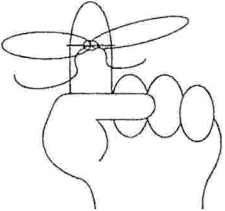


WCRTA

Fall, 2012



Reminder!

October 29th
WCRTA
Meeting, St.
Paul's Catholic
Church
Recreation
Center, Johnston
City at 1:30 pm.

Feb. 1, 2013
WCRTA
Meeting, at
Crab Orchard
Golf Club in
Carterville,
9 am
breakfast
meeting

LETTER FROM THE PRESIDENT

Greetings, I hope you have had a good summer and enjoyed traveling around this great country we live in. But, back to reality and the continued fight for our pensions. The IRTA has started a Legal Defense Fund on behalf of the teachers in order to be prepared to cover court costs for law suits to save the pension benefits. The Legislature is still considering cutting the COLA and possible shifting of cost of funding to the local school districts. IRTA is recommending that each member send in a donation of \$10 or more to IRTA Legal Defense Fund, and mail it to 620 N. Walnut St., Springfield, IL 62702 soon. The director of TRS gave an interview to Chicago Business News, and said that an adjustment to COLA would be what it takes to save our pension system. This adjustment would be contrary to the constitution which says that the Pension benefits cannot be altered. So let's get behind our organization and do all that we can to save our pensions.

A good way to stay in touch with the Legislators is through Voter Voice and receive all the alerts through Voter Voice that are sent out over the email and internet. Simply go to the IRTA website and register for Voter Voice. You will be glad that you did.

Do not miss our next meeting at the Johnston City St. Paul Catholic Church Recreation Center on Monday, Oct. 29th at 1:30 PM. We will have your favorite pie and drink as refreshments. We will have a program that will interest everyone on current happenings from the legislative committee in Springfield.

Dee Ozment, President

Once again we have a problem. TRS Director, Richard Ingram, was interviewed by Crain's and he is quoted as saying that changing the existing COLA may be the only way to save the pension systems. Last spring the TRS Board was very clear that the role of the System and of our director was to supply sound information when asked and not to be an advocate of any solution to the problem and especially not to do so when the specific solution was unconstitutional. Reading the article and especially watching the accompanying video I came to the conclusion that Director Ingram sees the Illinois Constitution as an inconvenience to solving the underfunding problem. Mr, Ingram has gone to where the Board of the System did not want him to go and for the second time. Our next regularly scheduled meeting is in Springfield on October 24. As a single member of the board, I can not say what we will do, but I certainly believe that we have a problem and that we will deal with it.

Bob Lyons

Re: Legislative Update

Fr: Anna Morris

[Very Important: Vote NO in November on Amendment 49. More info below.]

Punt. . . . The much heralded one-day special session of the legislature held in August to fix the “pension crisis” ended without any significant action being taken, as many had predicted. Leaders are now predicting that further action will not take place until January, 2013.

At that time, some, including the governor, predict that enough “lame duck” legislators may be free to make an unpopular vote or, perhaps, cut a deal. Eleven members of the Senate and 14 members of the House aren't seeking re-election. Add to these members who don't get re-elected.

The major issue preventing legislative action seems to be a proposal to revert future teacher pension costs back to local school districts, which many predict will result in higher local property taxes.

A new sense of urgency for “reform” was added recently when the Teachers' Retirement System announced an anticipated reduction in its investment account from 8.5% to 8%, increasing its long-term unfunded liability from 54.8 percent to 57.6 percent. The system presently has \$36 billion in assets. (More info below)

For those who'd like a new read on how pension providers (such as the State of Illinois) often manipulate the system to bilk recipient benefits, check out Retirement Heist. It was written by Ellen E. Schultz, an investigative reporter for the *Wall Street Journal*.

