on matters of interest to members of our local chapter or from SUAA in Springfield.

Although we will continue to send “hard copies” of our newsletter to NIUAA members without email addresses, we can contact you with “non-spam” information in a quick, orderly fashion if we have an e-mail address for you. We do not share our list with outside persons or agencies. If you do not currently have an e-mail address, you can get one free by calling the Helpdesk of NIU’s Information Technology Services at (815) 753-8100. They will set up a free email account for you as long as you identify yourself as an NIU Annuitant.

Some 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

Representative Bob Pritchard: District Office
2600 DeKalb Ave., Sycamore, IL 60178
phone: (815) 748-3494, e-mail: bob@pritchardstaterep.com

Representative Tom Demmer: 90th District Office:
1221 Currency Court, Suite B, Rochelle, IL 61068;
Springfield Office, 222-N Stratton Office Building, Springfield, IL 62706,
e-mail: rep@tomdemmer.com.
Phone: Rochelle Office: (815) 561-3690, Fax (815) 561-3691;
Springfield Office: (217) 782-0535

Senator Dave Syverson: District Office:
200 S. Wyman St., Suite 302, Rockford, IL 61101,
phone: (815) 987-7555, e-mail: info@senatordavesyverson.com

Governor Patrick Quinn. (e-mail through his website):
www.illinois.gov/gov/contactthegovernor.cfm

Attorney General Lisa Madigan. (e-mail through her website):
www.illinoisattorneygeneral.gov/about/email_ag.jsp

John Cullerton, President of the Senate: John@senatorcullerton.com
phone: ; (217) 782-2728 or (773) 883-0770

Michael J. Madigan, Speaker of the House: mmadigan@hds.ilga.gov
(773) 581-8000 or (217) 782-5350

For those members who are not represented by one of the above named legislators, you can look up your own legislators and their contact information at http://www.ieanea.org/legislative/find-your-legislators/ or at http://www.ieanea.org/legislative/contactyour-legislators/, where you can compose an email message 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 http://www.weareoneillinois.org/

You can also look up Illinois legislator contact information at http://www.elections.il.gov/districtlocator/addressfinder.aspx

In Memoriam

Since the November 2013 Newsletter, the university has received news of the deaths of the following Association members.

Meldoy Amundsen
Robert Pearson
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Please Note: Voting members of the NIUAA Board include all officers and those listed as Directors.