

# TOPICS & REPORT

Teachers' Retirement System of the State of Illinois  
Spring 2015



## Two Active Member TRS Trustee Seats to be Decided on May 1

For the first time since 2001, an election will be held to fill seats on the TRS Board of Trustees.

Active TRS members will vote during April to select two trustees from four candidates. Ballots will be counted on May 1 and the two trustees will assume their duties on July 15, 2015.

Eligible voters are active members listed in payroll records filed with TRS as of March 1, 2015. The two seats to be filled this spring must, by law, be elected by active members.

### Contents

Pages 1-3

Active Member Board Election

Page 4

Board Information

New Annuitant Trustee

Pages 4-5

Pension Bills on Hold

Page 6

Supreme Court Hearing Update

Your Benefits & FOIA

Page 7

Beware of Phishing

Benefits Choice begins May 1

Page 8

Go Green

Contact Us

Address Changes

Active members who have a valid email address on file with TRS will be receiving a notice at the end of March informing them that they could cast their votes during April through their TRS secure online account. Active members who do not have a valid email on file with TRS or do not have a web account established will receive a paper ballot in the mail. All ballots – electronic or paper – must be completed and received by TRS no later than 10 a.m. on May 1.

The candidates vying for the two seats, in alphabetical order, are **Bradley D. Cauffman, Hilde I. Elg, Andrew J. Hirshman** and **Cinda J. Klickna**. Their biographies follow on pages 2-3.

Under state law, six members of the 13-member Board are elected by members – four by active members and two by annuitants. The trustees serve staggered four-year terms. Six members are appointed by the governor to serve staggered four-year terms. The 13th member, the president of the Board, is the state superintendent of schools.

## Trustees Leggett and O'Neill to Retire

After 16 years on the TRS Board, **Trustee Sharon Leggett** and **Trustee Cynthia O'Neill** are retiring. "We would like to thank the TRS members for their support during the past 16 years," Trustee Leggett and Trustee O'Neill said in a statement. "It has been a pleasure to serve the teachers of Illinois. We urge all TRS members to stay involved with their retirement system and to vote in this spring's Board election."



Sharon Leggett



Cynthia O'Neill



## Active Member Board of Trustees Candidates



Bradley D. Cauffman

### Bradley D. Cauffman

I was born and raised on a small ranch in Wyoming where I learned a strong work ethic, honesty and personal integrity. I was the first in my family to earn a college degree, a bachelor's degree in accounting and a double master's in business and

school finance. I have more than 20 years' experience as a school business manager and really enjoy my career (see blog for my complete resume, etc. <http://yourvoicefortrs.blogspot.com/>). My wife and I have five wonderful children and five lovely grandchildren.

I have a great desire to ensure TRS pensions are successful long-term because, just like you, TRS retirement payments are a considerable part of my retirement funding. If the TRS pension benefits are reduced or significantly changed then my retirement plans are "out the window" and I will be working much longer than planned.

My number one goal will be to work to improve the pension funding ratio to at least 80-85 percent. I will also advocate for the following funding changes:

- Fully fund the unfunded pension liability with the issuance of tax exempt bonds to be repaid over 30 years.
- Increase the local employer contribution rate. While no local employer would want their rate to skyrocket to 7 percent overnight, the current rate of 0.58 percent is too low. This rate needs to be raised slowly (maybe ¼ percent per year) and provide additional funding to the pension fund not replacement funding.

I have a proven record of being an excellent communicator of complex financial information to our local school board. I have built trust and understanding by converting complex financial data into easy-to-understand reports.

Thank you for reviewing my information. I'm asking for your vote May 1, 2015!

### Hilde I. Elg

I have had the privilege of working in School District U-46 for the past six years. Currently, I am working as one of the district's homebound tutors to support students who are unable to attend school. My prior administrative work in the district involved working on procedures and protocols in the area of special education, 504s and early childhood.

I have worked in education for over 20 years in various roles and positions. I started my teaching career as a general science teacher in a district with a failed referendum. This led me to a paraprofessional position in a high school special education classroom. Pursuing my own education, I obtained my special education certifications, a Masters in Educational Leadership and an ESL endorsement. My tenure as a maternity-leave relief teacher allowed me to experience a number of districts and exposure to varied teaching formats and students.

My endeavors outside the education realm include partnering with my husband of 33 years on ownership of a small electrical contracting firm. I have held the position of vice president with responsibilities including payroll, accounts receivable and accounts payable. At times I have even gone out in the field to pull wire.

I am always looking for that next bridge game in between my gourmet and gardening activities. Together with my husband, we raised three children and a menagerie of animals.

My experience as a special education administrator has developed my skills as a problem solver and negotiator. At this time in my life, I am looking for that next challenge to use my talents as I seek your support in my bid for a position on the Board of Trustees for TRS.



