

SURS LEGISLATIVE PLATFORM

03/09/2007

LEGISLATIVE PRINCIPLES

These principles are established by the State Universities Retirement System (SURS) Board of Trustees to provide a framework for the consistent evaluation of legislative proposals by staff. The Board's position on proposed legislation will be determined on a case-by-case basis using these principles as a guide. Legislative Proposals and Issue Positions are also subject to these Legislative Principles. Some principles may not apply to the SURS defined contribution Self-Managed Plan.

1. **Legislatively promised contributions should never be cut or delayed.** Decreased or delayed contributions impair the retirement security of SURS members throughout Illinois.
2. **Current and proposed benefits should be paid for as they accrue.** Proposals must provide an actuarially sufficient funding mechanism. Costs should not be shifted to future generations of taxpayers or system members.
3. **SURS investments should not be constrained by legislative restrictions, mandates or directives other than the trustees' fiduciary duties.** Political or economic mandates can reduce the likelihood of success in optimizing investment return.
4. **The primary goal of SURS is to provide financial security for SURS members in retirement.** Basic financial protection should be provided for system members beyond their normal working years.
5. **Benefits and costs should be equitably allocated.** Proposals should not discriminate against certain groups of members or retirees, expend system assets inequitably, or distribute increased costs disproportionately.
6. **The financial and operational integrity of SURS must be preserved.** Trustee ability to exercise fiduciary duties solely on behalf of members and beneficiaries of SURS without interference should be advanced.

LEGISLATIVE PROPOSALS

The SURS Board of Trustees intends to have introduced and to support passage of the following legislative proposals.

1. A resolution supporting the elimination or reduction of the federal Social Security governmental pension offset and windfall elimination provisions.
2. A bill containing technical corrections to the State Universities Retirement System.
3. A bill providing for purchase of military service by veterans who joined SURS after September 1, 1974 in the same manner as veterans who joined prior to that date.

ISSUE POSITIONS

The SURS Board of Trustees takes the following positions:

RETIREMENT BENEFITS

- Strongly supports a targeted inflation adjustment for (pre-1980) annuitants and their survivors who have suffered purchasing power losses.
- Supports adjusting by 3% per year any supplement payable under the minimum benefit provision for retirees.
- Supports an equity adjustment for annuitants, and survivors of those annuitants, whose retirement date preceded the effective date (January 1, 1998) of legislation creating numerous benefit-enhancing changes for system participants.
- Supports repeal of the limitation on earnings after retirement.
- Supports increasing the statutory schedule for service credit for unused, unpaid sick leave from 1 year to 2 years.

CONTRIBUTIONS

- Supports providing for purchase of military service by veterans who joined SURS after September 1, 1974 in the same manner as veterans who joined prior to that date.

SURVIVOR BENEFITS/DEATH BENEFITS

- Supports increasing the \$1,000 death benefit for annuitants to \$5,000 and making it nontaxable.
- Supports an adjustment of 3% per year in any survivor supplement payable under the minimum survivor benefit provision.

HEALTH INSURANCE

- Supports partial payment of Medicare Part B premium payments by the State of Illinois for those retirees affected by the federal Social Security governmental pension offset provisions.

INVESTMENTS

- Opposes all investment restrictions, mandates, or directives which could impair the trustees' fiduciary responsibilities, as set forth in Section 1-109 of the Illinois Pension Code.

FEDERAL

- Supports the elimination or reduction of the federal Social Security governmental pension offset and windfall elimination provisions.
- Opposes the extension of mandatory Social Security and Medicare coverage to all SURS participants.

EFFECTIVE RATE OF INTEREST
12/11/2006

The effective rate of interest for fiscal year 2007-2008 has been set by the SURS Board at 8.5% for the Traditional and Portable options. The law requires that the interest rate used in the Money Purchase calculation for fiscal year 2007-2008 be set by the Illinois State Comptroller by January 31. SURS will post that amount as soon as it is available.

ACTUARIAL RESULTS
01/08/2007

The SURS Board adopted the results of the recent five year study presented by the SURS actuary. These results may cause a slight decrease in the amount provided by the Money Purchase formula. The change in factors will affect retirements that begin on or after September 2, 2007. The Estimator on the SURS Member Website has been updated to calculate retirements after this date using the **new factors**. The **old factors** are also available for review.

MONEY PURCHASE EFFECTIVE RATE 2007-2008
02/02/2007

Public Act 94-4 requires the Illinois Office of the Comptroller (IOC) to annually set the effective rate to be used in computing the Money Purchase Formula.

The IOC has released the fiscal year 2007-2008 rate of interest for this purpose at 8%.