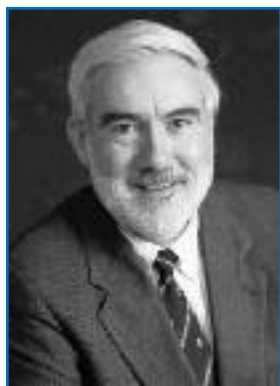


UIC HONORS GISLASON



By Larry Poston

On December 3, Eric Gislason, Interim Chancellor of UIC since Chancellor Sylvia Manning left the University to take a position at the North Central Association, was honored by his colleagues and friends on the occasion of his pending retirement.

Eric Gislason

Eric, or Rick, as he prefers to be called, graduated from Oberlin College, completed his doctoral work at Harvard University, and came to UIC in 1969 following two years as a postdoctoral fellow in Chemistry at the University of California, Berkeley. At UIC he passed through the ranks to become professor of chemistry in 1977. His posts abroad have included a year at the Institute for Atomic and Molecular Physics in Amsterdam, and six months at the Laboratoire des Collisions Atomiques et Moléculaires at the University of Paris-South (Orsay). At UIC he was named head of the Department of Chemistry in 1994. During a difficult transition in the College of Liberal Arts and Sciences he was asked to serve as Interim Dean in 1997-1998, and then as Interim Vice Chancellor of Research in 1999, followed by an appointment as Vice Chancellor for Research in 2002.

Rick's career thus spans a critical period in the fortunes of UIC, from the time when it was struggling to define itself as a research university in the face of intense political pressures, to its present standing as a mature institution with a full panoply of doctoral programs and a record of increasing external funding for research. What is perhaps most remarkable about Rick, however, is that unlike many who become career administrators, he has never given up being a faculty member, publishing fourteen papers over the last decade and continuing to be supportive of faculty concerns, including those of UIC United. In all this he has been a wor-

thy successor to his former colleague in Chemistry, Jan Rocek. As the reiterated term "interim" perhaps hints, Rick did not seek administrative posts; the university administration, in a stroke of good sense, sought him.

After his retirement in early 2009, Rick will retain an office in Chemistry and perhaps teach occasionally while he works on a textbook on thermodynamics. He tells me, "I think I do have something new to say on this subject, which is pretty remarkable given that it was completely developed by about 1925." He and his wife Sharon also plan more travel in the near future to visit friends in Austria and to the Caribbean for a week on St. Martin. In his spare time, if there is any, he plans to read an accumulating stack of books on American and European history now spilling over the bookcase his children gave him four years ago as a Christmas present. We wish him Godspeed, and hope to see him frequently in the years to come.

UIC WELCOMES CHANCELLOR PAULA ALLEN-MEARES



By Judy Curry

During her fifteen years as dean of the University of Michigan's #1 ranked School of Social Work, Paula Allen-Meares was known as a "hard worker ... relentless in getting things done for the school and the university." Under her leadership, the School's

research awards exceeded \$100 million and endowments grew from \$1 million to \$42.3 million. As one of 100 candidates for the top UIC spot, Allen-Meares was wooed and nominated by a 20-member search committee and approved by the Board of Trustees in July 2008.

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MILLER—THE FUTURE OF SURS

A Letter from UIC-United's President



Dear Members of UIC United:

I hope this letter finds you well and enjoying another Chicago winter (or, if you are a snowbird, enjoying wherever you are). A lot has happened since my last letter, some of it good, some not so good.

First, the good news. The election is over and the referendum to call a Constitutional Convention went down to defeat. Approximately 68% of voters opposed the calling of the Convention in 2010. Thus, the current constitutional protection for our SURS pensions remains in place, at least for the foreseeable future.

Second, a new national administration is in place and is making the availability of decent and affordable health care a priority. As our health care benefits are not constitutionally protected, a national focus on improved health care, whatever form it takes, may work to protect what we have, which is a decent and far more affordable plan than what is available elsewhere. We hope that, if national health care needs are finally addressed in Washington, everyone's anxiety about the availability of affordable health care will be eased, at least a little.

Now, the bad news. As you know, the financial condition of the state and the nation has taken a severe turn for the worse. This is and will continue to impact Illinois. As I am writing this letter, Illinois is facing a \$4 billion gap in its budget. How it will fill this gap is unknown at this time, but I suspect that another pension "holiday" is not beyond the realm of possibility.

