



MINUTES

**Meeting of the Administration Committee
of the Board of Trustees of the
State Universities Retirement System
Thursday, September 14, 2017, 9:15 a.m.
State Universities Retirement System
1901 Fox Drive, Main Conference Room
Champaign, Illinois**

The following trustees were present: Mr. Antonio Vasquez, Chair, Mr. Aaron Ammons, Mr. Mark Cozzi, Mr. Tom Cross, Mr. Dennis Cullen, Dr. John Engstrom, Dr. Fred Giertz, Mr. Paul R.T. Johnson Jr., Mr. Craig McCrohon, Ms. Dorinda Miller and Dr. Steven Rock.

Others present: Mr. Martin Noven, Executive Director; Mr. Doug Wesley, Chief Investment Officer; Ms. Phyllis Walker, Chief Financial Officer; Ms. Bianca Green, General Counsel; Ms. Brenda Dunn, Director of Human Resources; Mr. Steve Hayward, Director of Internal Audit; Ms. May Springfield, Internal Auditor; Ms. Kelly Carson and Ms. Annette Ackerman, Executive Assistants; Ms. Mary Pat Burns of Burke, Burns & Pinelli; and Ms. Amy Williams and Ms. Kristen Brundirks of Gabriel Roeder Smith & Company.

Administration Committee roll call attendance was taken. Trustee Ammons, present; Trustee Cross, present; Trustee Rock, present; and Trustee Vasquez, present.

APPROVAL OF MINUTES

Trustee Antonio Vasquez presented the minutes from the Administration Committee meeting of June 8, 2017, and June 9, 2017. Trustee Steven Rock made the following motions:

- That the minutes from the June 8, 2017 Administration Committee Meeting be approved as presented.
- That the minutes from the June 9, 2017 Administration Committee Meeting be approved as presented.

Trustee Aaron Ammons seconded and the motions carried with all trustees present voting in favor.

APPROVAL OF CLOSED SESSION MINUTES

Trustee Vasquez presented the Closed Session Minutes from the Administration Committee meeting of June 8, 2017, and June 9, 2017. Trustee Rock made the following motion:

- That the Closed Session Minutes from the June 8, 2017 Administration Committee Meeting be approved as presented and be opened.

- That the Closed Session Minutes from the June 9, 2017 Administration Committee Meeting be approved as presented and be opened.

Trustee Ammons seconded and the motion carried with all trustees present voting in favor.

CHAIRPERSON'S REPORT

There was no formal chair report.

RECERTIFICATION OF THE STATE CONTRIBUTION FOR FISCAL YEAR 2018

Ms. Phyllis Walker introduced the GRS staff. She reminded the board that GRS presented the final FY 2018 Statutory Contribution in December. The contribution amount of \$1,753,873,000 was certified to the governor. Ms. Amy Williams and Ms. Kristen Brundirks of Gabriel Roeder Smith & Company (GRS) presented their updated actuarial valuation results as of June 30, 2016, based on the provisions of Public Act 100-0023. Ms. Amy Williams of GRS stated this actuarial valuation provides information on the funding status and the contribution requirements of SURS. Ms. Williams answered questions and discussed the details on the updated actuarial valuation results, including changes due to the new Optional Hybrid Plan. The FY 2018 Statutory Contribution was reduced by \$124 million due to anticipated savings resulting from a combination of savings from the Optional Hybrid Plan, the impact of phasing in statutory actuarial changes, and savings from employer contributions to be received from earnings that exceed the governor's salary.

Trustee Rock made the following motion:

- That the amount of \$1,629,495,606 be recertified for Fiscal Year 2018 as the proposed state contribution.

Trustee Vasquez seconded and the motion carried with majority of trustees present voting in favor; Trustee Craig McCrohon and Trustee Paul R.T. Johnson opposed.

Copies of the staff memorandum titled "Fiscal Year 18 Re-Certification" and GRS presentation titled "GRS Recert FY18" are incorporated as part of these minutes as [Exhibit 1](#) and [Exhibit 2](#).

BENEFIT OVERPAYMENTS

Ms. Walker presented the board with uncollectible overpayments stating that most of the list presented represents benefit overpayments made to deceased SURS members and survivors. She explained how benefit overpayments occur and the efforts taken by SURS staff to collect benefit overpayments. She remarked that SURS staff has attempted to collect these overpayments but has been unsuccessful. The Joint Committee on Administrative Rules established procedures for SURS to handle uncollectible debt. Ms. Walker mentioned that as in past practice, if SURS is unable to collect all, or part, of an overpayment, SURS staff may request that the board certify the overpayment balance as uncollectible and as a result, no longer maintain the balance as an account receivable on SURS records. After further discussion, it was determined that staff would research other possible options for collecting the overpayments. This topic will be revisited during the December 2017 meeting.

Copies of the staff memorandums titled “Certification of Write-Off of Overpayments” and “September 2017 Recommendations for Write-Off” are incorporated as part of these minutes as [Exhibit 3](#) and [Exhibit 4](#).

RENEWAL OF SURS INCLUSION GOAL

Ms. Walker provided a brief overview of the history of the SURS inclusion policy which establishes guidelines for the inclusion of minority-, women- and persons with disabilities in the SURS procurement process. Ms. Walker noted that this policy is reviewed annually and the proposed SURS procurement goal is brought before the board for approval as required by Section 1-109.1 of the statute. Ms. Walker reviewed the previous fiscal year’s goal and advised that although the stated goal was not met, she recommends the goal be maintained at 25 percent. She also advised that staff will continue to pursue increased opportunities toward attaining the stated goal.

Trustee Ammons made the following motion:

- That the SURS inclusion policy be received as presented and that the SURS inclusion goal for purchases from business owned by minorities, women and persons with disabilities remain at 25 percent for FY 2018.

Trustee Rock seconded and the motion carried with a majority of trustees present voting in favor.

A copy of the staff memorandum titled “Recommendation of SURS Inclusion Goal for Fiscal Year 2018” and a copy of the State Universities Retirement System (SURS) Inclusion Policy are incorporated as part of these minutes as [Exhibit 5](#) and [Exhibit 6](#).

PUBLIC COMMENT

There was no further business before the board and Trustee Rock moved that the meeting be adjourned. The motion was seconded by Trustee Ammons and carried with all trustees present voting in favor.

Respectfully submitted,



Mr. Martin Noven
Secretary, Board of Trustees

MMN; kc



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To: Administration Committee
 From: Phyllis L. Walker
 Date: September 1, 2017
 Re: Proposed State Contribution for Fiscal Year 2018-RECERTIFICATION

Overview

The proposed State contribution for Fiscal Year 2018 will be recertified at \$1,629,495,606.

Public Act 100-0023 (Section 15-165 (a-10)) of the Illinois Pension Code and requires the SURS Board of Trustees to recertify to the State Actuary, Governor and the General Assembly by November 1st for the State contribution for the current fiscal year which began July 1. The previous Fiscal Year 2018 State contribution was certified on October 20, 2016 and revised on December 8, 2016 for additional investment information.

Based upon the revised contribution calculated by Gabriel, Roeder & Smith, the required statutory contribution is as follows:

Statutory defined benefit and SMP contribution calculated by GRS	\$1,800,185,000
Less projected trust, federal, other funds	<u>46,500,000</u>
Proposed net contribution to be certified for Fiscal Year 2018	\$1,753,873,000
Less reduction due to impact of Public Act 100-0023	<u>124,377,394</u>
Net State contribution to be recertified	\$1,629,495,606

The recertified Statutory contribution calculated by Gabriel, Roeder, Smith & Company (GRS) for Fiscal Year 2018 is \$1,675,807,606 (includes \$73,022,000 projected Self-Managed (SMP) State contribution).¹

The estimated trust, federal, and other funds is projected to be \$46,500,000 for Fiscal Year 2018.² The State contribution is reduced by the projected trust, federal and other funds.

Recommendation

SURS staff recommends the amount of \$1,629,495,606 be recertified for Fiscal Year 2018 as the proposed State Contribution.

¹This is the gross State contribution. The certified State Contribution will be this amount less amounts estimated to be received directly from the colleges and universities from "trust, federal, and other" funds and projected employer contributions from earnings greater than the Governor's salary.

²See table attached.



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Fiscal Years 2012 - 2017

***** STATE APPROPRIATIONS *****

Fiscal Year	Federal/Trust & Other Sources	State Pension Fund	General Revenue/ Educ Assistance Fnd Bond Issue Proceeds	Total State Appropriations	Total All Sources
2012	51,247,475	230,000,000	750,485,000	980,485,000	1,031,732,475
2013	47,920,295	150,000,000	1,252,800,000	1,402,800,000	1,450,720,295
2014	50,259,406	198,000,000	1,311,766,000	1,509,766,000	1,560,025,406
2015	46,658,889	197,000,000	1,347,200,000	1,544,200,000	1,590,858,889
2016	46,184,587	190,000,000	1,411,480,000	1,601,480,000	1,647,664,587
2017 *	47,500,000	190,000,000	1,411,480,000	1,601,480,000	1,648,980,000

* = Estimated amount

Average Fed/Trust/Other Sources for Fiscal Year 2012 - 2016: 48,454,130

The federal/trust/other sources includes contributions due to 6% billing of employers. (FY 2016 \$2.5 million, FY 2015 \$5.9 million, FY 2014 \$2.3 million, FY 2013 \$1.2 million and FY 2012 \$2.0 million)

Staff recommends a continued conservative projection of \$ 46,500,000 be used in determining the state appropriation for FY 2018.



August 29, 2017

Board of Trustees
State Universities Retirement System of Illinois
1901 Fox Drive
Champaign, IL 61820

Dear Members of the Board:

At your request, we present the updated actuarial valuation results of the State Universities Retirement System of Illinois ("SURS") as of June 30, 2016, based on the provisions of Public Act 100-0023. This report complements our original 2016 valuation report issued November 4, 2016, and includes a recertification of the Statutory contribution. GRS has prepared this report exclusively for the Trustees of the State Universities Retirement System; GRS is not responsible for reliance upon this report by any other party. This report may be provided to parties other than SURS only in its entirety and only with the permission of the Trustees. GRS is not responsible for unauthorized use of this report.

This actuarial valuation provides information on the funding status and the contribution requirements of SURS. This actuarial valuation includes a determination of (1) the State contribution level (the "Statutory Contribution") for the fiscal year ending June 30, 2018, and (2) estimates of statutory contributions for subsequent years under Section 15-155 of the SURS Article of the Illinois Pension Code, as amended by the provisions of PA 100-0023. Information required by Governmental Accounting Standards Board ("GASB") Statement Nos. 67 and 68 is provided in a separate report. This report should not be relied on for any purpose other than the purpose described.

