President’s Report
Fellow NIUAA Members:

Last year at this time we were focused on the unpleasantness of the so-called Polar Vortex. Thus far, the winter of 2014-2015 has mostly spared us from such extremes, but with two months of winter remaining, it’s not time to become complacent. Similarly, despite some very good results in our efforts to preserve our pensions and benefits, we can never afford to become complacent about the remaining court cases, and even less so about the Illinois General Assembly and our new Governor. Regardless of residence or work status (retired or currently working), we must remain alert to the evolving scenario in Springfield and be prepared to continue the fight for what we have earned.

2014 brought with it new healthcare provisions for Medicare-eligible retirees. The NIUAA Board has continued to monitor the implementation and operation of the Medicare Advantage plans and has become aware of fewer problems than might have been expected for such a significant change. With the court-ordered end to most premiums for state-sponsored healthcare coverage, some retirees who opted to remain with traditional Medicare last year have now joined one of the Medicare Advantage plans. Regardless of your choice, your input from your own experiences with healthcare coverage and services is most welcome at any time. The value of our healthcare coverage is very significant and we need to monitor its provisions every year.

Pensions remain an area of major concern and are likely to be so for the foreseeable future. The Legislative Report below provides an update of where things stand early in the New Year. In fact, each section of this newsletter offers important information for you as a SURS participant and I urge you to read it carefully in its entirety. If you have questions that are not answered, please contact me directly or the author of a particular report. Our email addresses are listed at the end of this document.

Now more than ever, we need the strength of numbers to continue the fight against harmful and disruptive changes to SURS and the other state pension systems. As a current 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 misunderstand NIUAA as just an organization of retirees, when in fact NIUAA is open to all SURS participants. “Annuitant” refers to both those currently receiving a pension and all those who one day will receive one. Any SURS participant is, in essence, an “annuitant.” In the case of the pension systems, current employees could well lose far more in future benefits than retirees; they 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 and urge them to join now. As you welcome new colleagues in your department, urge them to join NIUAA at once. We are all in this fight for our future together.

Many of you are already aware that NIU is moving from Groupwise as an email platform to Microsoft Office 365. The migration is already under way on campus, but the latest information is that completion of that phase will take most of the spring semester. Retiree, student, and alumni email will be dealt with in Phase 2, which should be no sooner than summer. No further details are available at this time, but NIUAA is working with the Division of Information Technology and will keep you informed as this project continues and concrete plans emerge.

Finally, no matter how long you have been a SURS participant, you will likely learn some interesting details about our retirement system from two publications that I highly recommend. All About SURS (www.surs.org/pdfs/joint/SURS_Facts.pdf) contains a wealth of information, (Continued on next page)
including tallies of the number of SURS members in each Illinois legislative district. SURS in Brief (www.surs.org/pdfs/joint/SURS_Brief.pdf) hits key highlights, including a side by side comparison of the Tier I and Tier II retirement plans and a graphic depiction of SURS funding ratios since 2001. Annual financial reports are also available on the SURS web site (www.surs.org/annual-financial-report). If you are unable to download any of these documents using the provided links, I would be happy to email you a copy upon request.

Best wishes for a happy and healthy 2015.

Jim Lockard
NIUAA President

**Legislative Report**

by Jim Lockard
Legislative Chair

By now, it is likely that you are well-versed in the general details of the battle to preserve our SURS pensions (and those of the participants in the other state retirement systems). PA 98-599, also referred to as SB1, is the so-called pension “reform” law engineered by House Speaker Michael Madigan. There are countless sources of detail on the law, many of which I shared over the past year 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 to review a summary of the law as passed and signed by Governor Quinn, SURS provides one at www.surs.org/pdfs/legal/Pension-Reform-Summary-SB1.pdf. By way of brief review, multiple organizations filed separate lawsuits seeking to have the law declared unconstitutional. They include the Illinois Retired Teachers Association (http://irtaonline.org), the WeAreOneIllinois union coalition (www.weareoneillinois.org/), the Retired State Employees Association (http://rsea4u.org/), the Illinois State Employees Association Retirees (www.isearetirees.org/), the Illinois Association of School Administrators (www.iasaedu.org/), and our state-wide organization, SUAA (http://suaa.org/).