From the IRTA Website:

Vote "NO" on November 6, 2012 to House Joint Resolution Constitutional Amendment 49

This amendment is a proposed addition of Article XIII, Section 5, to the Illinois Constitution, Pension Protection Clause. HJRCA0049 (Amendment #49) is a Constitutional Amendment that will require the Illinois Legislature to approve ANY 'pension benefit increase' by a three-fifths vote. The wording seems to be very ambiguous and open to interpretation, which could lead to considerable litigation if passed. This amendment will not affect your current pension payments. IRTA's position is to vote "NO" on November 6, 2012 on HJRCA0049 (Amendment #49). Encourage your family, friends, and neighbors to vote "NO" for this proposal as well. **Please continue to call, visit, and email your legislators and ask them to protect your pension and not pass this amendment.**

From Cynthia O'Neill, who, along with Bob Lyons, represents retired teachers on the TRS Board of Trustees:

“. . . trustee action at the special board meeting Fri., 9-21. In addition to lowering the assumed rate of return (ARR) from 8.5% to 8%, the board welcomed the two new appointees: Enrique Vasquez and Craig McCrohon—both from Chicago collar county area. The vote was 11-2 to adopt. Our next meeting will be Oct. 26-27. . . . The basic **public** result of the lowering of the ARR is the new cry for more to be done to adjust benefits to fill the increased \$ gap for the state as a result of the new ARR. Lowering the ARR will not change, in any way, the risk budget for TRS investments or how we do business—always very careful about investments and risk.”

The following information comes from Bob Lyons, our TRS Board Trustee:

The Illinois Constitution of 1970 gave public employees and annuitants protection that their pensions would be paid. Article 1, section 16: *No ... law impairing the obligation of contracts ... shall be passed.* And Article 13, section 5: *Membership in any pension or retirement system of the State ... or school district ... shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.* And for those that worry that the Illinois constitution could be changed, amended to reduce or eliminate this protection, there is the following in the United States Constitution: Powers denied to the states Article 1, Section 10, Clause 1: *No State shall ... pass any ... Law impairing the Obligation of Contracts.* The constitutional protection means that our pensions must be paid and the State is obligated to pay what our contract called for, **but what those protections do not guarantee is that the State will fund the pension systems. Our pensions must be paid, but it is up to the State to decide what they will annually put into the pension funds.**

Some Basic TRS Facts for FY 2013

Total September payout: \$403,174,541.45

Retired: 95,659

Survivor: 9,563

Disabled: 324

Total 105,546

Class of 2012 retired 4,250 done 162 soon to be done, and 453 in the queue, waiting for payments, information, or maybe they are going to wait to retire

TRS Net Operating Cash Flow Projections for FY 2013

Contributions

State of Illinois	\$2,702,277,829
Active teachers	967,910,390
School districts	133,102,941
Federal	83,575,603
Total contributions	\$3,886,866,763
Benefits & Expenses	(\$4,969,794,354)
Net Operating Cash Flow	(\$1,082,927,591)

State's Certified Contributions to the five state systems for FY 2013

System	Amount	% of total
TRS	\$2,702,277,000	46%
ERS	1,659,576,000	28%
URS	1,402,800,000	24%
RS	88,210,000	2%
PARS	<u>14,150,000</u>	0%
	\$5,867,013,000	

TRS Total Fund \$36.3 Billion

Investment Performance* as of June 30, 2012

	TRS	Benchmark	Variance
Quarter	-1.3%	-1.7%	+0.4%
1 Year	-1.7%	2.5%	-0.8%
3 Year	12.7%**	11.3%	+1.4%
5 Year	1.2%	1.5%	-0.3%
10 Year	6.9%	6.6%	+0.3%

* All returns are preliminary and gross of fees

** multiple year results are annualized

Williamson County Retired Teachers Association
General Meeting -- August 8, 2012. 1:30 P.M.
Held at Western Sizzlin Restaurant, Marion, IL.

Following lunch, President Dee Ozment, called the meeting to order and welcomed all present, about 55 members, with 9 newly retired teachers being here for their first meeting. All present were encouraged to join and sign up for notices, with the Newsletter in the PDF format.

The Treasurer's report shows a balance of \$4337.99. Report was moved, seconded, and approved. Minutes of Retirees' meeting, moved, seconded and approved with the correct spelling of John and Judi Harlands last name. Steve Maxwell, Membership Chair, is working on a web site with weebly.com. to help reduce expenses from the Franklin-Williamson Regional Office of Education.

