

# State Universities Annuitants Association



217 East Monroe Street, Suite 100  
Springfield, Illinois 62701  
voice: 217.523.4040 fax: 217.523.4044

Email: [suaa@suaa.org](mailto:suaa@suaa.org) Website: [www.suaa.org](http://www.suaa.org)

## SUAA Mini Briefing

April 20, 2012

No one can say that this week in Springfield was not productive. Some might agree that it was also destructive, depending on which side of the issues you were on. The decisions which are being made will most likely cause even more people to flee from State and local government positions.

Even though the Governor did not make the April 17th deadline for the announcement of his Pension Reform Plan, he did make a big splash at Noon today. For those of you who missed his press conference it can be found at the home page of the SUAA website.

At this time, nothing affects the retirees. However for those currently working there will be a choice to make. It might not be a simple choice either. For a quick rundown of the changes, which actually does create another Tier to the pensions, take a look at page 2 of this Mini Briefing.

Also high on SUAA's radar this week was HJRCA 49. Some of you missed the Call to Action for the House Personnel and Pensions Committee. Unfortunately while some saw it as a futile attempt, it was a necessary attempt to try to keep this Amendment from moving towards the General Election in November. Making noise, creating clatter is better than sitting silently while the steamroller heads towards you. A quick recap will most likely help you understand how hard this Amendment is to defeat.

On Tuesday at 10:00 a.m. HJRCA 49 was heard in the House Personnel and Pensions Committee. Only three organizations provided verbal testimony against Speaker Madigan's sponsored Amendment; SUAA, IEA and AFSCME. Speaker Madigan and his Chief of Counsel, Heather Weir Vaught, provided verbal testimony in support. HJRCA 49 was placed on the House floor for a 2nd reading in the afternoon; at Noon on Wednesday, it was passed out of the House with a vote of 113 yeas (5 legislators had excused absences). It quickly became apparent that the Representatives had no idea of the impact that HJRCA 49 will cause by being placed on the General Election Ballot in November of 2012; or if passed in the General Election.

Last night, April 19th at 7:00 p.m. HJRCA 49 was assigned to the Senate Executive Committee. This looks like a much guaranteed passage to the Senate Floor as Senate President Cullerton has now become the Chief Sponsor for the Senate. SUAA will continue to provide information to not only the Senate Executive Committee but to the members of the Senate.

Things to consider besides the information already provided (see SUAA website): Do the citizens of Illinois really want a government that requires a 3/5ths vote for passage of legislation? This could be the beginning. Amending the Constitution for pensions will lead to other Amendments being filed which might not favor the private sector, i.e. corporations. What will be the true cost to the State? How extensive will the damage be to education? How will the structure of this Amendment be implemented? Due to the State's financial constraints, adding another \$70 million expense does not seem a wise use of funds. How will this Amendment affect personnel contracts

already in place?

This weekend and up until Wednesday, April 25th at 3:00 p.m. you have the opportunity to call the Senators of the Senate Executive Committee, or email or even get a quick note off to them before Wednesday.

---

## **Executive – Members** *97th General Assembly*

**Chairperson:** [Don Harmon](#) [Ira I. Silverstein](#) [James F. Clayborne, Jr.](#) [M. Maggie Crotty](#) [John J. Cullerton](#) [Kimberly A. Lightford](#) [Antonio Muñoz](#) [Jeffrey M. Schoenberg](#) [Donne E. Trotter](#) [Dale A. Righter](#) [William E. Brady](#) [John O. Jones](#) [David S. Luechtefeld](#) [Matt Murphy](#) [Christine Radogno](#) (click on the names to find contact information).

## **Public Pension Stabilization Plan**

### **GOAL:**

- ❖ **Maintains a defined benefit plan**
- ❖ **100% funding for pension systems by 2042**
- ❖ **Funding: 30-year “closed” ARC (Actuarially Required Contribution)**
  - The 30-year closed ARC, endorsed by the Governmental Accounting Standards Board, will result in 100% funded status for the pensions systems by 2042, eliminating the \$83 billion unfunded liability, based on current actuarial assumptions. The current statutory funding plan, adopted by the General Assembly in 1995, reaches 90% funded status by 2045. At the end of 2045, a \$32 billion unfunded liability will remain.

### **PLAN:**

- ❖ **Benefit Changes for Active and Inactive Members**
  - 3% increase in employee contributions
    - Reduce COLA (cost of living adjustment) to lesser of 3% or ½ of CPI, simple interest
    - Delay COLA to earlier of age 67 or 5 years after retirement
    - Increase retirement age to 67 (to be phased in over several years)
    - Establish 30-year closed ARC (actuarially required contribution) funding schedule
    - Public sector pensions limited to public sector employment
- ❖ **Employer Responsibilities**
  - State makes required payment each year
  - Employers take responsibility for their normal costs. State’s current responsibility for local school districts, community colleges and public universities will phase out over next several years.

### **CONSIDERATION:**

- ❖ Employees’ pay increases will continue to be counted in the calculation of their pensions
- ❖ Employees will receive a subsidy for their health care in retirement

**SAVINGS:** Reduces future contributions by \$65-85 billion through 2045, based on current actuarial assumptions.