

# SUAA



# HISTORY

*Serving retirees, spouses and survivors from the public  
Universities and Community Colleges of Illinois*

# **A BRIEF HISTORY OF** **THE STATE UNIVERSITIES ANNUITIES ASSOCIATION** **1971-1996**

## **INTRODUCTION**

As the State Universities Annuitants Association approaches its twenty-fifth anniversary, it is appropriate to look back to remember and honor the men and women whose perception and foresight led to the formation of the Association and to recognize some of the achievements of those leaders. It is also appropriate to acknowledge those of the more recent past who have served their chapters and the Association in exceptional ways.

As part of the Association's twentieth anniversary, a committee chaired by Robert Crane, then Executive Director of SUAA, and composed of Francis Brown, ISU; Betty Franke, UIC; Frances Johnson, UIUC; Dorothe McAndrews, UIUC; and other members of the History Task Force, in consultation with Past Presidents Mildred Finney, UIC, and William Ziegel, EIU, developed the document titled "SUAA Through the Years 1971-1991". That 1991 publication reviewed the initiation, development, and activities of the Association during its first twenty years.

This document briefly summarizes the 1971-1991 history and reports the directions taken by the Association since 1991. It is a preliminary step to the revision and expansion of SUAA's documented history. The content in this report is drawn from the 1991 document and from other historical records of the Association.

BEFORE THE ASSOCIATION BEGAN

The University Retirement System of Illinois was created in 1941 "to provide for . . . a Retirement System for the benefit of the staff members and employees of the University of Illinois and of certain other State educational and scientific agencies". A redefinition in 1961 changed "University of Illinois" to "state universities" and the System name was changed to State Universities Retirement System (SURS) in 1963.

In the beginning, employees were required to pay 3.5% of salary into the System; employers, 7.5%. These contributions provided state employees with contractual rights to retirement benefits. A portion of these benefits is derived from the invested income; the balance must come from the employer (State of Illinois) in the form of grants, contracts and State appropriations.

Before passage of the creating bill, an amendment reduced the State's obligation to the amount of "payout" (the yearly cost of annuity payments). By 1967, the State had never met even the reduced level of liability. The unfunded actuarial liability had reached 143.7 million dollars. The law was changed setting state appropriations at not less than the amount necessary to fully fund pension costs plus interest on the unfunded liability. Again, the State reneged. Although the State had failed to meet its obligation, the SURS Board of Trustees had managed the available funds well and annuities had been paid as promised.

By 1969, retirement benefits had remained at original levels but employee contributions had increased from 3.5% of salary to 8% while the economy had risen appreciably.

The idea for an Annuitants Association of the State Universities Retirement System of Illinois (AASURSI) was really planted in 1967 by one person when David Lindstrom, then of the Department of Agricultural Economics at the University of Illinois (U. of I.), learned that there was potential for state action to increase annuities of SURS retirees. A special meeting was called with Lindstrom; Rubin Cohn, Professor of Law, U. of I.; Royal Stipes, President of SURS and President of the Board of Governors; Edward Gibala, Executive Secretary of SURS, and several representatives from the active staff and retirees of the U. of I.

The meeting had two purposes: 1) to hear a report from Rubin Cohn that the SURS' Board had reversed its position that retirement benefits were a contract at retirement and could not be increased, and that a 1.5% increase was being considered, and 2) to discuss the formation of an "emeritus" association, an idea strongly endorsed by participants and retirees of SURS.

*retirees only*

At that meeting on April 8, 1969, Edward Gibala introduced a proposal for a 1.5% increase in annuities. Senate Bill 923, was subsequently approved by the legislature and became law thereby establishing the first statutory annual increase in State Pensions of one and one-half percent (1.5%) for **annuitants only**. This first successful legislative effort on behalf of annuitants was dubbed by Charles Stewart (U. of I.), "a Northwest Passage, opening a route to improved benefits". Credit for this focus on the improvement of annuitant benefits is shared among Lindstrom, Stewart, Cohn, Gibala, Stipes and members of the American Association of University Professors at the University of Illinois.

On April 1, 1970, the University of Illinois, Urbana-Champaign Chapter of Annuitants of the State Universities Retirement System (UIUC) was formed, the first of the now twenty-five local associations. One of the most important accomplishments of the Urbana Chapter was working for the inclusion in the 1970 revision of the Illinois Constitution of an article protecting all state pension systems:

Membership in any pension or retirement system of the State . . . shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired. (Constitution of the State of Illinois, Article XIII, Section 5. Pension and Retirement Rights)

Such a vested pension rights provision had been a goal vigorously sought by Ed Gibala and SURS, and the Urbana SUAA Chapter.

