

State Universities Annuitants Association



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SUAA Mini Briefing

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An Extra Day in 2016 brings us no closer to an agreement between Governor Rauner and House Speaker Madigan.

If you thought that the Supreme Court ruling on PA 98-0599 (pensions) was the end of all problems going forward you are mistaken.

There was a subject matter hearing today (February 29, 2016) at 3:00 p.m. to discuss establishing voluntary buyouts of pensions by the five state pension systems. The hearing is being recorded. If interested go to [Blueroomstream](#) to hear the replay. Rep. Nekritz, chair of the House Personnel and Pensions Committee, believes that there will need to be several hearings before making a decision as to how this will benefit the State or even those receiving a pension now or in the future. The subject matter hearing is centered around two bills: **HB 4427** filed by Rep. Batinick and **HB 5625** filed by Rep. Fortner. Again, both of these bills are voluntary buyout programs. Most people would need assistance from a financial planner.

Senate Minority Leader Christine Radogno filed **SB 2789** – Unbalanced Budget Response Act – on February 17, 2016. This bill would provide authority and procedures for the Governor to establish contingency reserves of previously appropriated funds, and to transfer balances between special funds in the State treasury and the General Revenue Fund. The Act is to be repealed on July 1, 2017 if passed.

SB 2789 actually includes and allows the pension funds to be swept and/or possible pension holiday(s). For those of you questioning this - there is still a law that requires the State to pay its normal cost of pensions along with what it owed to bring the pension systems up to 100% funding. SUAA is opposed to **SB 2789**.

At this time, SB 2789 is still in assignments, but all could change before Tuesday when the House and Senate members return to Springfield.

The House is scheduled at Noon and the Senate at 3:00 p.m. on Tuesday, March 1. At this time, both Houses will be in on Wednesday and Thursday. The Senate is scheduled on the 8th – 10th and again on the 16th – 18th. These dates could change. Spring break for all begins Monday, March 21st and runs through April 1st – April Fool's Day! Both Houses are back in on April 4th.

HB 6409 was filed by Rep. Dunkin. This bill appropriates \$160,000 from the General Revenue Fund to the Board of Higher Education for emergency assistance to public universities. Appropriates \$40,000,000 from the General Revenue Fund to the Illinois Community College Board for emergency assistance to community colleges. Effective immediately, but does not take effect at all unless **SB 3044** of the 99th General Assembly becomes law.

SB 3044 amends the State Finance Act. Introduced by Senator Matt Murphy, this bill eliminates the requirement that funds transferred, as authorized for cash flow borrowing during fiscal year 2015, must be repaid within 18 months. Basically what happens is that money is swept out of funds to the General Revenue Fund in order to pay outstanding invoices. This bill would allow the 18th months repayment period to be eliminated.

**Personnel and Pensions Committee Hearing March 3, 2016
at 9:00 a.m. Capitol Building Room 122B**

HB 1334 Pension CD-Offsets-Continuation filed by Rep. Franks. A member or participant of a retirement system or pension fund established under the Code who is receiving a retirement annuity or retirement pension and becomes employed in a similar position within the same agency on or after the effective date of the amendatory Act in a position in which he or she is eligible to accrue service credit or creditable service under any Article of the Code shall, in the month immediately after commencing that employment, have the amount of his or her monthly retirement annuity or retirement pension offset by the amount of his or her compensation, earnings, or salary (whichever is applicable) in the immediately preceding month as certified to the applicable retirement system or pension fund by his or her employer, unless the payment of that retirement annuity or retirement pension fund by his or her employer, unless the payment of that retirement annuity or retirement pension is already suspended or terminated during that period. Provides that these provisions do not apply to the first \$2,000 per month of retirement annuity payments. Contains a statement of legislative intent. Co-sponsors are Representatives Sente, Wehrli and Phillips.

HB 4398 introduced by Rep. Nekritz is the **Pension CD-Salary-No Sick/Vacation**. Amends the Illinois Municipal Retirement Fund (IMRF), Cook County, State Employees, State Universities, Downstate Teachers, and Chicago Teachers Articles of the Illinois Pension Code. For participants who first become participants on or after the effective date of the amendatory Act, prohibits (i) payments for unused sick or vacation time from being used to calculate pensionable earnings and salary and (ii) unused sick or vacation time from being used to establish service credit.

HB 4427 Pension CD-Accelerated Benefit Payment filed by Rep. Batinick. Amends the General Assembly, State Employee, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Provides that beginning January 1, 2017, a person under one of

those Articles who (i) has terminated service, (ii) is eligible to receive a retirement annuity, (iii) has not received a retirement annuity under that Article, and (iv) meets certain other eligibility requirements may elect to receive, in lieu of a retirement annuity, a lump sum accelerated pension benefit payment equal to 75% of the present value of the retirement annuity or may elect to receive a lump sum partial accelerated pension benefit payment in exchange for a specified reduction in his or her retirement annuity and all other benefits under the Article. Provides that if a person may not elect a percentage reduction of retirement annuity that would result in a partial accelerated benefit payment of less than \$50,000. Provides that if a person elects to receive a lump sum accelerated pension benefit payment in lieu of a retirement annuity, his or her credits and creditable service under that Article shall be terminated upon receipt of the accelerated pension benefit payment; except that the terminated service credit shall be used for the purposes of determining participation, benefits, or premiums under the State Employees Group Insurance Act of 1971. Contains provisions concerning return to service, rulemaking, qualified plan status, and new benefit increases. Amends the State Employees Group Insurance Act of 1971 to make related changes.

HB 4532 Pension CD-SURS-Self Managed Plan sponsored by Rep. Elaine Nekritz. Amends the State Universities Article of the Illinois Pension Code. Requires the System to provide advance notice to a participant in the self-managed plan of the participant's obligation to direct the investment of employee and employer contributions into one or more investment funds selected by the System at the time he or she makes his or her initial retirement plan selection. Provides that if a participant in the self-managed plan fails to direct the investment of employee and employer contributions into the various investment options offered to the participant when making his or her initial retirement election choice, the System shall invest the employee and employer contributions in a default investment fund on behalf of the participant, and the investment shall be deemed to have been made at the participant's investment direction. Provides that the participant has the right to transfer account balances out of the default investment fund during time periods designated by the System.

HR 0752 Pension Exchange Opt Hearings sponsored by Rep. Batinick. Urges the Speaker of the House and the Chairperson of the House Personnel and Pension Committee to hold a series of hearings on how the State could potentially approach a lump sum pension or partial pension exchange option.

Former Senator Minority Leader Tom Cross has been appointed as the Chair of both Illinois Board of Higher Education and SURS Board of Trustees. As you might remember Senator Cross ran against now Treasurer Frerichs in the 2014 Election.

Lunch with staff will be held Monday, March 14th from 11:00 to 1:00 and again on Monday, April 11th. We can accommodate up to 8 people for each date. Please call the office at 217.523.4040. Joni or Casey will be glad to take your reservation. Or email joni@suaa.org.