



# SURS Update October 2024



# FY 2024 Prelim. Data (estimated)

- Membership: 254,789
- Benefits Paid: \$3.2 billion
- Investment Return: 8.3%
- Assets: \$24.3 billion
- Liabilities: \$52.8 billion
- Unfunded Liabilities: \$28.5 billion
- Funded Ratio: 46%

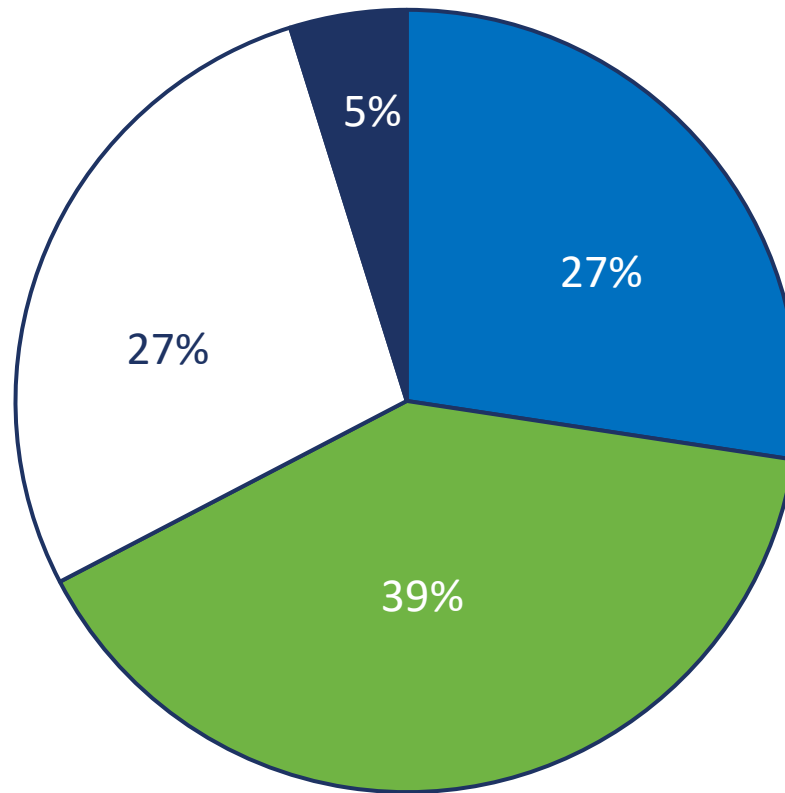


# Membership



# DB Membership (estimated 6/30/24)

Defined Benefit Plan - Total 228,105

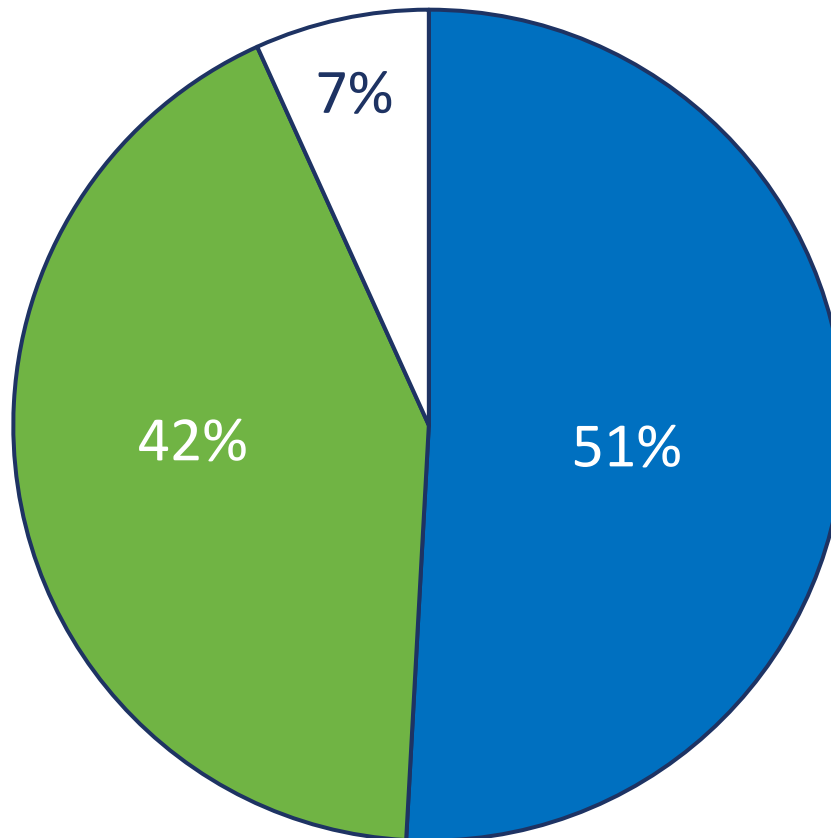


Actives:	63,063
Inactives:	91,739
Retirees:	62,485
Beneficiaries:	10,818

■ Actives ■ Inactives □ Retirees ■ Beneficiaries

# RSP Membership (estimated 6/30/24)

Retirement Savings Plan - 26,684 Total

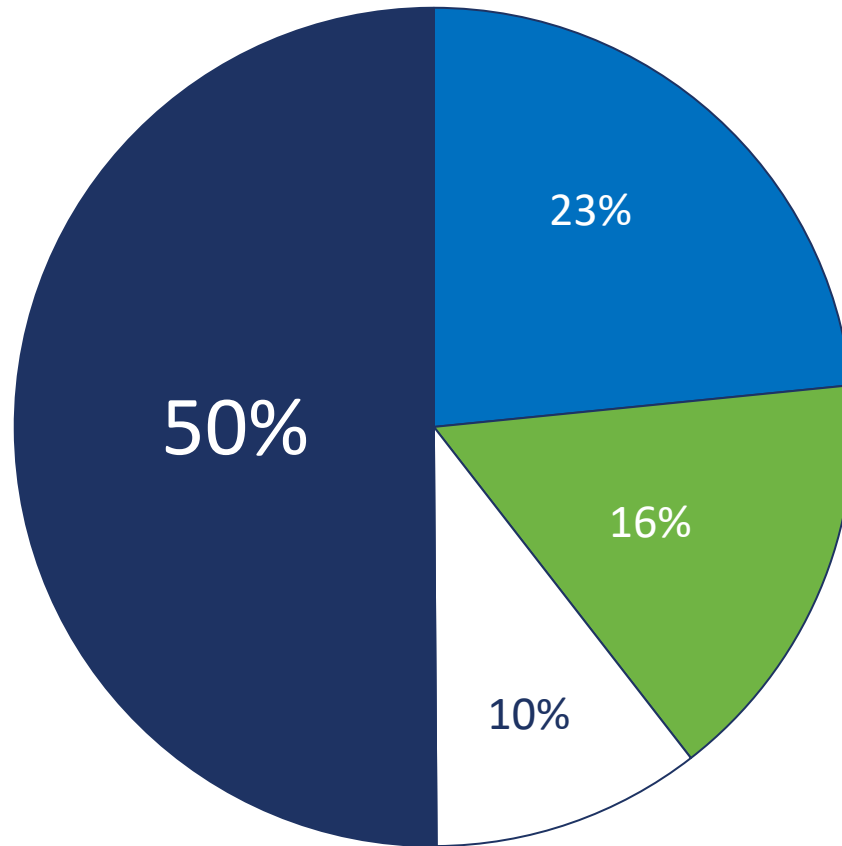


Actives:	13,574
Inactives:	11,302
Retirees:	1,808

■ Actives ■ Inactives ■ Retirees

# Plan Elections (estimated 6/30/24)

New SURS Members - Fiscal Year 2024



■ Portable ■ Retirement Savings Plan □ Traditional ■ Default

# Supplemental Deferred Compensation

(estimated 6/30/24)

- Public Act 100-769
- Established March 2021
- 10,493 participants
- Average income replacement goal: 51%
- Average savings rate: 5.4% of pay
- Average age: 42
- Average balance: \$6,425

# Auto-Enrollment

(estimated 6/30/24)

- Public Act 102-540
- New members on/after July 1, 2023
- 7,240 eligible members
- 3% default contribution rate
- 82% auto-enrolled
- 18% opted-out
- 98% in default investment option





