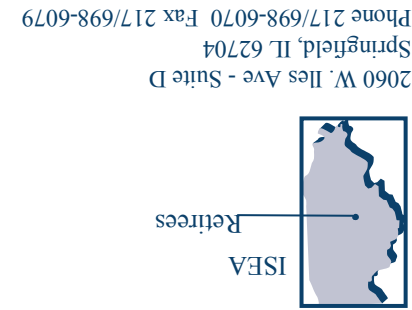


ISEA Retirees Budget  
1/1/2024 - 12/31/2024

|                       |               |
|-----------------------|---------------|
| Revenue               | Total Revenue |
| Actual                | \$236,423     |
| Dues                  |               |
| \$210,616             |               |
| Miscellaneous Revenue | Expenditures  |
| \$10,807              | Salaries      |
| Cash Reserves         | \$137,707     |
| \$15,000              | Payroll Taxes |
|                       | \$ 10,877     |

|                          |
|--------------------------|
| Contractual Labor        |
| \$33,000                 |
| Maintenance & Repairs    |
| \$0 Utilities            |
| \$2,756                  |
| Insurance                |
| \$3,652                  |
| Furn, Fixt, Equip Rental |
| \$0                      |



|                         |                    |
|-------------------------|--------------------|
| Dues & Subscriptions    | Telephone          |
| \$68                    | \$5,197            |
| Office Supplies         | License & Fees     |
| \$402                   | \$678              |
| Miscellaneous           | Legal & Accounting |
| \$0                     | \$450              |
| Printing & Reproduction | Software Updates   |
| \$1,596 Seminars/       | \$4,275            |
| continuing ED/Travel    | Rent               |
| \$1,453                 | \$17,693           |
| Postage                 | Technology         |
| \$4,731                 | \$0                |

|                    |
|--------------------|
| Contingency        |
| \$0                |
| Board Meeting      |
| \$1,561            |
| Tax Preparation    |
| \$6,680            |
| Total Expenditures |
| \$214,608          |

# RETIREESTODAY

Summer 2025

## Illinois State Employees Association Retirees

Rudy J. Kink, Jr., Executive Director  
John P. Coady, President  
John Mundstock, Secretary of the Board

Philip Novak, Director  
John Hartnett, Director  
David Thompson, Director

### Legislative Spotlight: Tier 2 Pension Reforms on the Horizon May 12, 2025 - by Jessica Nardulli, ISEA Retirees Lobbyist

Illinois lawmakers are actively considering reforms to the Tier 2 pension system, aiming to address compliance issues with federal Social Security standards and to improve retirement benefits for public employees hired since 2011.

Implemented in 2011, Tier 2 was designed to reduce the state's long-term pension liabilities by offering less generous benefits compared to Tier 1. However, concerns have emerged regarding its compliance with the federal Social Security "Safe Harbor" provision, which requires public pension benefits to be at least equivalent to Social Security benefits. Failure to meet this standard could compel certain public employees to participate in Social Security, increasing costs for both the state and employees.

One significant proposal involves aligning the Tier 2 pensionable salary cap with the Social Security wage base. Currently, the Tier 2 cap grows at a slower rate than the Social Security cap, leading to a disparity that affects higher-earning employees. Adjusting the cap could enhance benefits and ensure compliance with federal standards. The Illinois Commission on Government Forecasting and Accountability (COGFA) estimates this proposal could cost the state an additional \$78 million in Fiscal Year 2027 (FY27).

Another reform under consideration is modifying the automatic annual cost-of-living adjustment (COLA) increases for Tier 2 retirees. Presently, the COLA is calculated as the lesser of 3% or half the Consumer Price Index (CPI). Proposals suggest adopting a flat 3% non-compounded COLA, similar to Tier 1, which would provide more predictable benefit increases. COGFA estimates this proposal could cost the state an additional \$187 million in Fiscal Year 2027.

As May unfolds, the Illinois General Assembly is entering the critical final stretch of its spring session with a singular focus: passing a balanced Fiscal Year 2026 (FY26) state budget. Throughout April, both the House and Senate have held appropriation committee hearings to review agency needs and spending projections. According to the COGFA, state revenues for FY26, estimated to be \$54.490 billion, are projected below the expected revenues coming in for the current FY25. This figure is also \$963 million below the Governor's February 2025 estimate his office produced for his proposed FY26 Budget Book. This is largely due to the weakening economic outlook in recent months—the unknown implications of tariffs and potential impact on tax revenues make the revenue estimate for FY26 very challenging.

In addition to considering Tier 2 reforms, additional pressures include increased education and healthcare spending and preserving the state's hard-won fiscal stability following years of structural deficits. Balancing all these needs while reducing the overall spend from GRF could mean Tier 2 reforms wait a little while longer.

