



IRTA-UNIT 90

Northwest Suburban - Unit 90

<http://www.irta-unit90.org>

News in Short

Dave Davison
State IRTA President



IRTA is constantly working to protect our pension benefits. Here in August of 2016, a concern is what the state legislature and the governor may try

to do to eliminate or reduce our health insurance benefits. We will have to be very vigilant in watching this situation, especially after the fall election. There could be additional issues of concern, but maintaining the provisions of the Teachers Retirement Insurance Program (TRIP) must be right at the top of the list. We all need to let our legislators and the governor know how important health insurance is to us.

Speaking of contacting legislators, our IRTAPAC Committee, whose new Chair this year is Ed Wollet, met on August 4th to determine their recommendations of legislators the IRTA should endorse in the fall elections. Major input into the recommendations came from Mary Shaw, IRTA Government Affairs Director; and Andrew Bodewes, our Contract Lobbyist. These two working under the guidance of Jim Bachman, our IRTA Executive Director, provided professional expertise and guidance to the IRTAPAC Committee.

(continued on page 5)



President's Notes

**REMINDER:
OPEN ENROLLMENT PERIOD**

Welcome to the TRAIL Medicare Advantage Enrollment Period: October 14 - November 15, 2016

The Teachers' Retirement Insurance Program (TRIP) offers annuitants and survivors a healthcare program called Total Retiree Advantage Illinois (TRAIL). This program provides eligible members and their covered dependents comprehensive medical and prescription drug coverage through Medicare Advantage with prescription drug coverage plans (commonly referred to "MAPD" plans).

As an individual who is enrolled in Medicare Parts A and B your TRAIL Medicare Advantage Open Enrollment Period will be held in the fall of each year, instead of during May as in the past. For 2017, the plan year will begin January 1 and will go through December 31, 2017. All Illinois counties have an HMO and PPO option. Annuitants and survivors residing outside Illinois may elect the PPO option.

HOLIDAY LUNCHEON

Make your plans now to attend the Holiday Luncheon on Friday, December 2nd 2016, at the Inverness Golf Club. Time to reconnect and celebrate the upcoming holiday season with many other Unit 90 members. The highly regarded District 54 Jazz Band will provide wonderful holiday season music after another delicious lunch prepared by the Chef at Inverness Golf Club. Please see the additional details to signup for what will be a glorious event! Questions can be directed to Liz White at 847-397-1678. Valet parking is available.

Bob Lyons Reports



Assuming that you are likely to pay attention when the news has a story about the Teachers' Retirement System, you may already know that at the August meeting TRS made the same decision as many other public pension funds to lower their "assumed rate of return" for their investments going forward. The headline of the story was that the board made that move despite the very vocal opposition of Governor Rauner.

Since the majority of the money that you receive for your pension comes not from your contributions, or even the state's contributions, but from the profits and interest on the investments that are made by the system, our assumed rate of return is an important factor in determining what will be the size of the necessary state funds the system receives. The

1995 payments plan that the state uses to determine their contributions has a goal of bringing our fund and the other four state pensions to 90% of full funding by 2045. Assumptions are made as to what salaries Illinois teachers will make during the next twenty nine years, how many teachers there will be, how many years they will teach, at what age they will retire, and then how many years will they live in retirement. Another set of assumptions tries to capture what the TRS fund can add based on its expected investment return for the years ahead. Raise that percentage and the state needs to contribute less, lower the expected return and the state must contribute more.

Since 2000 TRS has been able to generate positive returns in twelve out of the sixteen years. When I joined the TRS Board in 2005 our assumed rate of return was 8.5 % and we were making or exceeding that mark most years. In 2008 with the financial crisis that lead to the Great Recession we lost money and it took time for us to recovery and move ahead. We had a return of 17.4 after fees in FY 2014, 3.7% after fees in FY2015, and this last year we only made a profit of 0.1%, which actually meant our fund fell in size.

What TRS pays out every year to our retired members is approximately \$1.2 billion greater than the total contributions from the state, active teachers, and school districts. The reality is that we need to make at least 2.7% just to break even. While the 30-year return averaged just a little above 8% per year, the ten-year number, which contains the losses of 2008-09, was 6.0%, five years 7.4% and three years 7.5%. With very low inflation and interests rates at near record levels, TRS and every other pension are facing an economic reality of future lower investment returns.

