RETIREE NOTES

Rauner proposes scrapping constitution's pension protections

Gov. Bruce Rauner didn't mention any plans for public employee retirement benefits in his Feb. 4 State of the State address, but a list of items he released to lawmakers the day before the speech contained a more detailed agenda, which included "pursue permanent pension relief through a constitutional amendment."

Many suspect that this amendment would target the pension protection clause of the state Constitution, the same clause that was the cornerstone of the state's Supreme Court's decision to strike down recent attacks on state and university retiree health care.

In fact, legislation has already been introduced by state Rep. Joe Sosnowski (R-Rockford) to place a repeal of the pension protection clause on the 2016 ballot. If such a ballot measure were approved by voters, lawmakers would have a free hand to slash pensions. The bill is currently in the House Rules Committee.

No need to reply to "class notices" on premium refunds

Retirees in the SERS and SURS systems had to begin paying premiums – or pay higher premiums – for health care benefits starting in July 2013. This stemmed from a state law passed in 2012 that was challenged in the courts by AFSCME and partner unions – IFT, FOP and INA. Last July, the Illinois Supreme Court sided with the unions, ruling that the premium increases are unconstitutional.

The court granted an injunction against any further collection of the increases. Now, union attorneys are working to ensure that the increases retirees paid for health care premiums are refunded in an orderly and accurate manner.

At a hearing on December 18, Sangamon County Circuit Court Judge Steven Nardulli approved a timeline for disbursing the refunds to affected retirees. This timeline also ordered the state to calculate and include in the refund the interest that is owed to each retiree for the withheld health care premiums. According to this schedule retirees should receive their refund by June 2015.

The "class notices" regarding the refunds are now being sent out to all affected retirees. You do not need to reply to the notice in order to receive your refund. The court has set up a website to provide you with relevant court orders. You can access this site at: www.kanervahealthinsurancerefund.com.

Judge to decide on halting Chicago pension law

As On the Move went to press, AFSCME was waiting to find out whether a Cook County Circuit Court judge would halt the implementation of the law cutting pensions for City of Chicago retirees until a union-backed lawsuit challenging the law is resolved.

Last spring, Mayor Rahm Emanuel pushed the General Assembly to pass a bill (SB 1922) that would sharply reduce pension benefits for employees and retirees who participate in the City of Chicago's Municipal Employees Annuity and Benefit Fund (MEABF).

On Dec. 16, AFSCME, along with three other unions, filed a lawsuit in Cook County Circuit Court seeking to overturn SB 1922. Joining AFSCME in the lawsuit are the Chicago Teachers Union, the Illinois Nurses Association and Teamsters Local 700.

In mid-January, union attorneys made a motion before Cook County Circuit Court Judge Rita Novak asking the court to temporarily restrain the City from implementing the law. City attorneys have strongly opposed the motion.

401(k)s a bad deal for retirees, taxpayers

Many in the corporate elite, including Gov. Bruce Rauner, claim that the only way to solve Illinois' pension funding crisis is to switch from the defined-benefit plans used today to 401(k)-style plans that would put public employees' hard-earned contributions in the hands of Wall Street money managers.

Along with 401(k)-style plans not being able to offer any fixed or stable retirement income, such plans jeopardize the ability of pension funds to pay out benefits to current retirees. A new study also shows 401(k)-style plans are bad for taxpayers, too.

The study, conducted by The National Institute on Retirement Security (NIRS), examined three states that switched to 401(k)-style defined contribution retirement plans.

In all three states – Alaska, West Virginia and Michigan – funding for pension plans got worse. When the changes were made, backers of the switch predicted it would solve funding problems.

In one notable example, Alaska switched newly hired state workers from its two biggest traditional defined benefit plans to a defined contribution plan beginning in 2006. Yet the funding gap doubled, from about $6 billion in 2006 to $12 billion last year, according to the state. In 2014, Alaska made a $3 billion cash infusion into the defined benefit plans to shore them up.

"I voted against the change, and now the state had to come in with a bailout. It's exactly what I said would happen," said Mike Hawker, an Alaska Republican assemblyman.

AFSCME retiree marks 45 years in leadership roles

Audrey Egerton, an AFSCME Retiree Chapter 31 executive board member and president of the Quincy sub-chapter, has attained an astonishing 45 years of service in leadership positions in AFSCME.

Audrey was president of Local 1787 at the Illinois Veterans Home in Quincy for 14 years from 1970-1984 and sat on the Council 31 Executive Board from 1978-1988. During that time, Audrey was involved in the first state contract negotiations in 1975 and played a key role in building Council 31 into the union it is today.

Upon retirement, Audrey became involved with AFSCME Retiree Chapter 31, serving as Quincy sub-chapter president for an unprecedented 27 years, including service as Vice-President and then Executive Board Member of Chapter 31. Among her many honors, she is an inductee into the AFSCME Retiree Chapter 31 Hall of Fame.

"One thing that I'll never forget is how poorly public workers were treated before we got our first contract," Audrey said. "We had to fight hard for many years to get to a place of respect and security for our members.

"The attacks on public workers have always been there, and many would like to see things go back to the way they were before we had a union," she continued. "We have to keep fighting every day to maintain our place in the middle class."