The primary reason for multiple suits is the uniqueness of each of the pension systems with varying provisions, costs, contributions, etc. The law as passed did not appear to differentiate among the systems.

The lawsuits were combined into one before Sangamon County Circuit Court Judge John Belz, with voluminous documentation provided by the state (i.e., Attorney General Lisa Madigan) and the attorneys for the plaintiff groups. While all of this was taking place, another employee benefits issue was making its way through the courts, namely whether the state could impose charges for state-sponsored healthcare insurance on retirees who had been promised lifetime free healthcare. The healthcare issue reached the Illinois Supreme Court (ISC) and the justices ruled 6 to 1 that the Illinois Constitution did not allow such charges. Retirees paid premiums from July 1, 2013, to October 1, 2014, and are now awaiting refunds from the state. Part of the delay in refunds is a result of a request from several downstate attorneys for legal fees to be deducted from the refunds. Please note, the SUAA attorneys are not seeking such compensation. I’ll provide further information as it becomes available.

**Lifelong Learning Opportunities at NIU for Retirees**

by Brian Fulton

Even though I was briefly employed by NIU during my undergraduate years, I am not an annuitant, merely a proud alumnus. Nevertheless I have remained “connected” and have many friends and acquaintances who are or were associated with the university at all levels.

Which is why I proffer these thoughts regarding the Lifelong Learning Institute. Upon retirement, after forty plus years in the private sector, I was given the opportunity to participate in LLI’s wide range of discussion groups, guest lecturers, and frequent field trips.

While I consider myself an informed person with an interest in a variety of subjects, it is often difficult to easily accommodate those interests. Now due to the association with the NIU LAS External Programs Office, the Lifelong Learning Institute has provided an outlet to any and all interested seniors for continued exploration and discussion time on an array of topics.

As the LLI continues to grow with new attendees from both the public and private sectors, I am pleased, but not surprised, to find new friends who also appreciate being given a venue to share their interests and stories, seek new experiences, quench their curiosities, and make or renew friendships.

If history, photography, senior finances, health issues, travel, current events or myriad other topics have an appeal, join us at the Lifelong Learning Institute and expand your horizons.

For further information, go to either www.LLI.niu.edu or NIULLI@niu.edu.
The ISC ruling on healthcare premiums was heralded as a strong signal of how the Court would eventually rule in the pensions case, as it was clear from the beginning that no matter the outcome in Judge Belz’s court, the losing side would immediately appeal to the ISC. Judge Belz delivered an unequivocal ruling in November 2014 in favor of us, the plaintiffs, stating “… protection against the diminishment or impairment of pension benefits is absolute and without exception.” AG Madigan immediately appealed to the ISC, as expected, asking for expedited consideration.

While SUAA attorneys had predicted last fall that the ISC might require all of 2015 and more to issue a ruling, the timetable appears now to be shorter. The ISC agreed to expedite the case and AG Madigan filed her initial brief on January 12, 2015. Attorneys for the plaintiff groups were given until February 16 to file their briefs in response, with the state to respond to the plaintiffs by February 27. Oral arguments were expected in March, which could mean a final ISC ruling by the end of May. However, the Associated Press reported on January 22 that plaintiff attorneys had requested more time, until March 16, given the volumes of material they had to review to formulate their response, due in large part to Amicus briefs filed by various groups in support of the state’s position. (If you recall the history of opposition to public pensions by the Civic Committee of the Commercial Club of Chicago, you will not be surprised that the CC was among the groups filing an Amicus brief.) Later the same day, the ISC rejected all these briefs and denied the request for an extension as the need no longer exists. Thus the initial timetable remains in place. Watch for further information starting in mid-February.

