



The conduit

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February-March, 2013



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Editor's note: There are some photos in this issue for you to enjoy. To get a clearer view, go online to www.azedretired.com/Documents/Conduit/aearconduit0213.pdf and set the size to 200% or more.



AEA Retired Calendar

March 1st—NEA Read Across America Day

March 12th—AEA-Retired Board of Directors Meeting

April 26th—AEA-Retired Annual Meeting, Mesa Marriott Conference Center, 9:30-3:30

April 26-27—AEA Delegate Assembly, Mesa Marriott Conference Center

May 14th—AEA-Retired Board of Directors Meeting

Come Celebrate 25 years of AEA-Retired "Protecting Our Future"; Join us April 26 in Mesa for the Annual Meeting; Enjoy outstanding speakers, a great lunch, interactive activities, and camaraderie

Mark your calendars and fill out your registration forms! Join us this year in Mesa for AEA-Retired's "Silver Anniversary" celebration. Our annual meeting will feature good food, good friends, and, as usual, great speakers, to make you well-informed members of a terrific organization.



Jennifer Loredo

Our morning speaker this year will be **Jennifer Loredo**, AEA's lobbyist, who will bring us up to date on what is happening with education and retirement bills at this year's legislature. She'll also provide hints on how we can influence our legislators.

supported public education employees. She is in great demand as a speaker, always providing food for thought, along with a generous helping of humor. We're lucky to have her for our conference.



Keynote Speaker Carolyn Warner

We also expect AEA President **Andrew Morrill** to make an appearance as his busy schedule during Delegate Assembly week allows.

While all of these stellar speakers and a great lunch, and the LEGENDARY AEA Happy Hour at the end of the Annual Meeting are all attractive, the one thing that will make this celebration perfect is YOU. Sign up today! If you've never attended an Annual Meeting, make this the year you do. You're bound to see old friends, and make new ones. The Annual Meeting is at the Mesa Marriott Conference Center, 200 N. Centennial Way, from 9:30-3:30.



Paul Matson

Our speaker for the afternoon session will be the always popular and informative Executive Director of the Arizona State Retirement System, **Paul Matson**. Paul will let us know what is happening with our pensions and will answer audience questions.

Our keynote luncheon speaker is former Superintendent of Public Instruction, **Carolyn Warner**. Most of you will remember Carolyn as someone who truly understood and

For those members who are also delegates to the AEA Delegate Assembly on Friday evening and all day Saturday, AEA-Retired will cover half of the cost of a room at the conference hotel on the night of the 26th. The net result is free lodging if you get a roommate who is also a delegate. There is a nominal Annual Meeting registration fee of \$30, which helps to defray the cost of the meeting room and the lunch. Mail in your registration today.

ASRS UPDATE BY STEVE RAMOS

Your Disappearing Pension And Why The Permanent Benefit Increase Isn't Working

This legislative session, the Arizona State Retirement System (ASRS) will be asking the Arizona State Legislature to eliminate the Permanent Benefit Increase (PBI) for new hires. This is another reform designed to save money and reduce the plan's unfunded liability. The history of the PBI goes back to 1999 when economic times were better and AEA Retired was successful in lobbying a much needed benefit for its members. While AEA Retired understands the PBI may not have been the best way to protect member's pensions from inflation, something was better than nothing. Because this year's new ASRS proposal would leave future educators without any cost of living adjustment (COLA), AEA Retired will oppose this legislation. AEA Retired believes that the stakeholders involved in this issue need to begin talking about a fair way to provide a reasonable, reliable COLA for all retirees.

The PBI is complicated. The law requires that there be excess earnings from the ASRS fund to trigger a PBI. The ASRS currently operates on the assumption that returns on investments will average 8% per year over time. Anything above 8% would be excess. The last PBI to be paid was in 2005. Some may remember that ASRS posted a return of almost 25% in 2011. So why was there not a PBI? When calculating the PBI, the ASRS uses actuarial "smoothing" to average returns over 10-years. That means the return on investments must average better than 8% over a rolling 10-year period to even begin the process of calculating the PBI. There are still other "hoops" to jump through before a payout can occur. Once a retiree receives their PBI it becomes a permanent addition to their pension for the rest of their life.