The downturn in the markets has also had a negative impact on SURS returns on investment. FY2008 was the worst fiscal year since FY2002 and the fifth worst in SURS history. FY2008 saw a -4.5% return on investments, slightly better than the -5.0% benchmark, but still negative. The estimated funding ratio was below 60% at fiscal year end, well below what the system needs to be fiscally sound, and the state is unlikely to have the money necessary to improve the ratio.

Unfortunately, Executive Director Dan Slack has resigned from SURS to take a similar job in Colorado. He has been a very effective executive director, and we

will miss him. Considering the problems we face, we hope that his successor is as effective. As I write this, it is also unclear who will be Governor when the legislature sends its budget forward. The impeachment of Governor Blagojevich means that the financial problems of Illinois (and SURS) will have to wait until things stabilize. With the country's dire financial condition, it is unlikely that we will get much help from Washington, so Illinois will need to solve its problems itself.

UIC United continues to thrive. Our membership is holding steady at about 1,650, which is about 30-35% of those eligible to join. Our largest potential source of new members remains current University employees. Unfortunately, many current employees still believe that SUAA is for retirees only and, so, do not consider becoming members. As it happens, current employees have a bigger stake in our success than do retirees, as retirees have greater protections than do current employees. For example, the elimination of the money purchase formula for calculating benefits only applies to new hires and cannot affect retirees. As another example, retirees receive a 3% annual increase in their pensions and this increase is constitutionally protected. When was the last time current employees received a 3% annual increase?

UIC SURS retirees can take advantage of paying their membership dues to SUAA via direct dues deduct from their SURS checks (\$2.50/month) and about 40% of our membership has opted to do so. Unfortunately, current employees cannot use dues deduct from their University salary checks, as the University's Business Office has not allowed it. We have explained to the Business Office that other State universities allow such dues deducts for current employees, so there is no inherent reason for not allowing it at the campuses of the University of Illinois. Although we have been unsuccessful so far, we will keep trying.

This past September, we held another member forum, this time devoted to a debate on whether or not to hold a Constitutional Convention. Speaking in favor were Lieutenant Governor Pat Quinn and State Representative John Fritchey, and speaking against were former State Comptroller Dawn Clark Netsch and Kathryn Nesburg, ConCon Study Committee Co-Chair of the League of Women Voters of Illinois. The debate was moderated by Dick Lockhart, the "Dean of Illinois Lobbyists". This was the third year in a row that UIC United has had a successful fall forum, and it is likely that this will become an annual event. In addition, we

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UIC WELCOMES CHANCELLOR PAULA ALLEN-MEARES

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In July, she could have reasonably anticipated a normal transition from Ann Arbor to a Chicago campus enjoying a budget increase and faculty/staff raises. Forward six months and “normal” simply doesn’t describe the economic challenges facing her administration. Chancellor Allen-Meares assumes her post in the midst of a state budget crisis that has forced significant university-wide 2008/2009 rescissions and a likely FY 2010 budget reduction. Her reputation for a can-do attitude will serve her well as she takes the helm of a 25,000-student campus with a budget of \$1.65 billion.

Born in Buffalo, N.Y., Allen-Meares earned her B.S. at SUNY Buffalo, MSW ‘71 and Ph.D., ‘75, at UIUC in Social Work and Educational Administration.

Highly regarded as an accomplished scholar, while at the University of Michigan she published three books, ten book chapters and 25 journal articles. She is a member of the Institute of Medicine of the National Academies and a trustee of the New York Academy of Medicine.

She and her husband, Henry Meares (EDD ’82 UIUC, assistant dean for external relations in the school of education at the University of Michigan), have three daughters, also UIUC graduates. The couple will live in the UIC Chancellor’s Residence, a townhouse on historic Jackson Boulevard that was bequeathed by the late Dr. Olga Jonasson, a long time UIC professor and surgeon.

LAWRENCE TO SPEAK ON ILLINOIS STATE GOVERNMENT AND POLITICS AT SPRING MEETING



Mike Lawrence

The UIC-United chapter of SUAA is pleased to announce that Mike Lawrence will be the speaker at its spring meeting, scheduled for April 16. All chapter members will receive further details and information on registration later in the spring.

Lawrence retired as director of the Paul Simon Public Policy Institute at Southern Illinois University in November 2008, having succeeded the late Paul Simon in that position, and teaching classes in the political science and journalism departments. Prior to that time, he was the press secretary and senior policy advisor to Governor Jim Edgar for nearly a decade.