# Investments



# Assets (estimated 6/30/24)



Defined Benefit Plan: \$24.3 billion



Retirement Savings Plan: \$4.5 billion



Supplemental DCP: \$67.4 million

# DB Asset Allocation (6/30/24)

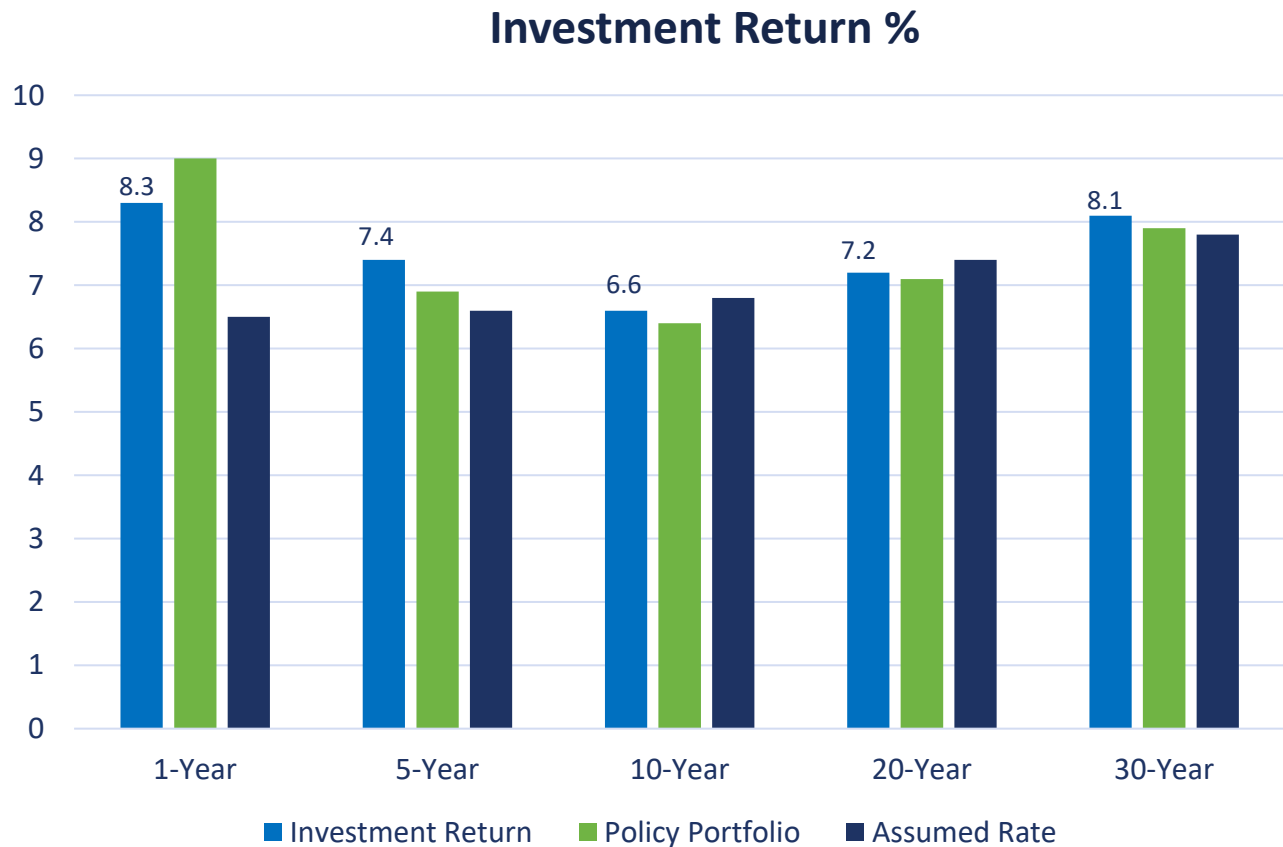
	Functional Asset Class	Current Policy Target as of 01/01/24	Long-Term Strategic Policy Target
Growth Oriented	Non-Traditional Growth	15%	16%
	Traditional Growth	36%	35%
	Stabilized Growth	17%	17%
Diversifying	Inflation Sensitive	5%	5%
	Principal Protection	10%	10%
	Crisis Risk Offset	17%	17%