This actuarial valuation is based on the provisions of SURS in effect as of June 30, 2016, and amended by the provisions of PA 100-0023, data on the SURS membership and information on the asset value of the trust fund as of that date. This valuation does not reflect the provisions of Public Act 98-0599 due to the court ruling that pension reform unconstitutional. The valuation was based upon the information furnished by SURS staff, concerning SURS benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by SURS.

The benefit provisions for members hired on or after January 1, 2011, were changed under Public Act 96-0889. Members hired on or after this date were valued under Public Act 96-0889 benefit provisions. Assumed new hires in the actuarial valuation projections were valued under the benefit provisions of Public Act 96-0889 and Public Act 100-0023 (60% of new hires are assumed to elect the Optional Hybrid Plan under Public Act 100-0023, 30% are assumed to elect the Self-Managed Plan, and 10% are assumed to elect the Tier 2 Plan under Public Act 96-0889).

The actuarial cost method (Projected Unit Credit, as required by statute) and the asset smoothing method (as required by statute) and all other assumptions and methods used in this valuation (except assumptions applicable under Public Act 100-0023) are unchanged from the original June 30, 2016, actuarial valuation of SURS. The plan election assumptions are the same as those used in an analysis of Senate Bill 16 (which had similar provisions to Public Act 100-0023). Those plan election assumptions were provided by the requestors of the Senate Bill 16 analysis. GRS has not analyzed future plan election assumptions. However, GRS believes the plan election assumptions used are reasonable for the purpose of this measurement.

Recertification of FY 2018 Contribution

The attachments included in this report include details on the updated actuarial valuation results as of June 30, 2016, based on the provisions of Public Act 100-0023. A detailed summary of the actuarial assumptions and methods and the benefit provisions can be found in the applicable sections of the attachments.

Following is a summary of the components of the fiscal year 2018 Statutory contribution and the estimated portion to be paid by the employers and by the State. Normal cost contributions and the additional 2% of pay contribution for members of the Optional Hybrid Plan were assumed not to be applicable for fiscal year 2018 because the Optional Hybrid Plan has not been established yet.

Fiscal Year	Total Level % of Pay Contribution			(in Millions) Additional Contributions			Total State
	Total	SMP	SURS	State	Employer Contributions		
				2% of Pay Contribution	Optional Hybrid Normal Cost	Excess Pay (Above Governor's Pay)	
2018	\$ 1,680.064	\$ 73.022	\$ 1,607.042	\$ -	\$ -	\$ 4.256	\$ 1,675.808

Following is a reconciliation of the fiscal year 2018 Statutory contribution from the originally certified amount before the provisions of Public Act 100-0023 and the recertified amount based on the provisions of Public Act 100-0023. The decrease attributable to the Optional Hybrid Plan is due to both the change in benefits and due to the higher projected payroll in future years. The payroll cap under the Optional Hybrid Plan is higher than under Tier 2. As a result, contributions dollars are projected to be lower in the near term, but higher in the long term.

	(in Millions) Total FY 2018 Contribution		
	Total	SMP	SURS
Before Provisions from PA 100-0023	\$ 1,800.185	\$ 73.022	\$ 1,727.163
Change Due to			
Optional Hybrid Plan	(61.223)	0.000	(61.223)
Phase in Impact of Assumption Changes	(58.898)	0.000	(58.898)
Employers Make Excess Pay Contributions	(4.256)	0.000	(4.256)
Total Change	(124.377)	0.000	(124.377)
Including Provisions from PA 100-0023	\$ 1,675.808	\$ 73.022	\$ 1,602.786



Disclosures

To the best of our knowledge, this actuarial statement is complete and accurate, fairly presents the actuarial position of SURS as of June 30, 2016, and has been prepared in accordance with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions, contribution amounts or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

Actuarial valuations do not affect the ultimate cost of the Plan, only the timing of contributions into the Plan. Plan funding occurs over time. Contribution shortfalls (the difference between the actual contributions and the annual required contributions) remain the responsibility of the Plan sponsor and can be made in later years. If the contribution levels over a period of years are lower or higher than necessary, it is normal and expected practice for adjustments to be made to future contribution levels to take account of this variance, with a view to funding the plan over time.

Although the statutory contribution requirements were met, the statutory funding method generates a contribution requirement that is less than a reasonable actuarially determined contribution. Meeting the statutory requirement does not mean that the undersigned agree that adequate actuarial funding has been achieved; we recommend the development and adherence to a funding policy that funds the normal cost of the plan as well as an amortization payment that would seek to pay off the total unfunded accrued liability over a closed period of no less than 15 years (to limit contribution volatility) and no more than the period of time in order to attain 100% funding by 2045 (28 years remaining in the actuarial valuation as of June 30, 2016).

The signing actuaries are independent of the plan sponsor.

Amy Williams, Lance J. Weiss and David T. Kausch are Members of the American Academy of Actuaries ("MAAA") and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

Amy Williams *Lance J. Weiss* *David T. Kausch*

Amy Williams, ASA, MAAA
 Consultant
 AW/LW:kb

Lance J. Weiss, EA, MAAA
 Senior Consultant

David T. Kausch, FSA, EA, MAAA
 Senior Consultant



Table 15
Projections – Does Not Reflect Recognition of Deferred Asset Gains and Losses in Projected Actuarial
Value of Assets (Impact of Bonds Issued in 2004 Included)
Assumes Investment Return of 7.25% Each Year on Actuarial Value of Assets
(\$ in Millions)

Fiscal	Total	SMP	DB	SURS	Member	Assets			Funding	Debt	Maximum	SURS Contribution	
Year	Payroll ¹	Payroll	Payroll ¹	Contributions ²	Contributions	Benefits	Expenses	EOY	AAL	Ratio	Service	Contribution	% of Total Payroll
Ending													
2016	\$ 4,218.369	\$ 832.241	\$ 3,386.128	\$ 1,582.295	\$ 278.884	\$ 2,320.829	\$ 14.731	\$ 17,701.646	\$ 40,923.301	43.26 %	\$ 112.435	\$ 1,599.757	37.51%
2017	4,505.679	966.098	3,539.581	1,649.249	283.520	2,443.278	16.087	18,439.665	42,088.124	43.81 %	116.476	1,674.082	36.60%
2018	4,589.685	1,023.748	3,565.937	1,607.042	285.632	2,542.730	16.690	19,086.048	43,220.234	44.16 %	120.304	1,625.399	35.01%
2019	4,691.923	1,084.619	3,607.304	1,668.581	278.992	2,651.653	17.316	19,722.697	44,308.428	44.51 %	123.920	1,686.410	35.56%
2020	4,806.832	1,148.440	3,658.392	1,739.839	279.910	2,763.573	17.966	20,363.671	45,347.583	44.91 %	132.009	1,753.050	36.20%
2021	4,928.316	1,209.908	3,718.408	1,796.158	281.600	2,875.984	18.639	20,994.079	46,334.186	45.31 %	139.615	1,805.435	36.45%
2022	5,058.097	1,274.388	3,783.709	1,843.458	283.720	2,989.957	19.338	21,602.615	47,264.278	45.71 %	146.736	1,849.534	36.45%
2023	5,194.422	1,339.165	3,855.258	1,893.143	286.329	3,105.498	20.063	22,189.019	48,133.278	46.10 %	153.373	1,896.701	36.45%
2024	5,340.344	1,406.699	3,933.645	1,943.247	289.455	3,219.553	20.816	22,754.167	48,939.221	46.49 %	164.417	1,943.247	36.39%
2025	5,491.970	1,474.065	4,017.905	1,992.902	293.010	3,336.763	21.596	23,293.202	49,674.959	46.89 %	174.604	1,992.902	36.29%
2026	5,650.095	1,541.169	4,108.926	2,050.764	297.066	3,451.441	22.406	23,815.838	50,339.198	47.31 %	179.149	2,050.764	36.30%
2027	5,817.458	1,611.361	4,206.098	2,112.771	301.562	3,562.126	23.246	24,329.740	50,931.920	47.77 %	183.195	2,112.771	36.32%
2028	5,992.579	1,681.267	4,311.312	2,173.446	306.658	3,667.761	24.118	24,838.713	51,454.366	48.27 %	191.634	2,173.446	36.27%
2029	6,177.609	1,754.751	4,422.857	2,238.780	312.185	3,771.309	25.023	25,349.798	51,904.331	48.84 %	199.325	2,238.780	36.24%
2030	6,370.761	1,831.190	4,539.571	2,303.176	318.036	3,874.004	25.961	25,863.363	52,277.655	49.47 %	211.160	2,303.176	36.15%
2031	6,571.259	1,909.261	4,661.998	2,371.470	324.255	3,973.852	26.934	26,386.914	52,571.775	50.19 %	221.997	2,371.470	36.09%
2032	6,780.646	1,990.043	4,790.603	2,449.162	330.892	4,011.888	27.945	26,995.317	52,845.299	51.08 %	226.944	2,449.162	36.12%
2033	6,998.960	2,071.486	4,927.474	2,536.018	338.128	4,095.167	28.992	27,657.944	53,050.919	52.13 %	226.249	2,536.018	36.23%
2034	7,230.234	2,158.160	5,072.074	2,635.108	345.907	4,170.899	30.080	28,399.731	53,192.917	53.39 %	NA	2,853.543	36.45%
2035	7,473.685	2,249.928	5,223.757	2,723.835	354.160	4,240.918	31.208	29,222.052	53,273.394	54.85 %	NA	2,949.626	36.45%
2036	7,727.213	2,344.140	5,383.073	2,816.236	362.928	4,304.834	32.378	30,141.357	53,294.803	56.56 %	NA	3,049.685	36.45%
2037	7,991.629	2,441.657	5,549.972	2,912.604	372.191	4,363.061	33.592	31,175.147	53,259.341	58.53 %	NA	3,154.042	36.45%
2038	8,266.344	2,540.709	5,725.635	3,012.726	382.062	4,414.375	34.852	32,343.351	53,171.073	60.83 %	NA	3,262.463	36.45%
2039	8,553.348	2,642.251	5,911.098	3,117.326	392.640	4,456.068	36.159	33,671.000	53,037.893	63.48 %	NA	3,375.735	36.45%
2040	8,854.819	2,747.879	6,106.940	3,227.199	403.963	4,487.674	37.515	35,186.279	52,869.174	66.55 %	NA	3,494.716	36.45%
2041	9,167.027	2,851.612	6,315.415	3,340.986	416.253	4,507.989	38.922	36,919.489	52,677.289	70.09 %	NA	3,617.934	36.45%
2042	9,496.910	2,961.946	6,534.963	3,461.214	429.358	4,513.824	40.381	38,908.883	52,479.160	74.14 %	NA	3,748.128	36.45%
2043	9,842.182	3,077.672	6,764.511	3,587.051	443.172	4,511.779	41.895	41,187.683	52,285.299	78.77 %	NA	3,884.396	36.45%
2044	10,203.094	3,199.939	7,003.154	3,718.587	457.601	4,500.691	43.466	43,792.716	52,107.531	84.04 %	NA	4,026.837	36.45%
2045	10,576.998	3,325.503	7,251.495	3,854.859	472.688	4,481.615	45.096	46,761.430	51,957.145	90.00 %	NA	4,174.405	36.45%

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in the Tier 2 and Optional Hybrid Plan participating in the Traditional and Portable plans.