Steve Ramos

The problem for the ASRS is the PBI is not pre-funded, as our regular pension dollars are through contribution rates paid by active members. That means ASRS can never plan for or save for the next PBI. When returns are up, it has to pay the PBI. When returns are down the ASRS is free from any new PBI but must continue to pay for the ones from years past. This becomes an actuarial nightmare for those who manage our pension fund and difficult to explain to some already hostile members of the legislature.

Both AEA Retired and ASRS know this is not the best time to push for a guaranteed COLA but it is a time when our current system is under attack from those who think our pensions are too generous and a burden on taxpayers. For that reason our members need to understand and communicate to elected officials that the promise of a secure retirement, in the form of a pension, was to compensate for hard work and low pay. Those pensions are now being rapidly eaten away. From 2006 to 2011 the inflation rate has averaged 2.3% per year. Without a COLA of some kind, the average ASRS retiree's pension can be cut in half over a period of 20 years. Please help share this message. Stay informed and connected. Attend an AEA Retired local Chapter Meeting, if possible.

Get online at AEA's Legislative Issues web page: <http://www.arizonaaea.org/home/33.htm>
Follow the Bill Tracker on the ASRS web page:

<https://www.azasrs.gov/web/Home.do>
Find your representative at the capitol at: <http://azleg.gov/>
Join us on facebook at: <https://www.facebook.com/AEARetired>
<https://www.facebook.com/AZASRS>



MLK Day Celebration at The Buttes in Tempe

Monday, January 21 was a busy and an important day. Of course, the second Presidential Inauguration of Barack Obama was the highlight of the day, but it was also a national holiday, Martin Luther King Day, and many celebrations took place in Arizona.

The annual MLK Brunch in Tempe was at the Buttes this year, and several of our members were in attendance. Long-time member Mary Bishop, and her husband Arblee were there, as was AEA-R VP Frank Bing and his wife, Janie Hydrick. Also, long-time AEA member, Congressman Harry Mitchell, and his wife Mary Ann were present for the festivities. Long time civil rights advocates Hector and Genie Zavala were recognized for their work in aiding Dream Act students.



I have
a
dream ...

PRESIDENT'S MESSAGE



Perhaps like some of you, the first thoughts I had after hearing the horrific news of the Sandy Hook Elementary School massacre was of my own grandchildren, since my youngest grandson is in the first grade. I tried to imagine what it would be like if something as tragic as that happened to my own family. My husband and I hugged each other, cried for the loss of those innocent lives, and grieved for the horrible loss that those families faced.

Then I got angry. Angry about how this could happen again. Angry about our seeming inability to stop it from happening. Angry about the fact that this problem seems to be unique only to the U.S among all of the developed nations. But most of all, angry about the slaughter of twenty innocent children and six very heroic adults. My anger has gradually subsided, but I am still asking questions and hoping for answers.



President Linda Somo

I was encouraged when President Obama appointed a committee to research solutions and make recommendations and when he presented those findings. He challenged Congress to act on legislation that might help to stop such violence, while signing Executive Orders to implement ones that he could. I realize that some of you may disagree with me, but I believe that the recommendations to curb gun violence are extremely reasonable and should be enacted by Congress. It seems to be simple common sense to ban military style assault weapons, high capacity magazines, and to require universal background checks for all gun purchases. These actions would not infringe upon anyone's right to keep and own weapons, but could lessen the possibility of putting guns into the hands of those who should not have them.

Additionally, the President recommended that Congress allocate funds to hire more police officers and to place trained officers in schools that want to have them. The recommendations also address mental health issues and the media violence that seems to permeate our society. The total recommendations appear to be a comprehensive approach to addressing the problem, and I'm hopeful that something good will eventually come from such a horrible incident.