Structured to achieve targeted expected returns with lower risk

Growth-oriented: public equity, real assets, private equity, credit fixed income

Diversifying (downside protection): TIPS, core fixed income, long duration treasury, systematic trend following, alternative risk premia, tail risk, and long volatility

# DB Returns (6/30/24)



Defensive posture produces weaker results in strong equity markets (FY 2024)  
but critical downside protection during equity market declines (FY 2022)



# Funding Projections



# Positive Funding News



Funded Ratio Projected to Improve



Supplemental Contributions (\$96.9 million) and Earlier Timing of Contributions



Adherence to Statutory Contributions



Constitutionally Protected Benefits

# FY 2025 Statutory Contribution

## Funding Sources

**\$2,286,784,000**



**Total (100%)**

**\$73,974,000**



**Paid by Employers (3.2%)**

**\$2,212,810,000**



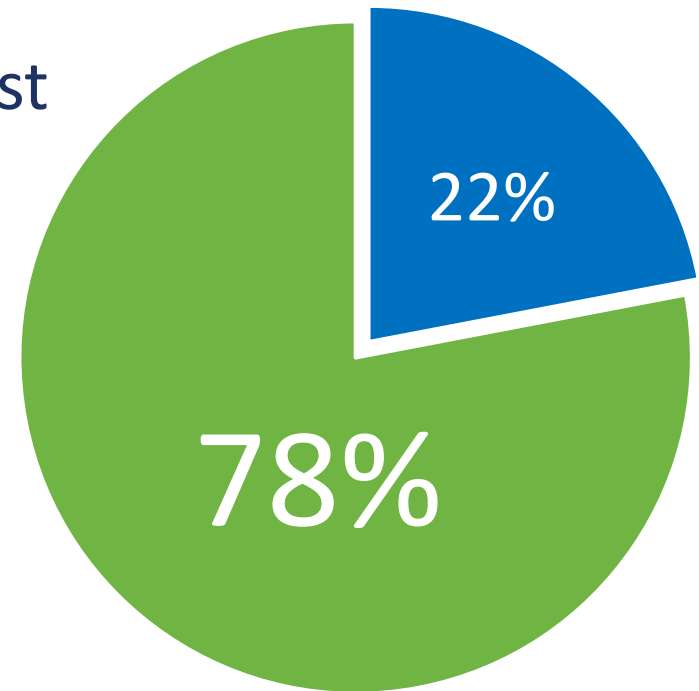
**Paid by State (96.8%)**

# FY 2025 Statutory Contribution

## Defined Benefit Plan Components

Employer Normal Cost  
\$472 million

Unfunded Liability  
\$1.696 billion



■ Normal Cost ■ UAAL



# FY 2026 Preliminary Statutory Contribution

## Funding Sources

**\$2,400,013,000**



**Total (100%)**

**\$79,386,000**



**Paid by Employers (3.3%)**

**\$2,320,627,000**



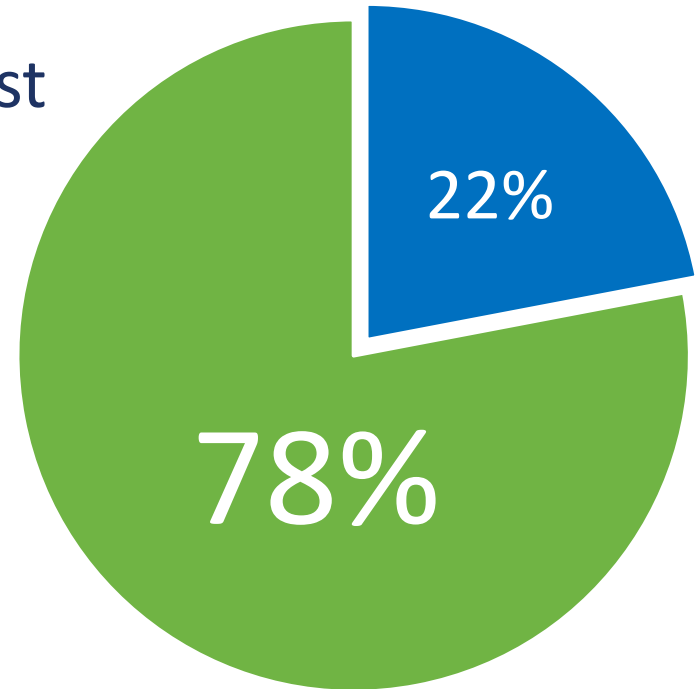
