

State Universities Retirement System Member Advisory Committee – SURS MAC

SURS MAC met Tuesday, December 13, 2011 at the SURS Office in Champaign, IL.

Legislative Update:

Jeff Houch, SURS Legislative Liaison, provided a legislative update. SB 512 remains on watch. SB 512 would require participants who earned service prior to January 1, 2011 (Tier 1 participants) to choose one of the 3 options: (1) Stay in Tier 1 and contribute a higher percentage for SURS contributions (8% to 15.31% beginning in FY2014); (2) Elect to become Tier 2, where your contributions to SURS would remain the same, however, you would have different rules for retirement such as the minimum retirement age at 67, reduced COLA and reduced final average salary; (3) Enroll in the Self Managed Plan.

Pension Reform is not going away. It will most likely be revisited in the spring legislative session.

Retirements:

SURS is experiencing an increase in retirements, which is no surprise. In June 2011 there were 580 retirement claims, compared to 480 in June 2010, 390 in June 2009 and 420 in June 2008. SURS expects to see an increase of 35-40% in retirements in 2012. Reasons include the change in money purchase factors, and the uncertainty regarding retirement healthcare, possible changes in retirement benefits and the overall economic condition of the State of Illinois. SURS plans to focus on education to its members so their decisions are appropriate, not just reactive.

There are currently 18,000 members eligible to retire and 26,000 eligible within the next year. SURS is proactively addressing issues that might surface as a result of the increase in retirements. SURS is looking at what can be done internally – reallocating staff, over-time, and process improvement.

Tier II Update:

As of 11/30/2011, SURS has a little over 7,100 Tier II members. The default rate (those not making an election within 6 months) is still high. 20% making elections are choosing the SMP, with the highest % choosing the Portable plan.

Investment Update:

SURS had an excellent fiscal year ending June 30, 2011. The Fund's investment portfolio experienced its highest rate of return in 25 years for FY 2011, with a 23.8% rate of return. That followed by a rough 1st quarter – July 1 – September 30, 2011, in both equities and fixed income. SURS has nearly 13 billion in assets.

The state is trying to make their monthly payments to SURS. SURS has received nearly 2/3 of what is owed for this FY.

The next meeting will be either April 3 or April 10, 2012.

Respectfully Submitted,

Mary Nippe
1/11/2012