It will be up to Congress to consider the legislation that the committee and President Obama have recommended. I will be closely

watching what happens, or fails to happen, over the next few months. And I intend to communicate with my Congressman and Senators to let them know what I think should happen. I hope you will join me in making your opinions known to those who represent us at the national and state levels.

Sixteen years ago, the Australian Parliament took only twelve days to pass gun legislation after a mass shooting that killed multiple victims. Since then, there hasn't been another mass shooting in Australia. In the U.S. there have been four more mass shootings in the month since Sandy Hook, and there have been over 1300 more gun deaths. The clock is ticking.

Breaking News; Why your February pension check was smaller!

Attention AEA-Retired Members!

We're sure most of you were alarmed when you received your February ASRS check and discovered it was much smaller than you expected. The problem occurred because of foot dragging by the US Congress. Here's what happened. In anticipation of all taxes being raised, the 2013 federal tax tables issued by the Internal Revenue Service in December 2012 were applied to ASRS February 2013 pension checks. Due to *delays related to congressional negotiations regarding the "fiscal cliff"* that were resolved in January 2013, taxes were not increased for those making less than \$400,000 and withholding will be re-adjusted in your March pension checks. Checks may still be slightly smaller because of new, higher withholding rates from the IRS.

Retirees can view their deposit statements and deductions by logging into their secure ASRS homepage at www.azasrs.gov

Retirees may make changes to their tax withholdings on the ASRS website beginning Tuesday, Feb. 5 by logging into their secure homepage.

The ASRS cannot provide information or advice about taxes. For tax information, visit www.irs.gov or contact your tax advisor.

The above article is based on information on the ASRS website, www.azasrs.gov

LEGISLATIVE UPDATE

Tucson GREAT Team Legislative Reception

By Barbara Matteson



A very successful event was held in Tucson on January 12 with AEA members and some of our elected legislators. Ten members of the state legislature attended as well as many AEA members.

AEA President Andrew Morrill opened the event with "right on target" remarks regarding education funding, pension protection, Common Core Standards and the importance of the union movement.



Each of the legislators present spoke to the group. One reoccurring theme was that education is an economic driver. That fact needs to be stressed over and over to the legislature and the public.

It is important that we follow the legislation introduced this year and let your senator and representative know how you feel. This includes our supportive members, as they need numbers to back up their support or non-support of a bill.



The GREAT Team (Grass Roots Education Advocacy Team) reception was well-attended by Southern region senators and representatives. Among those pictured at the gathering were Stephanie Mach, Lynn Pancrazi, Olivia Cajero Bedford, David Bradley, Victoria Steele, Andrea Dalessandro, Bruce Wheeler, and Ethan Orr. AEA member, and endorsed GOP candidate, Chris Ackerly was also in attendance.

News You Can Use

AEA-Retired plans Lobby Day at state capitol

If you would like to learn about AEA's Legislative Agenda, understand the legislative process, and have an opportunity to express your opinions with legislators, then mark your calendar for Wednesday, March 27th, and plan on joining your colleagues at the state capitol. AEA-Retired members will join some of their active colleagues to advocate for public education and retirement issues. Attendees will enjoy the following agenda for the day:

- 9:30-10am registration and material handouts
- 10-10:30am briefing on legislative bills of importance and budget status
- 10:30-11:45am legislative panel
- 11:45am-1pm lunch (schedule lunch appointments with your legislators)
- 1pm Senate floor session
- 1:30pm House floor session

After the floor sessions, the local association can attend any scheduled afternoon appointments with legislators. To RSVP your attendance, contact **Linda Somo** at lsomo@cox.net or 602-574-1473 by Wednesday, March 20th.



Make your voice heard at the legislature

Understanding Your Retirement Benefits

DB or DC? What does it all mean?

