President Jerry Meyer called the meeting to order at 10:00 a.m.

Joe Grush agreed to take meeting minutes in the absence of the secretary and Lee Ann Henry.

**Members Present:** Bill Blair, John Engstrom, Joe Grush, Jim Lockard, Jerry Meyer, Doug Moore, Linda Schwarz, Sherilyn Spear, Elaine Spencer, Alan Voelker, Ralph Wallace

**University Liaison:** Lee Ann Henry absence due to illness

**Approval of Agenda:** Jerry Meyer submitted the agenda with one additional item regarding a dues increase proposal from SUAA under Old Business and an item under New Business concerning the need to emphasize SUAA’s proactive status in defending retiree benefits. Motion to approve the agenda as modified carried.

**Approval of Minutes:** The minutes of the July 11, 2012 meeting were presented for approval. After minor corrections concerning those in attendance (Bill Blair present at July meeting), motion carried.

**President’s Remarks:** Jerry noted that Lee Ann could not be present due to a health issue. Several items including the proposal for a dues increase from SUAA to be made at the Oct. 10 (Fall) meeting and status of lobbying against the constitutional amendment initiative 49 will be discussed later. CMS is still working on determining the costs of state health insurance for retirees and currently in discussions with AFSCME. No announcement yet. Jim Lockard and Sherilyn Spear will have further information in their reports on various scenarios concerning status of benefits for next year.

**Treasurer’s Report:** Doug Moore commented on recent expenses incurred since the last meeting, including the Kass September presentation on the pension crisis, the coffee event at Barnes and Nobles, and registration fees for the SUAA meeting in June.

**SURS Board and SUAA Foundation Reports:** John Engstrom noted that the SUAA Foundation is working most on developing a survivors’ benefit program and SURS is working with SUAA in improving this aspect of the foundation’s mission. Relative to SURS, earnings on investments last year were only ½ of one percent. At the end of August 2012, the funding ratio for SURS was 41.8% based on market values; however, the state did pay its required appropriation to SURS for FY2012 ($900 million), which is positive. SURS has formally opened an office at NIU’s Naperville Campus, although it has not yet been staffed to accept walk-ins requesting advice on retirement. John noted that new accounting standards will affect future reporting by SURS. The new accounting standards will make the funding ratio for state pension indebtedness more serious.

**Benefits:** Sherilynn, a member of NIU’s Benefits Committee, reported that there was much discussion at the last committee meeting concerning the effects of the HB4996 on re-employment of retirees beginning August 1, 2013. The process for re-employment will now be more complicated and restricted relative to the number of weeks an annuitant can be employed and the level of compensation. Human Resources is working to determine the exact meaning of the law. There was also discussion of the potential effect of the
constitutional amendment, initiative 49: the language of the amendment is complex and its interpretation concerning the approval of “increased benefits” for current employees is unclear. Many current employees are not fully aware of the possible negative effects if the amendment passes in November. More education needs to be done.

Legislative: Jim Lockard reported that there really isn’t anything new to report from Springfield at this time. The General Assembly met in special session called by the Governor, but it did nothing on pensions. Jim indicated that CMS still has not determined the rate that will be charged to retirees for healthcare, presumably beginning January 1, in great part because negotiations with AFSCME have stalled. There will be some sliding scale based on years of service and the amount of the pension. Those in higher pension brackets will presumably pay more. Details, including how much those with Medicare will pay are yet to be announced.

Down the road, two bills may affect both retirees and current employees: SB1673 would force Tier 1 employees and current retirees to choose between the automatic 3% annual cost of living adjustment (COLA), now in effect, and continued access to state-sponsored healthcare plans. There are also provisions to gradually shift the cost of pension benefits from the state to the employer.

Another bill, HB6204 introduced by Rep. Mike Fortner (R-West Chicago) is the only serious alternative to SB1673. It would mandate the creation of a Pension Stabilization Fund to deal with the current unfunded liabilities of the five state pension systems; place a cap on pensionable salary relative to the traditional, defined benefit plan, beyond which contributions would go into a self-managed (401K-type) plan with a employer match of 3%; increased employee contributions into their retirement plan; and a funding enforcement provision to assure that the state makes its contribution.

Probably nothing will be done on these or any similar legislative bills until after January 1.

SUAA Action: Alan Voelker reported that the major thrust of SUAA now is to defeat the constitutional amendment initiative 49 with increased education of retirees, current employees and the public. Individual legislators friendly to SUAA concerns have been identified and contributions to their reelection funds made

Membership: no report.

Public Relations/Events: no report.

Holiday Party: The annual holiday luncheon will be Wednesday, December 3 in the Duke Ellington Ballroom of the Holmes Student Center, with the Social time starting at 11 a.m. and the buffet at 12 noon. The cost is $23 a person. Invitations will go out in November, and the November newsletter will also carry details.

November Newsletter: please have articles to Jerry by Mid-October or so.

Old Business: SUAA has revised its proposal for raising membership fees. The proposal made at the June annual meeting in Springfield with fees increasing based on pension level has been shelved for lack of support. The new proposal, to be voted on at the October meeting in Bloomington, asked for an increase of $6 per year per member. Increased costs of operation, including lobbying, and the need to develop a reserve fund are factors in the request. Any membership fee increase would be effective January 1, 2013.
**New Business:** The fall meeting of SUAA is scheduled for October in Bloomington. Efforts to defeat the constitutional amendment and discussion of possible bills to address the pension debt will be on the agenda including a proposal to increase the membership fee. Clair Williams has expressed his opinion that retirees need more information about the importance of belonging to SUAA: what it actually does on behalf of annuitants. Jerry indicated that he would include a summary of the points made on SUAA’s website elaborating the benefits of membership and what the staff does relative to lobbying in Springfield and elsewhere on our behalf.

A nomination committee is needed to find a person who will be willing to assume the position of Vice-President of NIUAA, to be voted on at the June 2013 annual meeting. That person will replace the current Vice-President, Jim Lockard, when he assumes the Presidency at the annual meeting.

A nomination committee composed of Elaine Spencer, Ralph Wallace and Jim Lockard was appointed (Jerry Meyer as ex-officio member of the committee). The nomination committee will report back to the NIUAA Board at its next meeting in January 2013.

**The next board meeting is scheduled for Wednesday, January 16, at 10 a.m. in room 178 of the Human Resources Building, west campus.**

The meeting adjourned at 12 p.m.

Respectfully submitted,

Joe Grush (and Jerry Meyer)