

## SUAA, UIC UNITED AND ADVOCACY



Dick Johnson.

By Dick Johnson  
Illinois SUAA President

I have been active in UIC UNITED for the past several years, and personally it has been a most rewarding experience. Our chapter, with well over 1,600 members, is either the second or third

largest chapter in the State University Annuitants' Association, and we have been arguably SUAA's most active. We have attracted major speakers to campus to discuss important public issues involving our pension system, culminating with a distinguished panel on September 16 that included long-time political and governmental leader Dawn Clark Netsch and Lieutenant Governor Patrick Quinn to provide opposing opinions on whether or not to call a state constitutional convention.

In recent years, SUAA has created a political action committee, SUAAAction, which raises funds through voluntary contributions, allowing it to participate directly in electoral activity that supports SUAA's objectives. I have actively participated in the development of this initiative at the state level and have chaired our local committee. You may remember receiving a letter from me recently asking for your support. I'm pleased to report that over the past three years, none of SUAA's fifty chapters has had more voluntary contributions or raised more money than UIC-UNITED. My experiences in our chapter encouraged me to become actively involved at the state level, and it eventually resulted in my election this year as SUAA's president for a two-year term. So thank you, UIC UNITED!

These are tough times in Illinois. The media remind us daily that enormous unmet state needs in every sector continue to grow, while resources to meet

them diminish. The dysfunction of Illinois government continues unabated. A major aspect of the problem involves our pensions and our health benefits. The unfunded liability of the state's five pension systems, as Irv Miller indicates in this issue, totals some \$42- \$43 billion, a product of the unwillingness of state government to meet fully its contractual funding obligations to the systems over the years. This situation is perhaps the worst in the nation! Fortunately, our pensions have strong constitutional protection under the present Illinois constitution, the primary factor leading SUAA to oppose a constitutional convention that could jeopardize this protection. Health benefits and cost of living increases, however, do not enjoy such protection. All of this potentially bodes ill for all SURS members and their families.

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**"The media remind us daily that enormous unmet state needs in every sector continue to grow, while resources to meet them diminish."**

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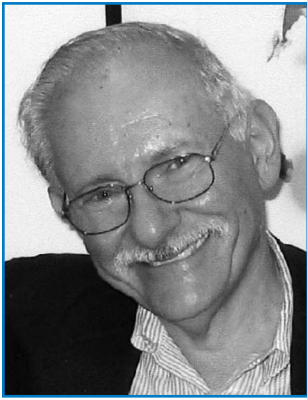
What is the role of SUAA in this troubling, messy state of affairs? SUAA is first and foremost an advocacy organization. Advocacy, I contend, is the central definer of SUAA's identity and mission. Advocacy for what? It goes beyond the funding of our pensions, central though that is. My own mission statement would read: *SUAA advocates for the well-being of all past, present and future faculty, staff, and support personnel of Illinois public universities and community colleges and their survivors.* It's not just a matter of economics – it's everything that enriches our daily lives.

The importance of SUAA's advocacy presence has never been greater. It cannot be confined to SUAA headquarters in Springfield or to the Legislative Committee or even to SUAAAction. SUAA has a statewide reach, with fifty chapters in every corner of Illinois critically important to the realizing of our "well-being." These constituent chapters and their

*Continued on page 3*

## MILLER—THE FUTURE OF SURS

### *A letter from UIC-United's President*



Dear Members of UIC United:

Another academic year has begun and, following the summer solstice, here is my annual report to the membership. Outside my window, the sky is blue and the sun is shining. I know, however, that foul weather is on the way. After all, this is Chicago.

The weather is an apt metaphor for where things stand on the issues important to our members.

The central issue, of course, for our members is the status and future of SURS. On the “blue sky” side of the ledger is the fact that the legislature passed a budget that includes the full amount required to fund the pensions under the 1995 law. On the “foul weather” side is the fact that the Governor has not agreed to the budget and has insisted on further negotiations to reduce its overall size.

It should be noted that, currently, the unfunded liability in SURS is in the neighborhood of \$42 billion, the highest unfunded liability in the country. When I asked SURS Executive Director Dan Slack early this summer about the possibility of this liability being reduced in the near future, he said it is unlikely, as the state is still far from balancing its books.

I cannot advise you on whether to be optimistic or pessimistic. The “glass half full” is that our pensions are constitutionally protected. The “glass half empty” is that there will be an initiative on the ballot this November asking whether or not to hold a Constitutional Convention (ConCon) in 2010. If the initiative passes, the constitutional protection for our pensions might be in jeopardy. On June 17-18, the attendees at the SUAA Annual Meeting in Springfield heard a spirited debate on whether or not to hold a ConCon. The attendees overwhelmingly voted to say no, but it is unclear as to whether or not the voters will agree in November.

