

New Money Purchase Factors Effective Date Set

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The SURS Board of Trustees recently set the effective date for changes to the Money Purchase factors as July 2, 2019. The changes to the factors are a result of a recent actuarial experience study* which recommended a reduction of the assumed rate of investment return and updated mortality tables to reflect an overall increased life expectancy. An actuarial experience study is required by state statute at least once every three years.

The board voted in March to reduce the long-term assumed rate of investment return from 7.25 percent to 6.75 percent. This rate impacts money purchase factors used in calculating retirement benefits

When SURS calculates a retirement benefit, all eligible calculation types are performed and the annuity is based on the calculation that provides the highest benefit. For members retiring on or after July 2, 2019, under the Money Purchase formula, the change in Money Purchase factors will result in an average five to six percent downward adjustment in their monthly annuity. Members can offset the adjustment by delaying retirement by approximately six to seven months for active participants and nine months for inactive participants.

The changes to the Money Purchase factors will not affect:

- Current annuitants

- Survivor benefit recipients
- Self-Managed Plan members
- Members who began participation on or after July 1, 2005
- Members whose benefit is highest under the General Formula calculation

Retirement calculations are unique to each individual member. For this reason, SURS encourages all members who are considering retirement in the next two years and who might be affected by the Money Purchase factor changes to log in to their personal account on the SURS Member Website and utilize the benefit estimator. By calculating estimates for retirement dates before and after the July 2, 2019, effective date, members can gain a clearer picture of how the factor changes could impact benefits.

For more information, read the [Money Purchase Factor Change Fact Sheet](#)^[1] or view the [Money Purchase Factor Video](#)^[2] at www.surs.org^[3].

*The purpose of an actuarial experience study is to review the actual experience of the system in relation to the current actuarial assumptions to determine which, if any, of the assumptions need modification to provide better estimates of future liability and asset growth for the System.

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[1] <http://surs.com/sites/default/files/pdfsx/MoneyPurchaseFactors.pdf>

[2] <https://vimeo.com/269901407>

[3] <http://www.surs.org>

[4] <http://surs.com/tags/news>

[5] <http://surs.com/tags/about-surs>

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