Lawrence joined Edgar’s staff after working as a journalist for 25 years. During his newspaper career, he specialized in Illinois state government and politics. He was managing editor and editorial page editor of the *Quad-City Times* and wrote a political column that was syndicated to more than 40 newspapers in Illinois. Lawrence capped his newspaper career as chief of the state capital bureaus for Lee Enterprises and the *Chicago Sun-Times*.

Since retiring from the Institute, Lawrence has

resumed his column syndication.

He was honored by the Associated Press Editors Association for exemplary service to other journalists and newspapers in Illinois and received the Paul Simon Award for Public Service from the Illinois Campaign for Political Reform. He was honored in 2008 as Illinoisan of The Year by the Illinois News Broadcaster Association.

Lawrence was awarded an honorary Doctor of Laws degree in 1998 from Knox College, his alma mater.

NEW BOARD MEMBER JAMES JONES

At its November meeting, the UIC-United Board of Directors appointed James Jones as a Director-at-Large to fill out an unexpired term on the Board. Jones has been employed at UIC for over 16 years. He started in hospital service and has held the office of Chief Engineer, Heat, Light, and Power for the past seven years. He has been an elected member of the State Universities Civil Service Employees Advisory Committee since 1998, on which he currently serves a third term. We welcome his addition to our ranks.

THE RETIREMENT SCENE

INVESTING AND SPENDING TAX-DEFERRED ACCUMULATIONS



John McCrosky

In light of the recent turmoil in the financial markets, the question of how to invest and spend tax-deferred dollars has become more pressing. To say the least, the financial world has been dealt a severe blow. I cannot predict the future, but there are

basic investment principles that stand the test of time. My intent is to shed light on a few of these.

Investing

The foundations of investing in tax-deferred plans are suitability and risk tolerance. Suitability is defined by whether the funds utilized are appropriate for you based on your age, income and time horizon. Risk tolerance is your ability to handle risk. Funds with higher risk offer the potential for higher returns but they also are more volatile and carry a higher chance of loss.

Thousands of choices confront the investor. The sheer number can be daunting. An employer-sponsored plan might narrow the choices by offering only pre-approved companies and selected funds. Even with this narrowing of choice, many people find it difficult to choose an appropriate mix of funds. As a result, companies have begun offering a fund of funds. These are referred to as life-cycle, freedom, or lifestyle funds. A single fund offers diversification that shifts to a more conservative mixture of asset classes as you near retirement, but the fees for these funds might be higher and in some instances the funds themselves might become too conservative.

In selecting funds, especially stock funds, I prefer indexed or passively-managed funds. The goal of an index fund is to match the performance of a benchmark such as the S&P 500. Passively-managed funds that only try to match the underlying performance of their benchmarks illustrate the old adage that beating the market over time is difficult. Such funds also have lower fees.

Another adage is that “time in the market is more important than timing the market.” The individual who wants to move in and out of the market to “best-time” buying must be correct twice. Such timing is frequently counterproductive. Long-term investors in market funds need to understand dollar cost averaging, a proven method for positive returns. Being a consistent investor in a stock fund means buying more as the market moves down and less as the market moves up. Historically dollar cost averaging has proven successful over time. This does not make the market less volatile. The market is always volatile, and individual risk tolerance and time horizon are key factors in determining how much you should invest in stock funds.

The key to investment returns is portfolio design, the weight you assign to various asset classes such as stocks, fixed, real estate, money markets and guaranteed funds. This allocation is determined by your risk tolerance. Rebalancing your portfolio on an annual basis to match your risk tolerance and time horizon provides a method to control volatility.

Spending

In a previous article I discussed how minimum distribution rules apply to tax-deferred plans. An advantage for SURS members who take a life annuity is the assurance of a lifetime check. This may provide the opportunity to hold tax-deferred investments in abeyance until age 70-1/2. In this scenario the individual is likely to be concerned about preservation of his or her accumulations, and probably will have a conservative portfolio. If you follow the distribution rules, you can stretch your accumulations and pass on assets to your heirs.

As an example of over-conservatism in spending tax deferred accumulations, let's take a SURS member who has elected to participate in the Self-Managed Plan (SMP). SURS currently requires that 100 percent of your SMP accumulation be converted to a life annuity if you wish to continue your health insurance into retirement. When taking a life annuity from deferred accumulations, preservation of principle no longer applies; risk tolerance and portfolio design are the keys.

What about taking a life annuity from TIAA-CREF annuity funds? In general, we are told to lower our investment risk as we get older so as to preserve

accumulations, because our time horizons are shorter and the time for recovery from a down-market might be limited. Life annuities use portfolio design and risk tolerance as the basis for returns.