Matt Donkin, Regional Superintendent of Schools spoke on issues his office deals with, such as: certifying and licensing teachers. Also there will be a re-organization on July 1, 2015. Currently there are 44 regional offices, with about 35 in the future.

Representative John Bradley joined our meeting. (He was on his way to Carbondale Hospital to see his dad who was having a heart procedure.) (The Congressman also mentioned that both of his parents are retired teachers.) He stated there is "Nothing for sure" regarding the pension system. There could be action taken in Springfield on August 17. Bradley said he would look at it, listen to people, then try to make a responsible vote that is sustainable. Nothing has been decided. Gov. Quinn does not have a plan. Madigan has not made a decision either. Everything is up in the air. He stressed that until he understands what the plan is, he will not act on it. There will be reform at some point, but we don't know what the pieces are.

He continued saying not sure if there will be a vote on the 17th. Quinn called this special session, but he has no plan. There will be reform -- just not sure what the pieces are. There are ways of reform that are constitutional. There is no bill." Bradley's phone number is 618-997-9697. He said for us to call his office with specifics. Let him know -- be specific - what are the pieces we are against. Bradley left the meeting, heading to Carbondale.

Anna Morris, Legislative, encouraged everyone to Google the Governor.

Bob Campbell introduced Bill Funkhauser, Region 6 Representative on the IRTA Board. Mr. Funkhauser gave interesting information and statistics. If a teacher wants to reinstate their certificate, the lapsed certificate deadline is September 1, 2012; the average annual Illinois Teacher Pension is \$46,500; the average Williamson County teacher pension is \$37,417; that average is well below the state average; there are 735 retired teachers in Williamson County; average age of retired teachers in Williamson County is 70.

Mr. Funkhauser continued: Quinn has called for reform of Medicaid and pension system; Madigan wants to shift normal cost of pension from the state to the school district.

Continuing, if IRTA has to go to Court, there will be an establishment of legal defense fund. Asking for each person to contribute \$10 towards this fund. As of now there is a balance of \$18,000 in this fund. (Many people present gave Bill a donation of \$10.00.

VOTER VOICE is used by IRTA to notify members of informal notices or action notices.

Anna urged those present to contact representatives this next week. For health insurance, if anyone has Medicare, it is a simple choice. If anyone does not have Medicare, it is more complicated.

Mr. Campbell handed out "Dirty Dozen" Facts About Our Retirement System. This is adapted from information shared by TRS Trustee Cynthia O'Neill. At the bottom of the handout, there are ways to help.

Mr. Ozment encouraged all to do something. "We make a difference. Our voice counts."

President Ozment thanked all for coming. He gave a closing prayer and mentioned Ed Bradley (John's dad).

The next meeting will be held at St. Paul's Parish Center in Johnston City on October 29, 2012. The meeting adjourned at 2:50 P.M.

WILLIAMSON COUNTY RETIRED TEACHERS ASSOCIATION
TREASURER'S REPORT

DATE: 9/24/2012

BEGINNING BALANCE: 7/1/2012 \$3,227.99

INCOME:

DUES: \$65.00
MISC \$0.00
MEETING EXPENSE REIMB \$0.00
OVERPAYMENT OF DUES \$0.00

TOTAL INCOME: \$65.00

EXPENSES:

ANNUAL DUES: \$0.00
LIFE \$0.00
DUES
DUES REIMBURSEMENT \$0.00
ANNUAL CONFERENCE \$0.00
DINNER FOR RETIREES \$0.00
IRTA CONVENTION \$0.00
MEMORIALS \$30.00
MEETING EXPENSE \$0.00

TOTAL EXPENSES: \$30.00

ENDING BALANCE: 9/24/2012 \$3,262.99

TOM OATES, TREASURER

Let's Review

Government starts a pension fund. They set up the rules. How many years to earn a full pension, how much workers will contribute, what percentage of income is the pension, is it fixed, or will it grow, and by how much. They hire an actuary. Actuary considers all of the numbers. How many years people will work, estimates what they will make, and how many years they will live once they are retired. From these assumptions, the actuary will tell the government what they can estimate will be the total pension liability and then determine what the government will need to contribute.

