

**Chancellor's Planning and Budget Advisory Committee
Report to A/P Staff Council
April 20, 2011**

This committee meets monthly in the balcony conference room in Anthony Hall. The last meeting was held on Monday, April 18, 2011.

At the April meeting Kevin Bame updated the committee on the cash flow issue. The state still owes SIU \$93.7 million. The State of Illinois is 5.5 months behind on payments. Cash flow should carry us for 6 months so we will be able to make payroll through the end of the fiscal year.

Revenue Enhancements subcommittee – This month Mario Moccia updated the committee on the recent Rams visit and tour. They had a very good impression of the facilities available and we are hopeful for a positive outcome. The committee is looking into other options such as a brew-type pub overseen by the Chemistry Dept. & brew making class, and advertising such as on buses & websites. The Veteran's Administration is interested in a possible clinical setting for older veterans that may be located at SIUC. This possibility being discussed may be at the research park.

Carol Henry reported on the Savings from the Administrative Closures as of April 13, 2011. The total savings is determined to be \$3,059,946.

Chancellor Cheng updates the committee monthly on the State of Illinois Legislative Updates. There is a great deal on the table this month. The Performance Funding Bill has passed the Senate. Bills are in place to set tuition, centralize the income fund at the state (this is what we use to pay our bills) and to rescind an additional 1% from General Revenue (about 1.5 million) in the remaining months of FY11 and also a percentage in FY12. She stated that FY12 will be very challenging.

Julie Kirchmeier reported that Housing numbers for contracts are up 9% compared to last year.

IT Subcommittee: this group is chaired by Judy Marshall. The group has met several times, developed an IT Reorganization Report of Recommendations and submitted it to the Chancellor and Budget group. The Chancellor has approved the search and hire of a Chief Information Officer (CIO) for the campus and called the position a "key" position. The CIO will report to the new Provost. Judy is finalizing the job description. Susan Logue is chairing the search committee with the new Provost making the final selection.

Some of the changes recommended within IT are: Moving the Telecom office to the Network Engineering office, and moving Records Management to the Library.

Other recommendations are:

1. Create a campus-wide strategic plan for technology
2. Identify funding sources for software licenses and centralizing payments
3. Establishing a central reserve to fund equipment & infrastructure

The Chancellor suggested that we start to measure some of the cost savings and think of it in terms of building a more efficient IT support structure across campus so that we keep up to current standards and envision being a leader in some areas.

The last several months, the early retirement issue was discussed many times. Carol Henry provided some information similar to what University of Illinois had implemented. At the spring meetings, it was discussed that if it was decided to go with early retirement that we would not be able to implement it before FY12. At the March meeting, Chancellor Chang and Kevin Bame stated that the big issue for the early retirement plan is a cash flow issue and that we just did not have the cash flow to do the payouts to employees.

There has been some discussion regarding the proposed changes SURS is making in the actuary tables. SURS has a news article posted on their website in regard to these changes. With the proposed changes in SURS, there could be many employees who decide to retire early.



STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS

SEARCH:

NEWS & EVENTS

ABOUT SURS

EVENTS/NEWS

INSURANCE

INVESTMENTS

LEGAL

LEGISLATION

MEMBER ACCESS

VII

SECTION LINKS

CALENDAR

MINUTES

NEWS FEATURES

PRESS RELEASES

THE ADVOCATE

SURS HOME

PLANS

HOW TO CHOOSE

PORTABLE

SELF-MANAGED

TRADITIONAL

SURS: News & Events: News Features



NEWS FEATURES

MONEY PURCHASE FACTORS: NEW INFORMATION ADDED 04/11/2011

The money purchase factors used to determine monthly annuity benefits will change in 2012 based upon a recent experience study conducted by SURS actuaries. The new factors will result in a lower monthly benefit payment for those retiring after the 2012 effective date.

State statute requires the State Universities Retirement System to conduct an experience study at least every five years to test the economic and demographic assumptions used to prepare the annual actuarial valuation report. The results of this process are then evaluated to determine which, if any, of the assumptions need modification to provide better estimates of future liability and asset growth for the System. The last experience study was conducted in 2006.

Based on changing market conditions and the current economic environment, the SURS actuary recommended that the latest experience study be conducted one year early.

In March 2011, the SURS Board of Trustees adopted the results of the recent study presented by the SURS actuary. These results will cause a downward adjustment in the annuity amount provided by the Money Purchase Formula. This change will not affect current annuitants or Self-Managed Plan members. The Money Purchase formula is not available to members who first became participants on or after July 1, 2005. The General Formula is not affected by these actuarial changes.

SURS calculates a retirement benefit using all available formulas and the member's annuity is based on the formula that provides the highest benefit. For most defined benefit members, this is a comparison between the General Formula and the Money Purchase Formula.

While the General Formula calculation is based on a member's age, years of service, and Final Rate of Earnings, the Money Purchase Formula acts more like a defined contribution plan and utilizes a member's contributions, interest, and age at retirement to determine the benefit amount. The Money Purchase Formula is an actuarial calculation that sets the benefit amount at a level that will allow a member to recover all contributions and interest over their projected life expectancy. Approximately 65% of SURS retirements are highest using the Money Purchase formula. However, the Money Purchase formula is not available to members who first became participants on or after July 1, 2005.

It is estimated that the monthly annuity benefit paid from the Money Purchase Formula will be reduced on average by 7% to 8% when the new factors take effect. We estimate that active participants can recover this monthly reduction by delaying retirement for approximately 10 to 11 months. Inactive participants would need to delay retirement for approximately 12 to 14 months.

The actual reduction in a monthly annuity calculated using the Money

Board Membr

- Jeffrey Beaulie
- Matthew Bern
- John Engstrom
- J. Fred Gertz
- Carrie Hightma
- Dorinda Miller
- Steven Roger
- Antonio Vasque
- Mitchell Vogel
- Marva William:

Calendar

Self-Managed P
Education Semi
April 21

Investment
Committee Mee
April 22

Retirement Educ
Seminar
April 26

Retirement Educ
Seminar
May 17

Committee Meet
June 9

Purchase Formula is unique to each individual participant. For this reason, SURS encourages all participants to log on to their account on the SURS Member Website and utilize the Benefit Estimator. Applying the estimated reduction to the resulting monthly Money Purchase Formula benefit will better reflect the effect on each participant's personal situation.

At the June 2011 SURS Board of Trustees meetings, the Board will determine the effective date of these changes, which is expected to be no earlier than January 2012.

[CONTACT SURS](#) | [LEGAL DISCLAIMER](#) | [PRIVACY POLICY](#) | [SITE MAP](#)

Copyright © 2001-2011 State Universities Retirement System.