What is not very well understood is how accumulation units are converted to annuity units. Whether the market is up or down, an individual who converts his or her accumulation units in CREF stock neither gains nor loses annuity units. Although the initial payment is based on the current value of the fund, policy-holders must realize that they are on a continuum of exposure to the performance of the underlying fund. Furthermore, investors should understand that their time horizon, however short it seems, is nonetheless for the rest of their lives.

With a life annuity, you can become too conservative, thinking that you must preserve your principle, with the result that over time, inflation can significantly erode your buying power. SMP members may not understand these facts, and unfortunately SURS has done little to educate them. Therefore, SMP members or anyone considering a life annuity must take the initiative to understand how life annuities operate.

John McCrosky, who worked for both SURS and TIAA-CREF, provides the second in a series of articles to be published on a regular basis in this newsletter. His next column will focus on the impact of SURS benefits on social security payments. He can be reached for questions at jmccrosky@ivnet.com.

FROM THE UIC UNITED HOLIDAY PARTY



Members of UIC United enjoy their annual holiday luncheon in Chicago's Greektown.

PIORKOWSKI PUBLISHES BOOK

Geraldine (Gerry) Piorkowski, UIC United's former membership chair under whose leadership member numbers in the UIC chapter of SUAA increased dramatically, has just published a book with Praeger, *Adult Children of Divorce: Confused Love-Seekers*. The book is intended not only to inform the public generally on this important issue, but to aid adults whose parents were divorced come to terms with how their own romantic relationships have been affected by the trauma of the original experience of parental separation, and how they can map out realistic expectations of overcoming this experience in

the future. The book (\$39.95) is available from www.greenwood.com or 1-800-225-5800.

Gerry served as Clinical Associate Professor of Psychology at UIC where she was also Interim Dean of Students and Director of the Counseling Center. She has been in private practice for forty years, doing both individual and couples therapy. In a previous book, *Too Close for Comfort: Exploring the Risks of Intimacy*, she described the dangers and immaturities that too often mark contemporary romantic intimacy.

As we prepare to go to press in mid-December, the following stories were still in a relatively early stage of development. Because the newsletter does not appear at the frequency required for up-to-date coverage, under the heading of “Breaking News” we will from time to time identify items of interest which UIC-United members may want to follow in the local media as well as SUAA and UIC-United websites.

Hiring Freeze and Cutbacks at U of I. As the recession hits home to affect state and local pocket-books, restrictions on hiring and other expenditures have been announced at all three campuses of the University of Illinois (Urbana-Champaign, Chicago, Springfield). Governor Blagojevich has sought legislative authority to hold back a contingency reserve of as much as 8% in appropriations to state agencies, but the legislature has not yet acted.

The Illinois Board of Higher Education (IBHE) has already asked Illinois’s eleven public universities to set aside 2.5% of their FY09 appropriations in reserve, a total of about \$18 million for the U of I.

In an e-mail to UIC employees in late November, Interim Chancellor Eric Gislason and President Joseph White warned, “We can anticipate a significant rescission this year and a possible budget reduction in FY 2010. Hiring must be limited to essential positions and will require written approval from top-level administrators, while nonessential expenditures for equipment, supplies, and travel must also be delayed.”

Cuts of \$25m. in operational costs over the next several months have already been announced by UIC Medical Center administrators, involving approximately 200 staff positions (mostly through attrition) and saving \$11 million in systems and services.

(Based on reporting by Sony Booth in UICNews).

Restructuring of State Pension Systems? At the beginning of December, State Treasurer Alexi Giannoulias proposed combining state pension investments under one state agency both to cut costs and curtail corruption following a federal probe into lucrative business deals involving investments and political insiders Tony Rezko and

Stuart Levine. Giannoulias estimated the state could save \$50 to \$80 million a year in costs with pension fund consolidation. Individual boards such as SURS would continue working with their present clientele, but investments would be turned over to a new board (or super board) called the Illinois Public Employees’ Retirement System.

Neither SUAA nor SURS had taken any public position with respect to this initiative at the time of this report, but the proposal is encountering a mixed reception among Illinois policy makers. Noting the accompanying requirement of investment experience and continuing education for Board members, Lawrence Miall, president of the Civic Chicago Federation, praised the plan, which would also tighten ethics rules designed to minimize political horsetrading. Similar praise came from William Atwood, executive director of the Illinois State Board of Investment which oversees asset management for lawmakers, judges, and state workers, who called it “good government at its finest expression.”