### **FORMATION OF THE ASSOCIATION**

An interim committee from the UIUC Chapter contacted officials at each of the ten public universities asking their help and, on September 20, 1971, twenty-five representatives of nine of the ten state universities met to formulate a state group. David Lindstrom was elected President; William Zeigel (EIU), Vice President; and Dorothy King (ISU), Secretary-Treasurer. Agreement was reached that annuitants should be represented on the SURS Board of Trustees and the University Retirement Advisory Board. It was also agreed that each campus would be assessed \$100 to fund the new organization and that a quarterly bulletin would be published. The University of Illinois Medical School Chapter (UIMS) had been formed on September 21 and all other State universities were urged to form chapters to coordinate expressions of needs of retirees (later termed "annuitants" indicating retirees and survivors who receive SURS annuity checks) and to work closely with the retirement system on lobbying efforts and benefit improvements.

One week later the third chapter of annuitants was formed by Eastern Illinois University (EIU, 9/27/71) and additional chapters were formed at Western Illinois University (WIU, Sept.), Illinois State University (ISU, 10/14/71), Northern Illinois University (NIU, 11/2/71), Southern Illinois University at Carbondale (SIUC, 11/12/71), and University of Illinois at Chicago Circle (UIUCC, 12/10/71) bringing the total to eight. The Annuitants Association of the Universities Retirement System of Illinois (AASURSI) was convened on November 17, 1971. Stated goals included organize chapters to cover the entire state, open communication channels with legislators at the district level, and solicit financial assistance from members and friends for operational purposes.

### **ACTIVITIES OF THE EARLY ASSOCIATION**

By the time AASURSI was organized, the percentage of State funding had fallen farther behind and the system was receiving less than the interest on the statutorily required amount of payment. Other concerns included survivors' benefits, benefits for "retirees of some years", amount and calculation of retirees' annuities, and State income tax on pensions. The annuitants decided to place the funding issue as a first priority.

Committees were appointed to investigate needs and initiate activities in the areas of legislation, insurance, funding, and communications, and make suggestions to the State Executive Committee about additional activities.

In 1971, the Pension Laws Commission reported the serious effects of inflation on fixed retirement incomes and the annual increase was raised from 1.5% to 2%. Also, survivors' benefits were improved: annuities raised from 30% to 50% of the base pension; benefits to begin at age 50, not 55; and remarriage after age 55 would not affect benefits.

The First Annual Assembly of the Association met at Allerton House, U. of I. Conference Center, on October 19 and 20, 1972. Nine universities and the U. of I. AFL-CIO were present. Lack of representation from junior colleges was noted and it was decided that the Junior College Association would be contacted to determine how to handle junior college participation and membership.

Ray Gregg (EIU) was nominated to represent AASURSI on the SURS Board and, later, was named to the SURS Advisory Council. Each of four committees reported on its first year activities and made recommendations for the future.

G. Bradford Barber (ISU), chair of the LEGISLATIVE COMMITTEE, reported that they had actively communicated with legislators and attended hearings urging passage of supplemental appropriations for retirement funding (failed), exemption of pensions from State income tax (passed), and real estate tax relief (passed). In cooperation with the Insurance Committee, they had supported passage of HB 4301 (INSURANCE report, below). Two sub-committees were formed, "VIP" Communications and an Informal Legislative Council, and a Task Force was named to prepare long and short term goals.

Members of the INFORMAL LEGISLATIVE COUNCIL represented AASURSI, Illinois State Employees Association, Teachers Retirement System, Illinois Retired Teachers Association, Retired Teachers of Chicago, Peoria Retired Association, AFL-CIO, AARP-NRTA, and the State Council of Senior Citizens Organization. Their purpose was to serve as a clearing house for the exchange of ideas, dissemination of information and communication between various groups and citizens of the state, exercise united and coordinated efforts to strengthen and improve all systems, and make constructive adjustments in retirement programs. It can be concluded from Ray Hanson's report of the meeting that this group was the forerunner of the Illinois Retirees Legislative Advisory Council (IRLAC).

The first focus of the INSURANCE COMMITTEE, Charles Sanford (UIUC), chair, was to propose modifications to the first state-wide insurance program which would take effect in 1972 for those who retired in or after 1966. After extensive research of costs, HB 4301 was drafted proposing inclusion of pre-1966 retirees but did not include life insurance or dental costs for this group. HB 4301 became law. Further recommendations by the Committee included ASSURSI's involvement in planning campus insurance counseling, surveying insurance needs, developing an insurance manual, investigating nursing home policies, and supporting legislation related to insurance.