² Excludes SMP contributions. Includes employer contributions.

³ Maximum contribution after impact of debt service.

Table 18
Hypothetical Assets to Determine Maximum Contribution
Projections – Does Not Reflect Recognition of Deferred Asset Gains and Losses in Projected Actuarial Value of Assets
(Before Impact of Bonds Issued in 2004)
Assumes Investment Return of 7.25% Each Year on Actuarial Value of Assets
(\$ in Millions)

Fiscal Year	Total Payroll ¹	SMP Payroll	DB Payroll ¹	SURS Contributions ²	Member Contributions	Benefits	Expenses	Assets EOY	AAL	Funding Ratio	Debt Service	SURS Contribution % of Total Payroll
2016	\$ 4,218.369	\$ 832.241	\$ 3,386.128	\$ 1,712.191	\$ 278.884	\$ 2,320.829	\$ 14.731	\$ 15,405.863	\$ 40,923.301	37.65 %	NA	40.59%
2017	4,505.679	966.098	3,539.581	1,790.557	283.520	2,443.278	16.087	16,123.779	42,088.124	38.31 %	NA	39.74%
2018	4,589.685	1,023.748	3,565.937	1,745.703	285.632	2,542.730	16.690	16,745.859	43,220.234	38.75 %	NA	38.04%
2019	4,691.923	1,084.619	3,607.304	1,810.330	278.992	2,651.653	17.316	17,359.642	44,308.428	39.18 %	NA	38.58%
2020	4,806.832	1,148.440	3,658.392	1,885.060	279.910	2,763.573	17.966	17,979.688	45,347.583	39.65 %	NA	39.22%
2021	4,928.316	1,209.908	3,718.408	1,945.049	281.600	2,875.984	18.639	18,591.451	46,334.186	40.12 %	NA	39.47%
2022	5,058.097	1,274.388	3,783.709	1,996.270	283.720	2,989.957	19.338	19,184.051	47,264.278	40.59 %	NA	39.47%
2023	5,194.422	1,339.165	3,855.258	2,050.073	286.329	3,105.498	20.063	19,757.629	48,133.278	41.05 %	NA	39.47%
2024	5,340.344	1,406.699	3,933.645	2,107.664	289.455	3,219.553	20.816	20,316.775	48,939.221	41.51 %	NA	39.47%
2025	5,491.970	1,474.065	4,017.905	2,167.506	293.010	3,336.763	21.596	20,859.921	49,674.959	41.99 %	NA	39.47%
2026	5,650.095	1,541.169	4,108.926	2,229.913	297.066	3,451.441	22.406	21,391.674	50,339.198	42.50 %	NA	39.47%
2027	5,817.458	1,611.361	4,206.098	2,295.966	301.562	3,562.126	23.246	21,919.543	50,931.920	43.04 %	NA	39.47%
2028	5,992.579	1,681.267	4,311.312	2,365.080	306.658	3,667.761	24.118	22,452.236	51,454.366	43.64 %	NA	39.47%
2029	6,177.609	1,754.751	4,422.857	2,438.106	312.185	3,771.309	25.023	22,996.727	51,904.331	44.31 %	NA	39.47%
2030	6,370.761	1,831.190	4,539.571	2,514.337	318.036	3,874.004	25.961	23,558.374	52,277.655	45.06 %	NA	39.47%
2031	6,571.259	1,909.261	4,661.998	2,593.467	324.255	3,973.852	26.934	24,144.717	52,571.775	45.93 %	NA	39.47%
2032	6,780.646	1,990.043	4,790.603	2,676.105	330.892	4,011.888	27.945	24,825.588	52,845.299	46.98 %	NA	39.47%
2033	6,998.960	2,071.486	4,927.474	2,762.267	338.128	4,095.167	28.992	25,565.216	53,050.919	48.19 %	NA	39.47%
2034	7,230.234	2,158.160	5,072.074	2,853.543	345.907	4,170.899	30.080	26,381.495	53,192.917	49.60 %	NA	39.47%
2035	7,473.685	2,249.928	5,223.757	2,949.626	354.160	4,240.918	31.208	27,291.326	53,273.394	51.23 %	NA	39.47%
2036	7,727.213	2,344.140	5,383.073	3,049.685	362.928	4,304.834	32.378	28,312.418	53,294.803	53.12 %	NA	39.47%
2037	7,991.629	2,441.657	5,549.972	3,154.042	372.191	4,363.061	33.592	29,463.647	53,259.341	55.32 %	NA	39.47%
2038	8,266.344	2,540.709	5,725.635	3,262.463	382.062	4,414.375	34.852	30,766.399	53,171.073	57.86 %	NA	39.47%
2039	8,553.348	2,642.251	5,911.098	3,375.735	392.640	4,456.068	36.159	32,247.331	53,037.893	60.80 %	NA	39.47%
2040	8,854.819	2,747.879	6,106.940	3,494.716	403.963	4,487.674	37.515	33,936.439	52,869.174	64.19 %	NA	39.47%
2041	9,167.027	2,851.612	6,315.415	3,617.934	416.253	4,507.989	38.922	35,865.847	52,677.289	68.09 %	NA	39.47%
2042	9,496.910	2,961.946	6,534.963	3,748.128	429.358	4,513.824	40.381	38,075.986	52,479.160	72.55 %	NA	39.47%
2043	9,842.182	3,077.672	6,764.511	3,884.396	443.172	4,511.779	41.895	40,602.337	52,285.299	77.66 %	NA	39.47%
2044	10,203.094	3,199.939	7,003.154	4,026.837	457.601	4,500.691	43.466	43,484.160	52,107.531	83.45 %	NA	39.47%
2045	10,576.998	3,325.503	7,251.495	4,174.405	472.688	4,481.615	45.096	46,761.430	51,957.145	90.00 %	NA	39.47%

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in the Tier 2 and Optional Hybrid Plan participating in the Traditional and Portable plans.

² Excludes SMP contributions. Includes employer contributions.

Table 19
Additional Details
(\$ in Millions)

Fiscal Year Ending	Total Normal Cost ¹					Admin Expense During Following Fiscal Year					Normal Cost with Admin Expense				
	Tier 2		Optional Hybrid			Tier 2		Optional Hybrid			Tier 2		Optional Hybrid		
	Tier 1	Current	Future	Plan Future	Total	Tier 1	Current	Future	Plan Future	Total	Tier 1	Current	Future	Plan Future	Total
2017	\$ 624.170	\$ 78.968	\$ 0.000	\$ 0.000	\$ 703.138	\$ 12.497	\$ 3.590	\$ 0.000	\$ 0.000	\$ 16.087	\$ 636.667	\$ 82.558	\$ 0.000	\$ 0.000	\$ 719.225
2018	596.352	73.829	19.275	0.000	689.456	12.213	3.361	1.117	0.000	16.690	608.565	77.190	19.469	0.000	705.224
2019	569.480	69.681	8.101	29.457	676.719	11.899	3.159	0.411	1.847	17.316	581.379	72.840	6.665	31.304	692.188
2020	542.945	66.943	12.060	43.155	665.103	11.527	3.017	0.633	2.789	17.966	554.472	69.960	9.906	45.943	680.281
2021	517.165	65.200	15.082	56.579	654.026	11.149	2.938	0.807	3.746	18.639	528.313	68.138	12.143	60.324	668.918
2022	492.555	63.817	17.951	70.038	644.361	10.761	2.885	0.968	4.724	19.338	503.316	66.702	14.195	74.762	658.975
2023	468.522	62.630	20.942	83.705	635.799	10.353	2.840	1.135	5.734	20.063	478.875	65.470	16.343	89.439	650.127
2024	444.829	61.607	24.148	97.543	628.127	9.923	2.799	1.319	6.775	20.816	454.752	64.406	18.693	104.318	642.169
2025	421.492	60.713	27.224	111.698	621.127	9.481	2.761	1.498	7.856	21.596	430.973	63.474	20.867	119.554	634.868
2026	398.691	60.019	30.338	126.211	615.259	9.028	2.727	1.677	8.974	22.406	407.719	62.746	23.041	135.185	628.691
2027	376.317	59.563	33.506	140.998	610.384	8.565	2.698	1.859	10.124	23.246	384.882	62.262	25.241	151.122	623.507
2028	354.376	59.362	36.791	156.137	606.666	8.091	2.672	2.049	11.305	24.118	362.467	62.034	27.534	167.443	619.478
2029	332.616	59.405	40.005	171.626	603.652	7.613	2.650	2.238	12.522	25.023	340.228	62.055	29.721	184.148	616.152
2030	310.445	59.535	43.251	187.610	600.841	7.123	2.628	2.428	13.782	25.961	317.567	62.163	31.896	201.393	613.019
2031	287.660	59.680	46.566	204.168	598.074	6.619	2.603	2.622	15.090	26.934	294.279	62.283	34.097	219.259	609.918
2032	264.516	59.814	49.989	221.312	595.631	6.105	2.575	2.823	16.442	27.945	270.622	62.389	36.371	237.753	607.135
2033	241.861	59.916	53.421	238.995	594.193	5.597	2.543	3.023	17.830	28.992	247.458	62.459	38.614	256.824	605.355
2034	220.034	60.034	56.879	257.150	594.097	5.103	2.508	3.222	19.247	30.080	225.136	62.542	40.853	276.398	604.929
2035	198.305	60.219	60.385	275.860	594.769	4.612	2.473	3.422	20.701	31.208	202.917	62.692	43.106	296.561	605.276
2036	176.389	60.435	63.972	295.218	596.014	4.123	2.436	3.625	22.194	32.378	180.512	62.871	45.402	317.413	606.198
2037	154.459	60.532	67.594	315.243	597.828	3.640	2.393	3.828	23.731	33.592	158.099	62.925	47.690	338.974	607.688
2038	132.799	60.523	71.278	336.034	600.634	3.167	2.344	4.031	25.310	34.852	135.966	62.867	50.000	361.343	610.176
2039	112.193	60.442	75.010	357.493	605.138	2.720	2.290	4.233	26.917	36.159	114.913	62.732	52.327	384.409	614.381
2040	93.190	60.204	78.786	379.572	611.752	2.307	2.229	4.432	28.546	37.515	95.497	62.433	54.672	408.118	620.720
2041	76.884	59.747	82.584	402.294	621.509	1.947	2.160	4.627	30.187	38.922	78.832	61.907	57.024	432.481	630.244
2042	63.881	58.986	86.378	425.503	634.748	1.651	2.082	4.816	31.832	40.381	65.532	61.068	59.362	457.335	643.297
2043	53.278	57.883	90.188	449.345	650.694	1.403	1.994	5.001	33.498	41.895	54.681	59.877	61.690	482.843	659.091
2044	44.464	56.314	94.024	473.915	668.717	1.191	1.894	5.184	35.197	43.466	45.655	58.209	64.010	509.113	676.987
2045	37.120	54.238	97.881	499.287	688.526	1.010	1.783	5.366	36.938	45.096	38.130	56.020	66.309	536.225	696.684
2046	31.001	51.619	101.755	525.481	709.856	0.856	1.660	5.547	38.725	46.788	31.857	53.279	68.576	564.207	717.919

