

University of Illinois
Urbana-Champaign Senate
Final; Information

SUR.11.02 Report on SURSMAC* Meeting April 5, 2011

SURSMAC met April 5, 2011 at the SURS headquarters in Champaign from 10:30 a.m. to 2:00 p.m. The focus was on informational presentations by SURS staff followed by a brief business meeting. In the report that follows, the information on the changes being considered as a result of the 2010 Experience Study is of particular interest to current employees who are considering retiring in the next year or two.

SURSMAC acting chair Jim Carlson, ISU, welcomed the participants with the members introducing themselves followed by approval of the minutes of the meeting of October 12, 2010.

New General Counsel Michael Weinstein introduced himself and reported on pending legislation of interest to SURS. He is cautiously optimistic that those proposed bills with significant negative impacts will not be passed this spring. He briefly discussed the article by Eric Madiar (Chief Legal Counsel to Illinois State Senate President John Cullerton) titled "Is Welching on Public Pension Promises An Option For Illinois?" (Madiar concludes it is not). Weinstein feels this article has helped to reduce the pressure to change the benefits promised to current annuitants.

William Mabe, the Executive Director of SURS, discussed the results of the 2010 Experience Study, an analysis required at least every five years (it was four years this time). The study looks at the economic and demographic assumptions currently used concerning such factors as investment return, inflation rates, mortality rates, and turnover rates. It recommended that there be reductions in the assumed inflation rates; long term investment returns, and wage growth. If these changes are approved, one impact would be a reduction in the monthly retirement benefit for those using the money purchase formula (only available to those in the system before July 1, 2005). Thus, those in this situation who are considering retiring in the next year or two should be sure to know whether the changes are approved and, if so, when they will go into effect. Mabe indicated that the earliest this might occur is January 1, 2012.

Angie Lieb, Director of Membership Services, reported on what has occurred during the past three months as SURS staff worked with Tier 2 employees (those hired after January 1, 2011 who are under the new rules if they choose the Defined Benefit Plan). Mike Sheppard reported on the demographics of those in the Self-Managed Plan (SMP) and the results of their investment choices. Doug Wesley, the Deputy Chief Financial Officer presented the investment update. SURS has done well thus far in the fiscal year with a return of 21.0% by the end of February which is better than the benchmark used for comparison. The funding ratio improved in February thanks to receiving a state appropriation but it is still low (46% at the end of March)

The final agenda item was the concurrent meeting of the Benefits and Legislative Committees followed by brief reports from each Chair. Cindi Norton Williams, acting Chair of the Benefits Committee, noted that they discussed concerns about possible changes in the cost of health care and proposed we consider preparing a resolution asking that there be no changes for current annuitants

Ken Andersen, Chair of the Legislative Committee, reported that they discussed the resolutions presented in the packet for the meeting. It was recommended that we pass two. The first commended the Illinois House of Representatives for passing HB 116 appropriating the SURS FY12 certified contribution. This was passed as was a recommendation that we also commend the Senate if it passes a similar bill. Andersen will work with Jake Baggott, Chair of SURSMAC, to be sure these are sent to the appropriate individuals. The second resolution resolved that the state take the necessary steps to fund the pension systems and health benefits in order to assure the quality of and significant contributions by the public system of higher education. This was also passed.

The final item of the agenda was to set the date of the next meeting for October 18, 2011.

Ken Andersen
H.F. (Bill) Williamson
UIUC Senate Representatives

*SUSMAC is the State Universities Retirement System Members Advisory Committee to the SURS Board of Trustees. Its members are faculty and staff representing the various institutions and agencies affected by SURS such as public universities and 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.