The TASK FORCE ON FUNDING/VIP COMMITTEE (chair not identified) had designed a communication system to support the Legislative program, and prepared letters to legislators, educational boards, chapter, university presidents, and other state officials.

Growth of the Association continued with the formation of a chapter at Southern Illinois University, Edwardsville (SIUE) on June 4, 1973. The Illinois Community College Chapter (ICC) was formed September 12, 1973 and represented all state junior colleges.

## **LEGISLATIVE ACTIVITIES**

In the years 1972 to 1975, most legislative efforts were thwarted. A series of cost-of-living studies by then President William Ziegel (EIU) were presented to the State, the SURS Advisory Committee, the Illinois Pension Laws Commission, and legislative committees. The Pension Laws Commission recognized the problem but would not support the proposal for 3% annual increase. Succeeding Presidents C.W. Sanford (UIUC), Ernie Hanson (NIU), and Brad Barber (ISU) continued the battle for the cost-of-living increase, extension of the 2% to survivors, and an increase in the minimum benefit for both retirees and survivors. By that time, inflation had reached a level which placed a cost-of-living increase out of reach. The minimum benefit increase for retirees was approved but all other benefit improvements were deferred. More funding and annuity increase bills were introduced:

- 1972 A one-time "catch-up" payment of \$217 million (failed)
- 1973 \$24 million to begin amortization (passed, vetoed)
- 1974 Amortization over a 15-20 year period (passed, vetoed)
- 1975 Increase in the annual raise from 2% to 3% (failed)
- 1975 Increase survivors' minimum \$50 to \$300/\$500 (passed)

In 1973, a lawsuit against the State for failure to comply with the 1967 law was not contested by the State but, on appeal, the Cook County Circuit Court ruled against the suit stating that no benefits had been lost. The State Supreme Court concurred.

The odds were high against success in funding and benefit improvements. SURS postulated that retirement benefits were salary related, therefore, a problem for university administrators. University administrators, forced to choose between funding salaries or retirement, chose salaries. Active staff and faculty were non-responsive to concerns about retirement benefits. Further, the System's reserves would last until the late 1900's, therefore, additional loss of funding would not affect annuitants. Such arguments notwithstanding, in 1975, annuitants decided to continue with the funding issue as a top priority because to assist their colleagues was the professional thing to do.

Funding continued at below statutorily required levels. By 1976, the unfunded liability had reached \$587 million.

Under President Marcy Bodine's (WIU) leadership, a new constitution was adopted in 1976 and the organization became the State Universities Annuitants Association (SUAA). Understanding that retirement and survivor benefits are not granted but legislated and that benefit advocacy must take the form of legislative lobbying, ASSURSI President Marcy Bodine (WIU) declared the primary focus for the State Association in 1977-78 should be to initiate and expedite legislation.

Through the '70s and into the '80s legislation continued to be introduced to improve funding; some failed, some passed and were vetoed, some became law and then funds were inadequately appropriated. The unfunded liability grew to \$800 million in 1977.

Membership dues were raised from \$1 to \$2 in 1977 and President Charles Clayton (SIUC) appointed a committee to investigate the possibility of establishing an office in Springfield. G. Bradford Barber (ISU), who had served as Association President in 1975-76 and who chaired the Research Committee, was named the first Executive Director in 1979 and worked from an office provided by Illinois State University. The 2% annual increase for retirees finally was raised to 3%. The unfunded liability reached \$879 million in 1980.

Legislation in 1981 called for investments of retirement funds in risky social projects. Opposition resulted in a law requiring the Pension System to practice the Prudent Person Rule by administering the affairs of the pension system for the sole benefit of the participants and their beneficiaries.

In 1981 and 1982, survivors received an ad hoc increase of \$1 per year of service and minimums were raised to \$400/\$600. Retirees received a 1% ad hoc increase for each year elapsed since retirement.

Underfunding of the Retirement System continued. Legislation stalled.

The Association expanded to twelve chapters by the addition of Chicago State University (CSU, 4/17/83) and the combined Sangamon State University and Lincoln Land College (SSU/LL, 1984). Twelve became eleven in June, 1986, when U. of I., Chicago Circle and U. of I. Medical School merged into University of Illinois, Chicago (UIC). The next year Sangamon State and Lincoln Land (SSU/LL) changed names to Springfield Area Chapter (SAC). Northeastern Illinois University (NEIU, 1983) and Illinois Eastern Colleges (IEC, 1988) increased the total to thirteen.



