

The



Advocate

A Publication of the State Universities Retirement System of Illinois

SPECIAL LEGISLATIVE EDITION: May 22, 2012

SURS Fights For Funding



Amid all the debate concerning pension reform, SURS focus has been to secure critical funding for the System and to provide state lawmakers with in-depth financial information and research so they can make responsible decisions regarding your pension.

Our Board of Trustees and executive staff have met with key lawmakers to discuss funding levels. Every state legislator and state-wide officer received a packet with information on SURS funding history, the consequences of underfunding, our investment program, retirement levels/benefits, and legislative district maps illustrating how many SURS members reside in each district and the financial impact of SURS-paid benefits.

Director Bill Mabe, Legal Counsel Mike Weinstein, and Legislative Liaison Jeff Houch have met several times with the Governor's Working Group on Pensions and provided numerous actuarial studies to legislative leaders. The SURS legislative team is in Springfield every session day monitoring bills that might affect SURS and its members.

Director Mabe has held town hall meetings and spoken to SURS member groups as well as to university presidents and faculty about funding and reform. We continue to keep members up to date on bills as they make their way through the legislative process. The legislative page on SURS website is updated weekly and includes specifics on pending legislation and recently passed legislation, as well as a comprehensive explanation of how a bill becomes law. [Click here to view.](#) □

Director Mabe is pleased to report that the Senate Appropriations Committee has recommended that SURS will receive its full Fiscal Year 2013 contribution of \$1,402,800,000 by passing SB 2461 out of committee on May 21, 2012, while the House has recommended that SURS will receive its full contribution by adopting House Resolution 711 on March 29, 2012.

Ramping Up To Meet Your Needs

SURS staff already has an action plan in place to accommodate the educational process that pension reform will require. For months, members of SURS outreach, benefits, and technical teams have been working together to streamline procedures and enact timesaving electronic processes. Current staff has been working overtime to process retirement applications and temporary staff has been hired to assist in managing the increased volume of member service calls. Counseling sessions have increased 34 percent over last year and in April the call center received 10,584 calls, more than any month during Fiscal Year 2012.

In June, SURS will open a branch office in Naperville at the Northern Illinois University Outreach Center. The facility will house two counselors who will be available for scheduled counseling sessions and SURS plans to hold retirement education seminars there beginning this fall.

SURS is constantly updating our website with helpful information to keep you informed. Going forward, this site should be a key resource for you on state pension and insurance changes.

Whatever and whenever changes occur to the SURS plan, you can be assured our staff will be ready to educate our members, and to assist with written and electronic materials. □

Legislative Update: for the week ending May 18, 2012

By: Jeff Houch, SURS Legislative Liaison

HB 6019 – SURS FY 13 Appropriation

Rep. Madigan

HB 6019 appropriates the full Fiscal Year 2013 certified contribution to SURS, which is \$1,402,800,000. \$1,242,800,000 will come from the General Revenue Fund and \$160,000,000 shall come from the State Pensions Fund.

Status: Assigned to House General Services Appropriations Committee (budget hearing occurred on March 26, 2012)

SB 3853 – SURS FY 13 Appropriation

Senator Steans

SB 3853 appropriates the full Fiscal Year 2013 certified contribution to SURS, which is \$1,402,800,000. \$1,242,800,000 will come from the General Revenue Fund and \$160,000,000 shall come from the State Pensions Fund.

Status: Assigned to Senate Appropriations 1 Committee (budget hearing occurred on March 26, 2012)

SB 1313 (as amended by House Amendment #9)

Sen. Schoenberg/Rep. Madigan

SB 1313 as amended, reforms state retiree health insurance. There is no CIP or TRIP reform included in the amendment. The proposal provides that CMS shall determine the state's contribution to the program and deletes the formula that determines annuitant premiums. Clearly the CMS determination will influence what premiums are, but it is unclear at this time how premiums will be determined.

Current law allows members to earn a 5% premium reimbursement per year of service up to a maximum of 100%. Therefore premiums are determined by a members years of service.

This proposal is coming from the Governor's office so they would rely on CMS's rule making ability to determine levels of premium reimbursement. By deleting that formula, it is unclear whether or not premium reimbursements will be determined based on years of service. The bill as amended states that premiums shall be the same for all annuitants, but CMS will consider the fact that a number of SURS annuitants made an election under Section 15-135.1 to forfeit certain pension benefit increases (flat formula of 2.2% per year of service) in exchange for fully state paid premiums and perhaps CMS will show consideration for those such annuitants.

Finally, SB 1313 as amended, allows contributions levels to differ depending on whether an annuitant, survivor, or retired employee is at an age where they are Medicare eligible or not, thus making their state coverage secondary.

It is still unclear as to how CMS will determine the annuitant premium payments, but they have said that several factors will be used to make that determination, including pension income and years of service.

Status: Passed the House with a vote of 74-43-0, and passed the Senate with vote of 31-20-0, bill now heads to the Governor.