¹ Normal Cost excludes expense portion.

Table 20
Additional Details
(\$ in Millions)

Fiscal Year Ending	Expected Defined Benefit Plan Pay ¹					Normal Cost Rate ¹					
	Tier 1	Tier 2		Optional Hybrid		Tier 1	Tier 2			Optional Hybrid	
		Current	Future	Plan Future	Total		Current	Future	Total	Plan Future	Total
2017	\$ 2,731.381	\$ 784.519	\$ 0.000	\$ 0.000	\$ 3,515.900	23.31%	10.52%		10.52%		20.46%
2018	2,585.212	711.424	236.439	0.000	3,533.075	23.54%	10.85%	8.62%	10.29%	0.00%	19.99%
2019	2,447.261	649.816	84.614	379.778	3,561.469	23.76%	11.21%	10.06%	11.08%	8.24%	19.49%
2020	2,314.788	605.841	127.164	559.998	3,607.791	23.95%	11.55%	9.98%	11.28%	8.20%	18.93%
2021	2,188.248	576.720	158.337	735.164	3,658.469	24.14%	11.81%	10.03%	11.43%	8.21%	18.39%
2022	2,067.747	554.440	186.022	907.726	3,715.935	24.34%	12.03%	10.17%	11.56%	8.24%	17.86%
2023	1,951.015	535.198	213.968	1,080.595	3,780.776	24.54%	12.23%	10.32%	11.69%	8.28%	17.35%
2024	1,837.322	518.201	244.232	1,254.407	3,854.162	24.75%	12.43%	10.43%	11.79%	8.32%	16.84%
2025	1,726.397	502.799	272.787	1,430.535	3,932.518	24.96%	12.62%	10.53%	11.89%	8.36%	16.34%
2026	1,618.704	489.042	300.715	1,609.098	4,017.559	25.19%	12.83%	10.65%	12.00%	8.40%	15.87%
2027	1,513.856	476.937	328.550	1,789.407	4,108.750	25.42%	13.05%	10.76%	12.12%	8.45%	15.42%
2028	1,411.921	466.317	357.648	1,972.858	4,208.744	25.67%	13.30%	10.86%	12.24%	8.49%	14.99%
2029	1,312.552	456.965	385.867	2,159.019	4,314.403	25.92%	13.58%	10.95%	12.37%	8.53%	14.57%
2030	1,214.177	447.998	413.920	2,349.448	4,425.543	26.15%	13.88%	11.04%	12.51%	8.57%	14.16%
2031	1,116.267	439.045	442.230	2,545.030	4,542.572	26.36%	14.19%	11.12%	12.65%	8.62%	13.76%
2032	1,019.533	430.001	471.364	2,745.607	4,666.505	26.54%	14.51%	11.20%	12.78%	8.66%	13.36%
2033	926.246	420.794	500.186	2,950.512	4,797.738	26.72%	14.84%	11.28%	12.91%	8.70%	12.99%
2034	837.420	411.592	528.737	3,158.787	4,936.536	26.88%	15.20%	11.37%	13.04%	8.75%	12.64%
2035	751.147	402.710	557.244	3,371.311	5,082.412	27.01%	15.57%	11.45%	13.18%	8.80%	12.32%
2036	666.731	393.938	586.136	3,589.125	5,235.930	27.07%	15.96%	11.53%	13.31%	8.84%	12.00%
2037	584.719	384.461	614.916	3,812.332	5,396.428	27.04%	16.37%	11.61%	13.44%	8.89%	11.70%
2038	505.825	374.352	643.772	4,042.041	5,565.990	26.88%	16.79%	11.70%	13.57%	8.94%	11.42%
2039	432.113	363.877	672.529	4,276.852	5,745.371	26.59%	17.24%	11.78%	13.70%	8.99%	11.16%
2040	364.983	352.701	701.198	4,516.019	5,934.901	26.16%	17.70%	11.87%	13.82%	9.04%	10.94%
2041	307.076	340.630	729.559	4,759.766	6,137.031	25.67%	18.17%	11.95%	13.93%	9.09%	10.76%
2042	259.691	327.405	757.327	5,006.045	6,350.468	25.23%	18.65%	12.04%	14.04%	9.14%	10.63%
2043	220.133	312.901	784.702	5,256.487	6,574.223	24.84%	19.14%	12.13%	14.13%	9.19%	10.53%
2044	186.531	296.664	811.850	5,512.124	6,807.169	24.48%	19.62%	12.22%	14.20%	9.24%	10.46%
2045	157.907	278.669	838.754	5,773.940	7,049.270	24.15%	20.10%	12.31%	14.25%	9.29%	10.41%
2046	133.536	259.009	865.428	6,042.321	7,300.294	23.86%	20.57%	12.40%	14.28%	9.34%	10.36%

¹Expected pay for members in the defined benefit plans at June 30. Used to develop normal cost as a percent of pay.

Table 21
Additional Details
(\$ in Millions)

Fiscal Year Ending	SMP Total Active Members	Number of Active Members					Defined Benefit Plan Payroll ¹					Member Contributions				
		Tier 2		Optional Hybrid			Tier 2		Optional Hybrid			Tier 2		Optional Hybrid		
		Tier 1	Current	Future	Plan Future	Total	Tier 1	Current	Future	Plan Future	Total	Tier 1	Current	Future	Plan Future	Total
2016	11,880	46,144	20,101	0	0	66,245	\$ 2,682.049	\$ 704.079	\$ 0.000	\$ 0.000	\$ 3,386.128					\$ 278.884
2017	13,321	41,402	16,789	6,613	0	64,804	2,592.718	718.619	228.245	0.000	3,539.582	207.677	57.561	18.282	0.000	283.520
2018	14,628	37,106	13,903	12,488	0	63,497	2,456.684	655.205	454.048	0.000	3,565.937	196.780	52.482	36.369	0.000	285.631
2019	15,791	33,266	11,589	6,992	10,487	62,334	2,326.866	605.428	125.103	549.906	3,057.397	186.382	48.495	19.974	34.094	288.945
2020	16,619	30,106	10,302	8,440	12,659	61,507	2,200.143	573.501	159.509	725.239	2,933.153	176.231	45.937	25.903	44.965	293.036
2021	17,267	27,372	9,426	9,623	14,435	60,856	2,080.906	550.980	189.039	897.483	2,820.925	166.681	44.133	31.386	55.644	297.844
2022	17,845	24,882	8,680	10,688	16,032	60,282	1,965.415	531.602	217.343	1,069.349	2,714.360	157.430	42.581	36.764	66.300	303.075
2023	18,364	22,597	8,034	11,652	17,477	59,760	1,853.175	514.806	245.432	1,241.845	2,613.413	148.439	41.236	42.137	76.994	308.806
2024	18,833	20,492	7,470	12,532	18,798	59,292	1,743.278	499.666	274.663	1,416.037	2,517.607	139.637	40.023	47.631	87.794	315.085
2025	19,252	18,557	6,974	13,337	20,006	58,874	1,636.344	485.743	303.336	1,592.482	2,425.423	131.071	38.908	53.121	98.734	321.834
2026	19,627	16,774	6,541	14,073	21,109	58,497	1,532.569	473.656	331.463	1,771.238	2,337.688	122.759	37.940	58.609	109.817	329.125
2027	19,972	15,120	6,156	14,751	22,127	58,154	1,431.082	462.702	359.499	1,952.815	2,253.283	114.630	37.062	64.141	121.075	336.908
2028	20,281	13,599	5,817	15,372	23,057	57,845	1,332.992	453.337	388.072	2,136.912	2,174.401	106.773	36.312	69.762	132.489	345.336
2029	20,559	12,182	5,508	15,950	23,926	57,566	1,236.429	444.700	416.529	2,325.200	2,097.658	99.038	35.620	75.450	144.162	354.270
2030	20,818	10,854	5,219	16,494	24,742	57,309	1,140.206	435.971	444.978	2,518.416	2,021.155	91.330	34.921	81.226	156.142	363.619
2031	21,060	9,611	4,944	17,003	25,505	57,063	1,044.540	427.273	473.566	2,716.619	1,945.379	83.668	34.225	87.104	168.430	373.427
2032	21,295	8,463	4,683	17,474	26,210	56,830	950.662	418.306	502.531	2,919.103	1,871.499	76.148	33.506	93.089	180.984	383.727
2033	21,509	7,425	4,435	17,902	26,853	56,615	861.879	409.279	531.283	3,125.033	1,802.441	69.036	32.783	99.119	193.752	394.690
2034	21,710	6,474	4,202	18,296	27,444	56,416	776.689	400.346	559.900	3,335.139	1,736.935	62.213	32.068	105.214	206.779	406.274
2035	21,896	5,586	3,986	18,663	27,995	56,230	692.831	391.936	588.560	3,550.429	1,673.327	55.496	31.394	111.406	220.127	418.423
2036	22,065	4,770	3,778	19,005	28,507	56,060	611.322	383.240	617.440	3,771.071	1,612.002	48.967	30.697	117.714	233.806	431.184
2037	22,225	4,011	3,574	19,326	28,989	55,900	532.171	373.503	646.399	3,997.899	1,552.073	42.627	29.918	124.138	247.870	444.553
2038	22,376	3,322	3,379	19,619	29,429	55,749	456.821	363.652	675.248	4,229.914	1,495.721	36.591	29.129	130.649	262.255	458.624
2039	22,512	2,718	3,189	19,882	29,824	55,613	387.930	353.056	703.857	4,466.255	1,444.843	31.073	28.280	137.218	276.908	473.479
2040	22,630	2,193	3,003	20,119	30,178	55,493	325.489	341.796	732.335	4,707.320	1,399.620	26.072	27.378	143.862	291.854	489.166
2041	22,728	1,780	2,817	20,320	30,480	55,397	274.874	329.376	760.261	4,950.904	1,364.511	22.017	26.383	150.508	306.956	505.864
2042	22,806	1,450	2,631	20,495	30,743	55,319	232.947	315.782	787.776	5,198.458	1,336.505	18.659	25.294	157.193	322.304	523.450
2043	22,874	1,182	2,443	20,650	30,976	55,251	197.587	300.817	814.995	5,451.112	1,313.399	15.827	24.095	163.946	337.969	541.837
2044	22,934	964	2,249	20,791	31,187	55,191	167.265	283.791	842.067	5,710.031	1,293.123	13.398	22.732	170.801	354.022	560.953
2045	22,986	788	2,053	20,919	31,379	55,139	141.644	265.391	868.940	5,975.520	1,275.975	11.346	21.258	177.759	370.482	580.845