Hilde I. Elg

## Trustee Candidates (continued)



### Andrew J. Hirshman

I am currently a social studies teacher at Mundelein High School where I teach AP economics, AP world history and a consumer finance course.

I am also a member of the Board of Directors for the Illinois Education Association (IEA), where I currently serve as a pension trustee for the IEA's own professional staff pension. As a trustee, I work to monitor the financial condition of the plan, analyzing funding percentages, asset allocations, investment returns and compliance with federal mandates and regulations. I have been chosen to represent organizations like the Federal Reserve Board, the Department of State and U.S. Department of Education on issues relating to economic education on three different continents. I was also selected by the Federal Reserve to represent the Midwest region at a national roundtable discussion on the state of economic education with former Chairman Ben Bernanke.

I live in Oak Park with my wife Dwana and my three children. I am a graduate of the University of Michigan and Northwestern University, where I have also worked as a teacher educator for the past 10 years on a part-time basis.

Trustees must be thorough with their research and study before participating in decision making meetings. I intend on doing my Board of Trustees "homework."

I have a professional level of education and experience in investment management, having worked as a Registered Investment Advisor Representative for a boutique investment firm. These experiences have taught me that there are many different sources of risk, and that often the most dangerous risk one faces is the risk that no one is currently talking about.

Finally, trustees must be effective collaborators. I have a track record of effective collaboration at the local, regional, state and national level, serving on advisory boards for the Lake County Regional Office of Education and assisting leaders at the state and national level on issues of educational policy.

### Cinda J. Klickna

It has been my privilege to serve as a TRS Trustee for 12 years. Maintaining a pension for ALL educators in TRS is essential. With every decision I make as a trustee, I always keep those who expect a pension as my focus. That includes many in my family who receive a TRS pension or another state pension system.

It is important that people know they can count on financial security in retirement. Yet, that does not seem to be the priority of the State as the General Assembly has paid only a portion of their required contribution which has caused the underfunded problem we now face. In the meantime, we and our school districts have made our full contributions.

As a trustee, I have served as vice chair and chair of the Legislative Committee, chair of the Audit Committee, a member of the Claims Hearing Committee and the Investment Committee on which all trustees serve. Reading the large volume of materials prior to meetings, asking tough questions of investment managers, and attending pension trainings have been part of my commitment to members.

Each year the TRS Board must certify the required funding contribution of the State and send it to the General Assembly. Since this amount only provides a figure based on the current "ramp" payment, I pushed for two other figures to be added to our certification letter: the funding amount required if the State were to pay the true actuarial amount and the funding amount required if the State were to actually pay their unfunded bill. This shows legislators what the State owes TRS.

I have advocated for: increasing the education offerings to members about their pension plan, providing more outreach and education to legislators and enhancing our minority- and women-owned investment managers.

If I am reelected, I will be able to provide continuity on the board to others about TRS issues and events. Our members deserve nothing less.



Cinda J. Klickna

## Board of Trustees Information

### Changes on the Board

**Daniel Winter** of Decatur will assume the duties of one of the two TRS trustees elected by annuitants to serve on the Board. On July 15, Trustee-designate Winter will replace **Trustee Cynthia O’Neill** of Carlyle, who is retiring after 16 years on the Board.

Trustee-designate Winter was the only candidate for the annuitant seat on the Board that was up for election on May 1. The Board will confirm his term by acclamation at its May meeting.

### Board Meeting Schedule

Below is the calendar of upcoming Board meetings. Unless otherwise indicated, meetings will be held at the TRS Springfield Office, 2815 West Washington Street, Springfield, Illinois. The meetings generally begin Wednesday and continue until Friday, if necessary. This schedule is subject to change.

- May 20-22, 2015
- June 25-26, 2015 (tentative)

### Board of Trustees as of March 1, 2015

<b>Christopher A. Koch,</b> Ed. D. President Bloomington	<b>Rainy Kaplan</b> Schaumburg <b>Cinda Klickna</b> Rochester
<b>Sharon Leggett</b> Vice President Evanston	<b>Robert Lyons</b> Hoffman Estates <b>Cynthia O’Neill</b> Carlyle
<b>Mark Bailey</b> Palos Park	<b>Sonia Walwyn</b> Naperville
<b>Michael Busby</b> Kenilworth	

*(Four appointed positions are vacant.)*

## Annuitant Trustee: Daniel Winter



**Annuitant Trustee**  
**Daniel S. Winter**

I grew up in Earlville, Ill., and graduated from Illinois State University with a major in geography. My advanced education consists of a Master’s degree in educational administration from Eastern Illinois University and additional courses from Northern Illinois, University of Illinois-Urbana and University of Illinois-Springfield.