Unfortunately, our health benefits are not constitutionally protected. SURS members enjoy a health benefit that few other employees and retirees enjoy, whether from public or from private employment. At the time of this writing, AFSME is negotiating a health benefit package with the State. As it is the lead organization in this negotiation, its success (or lack thereof) will determine our health benefits for the next year.

Currently, they seem to be at an impasse and are considering job actions. Stay tuned.

As you know, SUAA has established a Political Action Committee (PAC), SUAAAction, to work on our behalf. The PAC, currently in its third year, is funded by voluntary contributions. I am proud to report to you that UIC has for the third time exceeded its fundraising goal and, in fact, has raised more money for SUAAAction than has any other chapter in the state. Our members will soon be asked to meet with their state representatives to present them with our concerns. We are compiling issues and talking points, and do not be surprised if you are called to participate. Elsewhere in this issue you will find a story that includes an account of remarks by our lobbyist Dick Lockhart on how contact your legislator.

To strengthen our voices, we are also starting another membership drive. Our current UIC membership stands at about 1,650, about 30% of those eligible to join. Our voice is only as loud as the size of our membership, so the more members we have, the stronger we are. If you know of any member of SURS who is not currently a member of SUAA, please remind that person of our work of his/her behalf and ask him or her to join. An application can be found on our Web site at [www.uic.edu/orgs/suaa](http://www.uic.edu/orgs/suaa).

This next year should be an exciting one for SUAA and for UIC United in particular. At the Annual Meeting in June, Dick Johnson, our UIC United Board member and SUAAAction Chair, was elected President of statewide SUAA. Dick has many plans for strengthening SUAA and its voice in the state and, with our support, hopefully will be successful. Early next fall, we expect to hold a debate forum on ConCon, and you are all invited to attend. We recently held a debate forum on ConCon—a follow-up to the presentation by Dawn Clark Netsch on ConCon at last spring's membership meeting. Both presentations were very well received. The purpose of the debates was to educate attendees on the pros and cons of a ConCon, so they can make an informed choice when they vote in November. The rest of this year's program is reported elsewhere in this newsletter.

Finally, I hope you have a happy fall season and look forward to what will be a very interesting year. I know we are.

*Irv Miller, President  
UIC United*

## SUAA, UIC UNITED AND ADVOCACY

*Continued from page 1*

members have to be energized to participate actively in the advocacy enterprise

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### **“It’s not just a matter of economics.”**

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To become a major advocacy presence in the state, I suggest that SUAA must give urgent and major attention in the following areas:

- **Membership and Chapter Enhancement.** Membership growth is essential to produce more resources to address SUAA’s expanding responsibilities. Chapters must become more relevant to present and potential members. Ultimately, SUAA’s advocacy success will depend on our ability to energize its base at the chapter level.
- **Acceleration of SUAA’s Political Involvement Efforts.** The past few years have already seen increased activity in this area. SUAA has had a well-developed system for identifying legislative goals, but this was taken a step further this year when its first bill was introduced in the General Assembly, a measure to add healthcare coverage to Chicago City College personnel under the College Insurance Plan. But SUAA must do more to encourage its members to interact directly with their legislators. There is no substitute for grassroots involvement at the legislative district level

to increasing political power. In addition, while SUAAAction has raised an impressive amount of money through voluntary contributions, allowing for direct electoral participation and strengthening such contacts with legislators, more funds on a continuing basis are required. To accomplish this, SUAA’s chapter base is key and has to be energized.

In the meantime, we can do more here in Chicago. Good though our record is, less than a third of our members have contributed to SUAAAction to date. If we could just increase that to 50%, we’d be significantly enhancing SUAA’s advocacy role. But again, it’s not just about economics. You can play a major role in these developments by participating in UIC UNITED activities, providing energy, effort, and ideas, and being willing to run for chapter office. I look forward to your joining me in this exciting venture.