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in the Tier 2 and Optional Hybrid Plan participating in the Traditional and Portable plans.

Table 22
Additional Details
(\$ in Millions)

Fiscal Year Ending	Present Value of Future Benefits							Benefit Payments						
	Current Retirees	Current Inactives	Tier 1 Actives	Tier 2 Actives		Optional Plan Future	Total	Current Retirees	Current Inactives	Tier 1 Actives	Tier 2 Actives		Optional Hybrid Plan Future	Total
				Current	Future						Current	Future		
2016	\$ 27,342.202	\$ 2,560.410	\$ 15,733.687	\$ 1,072.789	\$ 0.000	\$ 0.000	\$ 46,709.088							\$ 2,320.829
2017	26,970.776	2,694.671	16,779.256	1,120.496	164.505	0.000	47,729.704	2,272.788	49.602	91.852	29.036	0.000	0.000	2,443.278
2018	26,564.267	2,824.031	17,829.305	1,164.572	348.569	0.000	48,730.744	2,280.663	63.734	160.723	35.881	1.728	0.000	2,542.729
2019	26,113.128	2,952.026	18,875.122	1,209.937	102.585	452.151	49,704.949	2,295.299	74.107	238.320	37.723	1.357	4.846	2,651.652
2020	25,617.444	3,077.867	19,908.917	1,259.241	142.562	635.796	50,641.827	2,306.730	85.148	323.143	37.095	2.562	8.894	2,763.572
2021	25,077.643	3,199.737	20,925.109	1,317.775	184.525	835.839	51,540.628	2,314.628	97.793	412.512	31.635	5.462	13.954	2,875.984
2022	24,494.293	3,314.130	21,918.848	1,387.229	229.549	1,053.370	52,397.419	2,318.890	113.544	505.334	25.188	7.601	19.401	2,989.958
2023	23,868.320	3,419.838	22,885.533	1,467.099	277.815	1,287.621	53,206.226	2,319.209	129.938	601.025	19.992	9.211	26.123	3,105.498
2024	23,200.959	3,515.170	23,821.245	1,557.604	329.894	1,539.396	53,964.268	2,315.351	147.358	698.608	15.314	9.610	33.310	3,219.551
2025	22,493.792	3,600.088	24,718.989	1,657.418	385.113	1,809.250	54,664.650	2,307.068	164.087	800.776	12.661	11.619	40.552	3,336.763
2026	21,748.833	3,673.787	25,577.424	1,764.075	443.545	2,097.699	55,305.363	2,294.055	180.866	901.582	13.041	13.714	48.183	3,451.441
2027	20,968.392	3,737.030	26,388.192	1,875.528	506.749	2,411.392	55,887.283	2,276.164	196.122	1,007.704	15.877	14.587	51.671	3,562.125
2028	20,155.142	3,787.794	27,149.003	1,992.000	575.075	2,751.067	56,410.081	2,253.208	212.599	1,112.703	18.833	14.866	55.552	3,667.761
2029	19,312.195	3,823.905	27,855.476	2,113.728	648.565	3,119.138	56,873.007	2,224.952	230.301	1,218.434	21.912	16.004	59.706	3,771.309
2030	18,443.035	3,843.884	28,500.213	2,240.786	727.546	3,517.677	57,273.141	2,191.250	248.406	1,327.506	25.287	17.267	64.287	3,874.003
2031	17,551.530	3,846.318	29,076.926	2,373.236	812.330	3,948.375	57,608.715	2,151.981	266.748	1,438.325	28.975	18.497	69.327	3,973.853
2032	16,641.913	3,891.021	29,578.493	2,511.028	903.203	4,412.559	57,938.217	2,107.059	226.102	1,551.261	33.089	19.485	74.893	4,011.889
2033	15,718.758	3,925.968	30,003.474	2,654.089	1,000.118	4,911.425	58,213.832	2,056.451	238.652	1,660.326	37.647	20.988	81.102	4,095.166
2034	14,786.998	3,950.804	30,349.168	2,802.421	1,103.433	5,447.381	58,440.205	2,000.133	250.862	1,766.638	42.574	22.657	88.036	4,170.900
2035	13,851.764	3,965.738	30,610.324	2,956.093	1,213.548	6,023.030	58,620.497	1,938.260	262.162	1,872.469	47.800	24.440	95.787	4,240.918
2036	12,918.332	3,970.872	30,782.111	3,115.097	1,330.835	6,640.551	58,757.798	1,871.046	272.671	1,977.047	53.410	26.229	104.431	4,304.834
2037	11,992.128	3,964.676	30,861.668	3,279.009	1,455.586	7,302.774	58,855.841	1,798.720	283.970	2,078.132	59.803	28.398	114.038	4,363.061
2038	11,078.656	3,946.796	30,846.146	3,447.391	1,587.922	8,010.999	58,917.910	1,721.586	294.819	2,175.510	66.962	30.795	124.703	4,414.375
2039	10,183.319	3,917.713	30,734.993	3,619.808	1,728.033	8,767.010	58,950.876	1,640.126	304.385	2,266.766	74.852	33.404	136.534	4,456.067
2040	9,311.356	3,876.842	30,529.721	3,795.854	1,876.271	9,573.300	58,963.344	1,554.875	313.732	2,349.866	83.420	36.173	149.608	4,487.674
2041	8,467.740	3,824.584	30,233.570	3,974.724	2,032.618	10,430.836	58,964.072	1,466.460	321.865	2,423.249	93.016	39.304	164.094	4,507.988
2042	7,657.079	3,761.693	29,854.318	4,155.064	2,197.464	11,342.683	58,968.301	1,375.580	328.474	2,482.760	104.119	42.750	180.140	4,513.823
2043	6,883.509	3,688.440	29,394.945	4,335.423	2,371.131	12,311.716	58,985.164	1,283.013	334.077	2,533.576	116.726	46.526	197.860	4,511.778
2044	6,150.660	3,605.511	28,860.587	4,514.023	2,554.008	13,341.186	59,025.975	1,189.537	338.293	2,573.823	131.050	50.627	217.360	4,500.690
2045	5,461.543	3,513.355	28,257.614	4,688.555	2,746.356	14,434.085	59,101.508	1,096.005	341.397	2,602.669	147.482	55.183	238.880	4,481.616

Table 23
Additional Details
(\$ in Millions)

Fiscal Year Ending	Actuarial Accrued Liability						Total
	Current Retirees	Current Inactives	Tier 1 Actives	Tier 2 Actives		Optional Hybrid Plan Future	
				Current	Future		
2016	\$ 27,342.202	\$ 2,560.410	\$ 10,779.979	\$ 240.710	\$ 0.000	\$ 0.000	\$ 40,923.301
2017	26,970.776	2,694.671	12,112.805	309.872	0.000	0.000	42,088.124
2018	26,564.267	2,824.031	13,442.128	371.637	18.172	0.000	43,220.235
2019	26,113.128	2,952.026	14,759.638	431.676	11.006	40.954	44,308.428
2020	25,617.444	3,077.867	16,057.343	493.884	21.642	79.404	45,347.584
2021	25,077.643	3,199.737	17,329.879	564.451	33.173	129.303	46,334.186
2022	24,494.293	3,314.130	18,573.062	645.378	46.296	191.119	47,264.278
2023	23,868.320	3,419.838	19,782.387	736.325	61.801	264.608	48,133.279
2024	23,200.959	3,515.170	20,953.792	837.650	81.337	350.313	48,939.221
2025	22,493.792	3,600.088	22,080.150	948.143	103.396	449.390	49,674.959
2026	21,748.833	3,673.787	23,160.159	1,065.534	128.108	562.778	50,339.199
2027	20,968.392	3,737.030	24,185.396	1,188.027	156.989	696.087	50,931.921
2028	20,155.142	3,787.794	25,153.501	1,316.132	191.076	850.721	51,454.366
2029	19,312.195	3,823.905	26,059.762	1,450.380	229.785	1,028.305	51,904.332
2030	18,443.035	3,843.884	26,895.811	1,590.999	273.352	1,230.573	52,277.654
2031	17,551.530	3,846.318	27,654.110	1,738.145	322.239	1,459.433	52,571.775
2032	16,641.913	3,891.021	28,326.460	1,891.837	377.192	1,716.876	52,845.299
2033	15,718.758	3,925.968	28,911.143	2,052.058	438.126	2,004.866	53,050.919
2034	14,786.998	3,950.804	29,405.513	2,218.915	505.331	2,325.356	53,192.917
2035	13,851.764	3,965.738	29,803.622	2,392.647	579.193	2,680.431	53,273.395
2036	12,918.332	3,970.872	30,099.595	2,573.389	660.271	3,072.344	53,294.803
2037	11,992.128	3,964.676	30,289.630	2,760.715	748.733	3,503.460	53,259.342
2038	11,078.656	3,946.796	30,370.164	2,954.198	844.941	3,976.318	53,171.073
2039	10,183.319	3,917.713	30,340.691	3,153.454	949.287	4,493.429	53,037.893
2040	9,311.356	3,876.842	30,203.342	3,358.037	1,062.241	5,057.357	52,869.175
2041	8,467.740	3,824.584	29,963.151	3,567.040	1,184.075	5,670.699	52,677.289
2042	7,657.079	3,761.693	29,630.450	3,778.910	1,315.103	6,335.926	52,479.161
2043	6,883.509	3,688.440	29,210.021	3,991.942	1,455.664	7,055.723	52,285.299
2044	6,150.660	3,605.511	28,708.303	4,203.960	1,606.142	7,832.956	52,107.532
2045	5,461.543	3,513.355	28,132.733	4,412.181	1,766.806	8,670.527	51,957.145

APPENDIX G

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods and Assumptions

Projected Unit Credit Method

The Projected Unit Credit Method is mandated under Section 15-155 as the funding method to be used for SURS.