In 2012 TRS lowered its assumed rate of return from 8.5 % to 8%. In 2014 we lowered the rate to 7.5% and this past August we faced voting to reduce the rate to 7%. Knowing that this was our plan, Governor Rauner called on the four gubernatorial appointed members to vote no on the reduction and he quickly attempted to fill the three empty appointed seats on the board with new trustees. In their haste the Governor's office failed to read the requirement that any new trustee has to live outside the City of Chicago, so as to represent the citizens that live in the boundaries of our system. One of the new trustees would not learn until he arrived in Springfield that his Chicago address meant he could not serve on the system board. In the middle of the day, as we reached the point on the agenda to consider the vote on our assumed rate of return, the two new appointees arrived for our meeting.

When you take the oath as a new public pension trustee you swear to be fiducially responsibly, to make your decisions on what is best for the pension fund and its members. At the Illinois Teachers' Retirement System we understand that we are to do what is necessary not only to preserve the fund, but to protect the members of the fund as well. I am happy to tell you that the four members of the board that had been appointed by Governor Rauner to TRS prior to the August meeting, and despite being under significant pressure from the governor and his office, voted with the six elected members of the board to lower the assumed rate of return from 7.5% to 7%. The two new members with ten yes votes already cast, simply voted present.

(continued on page 3)

Bob Lyons (continued from Page 1)

As a result of this decision, we expect that the FY 2017 statutory state contribution will need to increase from \$3,855 million to \$4,276 million, an increase of \$421 million. Governor Rauner was apparently ready to make a deal with the Democrat-led General Assembly to raise the current state income tax from 3.75% to 4.75% in the weeks following the November election. The increased revenue would not have been enough even with no change in the money needed for TRS, but now the increased contribution just makes their need for more revenue even greater than they were trying to deal with and their upcoming budget even more out of whack.

As we all know, the budget problems faced by the state of Illinois are not our fault, they are not of our making. If Illinois had only done what most states do and paid their full and necessary contribution to our pension fund on an annual basis, all they would need to contribute next year for the teachers' pension fund would have been a little more than \$800 million rather than \$4.2 billion. You do not save money by paying the minimum monthly payment on your credit card bill. And the state of Illinois did not save money by shorting their annual pension payment.

Reality bites.

Carolyn White's Volunteer Report



VOLUNTEERS NEEDED: Tutors are needed at a variety of programs throughout the area. If a program meets more than one day per week, tutors are expected to commit to at least one day each week for the semester.

Lunch Buddies at Jane Addams Elementary School in Palatine needs tutors Mon. through Thurs. from 12:00 - 1:00 and at Plainfield Elementary in Des Plaines on Tues. and Thurs. from 12:10 - 1:00. Tutors will work with groups of 2 - 3 students to strengthen their foundational reading and/or math skills.

Winston Churchill School in Schaumburg needs tutors to assist with reading activities. The tutor will move between Kindergarten, 1st and 2nd grade classrooms from 9:45 - 11:30 and

are needed Mon. - Fri. Days and times vary for the after-school programs in the three Dist. 21 middle schools. Tutors provide homework assistance and various enrichment activities and are needed Mon. and Wed. at Cooper Middle School (3:30 - 4:30) and Jack London (3:30 - 5:15). The program at Holmes is on Tues. and Thurs. from 3:30 - 5:15. MacArthur Middle School in Dist. 23 needs tutors for a homework assistance program on Wed. from 3:00 - 4:00. Apply online for volunteer tutoring at <http://www.handsonsuburbanchicago.org/FACTS>. or contact Jess Park at jess.park@volunteerinfo.net.

Meals-on-Wheels There is an ongoing need for drivers for the program. The volunteer picks up the hot meals and then delivers to homebound seniors throughout the NW suburbs. Time involved is usually from 10:30 - 12:00 and operates Mon. - Fri.

Annie's Resale for the World in Rolling Meadows needs front counter cashiers to welcome/greet customers, answer basic questions about the shop and merchandise. Training for the cash register and related tasks is provided. The shop is open Tues. - Fri. from 10 - 6 and Sat. from 10 - 5. Flexible shifts available.

