

University of Illinois
Urbana-Champaign Senate
(Final; Information)

SUR.14.01. Report on SURSMAC* Meeting October 8, 2013

SURSMAC met at the SURS headquarters in Champaign from 10:30 a.m. to 1:45 p.m. The meeting consisted of presentations by SURS staff, discussion of key issues and a brief business meeting. The major focus of the meeting was the as yet unknown impact of recent actions on health insurance and the expected changes in pensions, whatever form they take. We attended the meeting representing the Senate along with Laura Czys from University Office for Human Resources.

SURSMAC vice chair, Mardell Wilson (ISU), chaired the meeting and welcomed the participants who introduced themselves. This was followed by approval of the minutes of the April 9, 2013, meeting.

Michael Weinstein, General Counsel, and Jeff Houch, Legislative Liaison, provided a legislative update. They focused on the various legislative proposals for pension reform. They were pleased that the Governor signed Public Act 98-0017 which provides full funding for SURS for 2013-2014. The bulk of their presentation concerned the contents and estimated financial impact (savings for one year and over 30 years) for: (a) SB 1 (as amended by House Amendment 1) from Speaker Madigan which has passed the House but not the Senate; (b) SB 2404 (as amended) from Senate President Cullerton; (c) SB 2591 from Senator Hastings which includes provisions proposed by IGPA faculty and the University Presidents; and (d) the “potential” content of the Proposal expected from the Conference Committee currently addressing this problem.

Each of these plans proposes changes in a number of aspects of the pensions system. Two of the more important are the AAI (adjusted annual increase also known as the COLA) and the effective rate of interest. The former determines how well annuities will keep up with inflation. The latter is applied toward crediting interest to such items money purchase plan accounts, portable lump sum payouts, portable plan refunds, and purchases of service credit. It also used for the Money Purchase benefits for those SURS covered employees hired before 2005. Both speakers pointed out the uncertainties about when a “final” proposal would be presented to the legislature and whether or not it would meet the requirements of the state constitution.

Dan Allan, Chief Investment Officer, reported a return on investments for the 2012-2013 year of 12.5% and that the funding ratio had increased from 41.3% to 43.6%. This placed the SURS return among the top half for similar funds for the past year and the top quarter for the past three to ten years. He also discussed the general strategic goals for the makeup of the investment portfolio over the past ten years as it has moved from such components as U.S. equity and fixed income to non-U.S. and global Equity and real estate.

Pam Butler, Director of Outreach, reported on a number of programs that have been introduced to help serve the SURS members. These include the hiring of a new manager for the Self-Managed Program and a number of seminars, forums, and webinars. Angela Lieb, Director of Member Services, reported on data for the number of retirees since last spring and the programs in place to assist them.

William Mabe, Executive Director, made a brief report on the “state” of SURS noting that he wanted instead to discuss an issue of importance to him, the improvement of communications between SURS and its members and, perhaps more importantly, between the members and SURS. As a first step toward the latter, he requested that during the break session, those present discuss how communications could be improved and provide him and the staff with a list of suggestions.

Following lunch, the meeting’s chair, Mardell Wilson, led a discussion of the suggestions which the group had in this regard. The need for improved communications will be particularly critical during the next few months as so many annuitants will be making choices regarding the Medicare Advantage programs being proposed by CMS. The group suggested some means that SURS and others such as the State Universities Annuity Association and the institutions

we represent might employ to meet this need. Significant concerns were expressed about those almost impossible to reach (e.g., older annuitants without access to the web) or lacking even a minimal understanding of the factors involved in making a reasonable choice.

Finally, the members discussed the need for SURSMAC to maintain a level of communication and activity between meetings and to increase the visibility and impact of the group. This will be a major topic of concern for the SURSMAC leadership during the coming year.

In the brief business meeting John Shuler (UIC) was elected chair. Mardell Wilson (ISU) will continue as vice-chair. The dates of April 1 and 8 were identified as possible spring meeting times. Shuler called for volunteers for a subgroup to work on possible revisions in the Constitution and Bylaws for SURSMAC.

H.F. (Bill) Williamson
John Kindt
UIUC Senate Representatives

*SURSMAC is the State University Retirement System Members Advisory Committee to the SURS Board of Trustees. Members are faculty and staff representing the various institutions and agencies affected by SURS: public universities, community colleges, state surveys, and retiree organizations. It normally meets twice a year in October and April at SURS headquarters at 1901 Fox Drive in Champaign.