The concept of this method is that funding of benefits should occur as benefits are accrued (earned) by active members of SURS.

The Normal Cost ("NC") for a fiscal year under this method is the actuarial present value of all benefits expected to be accrued during the fiscal year adjusted for future expected salary increases. The Actuarial Accrued Liability ("AAL") under this method is the actuarial present value of all benefits accrued to the valuation date. To the extent that the assets of the fund are insufficient to cover the AAL, an Unfunded Actuarial Accrued Liability ("UAAL") develops. Under the classical application of this method, the contribution for a year is the NC for that year plus an amount to amortize the UAAL.

Funding Policy to Calculate Statutory Contributions

Under Section 15-155, the employer/State contribution is determined such that the assets of SURS reach 90% of the AAL by the end of FY 2045.

This contribution is determined as a level percentage of pay for all years except that the contribution rates through 2010 shall grade in equal steps to the desired level contribution rate. *We have assumed the contribution would be based on pensionable (capped) payroll for members hired on or after January 1, 2011 ("Tier 2 members" and "Optional Hybrid Plan members").* Pensionable pay does not include amounts in excess of the pay cap (\$111,572 in 2016 for Tier 2, increased by the lesser of 3% and 1/2 of the increase in CPI-U as measured in the preceding 12-month calendar year and the federal Social Security Wage Base for the Optional Hybrid Plan) that is applicable to members hired on or after January 1, 2011, participating in the defined benefit plans.

Public Act 100-0023 (Effective July 6, 2017) made the following changes to the SURS funding policy

State Contributions

- Requires the state to make additional contributions to SURS in FY 2018, FY 2019 and FY 2020 equal to 2 percent of the total payroll of each employee who participates in the Optional Hybrid Plan or who participates in the Tier 2 plan in lieu of the Optional Hybrid Plan.
- Requires any change in an actuarial assumption that increases or decreases the required state contribution to be implemented in equal annual amounts over a five-year period beginning in the state fiscal year in which the change first applies to the required state contribution.
 - For changes that first applied in FY 2014, FY 2015, FY 2016 or FY 2017, the impact is calculated based on a five-year period and the applicable portion is recognized during the remaining fiscal years in that five-year period.

Actuarial Methods and Assumptions

Employer Contributions

- Requires employers to contribute for each employee of the employer who participates in the optional hybrid plan or participates in the Tier 2 plan in lieu of the Optional Hybrid Plan.
 - The employer normal cost for fiscal years 2018, 2019 and 2020.
 - The employer normal cost plus two percent of pay for fiscal years 2021 and thereafter.
 - Beginning in FY 2018, the amount for that fiscal year to amortize any unfunded actuarial accrued liability attributable to the defined benefits of the employer's employees who first became participants on or after the implementation date of the Optional Hybrid Plan and the employer's employees who were previously Tier 2 participants but elected to participate in the Optional Hybrid Plan, determined as a level percentage of payroll over a 30-year rolling amortization period.
- Requires employers to contribute the employer normal cost of the portion of an employee's earnings that exceeds the amount of salary set for the governor, for academic years beginning on or after July 1, 2017. (Applicable to Tier 1 and Tier 2 employees.)

Following is a table with the recognition schedule for the phase in of actuarial assumption changes.

Amount from Valuation Year Ending 6/30	\$ in Millions				Total
	2013	2014	2015	2016	
First Affected FY Contribution					
Assumption Change Impact*	\$ (19.2)	\$ 87.6	\$ 57.5	\$ -	
Projected FY 2018 Total Payroll	\$ 4,589.7	\$ 4,589.7	\$ 4,589.7	\$ 4,589.7	
Assumption Impact as Percent of Payroll	-0.42%	1.91%	1.25%	0.00%	
Fiscal Year	Cumulative Portion Recognized By Future Fiscal Year				
2018	80%	60%	40%	20%	
2019	100%	80%	60%	40%	
2020	100%	100%	80%	60%	
2021	100%	100%	100%	80%	
2022	100%	100%	100%	100%	
	Portion Not Yet Recognized By Future Fiscal Year				
2018	20%	40%	60%	80%	
2019	0%	20%	40%	60%	
2020	0%	0%	20%	40%	
2021	0%	0%	0%	20%	
2022	0%	0%	0%	0%	
	Percentage of Payroll				
Amount from Valuation Year Ending 6/30	2013	2014	2015	2016	Total
Portion Not Recognized for FY 2018	-0.08%	0.76%	0.75%	0.00%	1.43%
Portion Not Recognized for FY 2019	0.00%	0.38%	0.50%	0.00%	0.88%
Portion Not Recognized for FY 2020	0.00%	0.00%	0.25%	0.00%	0.25%
Portion Not Recognized for FY 2021	0.00%	0.00%	0.00%	0.00%	0.00%
Portion Not Recognized for FY 2022	0.00%	0.00%	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

Following is a table with the estimated contributions to be made by employers for pay in excess of the Governor's pay. (Information calculated and provided by SURS).

Year	\$ in Millions						
	Governor's Pay	Pay for Preceding Fiscal Year for Affected Members		Employer Normal Cost (ER NC) Rate	Excess Pay*ER NC Rate	Additional Adjustments	Estimated Employer Contributions
		Total Pay	Excess Pay				
July 1, 2017 - June 30, 2018	\$177,500	\$199,479	\$46,831	12.46%	\$5.835	(\$1,579)	\$4,256

Asset Valuation Method

Prior to the actuarial valuation as of June 30, 2009, market value of assets was used. Under statute 15-155(l), beginning with the June 30, 2009, actuarial valuation, the asset value is the actuarial value of assets which is calculated by recognizing 20% of the investment gain or loss (the difference between the actual investment return and the expected investment return) on the market value of assets for each of the five following fiscal years. This method was not applied retroactively to recognize a portion of investment gains or losses from previous fiscal years.

Following is a table with the recent investment return assumptions.

Valuation Date	Investment Return Assumption
Prior to June 30, 2010	8.50%
June 30, 2010, through June 30, 2013	7.75%
June 30, 2014, and after	7.25%

Actuarial Methods and Assumptions

Actuarial Assumptions (Most Adopted Effective with the June 30, 2015, Actuarial Valuation)

Under statute 15-155(a), the Board adopts the assumptions after consultation with the actuary. All actuarial assumptions are expectations of future experience and are not market measures. The rationale for the assumption may be found in the 2010-2014 experience study report issued to the Board of Trustees on January 16, 2015.

Rate of Investment Return. For all purposes under the system the rate of investment return is assumed to be 7.25% per annum beginning with the **June 30, 2014**, valuation. This assumption is net of investment expenses.

Price Inflation (Increase in Consumer Price Index "CPI"). The assumed rate is 2.75% per annum.

Effective Rate of Interest. The actuarial valuation assumed rate credited to member accounts is 7.00% per annum, beginning with the June 30, 2013, actuarial valuation.

Cost of Living Adjustment "COLA." The assumed rate is 3.00% per annum for members hired before January 1, 2011, based on the benefit provision of 3.00% annual compound increases. The assumed rate is 1.375% for members hired on or after January 1, 2011, based on the benefit provision of increases equal to ½ of the increase in CPI with a maximum increase of 3.00%.

Annual Compensation Increases. Each member's compensation is assumed to increase by 3.75% each year, 2.75% reflecting salary inflation and 1.00% reflecting standard of living increases. That rate is increased for members with less than 34 years of service. The total assumed increase follows:

<u>Service Year</u>	<u>Total Increase</u>
0	15.00%
1	12.00%
2	9.00%
3	7.25%
4	6.50%
5	6.00%
6	5.75%
7	5.50%
8	5.25%
9	5.00%
10	4.75%
11	4.50%
12-13	4.25%
14-33	4.00%
34+	3.75%

Payroll Growth. The assumed rate of total payroll growth is 3.75%.

Actuarial Methods and Assumptions

Mortality. The mortality assumptions are as follows:

Base Table with 2014 Base Year	Male Set Forward	Female Set Forward	Male Multiplier	Female Multiplier
RP-2014 White Collar Employee, sex distinct (pre-retirement)	None	None	110% pre 60, 80% at ages 60+	90% pre 60, 90% at ages 60+
RP-2014 White Collar Healthy Annuitant, sex distinct (non-disabled post-retirement)	1 year	1 year	100%	100%
RP-2014 Disabled Annuitant, sex distinct (disabled post-retirement)	9 years	10 years	100%	100%

The provision for future mortality improvement is based on the generational application of the MP-2014 improvement scales.