My geography-teaching career included 35 years at Decatur MacArthur High School and teaching social studies in adult education and at-risk pregnant students. After retirement, I was elected to two terms on the Decatur Board of Education and was president the last four years. During that time, Macon County successfully passed a sales tax referendum to support school facilities.

I have also held volunteer positions in the Macon County School Employees Federal Credit Union, the Decatur Auxiliary Police for 25 years and was a public address announcer for MacArthur football and boys basketball for over 35 years. My wife of 47 years, Marian, is a retired teacher. Our grown son is a high school mathematics teacher in Iowa and our daughter is a medical doctor in Decatur.

I am excited and honored to have the opportunity to serve on the TRS Board to represent the annuitants of the System. It is vital that retired teachers have a voice that promotes customer service, investment oversight and continued influence on legislation relating to our pension.

## Pension Bills on Hold in the General Assembly

While the Illinois Supreme Court is deciding the fate of the state’s new pension law (Public Act 98-0599, formerly Senate Bill 1), action on other legislation designed to overhaul the

state’s public pension systems has stalled in the General Assembly.

State officials have said for months that there is no reason to debate any new changes to the Pension

Code until a final decision on the new pension law is reached.

If the Supreme Court upholds the constitutionality of the pension law, lawmakers may try to further

**General Assembly** *continued on page 5*

amend the Pension Code to help solve the long-term financial problems plaguing Illinois' five public pension systems.

If the court strikes down the pension law, then legislators likely will start over with new ideas designed to pay off the pension systems' unfunded liabilities, secure retirement benefits for all members and reduce the state's annual contribution to the systems. However, in this event, new proposals may need to be constructed under new boundaries established by the Supreme Court determining what is permitted under the state's constitution.

While the state waits for a ruling on the pension law this spring, several new proposals to overhaul public pensions have been unveiled publicly or introduced in the General Assembly:

### **Governor's budget proposal**

As part of his fiscal year 2016 state budget proposal, **Gov. Rauner** called for legislation that would transfer all active Tier I members of TRS and the other state retirement systems to Tier II on July 1, 2015. The benefits accumulated by active Tier I members through July 1 would still be paid upon retirement, but from July 1 on those members would begin accumulating benefits under Tier II, and those benefits would be paid upon retirement. Tier II benefits are approximately 30 percent lower than Tier I benefits.



The Governor also proposed that Tier I members be given the option of accepting an unspecified cash "buyout" of their accumulated Tier I benefits that could be transferred to a new state-run 401(k)-style retirement plan.

Gov. Rauner said that implementing these changes would secure the future of the retirement systems, save the state budget \$2.2 billion in fiscal year 2016 and more than \$100 billion over 30 years.

However, the Governor's plan raised many unresolved questions, including how the funding would be generated to pay the \$183 billion in benefits owed to all Tier I members, the costs of an expanded Tier II and the costs of a new 401(k)-style plan.

The Governor said his plan would not violate the Illinois Constitution's Pension Protection Clause because it would not diminish Tier I benefits that are "already earned." However, if enacted, the Governor's plan likely will be challenged in court. The Pension Protection Clause protects

"benefits," not "already earned benefits." The Supreme Court in 2014 ruled that state officials must read the clause literally and cannot add new qualifications or limitations to the existing language.

### **House Bill 134**

Creates a Tier III benefit structure for teachers and public employ-

ees hired after July 1, 2015. Tier III retirement benefits would fluctuate each year depending on the investment returns of the retirement systems.

### **House Bill 426**

Creates a supplemental defined contribution retirement plan for public workers that would be optional for both members and employers.

### **House Bill 429 & Senate Bill 72**

Requires local school districts to pay the future actuarial costs of all TRS pension benefits created by end-of-career salary increases that exceed the rate of inflation in any year.

### **Senate Bill 104**

Prohibits the inclusion of any unused and unpaid sick time in the calculation of total creditable service used to determine retirement eligibility.

### **House Joint Resolution Constitutional Amendment 9**

Repeals the Constitution's Pension Protection Clause.

## Illinois Supreme Court Hears Pension Law Oral Arguments

The Illinois Supreme Court heard oral arguments in March on the on-going legal challenge to the state's new pension reform law, Public Act 98-0599 (formerly Senate Bill 1), but most court observers do not expect the justices to issue a ruling until some-time in May.

Some legal analysts say that a decision from the high court could be released soon, based on the fact that the court issued a quick ruling last summer in a related case concerning the constitutional protection of health insurance benefits for retired state employees.

The plaintiffs challenging the law – active and retired state pension plan participants – argued that the Illinois Constitution's Pension Protection Clause was absolute in its protection of pension benefits from being “diminished or impaired” and that the new law diminished existing benefits.

They further argued that even if the state had the right under its broad “police powers” to impair pension benefits to respond to an emergency, the state's

long-term failure to fully fund the five public pension systems did not qualify as an emergency that would trump the constitution.