High  
Significant changes in the organization of the Association began in the mid-80s. Brad Barber resigned as SUAA Executive Director and Chairman of IRLAC in 1986. President Francis Brown (ISU) became chairman of IRLAC. Brown recruited Robert M. Crane, a recent retiree from Sangamon State University (now University of Illinois at Springfield) to serve as the second, volunteer, part-time Executive Director. His office was provided by Sangamon State University. With the approval of the Board of Directors, Brown and Crane rented office space from the Illinois Retired Teachers Association in the Fall of 1987 and Christine Rothrock was hired as a part-time secretary. Brown initiated two-year terms for Association officers, affording greater continuity in leadership; expanded the Executive Committee to include the Past President, President, President Elect, Treasurer and Executive Director; and, with the help of Crane and President Elect David Wiant, promoted chapter development by visiting community college campuses. Membership dues was increased to \$4 per year. Those changes strengthened the Association and introduced a new level of professionalism on which to build the future.

High  
By the 1980s, several community colleges had retirees in sufficient numbers to form chapters and Brown and Crane fostered that development. Community college retirees soon learned that many colleges provided little or no health care insurance for retirees or that such insurance was withdrawn after a few years of retirement. The matter became one of concern for the Association.

Governor's State University (GSU, 7/21/89) became the fourteenth chapter. President David Wiant (ISU) proposed the formation of an SUAA Foundation and he, Brown, and Crane laid the groundwork for its formation. Wiant conducted a productive orientation meeting for newly elected chapter Presidents and Treasurers, a practice which has continued. In 1989, SB 95 prescribed a 40-year payment plan to reimburse the unfunded liability (over \$2 billion) and restore the fiscal integrity of the retirement system. It also extended the 3% annual increase to survivors and compounded the 3% for both survivors and retirees. SB 95 passed and was signed into law but success was short-lived. The 3% for survivors and compounding of the 3% increase were honored by SURS but the State did not appropriate full funding to begin amortization of the unfunded liability. After one year in office, President Wiant resigned and accepted the position of Legislative Liaison for SURS.

High  
President-Elect Patricia Canon (NIU) assumed the Presidency following Wiant's resignation. She welcomed chapters fifteen, Elgin Community College (ECC, 6/13/90) and sixteen, College of DuPage (COD, 3/12/92). Canon learned that a State grant, fashioned to assist community college retirees with health insurance expenses, was not being fully utilized and successfully

campaigned campus administrators to disperse the funds more effectively.

A legal fund had been initiated in the 1970s to honor Professor J. Nelson Young of the College of Law, U. of I. Young had served as a member of the University Retirement System Advisory Committee and as a legal consultant to the UIUC Chapter. The fund was used to pay for accrued legal costs in clarifying taxing practices on the SURS annuities. Unfortunately, the court ruled against the petitioning annuitants. The remaining funds were designated to pay for future legal activities. Joe Florio, Past President of SUAA, and the University of Illinois chapter together were instrumental in placing these funds in the newly formed SUAA Foundation with the provision that they continue to be used for funding appropriate legal activities under the stated purpose of the J. Nelson Young Legal Fund.

The Central Office was relocated near the Capitol in space shared with the SURS legislative liaison. The proximity of SUAA's Executive Director and SURS' legislative staff provided opportunities for frequent consultation and some joint activity in matters of common concern. SURS generously shared its office equipment and permitted SUAA access to computer services for membership and mailing purposes. Patricia and Charles Canon represented SUAA at the celebration of SURS' fiftieth anniversary.

The Board of Directors approved a dues increase from \$8 to \$10 and reduced their scheduled meetings from four to three per year. On a trial basis, all three would be held in the central part of the state to facilitate travel for members and reduce travel costs, a plan which has been continued through June, 1996. SUAA celebrated its twentieth anniversary in 1991, in conjunction with its Annual Assembly.

SUAA focused on insurance issues in 1992-93. President Ken Ramers (SIUE) researched several policies including long-term care but his efforts were fruitless. Membership recruitment was restricted when SURS withdrew the privilege of mailing lists based on a legal opinion regarding the right to privacy. Efforts by SUAA to reverse this decision were unsuccessful. The Presidents and Treasurers Workshop, initiated by Wiant and continued by Canon, focused on financial responsibilities under the guidance of the new State Treasurer, Jo Goodman (SAC). Ramers chartered Belleville College Chapter (BAC, 6/20/93) as he resigned his presidency after one year of service.