Since money is going into the pension fund for years before anyone is going to retire, the money can all be put into investments. A board is set up to run the fund, usually a mix of people representing both the government and the workers. If the fund is large enough a staff is hired and possibly investment consultants are employed. The money does not sit there; it is invested. As the fund grows, the contributions from the workers and government may change based on how the investments have done or to improve the benefits.

As workers begin to retire, the money is not only there for their retirement, but, hopefully, the funds can be paid out of the profits, interest, and income that the investments generate each year. New workers contribute and the government only needs to put in enough each year to make up for any dips in investments. Ideally it is a perpetual money making machine.

The above may be simplified, but it is not fantasy. There are throughout the United States government pension funds that worked exactly as described and were 100% funded or even above 100%. I say, "were" because even the best of them were knocked down to maybe the mid-80% in the credit-crunch of the Great Recession. If pension funds can work so well, what went wrong in Illinois? You know how people want to be liked; well, politicians really want to be liked, and politicians that spend money on people, especially if they do it without raising taxes are going to be liked most of all. And that is what happened in Illinois.

Illinois governors and legislators never took money out of the pension funds; they just did not put enough into the funds. There are five state funds: Teachers' Retirement System, State University Employees, State Employees, Judges, and the General Assembly. Illinois "saved" over \$15 billion on TRS alone and more than \$30 billion on the combined funds. The money that didn't go into the pensions went instead on everything else the State spends money on. We were the State's credit card. And the bill has come due. And, yes, they want us to pay it.

The Illinois Constitution of 1970 gave public employees and annuitants protection that their pensions would be paid. Article 1, section 16: *No ... law impairing the obligation of contracts ... shall be passed.* And Article 13, section 5: *Membership in any pension or retirement system of the State ... or school district ... shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.* And for those that worry that the Illinois constitution could be changed, amended to reduce or eliminate this protection, there is the following in the United States Constitution: Powers denied to the States Article 1, Section 10, Clause 1: *No State shall ... pass any ... Law impairing the Obligation of Contracts.* The constitutional protection means that our pensions must be paid and the State is obligated to pay what our contract called for, but what those protections do not guarantee is that the State will fund the pension systems. Our pensions must be paid, but it is up to the State to decide what they will annually put into the pension funds.

The State of Illinois determines how much they will put into the pension funds based on the laws that they have passed. Currently following those laws they will not put in enough money to actually increase the funded status of the pension funds until 2029. While those numbers very well may change passed on the laws governing funding, so far the one constant is that in no year has the State of Illinois ever contributed enough money combined with the contributions of employers and active public employees to pay for the benefits earned, let alone any extra to increase the funded status. Money must be taken out of investments to make up the difference. Specifically here are the numbers for the Illinois Teachers' Retirement System for 2012, this past fiscal year:

Contributions in billions

State	\$2.406
Active teachers	0.920
School districts	0.080
Federal	<u>0.067</u>
total contributions	3.473
benefits & expenses	(\$4.632)
net operation cash flow	(\$1.159)

We started FY 2012 with \$37,471,267,194. In order to make up for the negative cash flow we were required to make at least 3% on our investments just to break even.

Bob Lyons
Elected TRS Annuitant Trustee

LONG TERM CARE INSURANCE

WHAT IS LONG TERM CARE?

SOMEONE WITH A PROLONGED PHYSICAL ILLNESS; A DISABILITY, OR A COGNITIVE IMPAIRMENT (SUCH AS ALZHEIMER'S DISEASE) OFTEN NEEDS LONG-TERM CARE. MANY DIFFERENT SERVICES HELP PEOPLE WITH CHRONIC CONDITIONS OVERCOME LIMITATIONS THAT KEEP THEM FROM BEING INDEPENDENT. LONG -TERM CARE IS DIFFERENT FROM TRADITIONAL MEDICAL CARE. LONG-TERM CARE HELPS ONE LIVE AS HE OR SHE IS NOW. IT MAY NOT HELP TO IMPROVE OR CORRECT MEDICAL PROBLEMS. LONGTERM CARE SERVICES MAY INCLUDE HELP WITH ACTIVITIES OF DAILY LIVING, HOME HEALTH CARE, RESPITE CARE, HOSPICE CARE, ADULT DAY CARE, CARE IN A NURSING HOME, AND CARE IN AN ASSISTED LIVING FACILITY. LONG-TERM CARE MAY ALSO INCLUDE CARE MANAGEMENT SERVICES, WHICH WILL EVALUATE YOUR NEEDS AND COORDINATE AND MONITOR THE DELIVERY OF LONG-TERM CARE SERVICES.

