

PENSION NEWS

LEGISLATIVE BULLETIN

FEBRUARY 25, 1987

LEGISLATION SIGNED INTO LAW JANUARY 23, 1987:

INCREASES minimum survivors pension payable on death of a contributor or annuitant occurring after December 31, 1986 to 50% of the earned retirement pension of the contributor or annuitant. On February 19, 1987 the Fund Trustees passed a resolution to allow an annuitant to revoke a reversionary election for a spouse by written notice postmarked no later than December 31, 1987. Restoration to an unreduced pension shall be on the first day of the month next following receipt in the pension office of the written direction.

PROVIDES partial reimbursement of group health insurance premiums for service, disability, and survivor pensioners up to 50% of such premiums (exclusive of any amounts paid for optional or dependent coverage) to those pensioners on the rolls September 1, 1987 and reimburses up to 50% of the previous 12 months premiums. On February 19, 1987 the Fund Trustees resolved that applications for Blue Cross/Blue Shield/Major Medical from interested pensioners will be accepted between April 15 and June 15, 1987, at which time the group must return to regular biennial enrollments. Applications must be received in the pension office by the 15th of the month for coverage beginning in the following month.

INCREASES minimum monthly retirement pension to \$15 for each year of service to a maximum of 30 years.
INCREASES monthly retirement pension by 8% multiplied by years of service credit and again multiplied by years on pension for all pensioners retired on or before January 1, 1977.
INCREASES monthly survivors pensions by \$1.00 for each full year on pension for those survivors pensions starting on or before January 1, 1977.

Because these last three benefit increases were enacted retroactively to January 1, 1987, eligible recipients will receive a separate increase for three months accrual (Jan., Feb. and Mar.) along with the increase for April ADDED to the April 1st pension check. Separate notices showing the benefit increase computations will be mailed to the home address of recipients to arrive at the same time as the April 1st pension checks, many of which will go to a regular direct deposit account.

PROVIDES that teachers on leave of absence granted for service with teacher/labor organizations shall have their pensions based on their actual salary rather than the salary to which they would have advanced in their last position with the Board of Education. Provides that the teacher/labor organization shall pay the employer's share of the normal cost on the excess salary. Removes the requirement that persons seeking to become annuitant members of the Board of Trustees must have been annuitants for a full year at the time of election.

PROHIBITS the Fund from investing any employee or employer contributions received after February 1, 1987 in any firm or financial institution which invests in, has any ownership interest in, or loans to South African companies until the United Nations certifies that apartheid has been abolished. However, does not require the liquidation of any investments held on the effective date of the legislation.

On February 19, 1987, the Fund Trustees resolved to "make no further purchase of securities in any South African affiliated companies."

TRUSTEE PRESIDENT CALLS FOR HELP

President Robert T. Wilkie today called on the help of all contributors and annuitants over the next 30 to 60 days. He reminded all that a number of amendments were retroactively made to the pension law and the Trustees have had but one meeting since. Thousands of changes to monthly benefits are being processed by the office staff in a short time. They are computing these benefits most carefully to insure that each recipient receives every dollar allowed by the law as amended. YOU CAN HELP them by limiting your calls and letters to substantive matters at present. This will allow benefit changes to be processed by experienced personnel with the kind of service and accuracy that has become a tradition in the pension office staff.

Trustees 1986-87 Proposals NOT Yet Enacted Into Law:

CHANGE pension formula to 2% of final average salary for each year of credited service. Would increase pensions for the majority of teachers who retire before 30 years of service.

START automatic annual increase at age 56 instead of age 61. Inflation knows no age limitation and is as much a burden to the 56-year-old pensioners as the 61-year-old pensioner.

INCREASE automatic annual increase to 4%. The 3% automatic annual increase granted in recent years has been an inadequate defense against inflation and economic adversity.

CALCULATE automatic annual increase on current pension instead of base pension amount. This change shall apply to both current annuitants (calculated retroactively from first date of eligibility for automatic annual increase) and future service retirement pensioners.

GRANT military service credit (up to 2 years) served before the pension period, subject to statutory cost requirements to be borne by the contributor. Veterans argue that Pension Funds are applying a law that favors one group while discriminating against another. This would eliminate inequities under present law.

INCREASE single-sum payment on death of member to equal the last month's salary for each year of service not to exceed 6 times such salary or \$10,000, whichever is less. Upon retirement, this amount shall decrease 1/5 for each year after 1st year on pension to a minimum of \$5,000. This benefit will apply to all service pensioners on the pension rolls on date of enactment and all subsequent service retirement pensioners.

REDUCE number of years of service required for service retirement pension without discount from 35 to 30. The average service credit at retirement has declined from over 34 to under 30 years of service. Thirty years of service is considered a full career in most professional lines of endeavor.

CHANGE number of years used in calculation of average salary from final four years to final three years.

AMEND provisions for contributions for leaves of absence to include study and travel leaves, granted in conformity with Board of Education rules, to a maximum of one year, provided the teacher returns to service for at least one year. Updates the law to follow current types of leaves being granted by the Board of Education.

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