In our alphabet soup world, there are hundreds of concepts that are referred to using initials and/ or acronyms. Two that you've probably heard in discussions of retirement planning are DB (Defined Benefit), and DC (Defined Contribution). What does each one mean, and what effect do they have on your retirement earnings?

Both are deferred compensation plans, meaning you put away a set amount of your salary, which is matched in some fashion by your employer, and is put away to earn interest for your retirement. It is, in effect, a forced savings plan.

So, how are the plans different?

A defined benefit plan, which is what you now have through ASRS, uses a formula which determines how much money you will get each month for as long as you live, and how much your family would receive in survivors' benefits if you should pass away. It is stable and predictable, because it is determined by a formula based on years of experience, average salary (for the last 3 – 5 years of employment), and a multiplier. **It is guaranteed and can never run out.**

A defined contribution plan, on the other hand, takes the contributions from you and your employer, invests it, and distributes it to you each month upon retirement, UNTIL that money runs out. There are no guarantees, and your pension will be determined by how skilled, or lucky, you are with your investments, and how well the stock market is doing at the time you retire. In other words, you are on your own with a DC plan.

There may be some changes proposed this year in the legislature. Make sure you stay up to date with AEA-R emails. (see next column)



NEA's Read Across America Day is March 1. For ideas on how you can participate, and materials that can be used, go to nea.org/readacross.

**AEA-Retired Annual Meeting
 Mesa Marriot Conference Center,
 200 N. Centennial Way, Mesa, AZ 85201
 Friday, April 26, 2013, 9:30 AM – 3:30 PM
 Registration Form**

The **\$30** non-refundable registration **fee** is payable by check or money order to **AEA-Retired** and must accompany this form on or before Wednesday, **April 10, 2013**.

Mail to: **AEA-Retired Annual Meeting, 345 East Palm Lane, Phoenix, AZ 85004-1532.**

Registration fee & form are required of all members and guests.

Name _____

Address _____

Zip _____

Phone(s) _____

E-mail _____

***Please circle your choice of luncheon entrée so we have an accurate lunch count (uncircled forms will receive chicken):

Boneless Chicken Breast

Flat Iron steak

Salmon

Vegetarian

Require or use special accommodations? Yes No

If yes, please help us to make you welcome; explain? _____

Proposed changes to Constitution/ By-Laws to be voted on by Retired Delegates to the AEA Delegate Assembly

(Note: language to be eliminated is indicated with *italics*; new language is indicated in **bold print**)

CONSTITUTION changes to be considered.

Article V

Section 5

In the event of a vacancy in the office of president, the vice president shall become president and serve *until the next annual meeting* **for the remainder of the term. More than half a term shall be considered a full term and the individual will be permitted to serve only one additional term. A vice president shall then be chosen from the Board by the president and approved by a majority of the Board.**

Section 6

...shall choose one of its members to serve in that capacity as president *until the next election* **for the remainder of the term. If an individual is appointed for more than half of the term, it shall be considered a full term and they are then permitted to serve only one additional term. A vice president shall then be chosen from the Board by the president and approved by a majority of the Board.**

Section 7

...treasurer, the Executive Board **president** shall choose *one of* **a member of the Executive Board** to serve in that capacity, **with the approval of the Executive Board, until the next annual election. for the remainder of the term. If an individual is appointed for more than half of the term, it shall be considered a full term and they are then permitted to serve only one additional term.**

Article VI

Section 3

A ...at the annual meeting if needed **minority representation on the Executive Board is not proportional to the membership of AEA-Retired.**

(cont'd next page)

First Day of the New Legislative Session; Women rally

After last years' very damaging legislative session which saw huge cuts in women's and children's care, as well as enormous slashing of the education budget, women's organizations and their supporters rallied at the state capitol for the first day of this years' legislature. There were speeches, music, and visits to state legislators to let them know that these issues cannot be ignored again, and that they will be scrutinized this year. There were a number of AEA-Retired members in attendance to help carry the message. Barbara Matteson, Marion Pickens, Kathy Ramage-White, and Michael Gordy travelled up from Tucson. AEA-Retired VP Frank Bing was also there.