But Senator Kwame Raoul (D-Chicago), who chairs the Illinois Senate’s pension committee, said he feared that creation of such a board would hinder the ability of smaller firms, such as those headed by women or minorities, to get state business.

(Based on reporting by Monique Garcia, Chicago Tribune, December 1, 2008).

MILLER—THE FUTURE OF SURS

Continued from page 2

have sponsored two membership meetings, at least two brown bag seminars, and a holiday party each year.

We also continue to support the efforts of SUAAAction, the SUAA political action committee. This PAC supports legislators that support our priorities, and it continues to grow. UIC members have supported the efforts of SUAAAction with their contributions, more than meeting our goals each year. As the need for such political action continues to increase, we hope this outstanding support will continue.

I wish you a happy winter season and an early spring.

*Irv Miller, President
UIC United*

UIC-UNITED SEEKS CANDIDATES FOR OFFICER POSITIONS

Elections will be held at UIC United's spring meeting for four vacant positions on the chapter's Board of Directors: President, Second Vice President, Treasurer, and Director at Large. Candidates should be members of the State University Annuitants Association, whether retired or still on the UIC faculty and staff. The terms of office are for two years. Some travel (reimbursed) to statewide meetings may be requested, but is not required. The chapter monitors political activities affecting the health of our pension system, and sponsors social activities for UIC retirees and their families,

Persons interested in serving in one of these positions should feel free to nominate themselves; nominations of other persons should provide evidence that the prospective nominee is willing to be slated. In either case, it would greatly assist the Nominating Committee to have a brief statement of the candidate's interests and experience.

To nominate yourself or another person, please contact the chair of the Nominating Committee, Merrill Gassman (mgassman@uic.edu), or either of the other members, Rose Kirk (rfrankirk@comcast.net) or Lawrence Poston (lsposton@uic.edu).

IF YOU HAVE A STAKE IN ILLINOIS PENSIONS, YOU NEED A STAKE IN UIC UNITED (SUAA)

UIC United (the UIC Chapter of SUAA—The State Universities Annuitants Association) isn't just for retirees. UIC current employees as well as retirees whose retirement benefits depend on payment of earned returns from state and federal programs are especially alert to talk of getting the State budget balanced and paying the government's debts. Threats to pension funding and healthcare issues will not diminish. The State of Illinois is in serious financial debt and university benefits continue to be a target. We urge you to join UIC United (SUAA)

and become part of our collective 14,000 member voice in Springfield. SUAA and SURS work together to advance the benefits to which we contribute throughout our working years.

Join today! Annual membership is \$30. Download a membership application at uic.edu/orgs/suaa/applicat.html. To contact UIC United (SUAA) directly, call Sue Sindelar at 312-996-6188 or e-mail at sindelar@uillinois.edu.

TWO INVITATIONS

UIC-United invites brief newsletter contributions from retirees in the form of a short notice (100 words or less) bringing their colleagues up to date on their activities, whereabouts, and plans. We hope that these updates will form the basis of a continuing information column, on the model of alumni news, that will enable us to stay in better touch.

In addition, the newsletter invites longer contributions (400 words maximum) on the general topic of your attitudes toward retirement. In particular, we are curious to know whether you see retirement as a chance to continue pre-retirement professional interests and activities, or as a chance to start anew with an activity you've always wanted to do but never had time for when

you were a full-time employee. Other topics could include factors that dictated your decision either to stay in the Chicago area or to move elsewhere, advice to those on the verge of retirement, and any other topic germane to the interests of our readers. Depending on the response to this invitation, your story may be run as a free-standing contribution to the newsletter or digested as part of a survey by the editors. Publication, of course, depends on a number of factors and cannot be guaranteed.

Whichever invitation you choose to follow up on, please send your contributions to either of the co-editors, Judy Curry (jcurry@uic.edu) or Lawrence Poston (lsposton@uic.edu). Deadline for the first round of submissions is March 20, 2009.

CHAPTER SPONSORS BASKETBALL EVENT

UIC United held its first group social outing of 2009 at the UIC Pavilion for the UIC Flames-Butler Bulldog basketball game on January 17. UIC and Butler are longtime rivals. Though it was disappointing to see the Flames fall to the 17th-ranked Bulldogs 59-52 after a nine point lead at the half, it was an entertaining afternoon. Forty-three tickets were sold on this first-time foray; maybe next year we can reserve 100!

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