**Paid by State (96.7%)**

# FY 2026 Preliminary Statutory Contribution

## Defined Benefit Plan Components

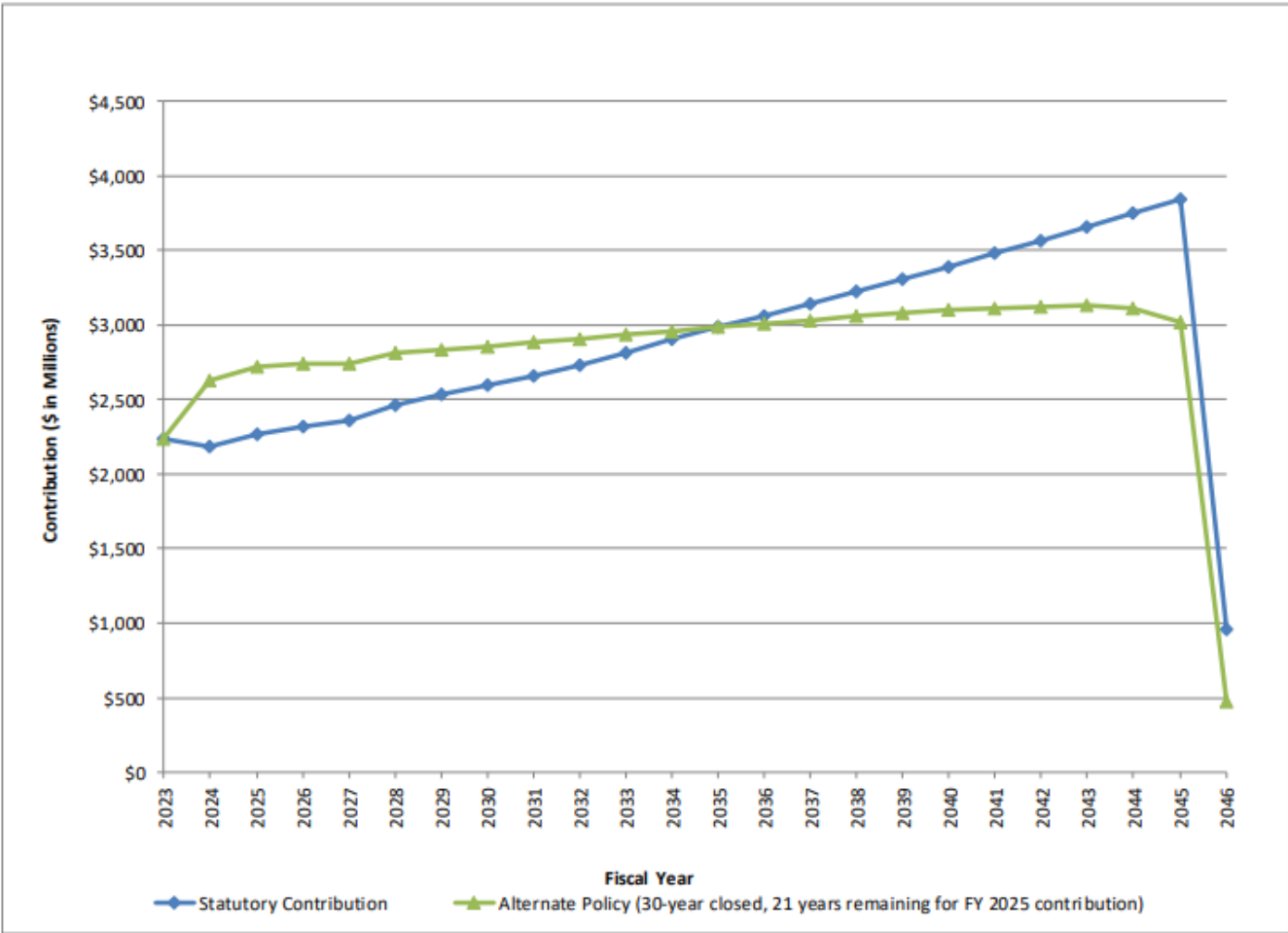
Employer Normal Cost  
\$494 million

Unfunded Liability  
\$1.773 billion

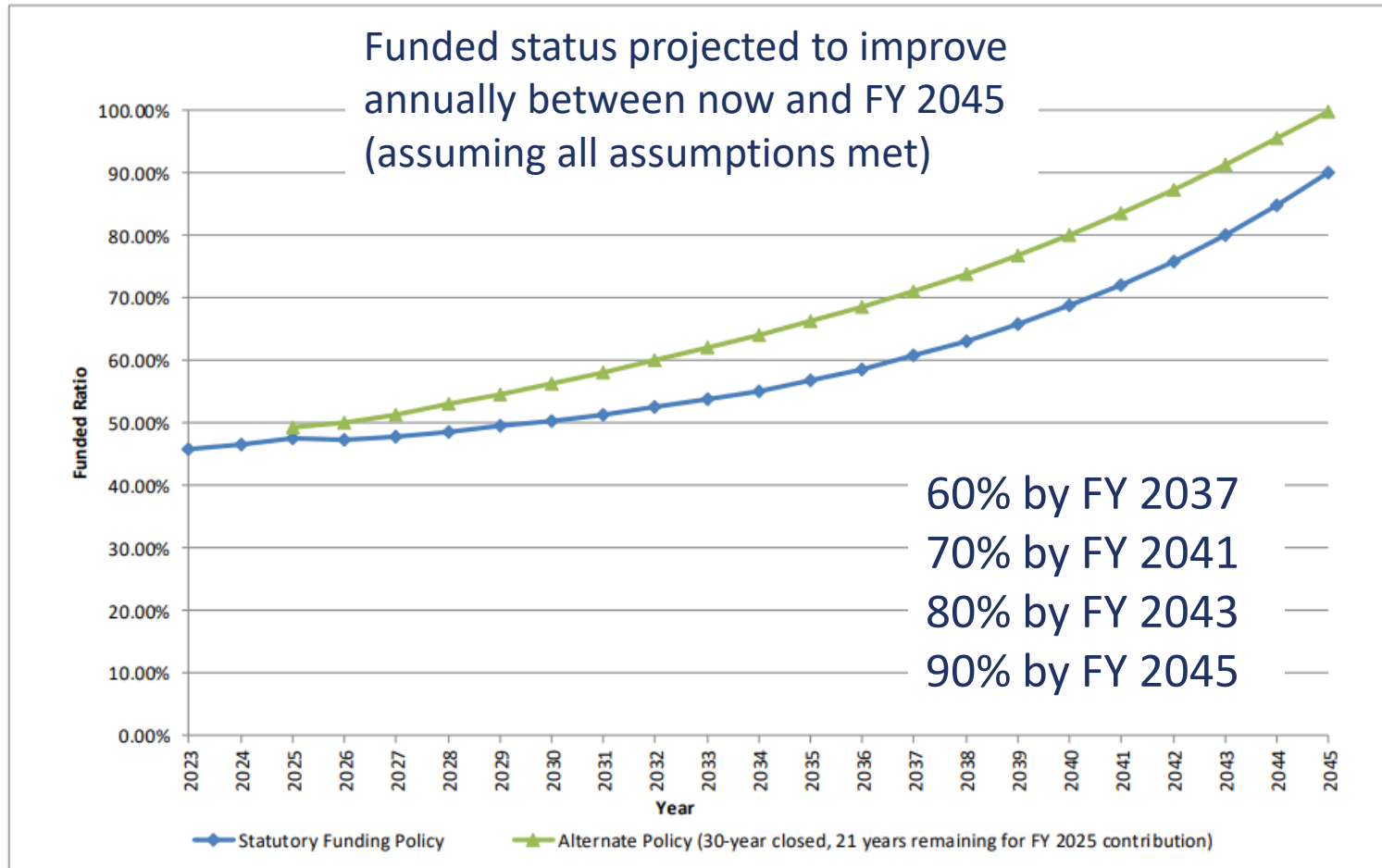


■ Normal Cost ■ UAAL

# Future Contributions



# Future Funded Ratios





## Potential Legislation: Tier II



# Tier II Overview



Enacted into law as Public Act 96-889



Applies to new participants on/after 1/1/11



Reduced benefits compared to Tier I  
(vesting, pensionable earnings limit,  
retirement age, automatic annual increases)