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### **“We can do more here in Chicago.”**

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*Richard M. Johnson is Professor Emeritus of Political Science at the University of Illinois at Chicago, where he has twice headed the Department of Political Science and served for eight years as Vice Chancellor for Academic Affairs.*

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## FROM THE UIC UNITED FALL PANEL DISCUSSION



*UIC United Fall Panel Discussion at UIC, “Does Illinois Need a New Constitution? Tuesday, September 16, 2008. Featured participants in the panel discussion from left to right include Lt. Governor Patrick Quinn, Dawn Clark Netsch, Professor Emeritus, NU School of Law (and participant in the last Con-Con), moderator Richard Lockhart, Dean, Springfield Lobbyists, John Fritchey, Representative of the 11th District and Kathryn Nesburg, Chair of the Con-Con Committee, League of Women Voters, IL.*

## REPORT FROM SPRINGFIELD: SUAA'S ANNUAL MEETING

by Larry Poston

Elsewhere in this issue, Irv Miller alludes to the annual meeting several of us –Irv, Dick Johnson, Merrill Gassman, Chuck Stanislao, and I—attended this last June in Springfield. The big news for our chapter is the election of Dick Johnson as president of statewide SUAA. Dick takes on this position committed to a new and more aggressive posture to defend our interests and, as a political scientist, enjoys practicing as well as preaching. We now must give him our full support.

Because of space limitations, I confine my report on this meeting to two subjects especially deserving mention.

### Who Constitutes SURS?

At the meeting, SURS Executive Director Dan Slack provided some facts about us that both we and our legislators need to know.

SURS membership is divided roughly 50/50 between faculty members and staff employees who keep our campuses running. **We are not a faculty-only group.**

The final average (pre-retirement) salary of 2007 retirees was \$43,068; the average monthly retirement benefit was \$2,238, and 78% of SURS retirees are residents in the state of Illinois. This means that the typical SURS member is not a fat cat. It also means that we are contributing to the economy of Illinois, with an estimated \$953m. in checks in 2007. In Slack's formulation, **we are an economic engine in Illinois.**

The state's required contribution to SURS for FY 2009 was \$450m. In the legislative bills then pending, the state was appropriating approximately \$421m. from two sources, leaving a shortfall of more than \$28m. The level of support puts us last among those states with similar programs for their retirees.

SURS has the authority to invest its funds, but the current economic climate saw returns in 2007 fall to 1% after four years of double-digit returns.

### A Constitutional Convention (Con-Con)

Following Slack's presentation, delegates were treated to a lively and contentious debate between proponents and opponents of the upcoming referen-

dum on whether or not Illinois should hold a state constitutional convention in 2010, a proposition that must be put before the electorate every twenty years.

Representatives of the Illinois Business Round Table and the Illinois Federation of Teachers presented the case against, and co-founders of the Illinois Citizens Coalition took a positive view. Proponents of the convention argued that the 1970 Constitution had delivered political control into the hands of the political elite, and that despite our protestations that our own pensions are constitutionally protected, they are in fact not protected from gubernatorial meddling or legislative failure to meet appropriation obligations. They also argued that at present the state lacks the leadership to change the way it operates. It was defeatist to claim that good delegates could not be elected in sufficient number, and state pensioners already have adequate protection under the federal constitution.

Opponents questioned whether a constitutional convention is a magic bullet, or, more likely, an invitation to disaster in the present poisoned political climate. There is, they said, no way to insure that the right delegates get elected, and they pointed out that there are other ways of amending the constitution, e.g. through referenda on specific questions in fall elections. The real problem, which a convention could not address, was an income tax that was simultaneously regressive and ineffective, and a structure that does not allow the budget to grow with the economy. We need not a new piece of paper, but new political actors, and a solution to that is in the hands of the voters.

At the end of the discussion, as Irv Miller points out, an overwhelming majority of those present voted that SUAA should oppose a constitutional convention.

My personal view is that on all these counts a convention is a bad idea. But it also seemed to me, in listening to the debate, that SUAA should rest its opposition on more than just the protection of its members' benefits. Certainly the Illinois constitution is not a perfect document, and there are other issues that need to be addressed. In the months ahead, we will be looking at ways to provide positive proposals for how Illinois needs to rethink its budgetary operations for the benefit of all its citizens.

# THE RETIREMENT SCENE

## ABOUT RMD's

By John McCrosky

What is a required minimum distribution (RMD)? I refer to an RMD as “No thank you, I do not want to start taking income from my investments”. Your first distribution is determined by the year you turn 70 ½, but you do not have to begin the distribution of your tax-deferred investments until April 1st of the year following. Because deferring your first distribution to the following year will result in two distributions, potentially resulting in a higher tax liability, most people opt to take their first distribution in the year they turn 70 ½.

