

RETIREE NOTES



City of Chicago retirees urge action on skyrocketing health costs

CITY OF CHICAGO RETIREES are urging Mayor Rahm Emanuel's administration to take action now to prevent crippling health insurance premium increases set to go into effect next year.

In 2013, the Emanuel administration announced the phase-out of subsidized health care for City retirees. Despite strong opposition from AFSCME Retirees Subchapter 60, the City Council approved the plan, which will result in increases in retiree health care costs of as much as 79 percent.

"The city is abandoning

its responsibility to retirees who devoted their working lives to providing important services to the public," said Mary Jones, president of Subchapter 60, at a press conference in November.

"This is not a question of resources," Jones said. "The city clearly has the resources for private corporations, TIF districts and big projects. This is a question of priorities."

Without any action, health insurance premiums for many retired city employees would end up doubling over the course of two years, hitting more than 2,500 non-Medicare-eligible retirees especially hard. Many would wind up having to pay 25 to 30 percent of their annual pension – which averages a lit-

tle more than \$27,000 – on insurance premiums.

The Emanuel administration has claimed that retirees can "avoid these increases" by selecting an alternate plan. However, the alternate plans offered by the city provide inferior benefits to the original plans, such as dramatically increased out-of-pocket costs or reduced network access.

At AFSCME's urging, the Emanuel administration announced it would double the funding for subsidies to low income retirees. These subsidies only help a very small group of retirees, but the move from City Hall shows that further progress may be possible.

AFSCME is urging all members who live in Chicago

to call their alderman with the message: "The budget has passed but retirees still need help. Work with us for a fair solution to skyrocketing health insurance costs."

State and university health care premium refunds could come by spring

STATE AND STATE UNIVERSITY retirees could start receiving refunds for unconstitutional health insurance premium increases this spring.

Retirees in the SERS and SURS retirement systems were forced to begin paying larger premiums for health care benefits starting in July 2013. This stemmed from a state law passed in 2012 that effectively ended the guarantee of affordable health care for those retirees by allowing the Department of Central Management Services to unilaterally set rates.

The union immediately challenged the law in court, arguing that it constituted a violation of the constitution's prohibition against diminishing or impairing retirement benefits. This past July, the Illinois Supreme Court sided with retirees and ruled that the law was unconstitutional. A lower court then ordered that insurance rates return to the affordable levels that existed before the law's passage.

Union attorneys are now working to ensure that money already paid for health care premiums is refunded in an orderly and accurate manner. The state has collected, and will likely have to refund, more than \$59 million from state and university retirees for health insurance premiums.

As On the Move went to press, the next hearing on health care premiums was set for December 18 in Sangamon County, where final arrangements for the refund schedule are expected to be put in place.

Study: Pensions more effective than 401(k) plans

NEW RESEARCH CONDUCTED BY the National Institute on Retirement Security shows that defined-benefit pensions, like the ones earned by most public sector retirees, are more efficient and cost-effective than 401(k)-style private accounts.

The research showed that

pensions deliver the same retirement income at a 48 percent lower cost than 401(k)-style accounts. Defined-benefit pensions achieve these savings through pooling risk among a larger group of workers and generating much higher returns than 401(k)-type plans.

This is evident in states like Michigan, which closed its pension system and began enrolling all new state employees in 401(k)-type plans. Since then, unfunded liabilities have skyrocketed from \$697 million in 1997 to \$5.4 billion in fiscal 2012. The funding status of the plan dropped from a healthy 92 percent to 60.3 percent. The result? Because of their switch to 401(k) plans, Michigan must now cut the monthly pension checks of current retirees.

Similarly, in West Virginia, the state switched from a defined-benefit pension plan for public employees to a defined-contribution 401(k)-style plan in 1991. As a result, the costs of retirement to the state skyrocketed, and the pension funding level dropped to 18 percent. In 2005, West Virginia reversed course and switched back to a defined-benefit pension plan. As a result, the state is projected to save \$1.2 billion and its pension funding level is up to 60 percent.

AFSCME Retiree subchapter steps up big in food drive

AFSCME RETIREES FROM Southwest Illinois are stepping up in a big way to support their community during the holiday season. In what is now a five-year long tradition, members of Retirees Subchapter 56, which represents Randolph, Washington, Perry, and Monroe counties, organized a food drive to fill the shelves of local food banks.

"We collect non-perishable food items all year and give them away in November, and every year we have surpassed the previous year's goal," said Larry Brown, president of both Subchapter 56 and AFSCME Retiree Chapter 31.

"One of the reasons the local food pantry is so successful is because of the efforts of our members," Brown said. "AFSCME retirees spent their career ably and professionally serving the public, so it is only natural that we continue to stay involved in such a meaningful way."

DOC training

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tional officers and, through shadowing more senior employees, creates an environment where cadets are encouraged to ask questions.

"It's nothing but a win-win for everybody," Portwood said. "The cadets feel more acclimated and more comfortable with

the routine. Instead of just being in school for a week and put into the fire, they can ask questions, work different posts, work with a variety of people."

The improved training has had some secondary benefits as well, including making the union stronger.

"We had every person become a full dues-paying

member immediately and everyone became PEOPLE members immediately," Hellmann said of the first group of cadets at Pinckneyville to go through the program. "They became more engaged and felt that we wanted them there."

McElyea said veteran COs have found that, by being put into a teaching role, they're also getting a refresher course of their own.

"It allows that older, seasoned staff to repurpose themselves and train that new staff," he said. "New staff is learning and older staff is teaching and they're kind of teaching themselves, too. It keeps everything fresh."