Sample Mortality Rates

Age	Future Life Expectancy (years) in 2016				Future Life Expectancy (years) in 2030			
	Postretirement		Disabled - Retiree		Postretirement		Disabled - Retiree	
	Male	Female	Male	Female	Male	Female	Male	Female
35	51.99	54.08	29.64	34.42	53.33	55.36	31.72	36.32
40	46.75	48.86	26.21	30.34	48.08	50.14	28.14	32.12
45	41.61	43.71	23.01	26.55	42.91	44.97	24.74	28.18
50	36.57	38.63	19.95	22.89	37.84	39.86	21.50	24.37
55	31.67	33.63	16.96	19.26	32.90	34.82	18.33	20.61
60	26.91	28.71	14.06	15.74	28.07	29.87	15.25	16.97
65	22.29	23.99	11.28	12.51	23.38	25.09	12.34	13.60
70	17.89	19.49	8.72	9.70	18.91	20.53	9.63	10.65
75	13.82	15.29	6.49	7.35	14.76	16.25	7.24	8.13

Actuarial Methods and Assumptions

Disability. A table of disability incidence with rates follows:

Age	Male	Female	Age	Male	Female
20	0.042%	0.060%	50	0.206%	0.249%
21	0.043%	0.064%	51	0.219%	0.257%
22	0.044%	0.067%	52	0.231%	0.264%
23	0.045%	0.071%	53	0.244%	0.272%
24	0.046%	0.074%	54	0.256%	0.279%
25	0.047%	0.078%	55	0.264%	0.287%
26	0.048%	0.081%	56	0.271%	0.294%
27	0.049%	0.085%	57	0.279%	0.302%
28	0.050%	0.088%	58	0.286%	0.309%
29	0.051%	0.092%	59	0.294%	0.317%
30	0.054%	0.099%	60	0.301%	0.324%
31	0.056%	0.107%	61	0.309%	0.332%
32	0.059%	0.114%	62	0.316%	0.339%
33	0.061%	0.122%	63	0.324%	0.347%
34	0.064%	0.129%	64	0.331%	0.354%
35	0.067%	0.137%	65	0.339%	0.362%
36	0.071%	0.144%	66	0.346%	0.369%
37	0.074%	0.152%	67	0.354%	0.377%
38	0.078%	0.159%	68	0.361%	0.384%
39	0.081%	0.167%	69	0.369%	0.392%
40	0.091%	0.174%	70	0.369%	0.392%
41	0.101%	0.182%	71	0.369%	0.392%
42	0.111%	0.189%	72	0.369%	0.392%
43	0.121%	0.197%	73	0.369%	0.392%
44	0.131%	0.204%	74	0.369%	0.392%
45	0.144%	0.212%	75	0.369%	0.392%
46	0.156%	0.219%	76	0.369%	0.392%
47	0.169%	0.227%	77	0.369%	0.392%
48	0.181%	0.234%	78	0.369%	0.392%
49	0.194%	0.242%	79	0.369%	0.392%

Disability rates apply during the retirement eligibility period.

Actuarial Methods and Assumptions

Retirement. Upon eligibility, active members are assumed to retire as follows:

Age	Members Hired Before January 1, 2011, and Eligible for		Members Hired on or after January 1, 2011, and Eligible for	
	Normal	Early Retirement	Normal	Early Retirement
Under 50	50.0%	-	-	-
50	45.0	-	-	-
51	45.0	-	-	-
52	45.0	-	-	-
53	40.0	-	-	-
54	40.0	-	-	-
55	38.0	7.5%	-	-
56	36.0	6.0	-	-
57	30.0	4.5	-	-
58	30.0	5.5	-	-
59	30.0	6.0	-	-
60	11.0	-	-	-
61	11.0	-	-	-
62	13.0	-	-	35.0%
63	13.0	-	-	15.0
64	13.0	-	-	15.0
65	17.0	-	-	15.0
66	17.0	-	-	15.0
67	15.0	-	50.0%	-
68	15.0	-	35.0	-
69	15.0	-	30.0	-
70-74	15.0	-	15.0	-
75-79	20.0	-	20.0	-
80+	100.0	-	100.0	-

Members that retire are assumed to elect the most valuable option on a present value basis – refund of contributions (or portable lump sum retirement, if applicable) or a retirement annuity.

Actuarial Methods and Assumptions

General Turnover. A table of termination rates based on experience in the 2010-2014 period. The assumption is a table of turnover rates by years of service. A sample of these rates follows:

<u>Years of Service</u>	<u>All Members</u>
0	20.00%
1	20.00
2	15.00
3	14.00
4	12.00
5	10.00
6	9.00
7	7.50
8	6.75
9	6.00
10	5.25
11	4.50
12	4.00
13	3.70
14	3.20
15	3.00
16	3.00
17	3.00
18	3.00
19	3.00
20	2.50
21	2.50
22	2.50
23	2.50
24	2.50
25	2.00
26	2.00
27	2.00
28	2.00
29	2.00

Part-time members with less than three years of service (all members classified as part time for valuation purposes) are assumed to terminate at the valuation date.

Members that terminate with at least five years of service (10 years of service for Tier 2 members) are assumed to elect the most valuable option on a present value basis – refund of contributions or a deferred benefit.

Termination rate for 29 years of service used for Tier 2 members until retirement eligibility is met.

Actuarial Methods and Assumptions

Operational Expenses. The amount of operational expenses for administration incurred in the latest fiscal year are supplied by SURS staff and incorporated in the Normal Cost.

Marital Status. Members are assumed to be married in the following proportions:

Age	Males	Females
20	25 %	40 %
30	70	75
40	80	80
50	85	80
60	85	70

Spouse Age. The female spouse is assumed to be three years younger than the male spouse.

Benefit Commencement Age. Inactive members eligible for a deferred benefit are assumed to commence benefits at their earliest normal retirement age. For Tier 1 members this is age 62 with at least five years of service, age 60 with at least eight years of service, or immediately if at least 30 years of service. For Tier 2 members, this is age 67 with 10 or more years of service.

Load on Final Average Salary. No load is assumed to account for higher than assumed pay increases in final years of employment before retirement.

Load on Liabilities for Service Retirees With Non-finalized Benefits. A load of 10% on liabilities for service retirees whose benefits have not been finalized as of the valuation date is assumed to account for finalized benefits that on average are 10% higher than 100% of the preliminary estimated benefit. A load of 5% is used if a “best formula” benefit was provided in the data by Staff.

Valuation of Inactives. An annuity benefit is estimated based on information provided by staff for Tier 1 inactive members with five or more years of service and Tier 2 members with 10 or more years of service.

Assumption for Missing Data. Members with an unknown gender are assumed to be female. Active and inactive members with an unknown date of birth are assumed to be 37 years old at the valuation. An assumed spouse date of birth is calculated for current service retirees in the traditional plan for purposes of calculating future survivor benefits. The female spouse is assumed to be three years younger than the male spouse. 70% of current total male retirees and 80% of current total female retirees in the traditional plan that have not elected a survivor refund are assumed to have a spouse at the valuation date.

Reciprocal Service. Reciprocal service is included for current inactive members for purposes of determining vesting eligibility and eligibility age to commence benefits.

The recently updated actuarial assumptions (including retirement and termination rates) were based on SURS service only. Therefore, reciprocal service was not included for current active members. Reciprocal service will be collected and analyzed in the future and will be considered in the next experience review.

Actuarial Methods and Assumptions

Projection Assumptions. The number of total active members throughout the projection period will remain the same as the total number of active members in the defined benefit plans and the SMP in the current valuation.

Future new hires are assumed to elect to participate in the offered plans as follows:

- 60% elect to participate in the Optional Hybrid Plan.
 - 75% are assumed to elect the Tradition Plan (consistent with the current election split).
 - 25% are assumed to elect the Portable Plan (consistent with the current election split).
- 30% elect to participate in the Self Managed Plan.
- 10% elect to participate in the Tier 2 Plan.
 - 75% are assumed to elect the Tradition Plan (consistent with the current election split).
 - 25% are assumed to elect the Portable Plan (consistent with the current election split).

New entrants have an average age of 37.1 and average capped pay of \$37,154 and average uncapped pay of \$38,672 (2016 dollars). These values are based on the average age and average pay of current members. The range profile is based on the age at hire and assumed pay at hire (using the actuarial assumptions, inflated to 2016 dollars) of current active members with service between one and four years.

Age	Number Males	Average Pay		Number Females	Average Pay		Total Number	Average Pay	
		Capped Male	Uncapped Male		Capped Female	Uncapped Female		Capped Total	Uncapped Total
<20	59	\$16,107	\$16,107	60	\$13,789	\$13,789	119	\$14,938	\$14,938
20 - 24	767	27,799	27,799	1,220	26,320	26,320	1,987	26,891	26,891
25 - 29	1,786	37,574	38,109	2,383	34,770	34,912	4,169	35,971	36,282
30 - 34	1,661	44,499	46,305	2,149	38,199	39,143	3,810	40,946	42,265
35 - 39	1,082	45,535	48,736	1,465	37,749	38,783	2,547	41,057	43,011
40 - 44	770	45,334	48,078	1,165	35,853	37,082	1,935	39,626	41,457
45 - 49	677	41,933	45,689	966	34,100	35,173	1,643	37,328	39,506
50 - 54	664	40,479	45,533	826	31,392	32,777	1,490	35,442	38,462
55 - 59	463	38,280	44,087	578	32,982	35,007	1,041	35,338	39,045
60 - 64	277	35,870	41,096	271	30,569	33,360	548	33,249	37,271
65 - 69	11	22,899	22,899	10	17,973	17,973	21	20,553	20,553
Total	8,217	40,239	42,621	11,093	34,378	35,227	19,310	36,872	38,373

SMP Contribution Assumptions. The projected SMP contributions are equal to 7.6% of SMP payroll, plus estimated SMP expenses minus SMP employer forfeitures. Estimated SMP expenses for FY 2017 are \$488,530 and actual FY 2016 SMP employer forfeitures used to reduce the certified contributions for FY 2018 are \$5,284,434. Estimated SMP expenses for FY 2018 and after are assumed to increase by 2.75%. Estimated SMP employer forfeitures used to reduce the certified contributions for FY 2019 and after are assumed to be 7.5% of the gross SMP employer contribution.

Pensionable Earnings Greater than 6%. No additional assumption was made for earnings used in the calculation of the final average compensation. The participant's employer is required to pay the present value of the increase in benefits resulting from the portion of the increase in excess of 6.00%.

APPENDIX H

SUMMARY OF BENEFIT PROVISIONS OF SURS

Summary of Benefit Provisions of SURS

It should be noted that the purpose of this Appendix is to describe the benefit structures of SURS for which actuarial values have been generated. There is no description of the Self Managed Plan (SMP) and many portions of the defined plans are described in a manner which may not be legally complete or precise.

It is not our intent to provide an exhaustive description of all benefits provided under SURS or the policies and procedures utilized by SURS staff. A more precise description of the provisions of SURS is contained in the Member's Guide, published by SURS staff. Of course, the statute is controlling.

Summary of Benefit Provisions of SURS

General

Plans

There are two defined benefit plans available under SURS, the Traditional Plan and the Portable Plan, and one defined contribution plan, the Self Managed Plan (SMP). A Member must select one of these plans within the first six months of participation. If no choice is made in that time, the Traditional Plan is deemed chosen.

