

Retirees Today

Illinois State Employee Association Retirees

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Summer 2015

Report on Attorneys Fees in the Retiree Laws Suits

by John Coady, ISEAR Board President

Questions about attorneys' fees and how they will be paid surround the two recent court cases concerning retirees' benefits. A more detailed report on attorneys' fees is available online at <http://isearetirees.org/> or by calling the ISEAR Office at 217-698-6070 for a mailed copy.

The Pension Reform Case

In cases that were consolidated, among them the one filed by ISEAR, and usually referred to as the "pension reform case," the Illinois Supreme Court upheld the retirees challenge to the State's modification of pension benefits that included slashing the 3% annual adjustment. We were represented in excellent fashion by Don Craven of Springfield and Mike Reagan of Ottawa.

Initially, there was concern our attorneys' fees could approach \$200,000, but by negotiating fee caps and by teaming up with another retiree group to share expenses, ISEAR's attorneys' fees did not exceed \$100,000 and, more precisely, were \$87,500.

Part of our attorneys' fees have been paid from the legal fund contributions raised in response to Executive Director Rudy Kink's appeal in the summer of 2014. Those contributions for the pension reform case total \$31,052.19 as of May 19, 2015.

The remaining portion of the attorneys' fees for the pension reform case were paid out of ISEAR's reserve funds created for this kind of contingency.

The Kanerva Case

In cases that were consolidated and usually referred to as the "Kanerva case," the Illinois Supreme Court upheld the retirees challenge to the State's withholding health insurance premiums from retirees' and survivors' pensions.

Upon the commencement of the case, many of the attorneys on the retirees' side agreed to contingency fees, meaning that they would be paid nothing if they lost and they would be paid of percentage of the "winnings" if they won. The trial court determined that the "winnings" were \$63,172,600. Attorneys fees were set at \$1,494,300 plus costs of \$7,711.10. The court ordered payment first from the \$134,600 interest earned on the health insurance monies withheld by the State. The remaining attorneys fees and costs are to be paid by a 2.37% deduction from retirees' and survivors refunds of health insurance premiums.

Each retiree and survivor who chose to remain in the *Kanerva* case will have 2.37% deducted from their health insurance premium refund, currently scheduled for payment on June 15. That means for every \$1,000 refunded the retiree or survivor will pay \$23.70 towards attorneys' fees.

While ISEAR did not retain attorneys to file suit in the *Kanerva* case, ISEAR did contribute \$5,000 to Don Craven, the attorney for the retirees in the original *Kanerva* case at a time there was doubt that Attorney Craven would receive any fees for his work. With the win in the Supreme Court and an award of attorneys' fees in the trial court, Attorney Craven is returning the \$5,000 to ISEAR.

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Thanks

Thanks to the retirees who initially filed suit to attempt to regain lost retirement rights and benefits that had been taken away by the State

Thanks to all the attorneys, especially ISEAR's attorneys Craven and Reagan, for their excellent work, and a special thanks to the attorneys in the *Kanerva* case who filed suit without knowing if they would ever receive a fee.

Thanks to ISEAR lobbyist Tom Ryder for coordinating ISEAR's litigation at no additional fee.

Thanks to all the ISEAR members who contributed toward the pension reform case litigation fund.

Questions may be directed to ISEAR Board President John Coady at isea_retirees@comcast.net.

News From the Insurance Department

The Medicare Advantage program for State of Illinois Retirees is now in full swing for this year. It appears that most providers and the insurance companies have adapted to the new rules and regulations, thus are able to process the claims properly and in a timely manner. Our office has not been receiving the volume of questions and problems that we experienced in the past.

The out-of-pocket limits and deductibles increased due to contract changes effective January 1, 2015, as you have surely noticed.

We are continuing to have good success with the programs for Eye-Med and Delta Dental. As with the medical insurance, the amount of questions and problems received from our members has significantly decreased.

If you have questions or concerns about a claim or a provider statement, let us know so we can help to resolve any problem. We have contacts with Central Management Services, United Healthcare and the providers with whom we work to assist us in claim resolution.

I am available Tuesday and Wednesday, 8:30 a.m. to 12:30 p.m. Susan Cooperider is available Monday through Friday, 8:30 a.m. to 4:30 p.m. We are always happy to assist you.

Mary Lou Thomas, ISEA Retirees Insurance Director

ISEA Retirees Budget

1/01/2014-12/01/2014	Projected	Actual
Revenue		
Legal Defense Fund		\$30,792
Dues	\$205,000	\$202,833
Interest & Investment Income	\$18,000	\$15,328
Miscellaneous Revenue	\$6,000	\$5,336
Cash Reserves	\$25,000	\$21,641
Total Revenue	\$254,000	\$245,138
Expenditures		
Salaries	\$118,102	\$103,970
Payroll taxes	\$11,245	\$9,043
Contractual Labor	\$32,500	\$30,445
Maintenance and Repairs	\$1,100	\$312
Utilities	\$3,000	\$2,118
Insurance	\$3,500	\$3,673
Furn, Fixt, Equipment Rental	\$6,000	\$3,547
Dues & Subscriptions	\$1,650	\$567
Office Supplies	\$4,200	\$3,484
Miscellaneous	\$500	\$320
Printing and Reproductions	\$5,000	\$1,733
Seminars/Continuing Ed/Travel	\$5,600	\$3,718
Postage	\$11,000	\$5,014
Telephone	\$2,700	\$1,759
License & Fees	\$500	\$311
Legal and Accounting	\$5,000	\$55,617
Computer Repair and Maintenance	\$4,000	\$1,122
Rent	\$11,750	\$11,800
Technology	\$900	\$528
Contingency	\$20,000	1,415
Board Meeting	\$1,650	\$1,377
Tax Preparation	\$4,000	\$3265
Total Expenditures	\$253,897	\$245,138
Surplus	\$103	\$0

ODDS AND ENDS

We thought it would be appropriate to add a new column to the newsletter which we will call Odds and Ends. These article(s) will cover events in the news that we wish to bring to your attention. This first article pertains to income taxes.

ISEA Retirees offers a tax service for our members. We have heard from some of our tax clients and have read in IRS publications about taxpayers who are being contacted by individuals representing themselves as employees of the IRS. These false IRS representatives are telling taxpayers “they owe the IRS money but if the taxpayer pays this money and gives the representative a sum of money, the taxpayer will not be taken to court or have their credit ruined.” We have instructed our clients to contact us, immediately, and not to send any money. (Please note the IRS does NOT call you unless you have been contacted by mail prior to their telephone call and IRS would tell you in their letter that they will be calling you.)

Also, be aware that identity theft is a big issue with the IRS. You must notify the IRS and local police if you suspect this has happened to you.



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Illinois State Fair

We will have our booth at the Illinois State Fair once more this year. Our table will be in the Illinois Building (which is air-conditioned) and opens daily from 9:00 to 5:00. The dates are August 13, 2015 through August 23, 2015 and we hope you will stop by to visit us if you attend the fair.