HB 4996 (as amended) – SURS Return to Work

Rep. Biss/Senator Steans

Identification and Notification requirements of the Employer (as it relates to employing an annuitant)

An employer must notify SURS within 60 days upon employing a person receiving a retirement annuity, and shall identify if such annuitant is paid from federal, trust, or foundation funds (in order to claim an exemption to the payment of employing an affected annuitant). Employers must provide the employment contract (for a reemployed annuitant) and if no contract exists, then rate of compensation and anticipated length of employment.

Must certify if the annuitant is an affected annuitant (create the definition of an affected annuitant).

Employer is required to determine if a potential employee is an affected annuitant prior to hiring.

Employer shall identify the following information:

- Paid days and paid weeks worked by the annuitant in an academic year
- Annual compensation earned by an annuitant for the academic year
- Amount of compensation paid from federal, trust, foundation, or corporate funds, or state grants in which the principle investigator is named in the grant.

(continued on next page)

Requirements of an employed annuitant

Employee must disclose employment history and earnings history of employment while receiving a retirement annuity. If the employee provides false or misleading information as it relates to employment while receiving a retirement annuity, then that employee has committed fraud as defined under Section 15-186.

Definition of affected annuitant

An employee becomes an affected annuitant the first day of an academic year following the academic year in which the annuitant first meets both of the following conditions.

- Works more than* 18 paid weeks that occur after August 1, 2013 (doesn't have to be in same academic year). Such paid weeks worked by annuitants that are receiving compensation that is derived solely from federal, trust, foundation, or corporate funds or state grants in which the principle investigator is named in the grant shall not be counted towards this condition.
- Receives compensation during an academic year that is greater* than 40% of highest annual rate of earnings. Earnings from federal, trust, foundation, or corporate funds or state grants in which the principle investigator is named in the grant shall not count towards this condition.

* This article was updated on July 17, 2012.

Employer payment to SURS for employing an affected annuitant

Employer must pay the System when it employs an affected annuitant. The payment shall be equal to the monthly retirement annuity of that affected annuitant multiplied by 12 (monthly retirement annuity during the first month of each academic year worked as an affected annuitant).

If SURS determines that an employer has failed to determine the affected annuitant status correctly, or has failed to notify SURS on any of the information that is required by this legislation, then the employer shall pay double of what it is required to pay as a result of employing an affected annuitant.

Employer has one year to pay SURS the required payment for employing an affected annuitant, and failure to pay within one year shall result in the employer paying interest (at the prescribed rate). Failure by an employer to make the required payment within two years shall result in the Comptroller deducting the amount owed to SURS from the state funds payable to that employer and such deduction shall be paid to SURS to cover the costs.

If an employer employs an affected annuitant to perform critical operations due to an unforeseen illness, death, or accident of an employee, then that employer shall not be required to make the payment required for employing an affected annuitant. The employer must notify SURS if it employs an affected annuitant under these circumstances. The employer can only employ an affected annuitant under this scenario (avoid making the payment) for only one academic year.

SURS audit of employers

System may audit employment records of employers. Employers must submit the required information within 60 days.

Status: Passed House with a vote of 110-0-2, passed the Senate Pensions and Investments Committee with a vote of 8-0-1, currently on 3rd Reading in the Senate. □

SUAA - Lobbying to Protect Member Benefits

By: Linda Brookhart, State Universities Annuitants Association Executive Director



Often we are asked the question, “What has the State Universities Annuitants Association (SUAA) done for its members - those currently working and those who are retired?” This is definitely a fair question since SUAA as an organization does not participate in some of the more visible campaigns. Nevertheless SUAA has been working as an advocate behind the scenes by providing relevant information to legislators, legislative staff, and the Governor’s office and his Pension Reform Committee.

While SUAA is opposed to almost all of those issues being legislated it becomes necessary to present the most accurate information available. SUAA provided input and written testimony on the University Employee Tuition Waivers; verbal testimony on House Joint Resolution Constitutional Amendment

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#49; our Legislative Steering Committee submitted information to Rep. Biss on his Return to Work legislation (*see explanation on page 2*); and in the past several days SUAA has been working with prominent legislative staff, the Governor's Office and the Department of Health and Family Services on the State Health Insurance plan.

SB1313 - State Health Insurance provided SUAA the opportunity to once again share the information that was provided last year when the idea of retiree health insurance costs was introduced. Our focus became those who are of lower income, those who are non-Medicare eligible and those who had signed an Irrevocable Election. The language to exempt people with the Irrevocable Election can be found in House Amendment #9 (*for more information visit www.ilga.gov*). SUAA did provide legislative language to remove "intent" to protect those who are non-Medicare eligible; the SUAA language is specific.

It is imperative that certain facts are inserted during the debates on the House and Senate floors for those bills SUAA either advocates for or against. SUAA has been providing these questions and comments to certain legislators in order for this relevant information to be part of the official record.

As pension reform evolves SUAA will be providing factual information for its audience through its Mini Briefings and email alerts. SUAA will also continue to provide relevant information as necessary to the legislative leaders and other policymakers. Visit www.suaa.org for more information. □



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