As Edna Johnston (ISU) assumed the presidency in 1993, the first item of business was relocation of the Central Office from the quarters shared with SURS. Although the

Association was not fiscally prepared to support an independent office at that time, careful management and conservative operation made it possible to move and purchase essential office equipment. Association funds had been strained severely by the relocation and a dues increase to \$15 was approved to take effect July, 1995.

A new funding bill, SB 533, established a 50-year schedule for increasing payments to the retirement system and continuing payments until the unfunded liability is erased. It also provided for continuing appropriation of the state payments. SUAA and its chapters actively supported the bill with a letter/telephone campaign and, in August, 1994, it was signed into law.

Bob Crane took his second retirement when he resigned as Executive Director in December, 1994, after nine years of devoted service to the Association. Bob had brought a sense of family to the Association and his presence in Springfield had established SUAA's identity among peer groups, with SURS, and among legislators. Karen Anderson became the third Executive Director in November, 1994. Her legal and legislative expertise guided the Association into a new level of professionalism and political activity. Cathy Meier was hired as office secretary and office hours were extended. The computer skills of the office staff expedited the accuracy of membership/ mailing lists and facilitated production of enhanced newsletters and other mailings.

SUAA actively addressed the following benefits-related, legislative issues from 1994 through 1996:

1. Promotion of improved health insurance coverage for community college retirees. SUAA repeatedly urged the Illinois Community College Board and the I.C.C. Trustees Association to take action and promised the support of SUAA. In 1995-96 HB 3620 was introduced to provide a health plan similar to the Teachers Retirement System plan.
2. Reduction of the SURS Board of Trustees from sixteen members to nine. Following dissolution of the Board of Regents and Board of Governors, it was proposed that the SURS Board be increased from eleven to sixteen. SUAA opposed the increase for reasons of economy and efficiency. The re-organization bill was amended and the Board number was reduced.
3. Election by annuitants of the annuitant representatives on the SURS Board of Trustees. An amendment to require election of representatives failed.
4. Requirement of full-disclosure counseling for retirement system participants concerning all advantages and disadvantages of selecting an optional retirement plan over the existing SURS

plan. Communication to the Governor resulted in the inclusion of SUAA's suggestions in the Governor's amendatory veto and, subsequently, in the bill which became law.

5. Increase of the minimum annuity from \$15 per year to \$25 per year resulting in a monthly increase for low-income annuitants. On May 23, 1996, this proposal was on the Governors' desk.

After only fifteen months as the Association's Executive Director, Karen Anderson resigned when her family left the state. Don Naylor was hired in February, 1996. Don brought still another set of strengths to the Association. One of several early challenges for Naylor was the next relocation of the Central Office into quarters which are more in keeping with our professional stature. Proposed relocation to the Illinois State Baptist Association Building on Stevenson Dr. and Dirksen Parkway is set, tentatively, for July 1, 1996.

Chapter growth continued rapidly as more college faculty and staff reached retirement and eight new chapters were chartered: Parkland College (PCC, 9/11/93), Kaskaskia College (KCC, 3/10/94), Triton College (TCC, 3/10/94), Illinois Central College (CEN, 3/10/94), Joliet Junior College (JJC, 6/20/95), Morton College (MCC, 6/20/95), William Rainey Harper College (WRH, 3/12/96) and Moraine Valley College (MVC, 3/12/96). As the Association approaches its twenty-fifth anniversary on November 17, 1996, there are twenty-five chapters. Three others are being organized.

The strong, mutually supportive relationship between SUAA and SURS which had existed in 1971 and continued for over twenty year was strained in the early '90s by several regrettable instances. Harmony and confidence have been restored through contacts with James Hacking who became the SURS Executive Director in February, 1996. Both Hacking and SUAA acknowledge that each of the organizations can gain from the strength of the other and both are ready to work together to achieve that reciprocal strength.

## **CONCLUSION**

Protecting and improving benefits remains the single, foremost purpose of the State Universities Annuitants Association. The Association is strong and healthy. Its work will continue and continue to succeed under the leadership of Donald Rogers (EIU) who

assumes the presidency in June, 1996. Rogers will focus on membership growth and development of the Association resources.

More and more the image of retirement will be an "active" rather than a passive one. This means that SUAA will need to respond to ever increasing *proactive programs* within Chapters and at the State level. Many more "perspectives" might be added to this list using the "past as prologue" to the future of SUAA. However, to say the least, the prospects for the future look very bright. The future portends lots of thought and planning, lots of work and communicating, and more, lots of caring and sharing!

5/96