Very briefly, then, AG Madigan continues to rely on the argument presented to Judge Belz that the state’s fiscal challenges are so extreme and severe that it can (indeed, must) invoke its “police powers” to override the state Constitution for the greater good of the citizens (see www.chicagotribune.com/news/local/politics/ct-illinois-pension-reform-met0114-20150113-story.html). In other words, the AG makes no claim at all that the pension “reform” law is constitutional. Rather, the claim is that it is legal and necessary to ignore the Constitution because the state cannot meet its obligations to public safety, schools, etc. if it must continue to support the pension systems at current levels. Attorneys for the plaintiffs continue to reject that argument, of course.

Some observers read into the ISC’s expedited consideration of the lawsuits that the Court is eager to lay the matter to rest and that, logically, it will follow its healthcare ruling and declare the pension law unconstitutional. Others caution that one can never be totally sure how any court may rule. While there is clearly reason to be optimistic, we dare not ignore the possibility, however remote, that we will ultimately be disappointed.

No doubt it is tempting to speculate on the potential responses of a new Republican governor and the ever-present Democratic legislative leaders (M. Madigan and J. Cullerton) with their veto-proof majorities, should the ISC rule in our favor. No responsible person denies the state’s fiscal problems. The issue is solely how to address them. Revenue and spending must somehow be brought into alignment, which has not been true for far too long. The temporary income tax hike has expired, at least for now, which only exacerbates the problems, of which the pension systems and debt are but one element. Even some strong proponents of pension reform (that is, cuts), including the Daily-Chronicle here in DeKalb County, have slowly warmed to the idea that revenue is a structural problem in Illinois that demands rethinking of the entire taxation model (see, for example, www.daily-chronicle.com/2015/01/13/our-view-financial-fix-could-start-with-auto-fees/au5f5ye/). That is precisely the point that Ralph Martire, Executive Director of the Center for Tax and Budget Accountability, has been making for many years (www.ctbaonline.org/). I strongly urge you to follow the work of the CTBA at its web site. Martire appears frequently on Chicago Tonight on WTTW, channel 11, often alongside fierce anti-public pension figures like Ted Dabrowski of the Illinois Policy Institute. Their clash on January 8, 2015, is well worth viewing. It is available as I write at http://chicagotonight.wttw.com/2015/01/08/great-pension-debate. Of particular note is the “debate” over defined benefit versus defined contribution plans, the latter being Gov. Rauner’s preferred approach. If you are unable to access the video clip, you can read about the merits of the two types of plans at www.huffingtonpost.com/michael-t-carrigan/why-401ks-shouldnt-replace_b_6367062.html.

SUAA and NIUAA will continue to monitor the situation and inform you of developments of consequence.

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

There is a lot of news to report from SURS. I attended a meeting in Chicago January 14-15 and will attend meetings in early February and in March.

As I mentioned in the last newsletter, Bill Mabe, Executive Director, announced his retirement effective March 31, 2015. I am on the search committee to find a new Executive Director, and we have been very busy. We hired a search firm, and that firm produced a good slate of candidates. On January 14-15, the search committee interviewed eight candidates. At our February meeting, the entire board will interview the four finalist candidates. By the time you receive this, we will likely have selected the new Executive Director. See the SUAA and SURS websites for more current information. (www.suaa.org and www.surs.org).

Trustee elections will be held next April to replace one annuitant and two active Trustees. By the time you read this, candidates will have submitted applications and qualifying signatures. You will receive ballots in early April. My understanding is that you will be able to vote by mail, electronically, or by phone. See the instructions that accompany the ballot. I urge you to vote. My name will not be on the ballot as my term does not end until July 2018. In addition to newly elected members, some new appointments will be made by the Governor.

At the December, 2013 meeting, the Board approved the Actuarial Valuation Report for the year ended June 30, 2014 filed by our actuary Gabriel Roeder Smith & Company. The funded ratio on an actuarial (statutory) value of assets basis increased from 41.5% to 42.3%. This is with a decrease in the return assumption from 7.75% to 7.25%. The funded ratio on a market value basis increased from 43.7% to 46.5%.