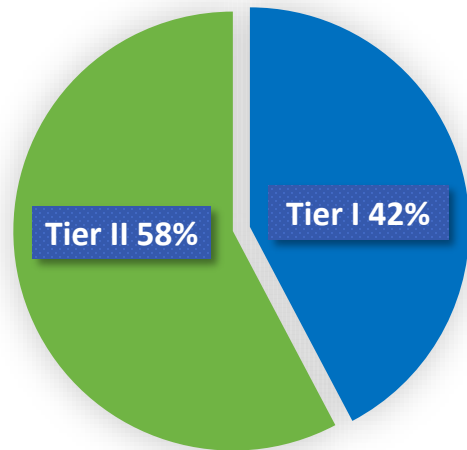


Slowed growth of future liabilities

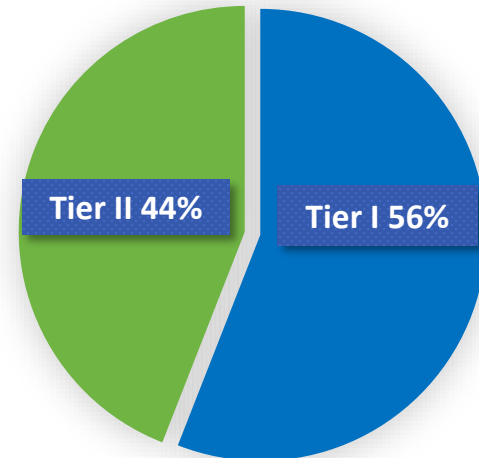
# SURS Tier Breakdown

(estimated data as of 6/30/24)

Active Members

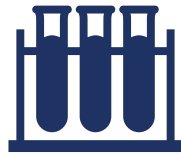


Active & Inactive Members



0.3% of SURS' annuitants are Tier II  
Tier II applies to new members on or after Jan. 1, 2011.

# Tier II Safe Harbor Tests



Safe harbor tests provide an efficient way to determine whether a defined benefit plan qualifies as a Social Security replacement plan.



Failure of all levels of safe harbor tests would require a SURS member to participate in Social Security in addition to SURS.