IS LONG-TERM CARE INSURANCE RIGHT FOR YOU?

You should CONSIDER buying LONG-TERM INSURANCE if:

- A) You have significant assets and income and you want to protect some of it
- B) You can pay premiums, including possible premium increases without financial difficulty
- C) You want to stay independent of the support of others
- D) You want to have the flexibility of choosing care in the setting you would prefer

IF LONG-TERM CARE INSURANCE SEEMS RIGHT FOR YOU, CALL JEANNE COFFEY AT 1-800-258-7041 EXT 332 FOR A SHOPPER'S GUIDE TO LONG-TERM CARE INSURANCE.

MARY LOU GANDER SERVICES/BENEFITS

Fall 2012 WCRRTA Newsletter

Overall membership totals remain steady. Several members have updated their email addresses or phone numbers etc. during the prior 3 months. The big news is that the WCRTA's website is up and running. The website can be viewed on the Illinois Retired Teacher's Association website at: <http://www.irtaonline.org/86.aspx> or at <http://www.irtaonline.org/LocalUnits.aspx> . The WCRTA website can also be accessed directly by going to <http://williamsoncountyrta.weebly.com> . Members now have the ability to read the WCRTA newsletter online as well as opt-in for a digital version of the newsletter. Your newsletter will continue to be sent to you unless you opt in and want it send as an insert in an email. You can also view the Board of Director's meeting minutes, etc. The website also has an opt-in feature for meeting notices. If you want meeting notices sent to your email addresses you must opt-in. Another feature on the website is the photos page located in the Misc tab. Member Don Kragness has photos posted taken on a recent vacation to Alaska. If you would like your photos posted send them to Steve Maxwell @ emax_1@mchsi.com with a word of explanation, etc.. We hope you enjoy your new WCRTA's website. Suggestions, corrections, etc are always welcomed.

Steve Maxwell
Membership Chairperson
WCRTA

2012 WCRTA DUES (01/01/2012 – 12/31/2012)

If there is NO RED "X" by your name on the mailing label of this Newsletter, you have paid your 2012 local dues. THANKS!!

If a RED "X" appears next to your name on the mailing label, you have not paid your 2012 local dues. Please mail the completed personal information form provided below and a check for \$5.00 to : **Tom Oates, Treasurer, 1600 Matthew Lane, Marion, IL 62959**. If questions: call Tom Oates at 618-997-4880. To pay State Dues, complete the IRTA Membership Form and the Personal Information Form.

IRTA STATE & LOCAL UNIT MEMBERSHIP FORM

620 NORTH WALNUT STREET, SPRINGFIELD, IL 62702 ... 1-800-728-4782

Email: irta@irtaonline.org --- web: www.irtaonline.org

STATE DUES

- Dues Deduct - \$24/year (Complete the Authorization for Dues Deduct Section below.)
- Annual - \$35
- 5 Years - \$150
- Life - \$400
- Membership Free for the Calendar Year of Retirement

STATE ASSOCIATE DUES (non certified)

- Annual - \$25
- Life - \$125

LOCAL UNIT DUES (WCRTA)

- Annual - \$5

Authorization for Dues Deduct (STATE DUES) – Signature and Social Security # Required --
I hereby authorize the Teachers' Retirement System to deduct my IRTA dues in monthly installments at an initial rate of \$2.00/mo. or as subsequently established by the Delegate Assembly.

_____ Signature required for Dues Deduct.

_____ Social Security # required for Dues Deduct

PLEASE PRINT –PERSONAL INFORMATION FORM

Last Name: _____ First: _____ MI: _____

Address: _____ City: _____ State: _____ Zip Code: _____

Phone: _____ Email: _____

DOB: _____ District Retired From: _____ YR Retired: _____