

**University of Illinois**  
**Urbana-Champaign Senate**  
(Final; Information)

SUR.14.03. Report on SURSMAC\* Meeting April 7, 2014

SURSMAC held its spring meeting at the SURS headquarters in Champaign from 10:30 a.m. to 2:00 p.m. on April 7, 2014. We attended the meeting representing the Senate along with Laura Czys from University Office for Human Resources.

SURSMAC chair John Shuler (UIC) chaired the meeting and welcomed the participants who introduced themselves. He noted that the focus of the meeting will be presentations by SURS staff concerning the actions being taken by SURS and in the courts with regard to Public Act 98-599.

The first two speakers were Angie Lieb, Director of Member Service and Pam Butler, Director of Outreach. They first noted that unless a change occurs, the Act will go into effect in only 54 days. The SURS staff has been fully extended working with those needing help among the approximately 18,000 SURS members eligible for retirement. There have been 649 individuals planning June retirement dates already, an increase of 40% over the usual number. The key has been providing information to those affected through such means (a) increased counseling appointments; (b) groups counseling sessions; (c) presentations at large University sites; and (d) webinars. Resources are available on the SURS web site including the Benefits Estimator which is back online. These presentations have included discussions of the Health Care choices available to retiring annuitants.

The next speaker was Jeff Houch, Legislative Liaison. He discussed the plans for a proposed trailer bill, legislation to "clean up" the flaws in Public Act 98-599. There is a reluctance to amend a bill which is under litigation but, he hopes, the need for clarification and correction will be sufficient to justify proposing such legislation. He noted some of the problems which need to be corrected including (a) the awkward timing of the determination of the effective rate of interest (ERI) each year; and (b) the confusion over which pensions earning cap applies for particular groups of annuitants; and (c) the confusion over the impact of various effective dates for portions of the legislation. He feels a trailer bill needs to be in effect before June 1 to avoid serious problems.

He also discussed two issues which have had less coverage so far. One concerned possible plans for some campuses to provide employer match plans as part of a supplemental retirement initiative. There is concern that legislation might be required to permit such plans financed by employer funds. The second concerned the actions being taken by employers to implement the decrease in employee contributions from 8% to 7%. This included a discussion of what might take place if the Act were later overturned. It was not clear what the obligation

of the employees would be to return these funds and what the income tax implications would be.

The third speaker was Albert Lee, Assistant General Counsel. His presentation was brief since there is not much to report on the status of the suits brought to overturn the law. He noted regarding whether there might be a stay or injunction that usually such actions are only considered if implementing a bill will cause irreparable harm. In this case, the monetary effects could be compensated if the bill were overturned though any retirement decisions made could not be reversed.

The final speaker was Bill Mabe, Executive Director. He noted that what is occurring in Illinois is by no means unique. As states face serious budget problems, they typically are passing more of the responsibility for pensions and health care onto the individuals being covered. With regard to pension plans, in Illinois and other states there have been (a) reductions in COLAS; (b) increases in contributions; (c) increases in retirement ages; and (d) moves from defined benefits plans to defined contribution plans.

Following lunch, the meeting concluded with Chair Shuler dividing the members into two groups and asking each to discuss how SURSMAC could help SURS handle the problems it faces in the short run (first group) and in the long run after the current changes have taken place (second group). This is part of a longer term effort to have SURSMAC play a more constructive role. The principal suggestions covered (a) suggested improvements in the SURS website and other communications with employers and employees and (b) the information that should be provided in such communications.

These will be the important agenda items for the next SURSMAC meeting whether it is a special meeting or the regular meeting in October.

H.F. (Bill) Williamson  
John Kindt  
UIUC Senate Representatives

\*SURSMAC is the State University Retirement System Members Advisory Committee to the SURS Board of Trustees. Members are faculty and staff representing the various institutions and agencies affected by SURS: public universities, community colleges, state surveys, and retiree organizations. It normally meets twice a year in October and April at SURS headquarters at 1901 Fox Drive in Champaign.