Public School Teachers' Pension and Retirement Fund of Chicago
228 North La Salle Street, Chicago, Illinois 60601

PENSION NEWS

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NEW RETIREMENT LAW

Amendments to the Age Discrimination in Employment Act (ADEA) signed by President Carter last month do not require persons to work until age 70 or change the age eligibility requirements for collecting Social Security, Railroad Retirement, Civil Service or Chicago teachers' pension benefits. The new legislation merely gives most employees the option of continuing to work until 70.

The new law prohibits employment discrimination against individuals between 40 and 70 beginning January 1, 1979. The old law denied this protection for workers when they reached 65. The amendments prohibit mandatory retirement before 70 beginning next January 1 in the private sector and for most state and local government employees, with some exceptions.

1. If earlier retirement is required by a collective bargaining agreement in effect on September 1, 1977, the agreement will be honored. Employees can be forced to retire at 65 until January 1, 1980 or until expiration of the agreement, whichever is earlier.

2. Tenured college professors may be retired at 65 unless state law forbids forced retirement until a later age. This exemption expires in mid-1982.

3. Bonafide executives and high-level policymakers may be retired at 65 if they have worked in the same position for two years prior to retirement and have a non-forfeitable retirement benefit of $27,000 or more annually, exclusive of Social Security payments.

OTHER FEDERAL LEGISLATION

S. 1587 (Richard Stone, D-Fla.) - Chicago teachers and other public employees in Illinois may wish to consider writing in support of this bill. In the Senate Finance Committee for over a year, the law is needed because of inconsistent IRS rulings on the taxability of benefits paid by public employee retirement systems. Most federal law regulating retirement plans is written for private plans with little consideration given to public plans. With the passage of the Stone bill, benefits from the public plans would by law receive the best federal tax treatment and this would be the same throughout the country.

H. R. 10533 (Joseph D. Waggoner, D-La.) - Last October the House rejected mandatory Social Security for public employees but the law that did pass (Public Law 95-216) has continuing effect on Chicago teachers. Section 334 of this law now provides the Social Security payments to a spouse or surviving spouse will be reduced dollar for dollar for any benefits resulting from the spouse's own work in public employment not covered under Social Security. This is an example of federal law taking away a Social Security benefit already earned. Many Chicago teachers will lose because of Section 334. They can support H. R. 10533, which repeals this offset provision, by writing to their member of the House of Representatives.

Public Law 95-216 also calls for a study of how all remaining public employees may be mandated into the Social Security system and postpones any action until the study is completed in 1980.

Members have asked whether the federal government could acquire the assets of our Fund or somehow reduce our benefits as enumerated in the Illinois Pension Code. The answer is a definite NO. Space does not allow a detailed discussion how mandatory coverage might work here but simply legislating our group into the Social Security system would result in participation in TWO pension plans. This would be costly to employees because they would immediately start paying approximately 6% of salary into the federal system. Of course public revenues would also have to be locally appropriated to pay the employer's share of the federal tax thereby lowering the local resources available to our pension plans in Chicago and Illinois.

H. R. 10533 was referred to Ways and Means Committee January 1, 1978. No action.

H. R. 10746 (Joseph D. Waggoner, D-La.) - Defers from income certain amounts deferred to State or local public employee deferred compensation plans. Referred to Ways and Means Committee February 2, 1978.

STATE LEGISLATION

H. B. 2635 (Rep. Fred J. Tuerk, R-Dist. 46) - appropriates $50, 289, 100 for the Chicago Teachers' Pension Fund. Referred to House Appropriations I Committee on April 7.

S. B. 1593 (Sen. John J. Nimrod, R-Dist. 4) - appropriates $850, 000 for the Retired Teachers' Supplementary Payment. Assigned to House Appropriations I Committee May 19.

H. B. 2937 (Rep. Taylor Pouncey, D-Dist. 26) - increases minimum pensions from $100 to $125 per year of service (maximum 45 years). Referred to House Rules Committee April 13.

H. B. 3005 (Rep. Roger P. McAuliffe, R-Dist. 16) - reduces amount of service without discount in pension from 35 to 30 years. Referred to House Rules Committee April 13.

H. B. 3007 (Rep. Edmund E. Kornowicz, D-Dist. 25) - increases pensioner's survivor benefit to the same rate paid on the death of a teacher. Referred to Rules Committee April 13.

H. B. 2952 (Rep. James C. Taylor, D-Dist. 26) - increases the automatic annual increase in pension from 2% to 3%. Referred to the House Rules Committee April 13.

S. B. 1625 (Sen. Richard S. Clewis, D-Dist. 17) - increases equities investments from 33-1/3% to 40%. Referred to Rules Committee April 12.

ANNUAL REPORT

The 82nd Annual Report of the Fund will be sent to each pension representative early in June. In order to make it available to all contributors, it is suggested that the report be placed in the school library or in the area where professional materials are kept.

Contributors are urged to acquaint themselves with the contents of the report. It contains a summary of the year's operations by the President of the Board of Trustees, Robert T. Wilkie; a report by the Actuary, A. A. Weinberg; and the audit report of the Fund's financial activities completed by Peat, Marwick, Mitchell & Co., certified public accountants. Included in the appendix is a summary of the principal benefit and contribution provisions of the pension law and statistical data.

REVISED MANUAL OF INFORMATION

Pension Facts, the Fund's manual of information, has been updated and is now at the printer. Copies for all contributors are expected to be sent to the pension representatives for distribution before the close of school in June.

The manual summarizes the benefit and contribution provisions of the Chicago Teachers' Pension Fund. Its purpose is to inform the contributors regarding their rights, privileges and obligations and also the procedures covering its operation.

NEW TRUSTEE

At the February 16, 1978 meeting the trustees appointed Albert Korach to fill the vacancy created by the resignation of John N. Ryan until the next annual election. This is in accordance with Section 17-144 of the Pension Code.

Mr. Korach is a teacher at the Rogers Elementary School, where he has been pension representative for ten years. He has a B. A. in Education and an M. A. in Education Administration from the University of Chicago.

Mr. Korach has had a background of leadership as Lieutenant Colonel in the U. S. Army and is well acquainted with managerial and fiscal matters through his active and reserve Army experience.

REMINDER: Those teachers planning retirement this year should contact the pension office early or attend one of the regular pre-retirement meetings so as to be added to the pension payroll as soon as possible.