### Deciding on When

Distributions prior to age 70 ½ are permitted and distributions from the tax-deferred accounts are subject to ordinary income tax in the year of receipt. In addition to federal income taxes, a 10% penalty can apply for early withdrawal. Early withdrawal is normally defined as taking place prior to age 59 ½. Exceptions, in addition to death or disability of the participant, include (1) distribution from a public 457(b) at any age (available only at separation from employment), (2) separation from service during or after year the participant reaches age 55 under the current employer's plan, excluding traditional IRAs' (3) unreimbursed medical expenses that exceed 7.5% of the participant's adjusted gross income; (4) payment to someone besides the participant under a qualified domestic relations order (QDRO); (5) if, upon separation from employment at any age, the participant begins annuity income, payable at least annually, based on the life expectancy of the participant or participant and another designated individual.

### Delaying Distribution

If you are still working beyond age 70 ½, you are not required to take distribution from your current employer plan until you retire. This provides an opportunity to roll over funds from previous employer plans to your current employer's plan to delay distribution until retirement. The provisions of the Economic Growth and Tax Reconciliation and Reform Act of 2001 (EGTRRA) provide for dissimilar IRS plans to be combined. For example, if an individual has a 401(k) from a previous employer, now works at UIC and plans to work past 70 ½, he or she could roll over the 401(k) to a UIC 403(b)

plan and defer distribution until retirement if he or she is working beyond 70 ½. The same scenario can be accomplished under a traditional IRA. Before acting, the individual should make sure the receiving plan permits such rollovers, that there are no surrender charges from the plan that is being rolled, and that the receiving employer plan does not have restrictions on accessing investments.

### Grandfathered Accumulations

An additional consideration comes into play with “grandfathered accumulations”. This only applies to 403(b) (1) contracts with insurance companies such as Prudential, TIAA-CREF, and VALIC. An odd provision of RMD provides for the accumulation as of 12/31/86 to be deferred till age 75. This is also referred to as the pre-87 totals. To preserve this grandfathered accumulation, the original employers' contract must be maintained and not rolled over to another plan. If the funds are rolled over, then the grandfathered amount is lost. Your individual circumstances would dictate the pros and cons of losing the grandfathered accumulation.

Another odd provision of a grandfathered accumulation is deferring indefinitely the pre-87 accumulation. If an individual with a grandfathered accumulation were to die before their RMD date, the balance as of 12/31/86 never has to be distributed; only the earnings are subject to distribution rules

### How Funds are Distributed

First, let's clarify a potential misunderstanding about stretching out tax-deferred investments under 401(a), 401(k), 403(b), 408 (traditional IRAs), and public 457(b) plans. You might have been told that you must have a “stretch IRA” to be able to follow RMD rules. All the above mentioned tax-deferred plans are subject to the same rules and do not have to be in an IRA contract. Unfortunately some unsuspecting people are sold “stretch IRAs” by agents who convince them that this is necessary to comply with the law and so placing them in contracts that have high fees and surrender charges.

The exact distribution amount changes from year to year. It is calculated by dividing an account's year-end value by the distribution period determined by the Internal Revenue Service. RMD rules

*Continued on page 6*

## THE RETIREMENT SCENE

*Continued from page 5*

provide for the use of one of three life-expectancy IRS tables. They are the uniform table, the joint life table, and the less one-year table. If you are taking RMD from your own plan, you utilize the uniform table. But if you are taking distribution from your own plan that has your spouse named as 100% primary beneficiary and your spouse is more than 10 years younger than you, then the joint life table is utilized. If you are a non-spouse beneficiary or a surviving spouse who has left funds in the deceased spouse's contract, you must use the less one-year table.

Only a surviving spouse has the ability to roll the funds over to his or her own contract and use his or her own date of birth for RMD utilizing the uniform table. A surviving spouse, however, might have been counseled to leave the funds in the deceased spouse's contract to avoid the 10% penalty for early withdrawal from his or her own contract. Generally when this individual reaches age 59 ½ the surviving spouse rolls the funds to his/her own contract.

The Pension Reform Act of 2006 provides for an Inherited IRA. Under this provision a non-spouse

beneficiary can stretch out his or her distributions. Regardless of age, a non-spouse beneficiary must start distribution by December 31 following the year of death, utilizing the less one-year table. Let's suppose that a surviving child age 45 is the beneficiary of a tax-deferred accumulation. This child cannot roll the funds over to his or her contract to avoid distribution, because the child is a non-spouse beneficiary and must begin distributions based on the less one-year table.