AARP Tax Aide Preparer. Volunteers are trained to receive IRS certification and then must pass an exam. The volunteer interviews taxpayers, reviews documents and prepares tax forms, entering data into tax preparation software. Training is scheduled between Oct. and Jan. Tax preparation runs from Feb. 1 - April 15 and takes place at most of the area senior centers.

Illinois Retired Teachers Association Unit 90



2016 Holiday LUNCHEON

Friday, December 2, 2016 (\$25 each)

Inverness Golf Club

102 N. Roselle Road, Palatine, Illinois 60067 (corner of Roselle & Palatine Roads)

(847) 358-2340 Valet Parking Available



Dress Code: Shirts with collars, no denim or cargo pants of any color

Social Hour 11:00

Luncheon 12:00

Program 1:00



Holiday Program:

The District 54

Jazz Band

Menu Choice of one:

Roasted Pork Loin

with dressing and pork gravy; served with
mashed potatoes and fresh green beans

Sautéed Chicken Piccata

Boneless chicken breast sautéed with olive oil,
garlic, herbs, capers and wine; served with angel hair pasta

Honey Mustard Salmon Florentine

Fresh salmon filet broiled with a honey mustard
crust; served on a bed of spinach

Dessert: Chocolate Explosion

Each entrée served with:

Hot rolls and butter, a house salad with vinaigrette dressing
and coffee or tea

Reservation Deadline for members & their guests: Friday, November 26, 2016

RSVP to Liz White, 5805 Prairie Lane; Palatine, IL 60067-7357

Questions? Please call Liz White at 847-397-1678

Name: _____

Roasted Pork Loin _____ Sautéed Chicken Piccata _____ Fresh salmon _____

Email: _____

Guest Name: _____

Roasted Pork Loin _____ Sautéed Chicken Piccata _____ Fresh salmon _____

Check enclosed for \$ _____ (\$25.00 each) Phone: _____

Make checks payable to: Northwest Suburban IRTA Unit 90



Dave Davison (continued from Page 1)

Committee members provided input they had received from talking with local units and from their own experience with legislators. The committee also used the responses to a questionnaire sent out by the IRTA Office to all candidates to help in their determinations. On August 18, the IRTAPAC Executive Committee met to consider and approve the recommendations.

The underlying determination of who the IRTA organization will endorse is "which legislators have supported issues important to IRTA." It is recognized that individual IRTA members have issues of particular importance to themselves, and we expect our members to make their own determination of whom to vote for and support.

Upcoming Event

2016 Holiday Luncheon (Inverness Golf Club)
Friday, December 2, 2016

More details at: <http://www.irta-unit90.org/events/>



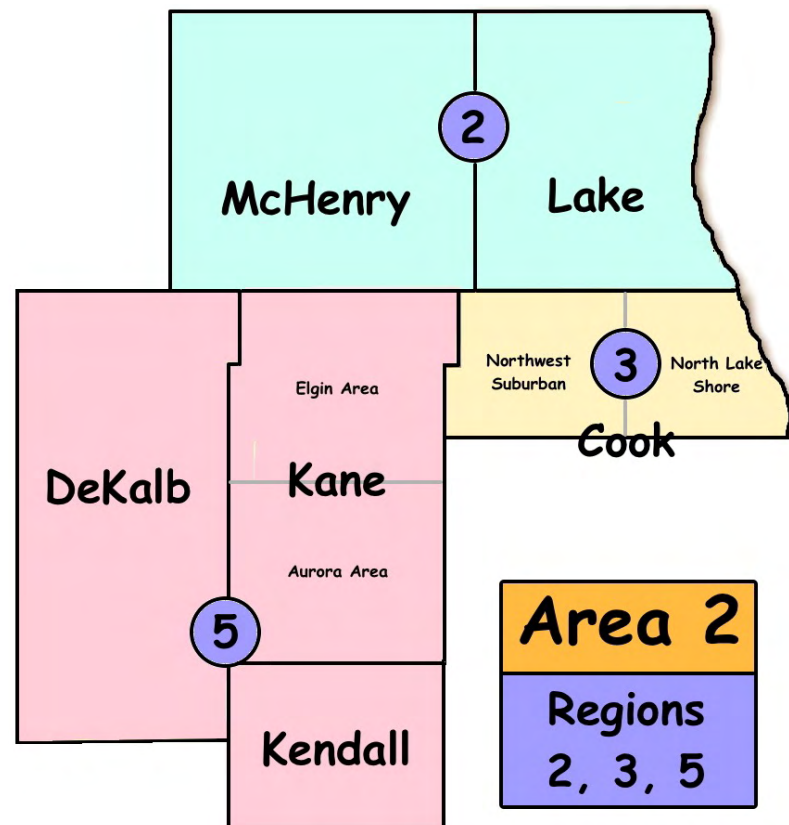
Did You Know...

