

Retirees Today

Illinois State Employee Association Retirees

Rudy J. Kink, Jr., Executive Director

John P. Coady, President

Geraldine Johnson, Vice President

John Mundstock, Secretary of the Board

Philip Novak, Director

Summer 2018

SESSION UPDATE

Jessica Nardulli & Tom Ryder

Earlier this spring, Governor Rauner declared his support for two significant changes to the current pension system. The Governor announced his support of an idea that was originally pushed by Speaker Madigan. The idea would shift the cost of pensions to K-12 school districts, state universities and community colleges. This “pension cost shift” would change funding of the employer’s share of pensions away from state funding and rapidly, over four years, increase the responsibility of the schools and universities to pay for that cost. **The legislature did not enact the “pension cost shift” advocated by the Governor.**

The Governor also endorsed an idea originally advanced by Senate President Cullerton. That idea would require current state workers to choose between two plans. The first plan would continue under the current pension system but annual salary raises would not be considered as part of the pension base. The second choice would allow salary raises to be part of the pension base but the annual income increase during retirement would be simple rather than compounding. **The legislature did not enact this plan either.**

Some changes were made to local pension systems but the only significant changes to state employees pensions were made as part of the budget bill process. Those changes are as follows:

- (1) Inactive buyout – vested, inactive workers have the option to cash out when they reach the qualifying retirement age for 60% of the value;
- (2) COLA buyout – Tier 1 employees owed a compounding 3% COLA in retirement have the option to have the state buyout the compounded COLA for 70% of the value; and
- (3) 6% Rule changed to 3% - if a school or college awards an end of career raise in excess of 3%, the retirement system (SURS or TRS) will charge the school or college to cover the increased expense.

The budget estimates that those changes will provide \$445 million in budget savings. The savings would happen over several years, but the enacted budget spends all of the estimated savings in FY19. **You will note that none of the changes apply to current state retirees.**

As a result of the timely passage of the budget, S&P Global Ratings maintained the state’s credit rating at BBB- which is one notch above “junk bond” status. The rating agency noted the fiscal structure, unpaid bill backlog, absence of a budget reserve and distressed pension funding levels are all reasons for concern. But S&P did indicate that the timely passage of a FY19 budget does provide some near- term stability.

This and That...

Rudy J. Kink Jr.

I would again like to comment on an issue that continues to be happening each day. It involves getting telephone calls from those identifying themselves as employees of the Internal Revenue Service, local Sheriff's department, or even bank employees. Their intent is to have you give them your bank account information or credit card information to pay on a supposed balance you owe. In reality you owe nothing but you may be taken off guard and commit to a payment before you realize that it's a fraudulent scheme. These scam artists even ask for personal information such as your Social Security Number, your date of birth, or names of relatives living with you. The best action to take in case you receive one of these calls is to hang up on the caller immediately. At my last IRS tax class I learned IRS is actively investigating these cases and that their own IRS employees had received bogus calls. Remember, your best course of action is to **simply hang up!**

Insurance Information

Benefits Choice open enrollment ended May 31, 2018. There were no changes again this year and therefore the enrollment period ended with very few problems. Central Management Services was able to quickly correct the few problems that did arise. Thanks to the sale of bonds (\$3.9 billion) the backlog of unpaid bills was reduced down to an approximately 10 month delay in the processing of health claims.

The next enrollment period will be in October for those who are enrolled in the Medicare Advantage Plan (MAP). Anyone who is currently enrolled in the plan will not have to do anything unless they want to change to another MAP. Those who become eligible for the plan this year will have to sign up for the plan they wish to be covered under, i.e. United Health Care, Health Alliance, etc. Information will be mailed out to those individuals in ample time to sign up. We are always available to help with this process.

We do not anticipate any changes in the plan from the previous year except for small changes in the copays that were made by the Federal Government (Medicare). If you have any questions call us at (217) 698-6070.

ISEA Retirees Budget Tax Year 2017

	Actual
Revenue	
Dues	\$185,081
Interest	\$32
Miscellaneous Revenue	\$5,797
Cash Reserves	\$7,000
Total Revenue	\$197,910
Expenditures	
Salaries	\$106,198
Payroll taxes	\$9,065
Contractual Labor	\$33,072
Maintenance and Repairs	\$673
Utilities	\$2,530
Insurance	\$3,838
Furn, Fixt, Equipment Rental	\$0
Dues & Subscriptions	\$604
Office Supplies	\$1,987
Miscellaneous	\$1,752
Printing and Reproductions	\$1,780
Seminars/Continuing Ed/Travel	\$4,622
Postage	\$3,852
Telephone	\$2,256
License & Fees	\$802
Legal and Accounting	\$450
Computer Repair and Maintenance	\$175
Rent	\$12,000
Technology	\$1,413
Contingency	\$383
Board Meeting	\$1,108
Tax Preparation	\$3,398
Total Expenditures	\$191,958
Surplus	\$5,952

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 9, 2018 through August 19, 2018 and we hope you will stop by to visit us if you attend the fair.



Election Time for ISEA Retirees Board of Directors

ISEA Retirees will hold an election for current Board Directors whose terms expire in 2018. The Board presently consists of officers President John Coady, Vice-President Geraldine Johnson and Secretary John Mundstock who are seeking reelection to four year terms. Also serving on the Board are Directors Rudy Kink and Philip Novak.

To be eligible to serve you must be in good standing with the Association, have been a member for four consecutive preceding years, and must not be a member of a competing retired employees organization or association. ISEA Retirees asks those members who meet this criteria and who may be interested in serving as a Board of Director to complete the nomination form and return it to our office by July 31, 2018. The elections will take place November 14, 2018.

You may call the office to speak to the Nomination Committee with any concerns as well as read about the Election on our website: ISEARetirees.org. If you are interested in serving on the Board, please return the form (below) to:

ISEA Retirees
Attention: Nominations Committee
1548 West Jefferson Street
Springfield, IL 62702



Non-Profit Organization
U.S. POSTAGE PAID
Springfield, IL
Permit No. 500

1548 West Jefferson St. Springfield, IL 62702
Phone 217/698-6070 Fax 217/698-6079

Nomination Form:

I wish to serve as a Director on the ISEA Retirees Board of Directors.

Name: _____

Address: _____

Telephone Number: _____

My ISEA Retirees membership began in year: _____ to now.

Your history: Please include a biographical paragraph or history of yourself.