In general, I believe RMD rules are not too complicated. Misunderstandings can be avoided if you consult the company or companies involved as well as your own tax advisor. See IRS Publication 590 for a complete discussion [www.irs.gov/pub/irs-pdf/p590.pdf](http://www.irs.gov/pub/irs-pdf/p590.pdf)

*John McCrosky has over 35 years of experience in retirement planning with a work history at SIU-C, UIC, SURS, and TIAA-CREF. He stresses that he is not a licensed company representative, CPA, or attorney. He is willing to answer individual questions and can be contacted at [jmccrosky@ivnet.com](mailto:jmccrosky@ivnet.com). In the next newsletter he will discuss how to spend and invest tax-deferred investments.*

## EDITORIAL UPDATES AND CORRECTIONS

With this issue, we welcome Judy Curry as our new coeditor, a title which the former editor now shares with her. Judy was a tenured faculty member and UIC administrator for many years prior to her retirement. She served as UIC SUAA board president and as a member of the executive committee of the state board. UIC-United enthusiastically welcomes her talents and interests. If you have any thoughts (pro or con) about the newsletter, or any questions which you think we should address or events you believe we should cover, please contact us: [lsposton@uic.edu](mailto:lsposton@uic.edu), [jcurry@uic.edu](mailto:jcurry@uic.edu).

On a more melancholy note, we have accepted with regret the decision of Associate Editor Trenace Ford, Executive Assistant to the Dean, College of Liberal Arts and Sciences to leave her position on the newsletter. Trenace brought

many talents to her work, but particularly two that are not often found in the same person: she has a keen eye for style and content, but also for layout. We hope to tempt her back in some other capacity in the future.

In the "Corrigenda" category, we erred in our last (March) issue by identifying Frank Tachau as one of those "stepping down" from the Board. As immediate past president, however, Frank remains on the Board for the duration of Irv Miller's presidency. Not only that, but latest word has it that Frank will be in town for our September Board meeting. Given the annual summer legislative miasma in Springfield and other events reported not so happily in this issue, it's good to know that some clouds has a silver lining.

## UPCOMING EVENTS

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**November 4**

### **ELECTION DAY**

At the annual SUAA meeting in Springfield, the overwhelming majority of members voted that SUAA oppose (VOTE "NO") holding a Constitutional Convention.

**November 13**

### **Leading UIC political scientist discusses implications of November 4 election results**

Dick Simpson, Head of UIC's Political Science Department, will give a Brown Bag presentation on Thursday, November 13 at noon, on the east campus, room to be determined.

**December 10**

### **Annual Holiday Party**

One of the highlights of the UIC-United chapter of SUAA is the annual holiday party, and this year is no exception. We're meeting at noon on Wednesday, December 10, at Costa's Restaurant in Greektown, 340 South Halsted Street, Chicago. Cost of the meal is \$18, and there is free valet parking.

RSVP before Friday, December 5, to either, Rose Kirk, rfrankirk@comcast.net or Carol Humble at JHumble368@aol.com, Carol can also be reached by phone at (630) 469-6089.

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## FROM OUR WEBMASTER

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UIC UNITED relies more and more these days on electronic communication to relay time-sensitive information to its members. If you haven't been receiving our emails, please send your email address to **Merrill L. Gassman**, vice president and webmaster, mgassman@uic.edu, and keep him advised if that address changes. And do check the Chapter's Web site at [www.uic.edu/orgs/suaa](http://www.uic.edu/orgs/suaa) for news and important updates. On the Web site at [www.uic.edu/orgs/suaa/links.html](http://www.uic.edu/orgs/suaa/links.html), you will find links to Web sites of interest, including:

- **UIC NEWS**, the weekly newspaper published by the UIC Office of Public Affairs for the UIC community: [www.uicnews.uic.edu](http://www.uicnews.uic.edu). Click on the amber-colored box in the lower-left section of the page to receive weekly UICNEWS headlines by email.

- **SURS**: [www.surs.org](http://www.surs.org)

- **SUAA**, our parent organization in Springfield, reporting on legislative developments there as well as in Washington, DC: [www.suaa.org](http://www.suaa.org)

and a number of government agencies.

If you know of a SURS member or annuitant who might want to join UIC UNITED, tell them to print a membership application from [www.uic.edu/orgs/suaa/applicat.html](http://www.uic.edu/orgs/suaa/applicat.html), send an email to the membership coordinator, Sue Sindelar, [sindel@uillinois.edu](mailto:sindel@uillinois.edu), or leave a message on the Chapter's voicemail at (312) 996-5834. Dues may be paid annually by check or, for annuitants, the most convenient method is by monthly deduction from a SURS benefit check.

**UIC-UNITED**  
**UIC CHAPTER OF SUAA**  
**Officers 2008–2009**

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