The investment returns for the fiscal year ending June 30, 2015, have not been very good. However, the overall return for the fiscal year ended June 30, 2014, was 18.2%. The three year return rate was 10.1%, the five year return rate was 13.7%, and the ten year rate was 7.8%.

As I mentioned in the last newsletter, the SURS Board recently reduced the anticipated investment return to 7.25% from 7.75%. This will have an impact on the money purchase formula, when implemented. The FY statutory contribution for FY 2016 will be $1.6015 billion, up from $1.5882 billion in FY 2015.

As I mentioned in the last newsletter, our investment advisor completed an asset-liability study, resulting in some planned changes in our asset allocation policy. We are moving ahead in creating new investments in emerging debt and commodities. We are also moving toward investments in hedge funds, which our staff and advisors believe will reduce our risk in the event of a downturn in the stock market. The other state pension funds have been invested in hedge funds for some time.

SURS Trustees are required by law to attend continuing education sessions. Some education sessions are provided by SURS Staff by bringing in experts in various fields, such as investments, economic trends, risk management, board governance, accounting and auditing, ethics, and communication. In addition, within reasonable fiscal constraints, we are able to attend conferences sponsored by public pension organizations and others.

I enjoy my service as trustee of SURS. I continue to serve as the audit committee chair and to serve on the administration committee and the board governance committee. Thank you for your continued support.

Membership Report

by Pat Vary and Cathy Cradduck
Membership Co-chairs

Are you getting as much out of your NIUAA membership as you can? Because of your investment in NIUAA and SUAA, we have lawyers pleading our case before the Illinois Supreme Court to protect our pension benefits. Numbers speak! The more members of NIUAA, the stronger our voice. We currently have 1892 members and are trying hard to reach the 2000 mark. Do you have friends who are currently academic or civil service employees? Retirees? Retiree spouses? Survivors of retirees? Ask them if they are members of NIUAA. You are the best recruiters!

Did you attend the Holiday Party in December and the Annual Dinner in June? Did you drop into the latest Coffee Hour at HyVee? Have you been on one of the trips Steven Johnson organizes, ranging from Drury Lane plays to travel to the Rose Bowl and even India? Do you use your Groupwise Retiree Account to access the NIU network? All this is available for $36 a year to be an NIUAA member. Retirees can even have the dues deducted automatically each month ($3.00)(current employees $1.50 each pay period) and not have to worry about renewing your membership each year. Just email or call Lee Ann Henry, University Advancement, 753-7406, or email lhenry@niu.edu. We thank you for your support!
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.

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

Some Upcoming 2015 Events:

March 7-15: Miami and Key West ($795/NIU spring break trip)
March 18: West Side Story, Drury Lane
March 19: Chicago Flower & Garden Show
April 9-15: Washington, DC and Cherry Blossom Festival
April 30-May 5: New York City ($599)
June 13-27: Alaska and the Yukon
July 20-24: Stratford Festival of Canada

For information/reservations, contact Steven Johnson at sjohnso11@niu.edu.

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.
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

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Senator Dave Syverson: 35th District Office:
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Phone: (815) 987-7555
e-mail: info@senatordavesyverson.com

Governor Bruce Rauner. (e-mail through the website):
www2.illinois.gov/gov/Pages/ContacttheGovernor.aspx

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
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Michael J. Madigan, Speaker of the House: mmadigan@hds.ilga.gov
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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 Division of Information Technology at (815) 753-8100. They will set up a free e-mail account for you as long as you identify yourself as an NIU Annuitant.

In Memoriam
Since the November 2014 Newsletter, the university has received news of the deaths of the following Association members:
John C. Comer
Kay Forest
Myra Larsen
Robert G. Meyer
John Rehfuss
James Wilson

Looking Ahead:
While winter is still spreading its chill, spring is not too far off. Our Annual Meeting is scheduled for Wednesday June 3 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.
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*Please Note: Voting members of the NIUAA Board include all officers and those listed as Directors.*