ISEA-Retirees members should note, however, that Governor Pritzker has signaled support for resolving the Tier 2 compliance issue and maintaining pension fund contributions at actuarially sound levels. Ensuring a balanced budget that protects retirement benefits while meeting the state's constitutional funding mandates is expected to be a top-tier concern during final negotiations.

Stay engaged and informed—your voice continues to be essential in safeguarding the benefits you've earned.



## Thoughts of Rudy Kink

**2025 is Rudy Kink's 20<sup>th</sup> year as the Illinois State Employees Association Retirees Executive Director. We asked Rudy for some of his thoughts at this point in his tenure.**

### ***Why should anyone who was employed by the State of Illinois need to join a retiree association upon retirement?***

Rudy said, "It is apparent to anyone who is watching that you never know when the next time will be for our state legislature and governor to threaten the rights and benefits of retirees."

He reminded that, among other things, during his tenure the state has attempted to imposed premiums on retirees for health insurance and to slash the automatic annual 3% increase on pension payments. He said, "Both of these benefits had been promised to retirees which meant there never should have been an attempt to take them away."

Rudy commented, "Someone must be vigilant and ready to spring into action when these kind of legislative proposals pop up. The first line of defense is strong lobbying efforts to prevent the assaults from being enacted in the first place. The next line of defense is having the financial resources and the best legal representation to take court action to overturn them."

Rudy added, "Individuals could not have stopped the state on their own from doing these things. That power and ability come from joining one another in associations."

### ***Are there matters currently proposed in the legislature or contemplated by the governor that concern you?***

"ISEA Retirees is apolitical," Rudy pointed out, "but having said that, the current governor has been generally respectful and supportive of the rights of retirees. Of course, we were glad to see his efforts with the State making payments to the retirement funds in excess of the annual required amount, and we hope those can continue. The one time he proposed a reduction to state payments to state retirement funds, we and other groups asked him to reconsider, and he did so."

When asked about the legislature, Rudy said, "We have some immediate concerns. We did not support Tier 2 legislation when it was enacted and we wish all state retirees were included in Tier 1 benefits. Now that there are legislative proposals to enhance Tier 2 benefits, we want to be sure that any increased benefits are properly funded by the legislature. Otherwise, both Tier 1 and Tier 2 retirees and their survivors will be threatened with reduced benefits."

Rudy continued, "We are also concerned about some talk of modifying the 'ramp' plan of increased annual state payments to the pension funds that would achieve 90% funding by 2045. Any extension of the ramp would reduce the individual pension payment amounts and

delay getting the retirement funds to a properly funded amount. Underfunded pension funds are always vulnerable to economic downturns, so we are vigilantly monitoring legislative attempts to change the payments."

### ***Why should anyone who wants to join a State of Illinois retiree organization choose the ISEA Retirees?***

Rudy responded, "There are big reasons and smaller ones that all are important to being an effective and responsive retiree association. Among the smaller ones for us is that we think having an office staffed during regular business hours year-round makes our group available to members when needed."

"And then there is a sector of our membership who tell us they really appreciate our reduced-fee income tax preparation services. I'm surprised with the number of members who have sought our assistance with hearing aid batteries. More than any other service we offer, many members have turned to us with problems with health insurance claims and coverage."

"As for the big reasons to choose ISEA Retirees," Rudy commented, "we appreciate our members' annual dues and have used them effectively with our legislative lobbyists and legal representation. Former State Representative Tom Ryder and now Lobbyist Jessica Nardulli work tirelessly to stay abreast of pertinent legislation. Harmful proposals to retirees from the legislature are no longer surprises to us with full time lobbyists continually tracking legislation and maintaining contact with key leaders."

"Equally important is the quality of the legal team we employ when we must go to court. Our board members are familiar with the state-wide legal community. The attorneys we employ are recognized as excellent litigators in the lower courts and as skilled advocates before the Illinois Supreme Court."

What are you particularly proud of during your years as Executive Director of ISEA Retirees? Rudy began with something he said he could not take credit for. "Sue Cooperider was in the office before I came. With her personality and work ethic, she has been excellent over the years with running the office, assisting the Board and me, and with hours and hours of assistance to our members asking for help."

"As for my tenure, our membership numbers have grown significantly since I began. That is important," Rudy said. "I take pride with how the financial strength of the association has grown. Folks may not realize it, but with the type of lawsuits we file against the State of Illinois, legal costs can be as much as \$200,000 or more. We have managed to hire the best attorneys, and in some instances, it has been because of our membership responding to appeals for financial assistance."

Rudy concluded, "I am proud to have been a State of Illinois employee. After retiring, it has been humbling and an honor to serve fellow former state employees in an association that is dedicated to protecting their retirement benefits and assisting them in a variety of ways with all that retirement brings."

