

PENSION NEWS

May, 1981

LEGISLATION: A wide variety of pension-related legislation is now pending before the Illinois General Assembly. The following is a summary of proposals affecting the Fund. Those proposals favored by our Board of Trustees are marked with an asterisk (*). Those that are opposed are marked by a minus (-).

Annual Appropriations:

- (*) H. B. 495: (Rep. Fred J. Tuerk, R. -Dist. 46)-appropriates \$66,278,600 for the Chicago Teachers' Pension Fund.
- (*) S. B. 324: (Sen. Karl Berning, R.-Dist. 32)-appropriates \$700,000 for the Retired Teachers' Supplementary Payment.

General Legislation:

- (*) H. B. 474: (Rep. Taylor Pouncey, D. -Dist. 26)-reduces the penalty for retirement before age 60 to 1/4% from 1/2% for each month under age 60 beginning with retirements occurring on or after July 1, 1981.
- (*) H. B. 682: (Rep. Clarence Neff, R. -Dist. 47)-increases benefits by \$1.00 per month for each year of service for members who retired before Jan. 1, 1981. Increases survivors' pensions that commenced after Jan. 1, 1971 and before Jan. 1, 1981.
- (*) H. B. 707: (Rep. Taylor Pouncey, D. -Dist. 26)-grant military service credit (up to two years) served before the pension period subject to statutory cost requirements.
- (*) H. B. 848: (Rep. Ben Polk, R. -Dist. 36)-revise the automatic increase from 3% to 4% per year.
- (*) H. B. 906: (Rep. Jesse C. White, Jr., D. -Dist. 13)-start automatic annual increase at age 56 instead of age 61.
- (*) H. B. 1385: (Rep. Jesse C. White, Jr., D. -Dist. 13)- revise the \$7,500 single payment death benefit maximum by raising it to \$10,000. Change the 1/5 per year decrease of death benefit after retirement to 1/10th per year with a minimum of \$5000.
- (*) H. B. 1416: (Rep. Edmund Kornowicz, D-Dist. 25)-grant a one-time increase to each service and disability pensioner with 20 or more years of service and a total monthly pension of less than \$334.00 on 12/1/81. The increase shall be the smaller of (1) \$60.00 or (2) \$334.00 minus the total monthly annuity on 12/1/81. The increase would begin with the 1/1/82 pension.
- (*) H. B. 1423: (Rep. William C. Henry, D. -Dist. 21)-allow remarriage of surviving spouse with no loss of survivor's pension after age 55.
- (*) H. B. 1424: (Rep. William C. Henry, D. -Dist. 21)-amends the automatic annual increase to include survivors.
- (*) H. B. 1429: (Rep. Jesse C. White, Jr., D. -Dist. 13)-change reversionary pension to restore original pension to pensioner when the reversionary beneficiary predeceases the pensioner.
- (*) S. B. 21: (Sen. Karl Berning, R. -Dist. 32)-amends the pension code to detail requirements for actuarial statements.
- (*) S. B. 559: (Sen. Robert J. Egan, D. -Dist. 16)-amends the pension code to change the waiting period from four months to two months for refund of contributions. Also requires salary deductions to be paid to the Fund within five days.
- (*) S. B. 560: (Sen. Robert J. Egan, D. -Dist. 16)-amends the pension code to allow the remarriage of a surviving spouse at least age 55 without loss of pension.
- (*) S. B. 842: (Sen. Arthur L. Berman, D. -Dist. 11)-changes survivors' benefit maximums from \$300 to \$400 per month for spouse or minor child. Changes family survivor's benefits from \$500 to \$600 per month, to be effective for survivors of any service or disability pensioner on the rolls as of 7/1/81.
- () S. B. 926: (Sen. Arthur L. Berman, D. -Dist. 11)-provides for a teacher retiree on the Board of Trustees of the Chicago Teachers' Pension Fund.

- (-) H. B. 10: (Rep. Alan J. Greiman, D.-Dist. 15)-creates The Special Economic Opportunity Fund to be financed by state appropriations when the General Assembly determines that the state's financial situation permits. The Fund would provide low interest financing for various Illinois real estate, farm and small business loans.
- (-) H. B. 26: (Rep. Herbert B. Huskey, R. -Dist. 8)-amends the pension code to require 30% of all pension funds to be invested in "Illinois investments" within 5 years; requires all new investments to be "Illinois investments" until a minimum of 80% is achieved, which must be maintained. Requires biennial Dept. of Insurance Pension Report to detail compliance.
- (-) S. B. 25: (Sen. Leroy Lemke, D. -Dist. 25)-amends the pension code to require "Illinois investments" See H. B. 26.
- (-) S. B. 196: (Sen. Karl Berning, R. -Dist. 32)-disallows service credit for any period during which no teaching services were rendered because of the existence of a labor dispute.

We urge you to contact your state legislators to express your views on these proposals.

RETIRING?

Those teachers who are planning to retire in the near future are urged to contact the Pension Office as early as possible. Benefits and conditions of retirement will be explained, e. g., pension checks and deductions, medical insurance coverage, taxes on pensions, survivors' benefits, and employment after retirement. Just phone 641-4464 between 8:30 - 4:30 daily.

PENSION OFFICE SPEAKERS SERVICE

Teachers are reminded of a long-standing policy of the Board of Trustees to send a speaker from the Pension Office to give a presentation at your school. He can outline pension benefits, explain procedures, or present current pension-related legislation to your school's teaching staff. Arrangements can be made through your Pension Representative.

TWO CONTINUING FEDERAL ISSUES

1. It is expected that by early summer the Reagan administration will have finalized its stand on the problems of Social Security, including a decision on whether public employees not now covered by social security should be mandated in through universal coverage.

2. Your trustees stand opposed to proposed federal PERISA legislation to regulate and control state and local public pension plans.

At press time, no bills on these topics have been introduced.

A WORD FROM THE EXECUTIVE DIRECTOR

With everyone acutely aware of the impact of inflation and high interest rates, and the potential impact of proposed budget cuts, the Board of Trustees would like to assure all contributors of the stability and reliability of the Public School Teachers' Pension and Retirement Fund. Investment operations for the last year resulted in a significant increase in investment income, with an average rate of return at the close of the year of 10%. This is considered to be a highly successful rate for a sizable investment account that consists primarily of fixed income securities of the highest quality. So far, federal economic proposals will have no direct impact on the Fund, and we have every reason to believe that our successful investment picture will continue.

These results, as well as other financial data, are discussed in greater detail in the 85th Annual Report, two copies of which were sent to each school April 27, 1981.

We welcome your inquiries or requests to cover specific topics in future issues of Pension News.

BOARD OF TRUSTEES

Judy Cheris
Edwin Claudio
John D. Foster

Mae M. Hunter
Martha J. Jantho
Marshall F. Knox

Albert Korach
Margaret A. Olson
Robert T. Wilkie

James F. Ward, Executive Director