The Illinois Attorney General's solicitor general argued that the General Assembly possessed the authority to reduce benefits in a financial emergency and that such an emergency exists right now – a crisis caused in part by the worldwide financial recession of 2008.

However, some justices questioned the solicitor general on whether the state could have taken other steps to prevent the financial emergency. As an example, they cited the fact that the General Assembly in December let a temporary state income tax lapse. That decision cost the state treasury several billion dollars in revenue.

Typically, after oral arguments in any case before them, the justices meet in private to consider the arguments and legal precedents before rendering a decision. TRS has no insight on how the Supreme Court will rule and cannot speculate on the outcome. TRS will keep members informed on further developments in the case through information on its website or email alerts.



## Your TRS Benefits and Freedom of Information Act Requests

As a member of a public pension fund such as TRS, the Illinois Freedom of Information Act (FOIA) law requires TRS to disclose your TRS benefit information in response to requests from the public.

TRS routinely receives FOIA requests from the media, academic researchers, and other interested parties. Information typically requested and provided includes name, age, membership dates, employers, contribution amounts, creditable service, creditable earnings, and benefit amounts. TRS **does not disclose** private and personally identifying information such as Social Security number, birthdate, home address, personal email address, and bank account information.



## Do Not Give out Confidential Information by Email

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Identity theft continues to be one of the most reported consumer crimes in the nation. As part of our efforts to protect your personally identifying data, we will never email you to request your TRS member ID, TRS password, birthdate, Social Security number or any other sensitive data. Most emails are not encrypted and are not a secure way to share personal or confidential information.



If you receive an email requesting this type of information, it is **not** from TRS. It is likely someone who is trying to obtain confidential information from you. This is called “phishing” – an attempt to acquire sensitive computer information, such as passwords, in an electronic communication while pretending to be a trustworthy source.

TRS will only send confidential data to our members by mail. Due to the fact that email is not secure, we recommend that members fax or mail sensitive information to TRS.

## Benefit Choice Period for Health Insurance Coverage Planned in May

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The annual Benefit Choice Period for Teachers’ Retirement Insurance Program (TRIP) participants not eligible for or currently enrolled in a Medicare Advantage plan is planned May 1 through May 31, 2015. TRS will post any updates about the Benefit Choice Period on our website.

The Benefit Choice Period for Total Retiree Advantage Illinois (TRAIL) participants enrolled in a Medicare Advantage plan will be held in the fall.

Benefit Choice is the time to make changes in TRIP coverage (not TRAIL) and to enroll yourself and eligible dependents if you have never previously been enrolled and are not eligible for a Medicare Advantage plan. CMS usually mails information about the Benefit Choice Period to retirees currently enrolled in TRIP at the end of April. The CMS mailing



will include an explanation of health insurance options for the coming year and changes in coverage benefits. The full Benefits Choice booklet will be available at: [www.benefitschoice.il.gov](http://www.benefitschoice.il.gov).

If you already are enrolled in TRIP (not TRAIL) and wish to make a change in coverage, please call TRS in May for a new Benefit Choice form at (800) 877-7896. The Benefit Choice form will only be provided

upon request. If you are enrolling yourself or an eligible dependent for the first time during the Benefit Choice Period and are not eligible for a Medicare Advantage plan, please contact TRS for a TRIP enrollment application.

**If you do not want to change your coverage, you do not have to do anything.** Your coverage will continue.

TRS does not administer TRIP. However, TRS provides members with basic coverage information, enrolls members in the program, and collects appropriate premiums. By law, the Department of Central Management Services (CMS) is the administrator that determines coverage benefits, establishes premiums, negotiates contracts with the insurance carriers, and resolves coverage and claim issues.



# SPRING 2015 TOPICS & REPORT

## Go Green!

To receive this newsletter electronically, send an email to [members@trs.illinois.gov](mailto:members@trs.illinois.gov). Include your full name, zip code, the last four digits of your Social Security number, and your email address.

## Office Information

2815 West Washington P.O. Box 19253 Springfield, IL 62794-9253	4200 Commerce Court, Suite 101 Lisle, IL 60532-3611
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### Phone

Toll Free: (800) 877-7896  
TDD: (866) 326-0087

### Forms Order Line

Toll Free : (800) 877-7896,  
press "2" when prompted

## Address changes

To ensure that all information about your benefits reaches you, please notify us each time your mailing address changes. You may call us or send us the following information in writing:

- your name and Social Security number
- former street address, city, state, and ZIP
- new street address, city, state, and ZIP
- daytime telephone number.

## Topics & Report

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Editor: Kathy Boehme [kboehme@trs.illinois.gov](mailto:kboehme@trs.illinois.gov)

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