If you were there, and we missed your name, drop us an e-mail at AEA.Retired@arizonaea.org.



Left: Hundreds of women and their supporters came to the capitol to send a message to legislators.
 Middle: AEA-R members Michael Gordy and Kathy Ramage-White donned pink for the demonstration.
 Above: AEA-R members Kathy Ramage-White, Marion Pickens, and Barbara Matteson display a sign which read, "Fighting for Women's Rights 30 Years Ago" and on the right "Still Fighting for Women's Rights TODAY" Marion and Barb were in the 30 year old picture on the poster.



Constitution/ By-Law Changes (cont'd)

B ...minority member shall hold office for a two (2) **three (3)** year term,...

BYLAW changes to be considered

Article VI
 (New) **Section 3 Election of At Large Board Members**

In order to attain balance in the election of At Large Members to the Executive Board, representatives shall be elected for a three (3) year term as follows;

- 2013 6 At Large Representatives**
- 2014 6 At Large Representatives**
- 2015 5 At Large Representatives**

In this manner, the Delegates to the AEA Representative Assembly will elect an approximately equal number of Board members yearly, while remaining within the guidelines of the current By-laws.

Section 3 4 Balloting (this line is just renumbered)



The Conduit



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AEA-Retired Chapter News

Chapters are an attempt to bring AEA-Retired closer to members. All AEA-Retired members are eligible to join a chapter where they worked or currently live. Meetings usually include an information program, business meeting, lunch or dinner, and time for socializing with friends and colleagues. Anyone interested in forming a new chapter should contact Chapters Chairperson **Gary Mehok** at LOJO40@cox.net.

Glendale/West Valley Chapter- All members are welcome at our meetings at 4:00 pm, at Iron Works Restaurant, 17233 N. 45th Avenue, Phoenix. For more information on dates, call Susie Sommer at 623-931-6209 or e-mail ssommer114@aol.com

Mesa / East Valley Chapter: Chapter members met January 9 to hear guest speaker Glen Spencer, from the Area Agency on Aging, who spoke about Medicare benefits. The next scheduled meeting is set for 11 AM March 6th, at the Sunrise Bank Bldg., 63 E. Main Street in Mesa. Contact **Steve Ramos** at steveramos2@cox.net or (480) 213-5677 for information.

Greater Tucson Area Chapter: The Chapter meets at 10 AM the 3rd Tuesday of the month from August through May. The meetings alternate between the AEA Southern Region Office and the TEA Office. Go to <http://www.azedretired.com/TUCSON/index.html> for more information, or contact Chip Parsons at chipp@cox.net.

Phoenix Chapter: For information , or to reserve a spot, contact **Barb Joseph** at (602) 765-0788 or btjoseph@cox.net.

White Mountain Chapter: For information about this chapter, contact **Gary Mehok** at LOJO40@cox.net.

Prescott Chapter: Contact Ted Coleman at tdashfork@azwildblue.com for more information on future meetings.

Yuma Chapter: Please contact **Gary Mehok** at LOJO40@cox.net if you are interested in reestablishing this chapter.

Scottsdale/Paradise Valley Chapter: Future meetings are scheduled for March 18, and May 13 at Macayo's on N. Scottsdale Rd. in Scottsdale. For information contact **Suzan Austin** at (480) 947-2089 or visit <http://www.azedretired.com/SCOTTSDALE/index.html>. Everyone is welcome.

Southeast Chapter: Contact Sally Rosen, 520-459-0430 or azcatsally@aol.com for info on future meetings

Northern Arizona/ Rez Chapter: The next meeting will be on February 15th. Contact **Maryanne Goodluck** at magoodluck55@yahoo.com for information and future meeting dates.