Unit 90 (Northwest Suburban) is one of the 93 Units of IRTA in the State of Illinois. We are in Area 2, Region 3.

Currently we have 910 members in Unit 90 and only 762 of those are members of the State IRTA.

The State IRTA membership is separate. You should join both!

Membership forms can be found at: <http://www.irta-unit90.org>



Previous Event: *Newly Retired Teachers Breakfast*



Previous Event: *15 Annual Day at the Races*



Previous Event: *Legislative Breakfast*

Endorsements from the Northwest Suburban IRTA - Unit 90 are on our website



Here are some important facts and realities that you will not find on political flyers



In 1969, the State of Illinois already had a debt of \$1 billion Dollars. How much is that in today's money?

Gov. Richard Ogilvie (R) initiated Illinois' first (flat) income tax in 1969 at the rate of 2 1/2% to deal with that debt

Illinois' financial problems are decades old; they didn't just arise yesterday. One problem is accumulated debt.

The root of the problem is Illinois' antiquated and very regressive tax structure that forces lawmakers to borrow.

Illinois' long reliance on a low flat income and sales taxes as major sources of income produce too little revenue.

Our lawmakers and governors, both Republicans and Democrats, borrowed money to keep State taxes low.

They borrowed the money through issuing state bonds and through underfunding Illinois' five pension systems.

According to Illinois law, "underfunding" is a form of "borrowing." No one disagrees... Borrowed money is debt!

Illinois governors who helped to create Illinois' massive debt to its five pension systems through underfunding:

Gov. Richard Ogilvie (R)	1969-1973	Continues inconsistent levels of funding from previous governors
Gov. Dan Walker (D)	1973-1977	Inconsistent levels of funding - continues annual "pay as you go" system
Gov. Jim Thompson (R)	1977-1991	Begins "pension holidays,"—100% annual debt owed to pension systems
Gov. Jim Edgar (R)	1991-1999	1995, Republicans pass 'pension ramp' that triples State's debt to pensions
Gov. George Ryan (R)	1999-2003	Continues underfunding practices of previous governors
Gov. Rod Blagojevich (D)	2003-2009	Takes two "pension holidays" -- adds more to pension debt

In 1995, Jim Edgar and the Republican majority in Springfield (Lee Daniels / Pate Phillip) created the "pension ramp," a phased-in, 50-year repayment schedule of the debt to the pension systems that worsened the debt situation.

Illinois is the 5th richest state in the union, yet loses annual revenues to an antiquated, regressive tax structure, enormous tax breaks to major corporations like Archer Daniels Midland, Caterpillar, and Sears, etc, and also TIF districts in Illinois towns. The result is high local taxes, most specifically our property taxes.

Governors, state representatives, state senators are politicians. During election campaigns, they blame candidates from the opposing party. This year, the campaign literature blames everything on Mike Madigan who bears part-responsibility to be sure, but the Republicans under Govs. Thompson and Edgar created a lion's share of debt through "pension holidays" and Jim Edgar's "pension ramp." Republicans played a major role in creating Illinois' financial mess, yet pretend to be the innocent and, worst of all, the problem solvers. Republican "trickle down" solutions of tax cuts and cuts to services are old, stale, ineffective, and will benefit only Illinois' wealthiest individuals.

Cutting our way to prosperity, or austerity, is an empty and dangerous talking point. It does nothing to solve Illinois' long-term debt problem that resulted from decades of borrowing from Illinois' pension systems.

Changing times and inflation usually force politicians to raise taxes except in Illinois. In Illinois, politicians for decades have borrowed and borrowed on top of borrowing, most of it from a group of Illinois' senior citizens, retired police officers, firemen, state employees, and teachers.

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RETURN SERVICE REQUESTED

<http://www.irta-unit90.org>