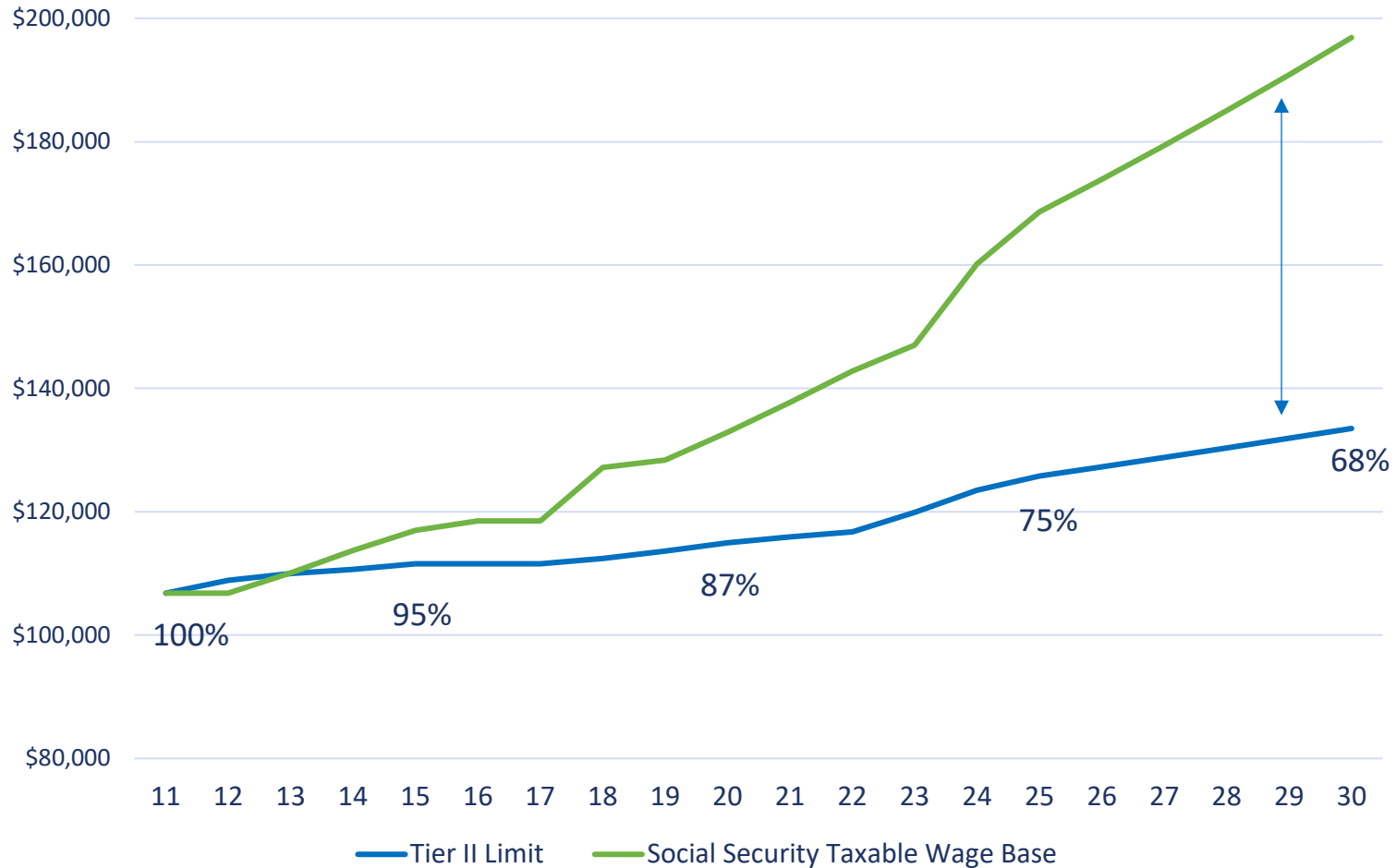


The first SURS member is projected to fail all levels of safe harbor tests in FY 2025.



# Tier II Limit vs. SSTWB

## Historical and Projected Differences



# Tier II IRS Compliance

According to experts, the Tier II pensionable earnings limit would need to be increased to at least 90.5% of the Social Security Taxable Wage Base to bring SURS into compliance with federal rules and regulations.

The Commission on Government Forecasting and Accountability published a study in June 2023 estimating the cost of a change to 100% of the SSTWB at **\$2.1 billion** across the State systems on a present value basis.

# Contact Us



SURS Contact Center

800-275-7877

Defined Contribution  
Contact Center

800-613-9543

SURS Website

[www.surs.org](http://www.surs.org)

Defined Contribution  
Investment Guidance  
(RSP & DCP)

[sursrsp.timetap.com](http://sursrsp.timetap.com)

Visit our office:  
1901 Fox Drive  
Champaign, IL 61820



# Disclaimer

*All aspects of administration of the State Universities Retirement System (SURS), including but not limited to benefit calculation and payment, must comply with state and federal laws even in the event of an employee's factual or legal misstatement or in the event of a benefit miscalculation. No employee of SURS has the authority to take action and/or to bind the System in a way that is contrary to law, even in the event of misstatement of fact or law. Furthermore, the information contained herein is intended to reflect SURS' current understanding of the law that could change over time due to court opinions, statutory changes, or other legal matters or interpretations (e.g., attorney general opinions). This document was created as an aid to share general information only and the information provided may not apply to every situation. SURS members and employers are encouraged to contact SURS with questions they have regarding their individual situation. Any information provided by SURS does not represent personal tax advice or legal advice, either express or implied. You are encouraged to seek professional legal and/or tax advice for your personal tax questions and for all other legal purposes.*