New tiers of benefits have been established for members hired on or after January 1, 2011 ("Tier 2") and members hired after July 6, 2017 ("Optional Hybrid Plan"). Members hired before January 1, 2011, participate in Tier 1. Members in Tiers 1, 2 and 3 are eligible to choose either the Traditional or the Portable Plan.

Tier 2 and Optional Hybrid Plan members who participate in the Traditional and Portable Plans are subject to the pay caps established under Public Act 96-0889 and Public Act 100-0023, respectively. The Tier 2 pay cap was \$106,800 in 2011 and increases by the lesser of (1) 3% and (2) ½ the increase in the Consumer Price Index-Urban ("CPI-U") for the 12 months ending with the September proceeding each November 1. The Optional Hybrid Plan pay cap is equal to the federal Social Security Wage Base.

The pay cap history is as follows:

Year	CPI-U	½ CPI-U	CPI-W	Tier 2 Pensionable Pay Cap	Optional Hybrid Plan Pensionable Pay Cap
2011				\$106,800.00	
2012	3.90%	1.95%		\$108,882.60	
2013	2.00%	1.00%		\$109,971.43	
2014	1.20%	0.60%		\$110,631.26	
2015	1.70%	0.85%		\$111,571.63	
2016	0.00%	0.00%		\$111,571.63	
2017	1.50%	0.75%		\$112,408.42	\$127,200.00

The Tier 2 pay cap is calculated annually by the Illinois Department of Insurance.

The Self Managed Plan is a defined contribution plan under which members contribute 8.0% of compensation and the State contributes 7.6% of compensation. A portion of the employer contribution is used to fund disability benefits for SMP participants. Members hired on or after January 1, 2011, who participate in the SMP are not subject to the Tier 2 and Optional Hybrid Plan pay caps.

The Optional Hybrid Plan is a hybrid plan. Members who elect to participate in the Optional Hybrid Plan (instead of Tier 2 or SMP) participate in both a defined benefit (DB) plan and a defined contribution (DC) plan. Under the DC plan, employees contribute a minimum of 4% of salary and employers contribute a rate between 2% and 6% of salary. Optional Hybrid Plan DC plan benefits are funded by the employers

Summary of Benefit Provisions of SURS

and are not included in this actuarial valuation.

The provisions of the Traditional and Portable defined benefit plans are identical in many areas. The description below is primarily of the Traditional Plan. Where different, the Portable plan provisions will be described in *italics*.

Member Contributions

Most members in Tier 1 and Tier 2 contribute a total of 8% of pensionable compensation. Police officers and firefighters contribute a total of 9.5% of pensionable compensation, with the additional 1.5% allocated to the retirement annuity. Optional Hybrid Plan members contribute the lesser of 6.2% of pensionable compensation and the total normal cost rate for the Optional Hybrid Plan defined benefit plan.

The total contribution is broken down as follows:

	Tier 1 and Tier 2		Optional Hybrid Plan
	Police/Fire	All Others	All*
Retirement Annuity	8.0%	6.5%	
Survivor Benefits	1.0%	1.0%	
Annual Increases in Retirement	0.5%	0.5%	
Total Contribution	9.5%	8.0%	6.2%

* *Optional Hybrid Plan members contribute the lesser of 6.2% of pensionable compensation and the total normal cost rate for the Optional Hybrid Plan 3 defined benefit plan.*

Portable Plan members contribute the same percent of compensation, but the breakdown set out above does not apply.

The retirement annuity portion of the total contribution (8.0% of compensation for police officers and firefighters and 6.5% of compensation for all others) is annuitized for the money purchase formula (Rule 2) calculation for Tier 1 members.

Contributions for Tier 2 and Optional Hybrid Plan members are assumed not to be made on pay in excess of the respective pay caps.

Since January 1, 1981, the member contributions under SURS have been “picked up” by employers.

Effective Rate of Interest

The Effective Rate of Interest (“ERI”) is the interest rate that is applied to member contribution balances. Effective for the 2006 fiscal year, the ERI for the purpose of determining the money purchase benefit is established by the State Comptroller annually. The ERI for other purposes such as the

Summary of Benefit Provisions of SURS

calculation of purchases of service credit, refunds for excess contributions, portable plan refunds and lump sum portable retirements is determined by the SURS Board annually and certified to the Governor. For purposes of the actuarial valuation, the assumed ERI is 7.00%.

For the purposes of withdrawal of contributions at termination or death by Traditional Plan Members, this rate is not greater than 4.5% by statute.

Retirement Benefits

Final Average Salary

Final average salary is equal to:

Tier 1	High four consecutive year average compensation.
Tier 2	High final eight consecutive year average compensation within the last ten years.
Optional Hybrid Plan	Final average salary equal to the average salary during the last ten years of service.

The Tier 2 and Optional Hybrid Plan pay caps are shown in a table earlier in this section. We have assumed that the pay cap each year applies to the individual pay amounts that are used to develop the final average compensation.

The present value of the benefits for pay increases in excess of 6% during the final average earnings period immediately preceding retirement will be paid by the employer. The employer will pay this amount in a lump sum to the Retirement System.

Normal Retirement

Eligibility

For Tier 1 police officers and firefighters, separation from service on or after the attainment of the earlier of:

1. Age 55 with 20 years of service; or
2. Age 50 with 25 years of service.

For all other Tier 1 members and for all Tier 2 and Optional Hybrid Plan members, separation from service on or after attainment of the earlier of:

Tier 1	Tier 2	Optional Hybrid Plan
Age 62/5 Years	Age 67/10 Years	Age 67/10 Years*
Age 60/8 Years		
Any age/30 Years		

* *Optional Hybrid Plan members are eligible to retire at their normal Social Security retirement age, but no earlier than age 67 with 10 years of service.*

Summary of Benefit Provisions of SURS

Initial Benefit Amount

There are three alternate formulae. The initial benefit is the largest produced by one of the three:

1. General Formula (Applicable to all Tiers)
2. Money Purchase Formula (Applicable to Tier 1 only, hired before July 1, 2005)
3. Minimum Benefit (Applicable to all Tiers)

Following is a description of the benefits provided under each of the three alternate formulae.

1. General Formula (Applicable to all Tiers): The following percentages of final average compensation for each year of service:

Year of Service	Tier 1 and Tier 2		Optional Hybrid
	General	Police/Fire	All Members
1 st 10 Years	2.20 %	2.25 %	1.25 %
Next 10 Years	2.20	2.50	1.25
Over 20	2.20	2.75	1.25

2. Money Purchase Formula (Applicable to Tier 1 only, hired before July 1, 2005):
 - a) The member contributions for retirement benefits (8.0% of compensation for police officers and firefighters and 6.5% of compensation for all others) accumulated with interest at the ERI, plus
 - b) An imputed employer contribution match at \$1.40 per dollar of member contribution accumulated with interest at the ERI.
 - c) The total of the accumulations in (a) and (b) is converted into an annuity using a life annuity factor that takes into account neither the automatic 50% spousal survivor benefit nor the automatic annual increases.

Members hired on or after July 1, 2005, no longer receive the Money Purchase Formula under the plan.

3. Minimum Benefit (Applicable to all Tiers) – A benefit for each year of service, up to 30, based on final annual pay, as follows:

Under 3,500	\$ 8
\$3,500 - \$4,500	9
\$4,500 - \$5,500	10
\$5,500 - \$6,500	11
\$6,500 - \$7,500	12
\$7,500 - \$8,500	13
\$8,500 - \$9,500	14
Over \$9,500	15

Summary of Benefit Provisions of SURS

Minimum Retirement Annuity – No retiree shall receive a retirement annuity less than \$25 per month for each year of service up to 30. The comparable benefit for survivor benefit recipients is \$17.50 per month for each year of service up to 30.

Maximum Benefit

All Tiers have a maximum benefit equal to 80% of final average compensation.

Contribution waivers are applicable to members whose benefits are capped at 80% of final average compensation. Member contributions made once the maximum benefit is achieved are refunded to the member with interest (at the Effective Rate of Interest).

Benefit Duration

The Normal Retirement benefit is payable for the lifetime of the retired member. If the retiree under the Traditional Plan has a spouse at date of retirement and if that spouse survives the retiree the spouse will receive, upon the death of the retiree, a survivor benefit equal to the following percentage of the monthly benefit being paid to the retiree as of the date of death.

1. The survivor benefit for Tier 1 members is equal to 50% of the monthly benefit being paid to the retiree as of the date of death.
2. The survivor benefit for Tier 2 and Optional Hybrid Plan members is equal to 66 2/3% of the monthly benefit being paid to the retiree as of the date of death.

Such benefit will continue for the lifetime of the surviving spouse.

For retirees under the Portable Plan, the normal form of benefit is a single-life annuity for unmarried participants and a reduced 50% joint and survivor benefit for married participants. With spousal consent, a member may designate a contingent annuitant to receive a joint and survivor annuity or elect a single-life annuity or lump sum distribution. Those receiving a joint and survivor annuity will have their benefit reduced to cover the cost of the option. The available joint and survivor options are 50%, 75% and 100%. A member may elect the 75% or 100% spousal joint and survivor annuity without consent.

Portable Plan members may also elect to receive their retirement benefit as a lump sum equal to member contributions with an equal employer match (if have the required years of service), accumulated with interest (at the Effective Rate of Interest that is certified annually by the SURS Board).

The required years of service is five years for all plans. (Must have 10 years if retirement age.)

Annual Increases

For Tier 1 members, each January 1 subsequent to retirement date, the monthly benefit being paid each retiree shall be increased by 3% (compound COLA). The adjustment for the first

Summary of Benefit Provisions of SURS

January after retirement shall be proportional based on the portion of the year retired.

For Tier 2 members, each January 1 subsequent to retirement date, the monthly benefit being paid each retiree shall be increased by fifty percent of the Consumer Price Index-Urban ("CPI-U") up to a maximum of 3% applied to the original benefit (simple COLA). The first increase will be granted upon the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

For Optional Hybrid Plan members, each January 1 subsequent to retirement date, the monthly benefit being paid each retiree shall be increased by fifty percent of the Consumer Price Index-Workers ("CPI-W") up to a maximum of 3% applied to the original benefit (simple COLA). The first increase will be granted upon the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

The historical development of the Tier 2 Annual Increase as determined by the Illinois Department of Insurance can be found in the following table.

Year	CPI-U	½ CPI-U	Annual Increase
2011			3.00%
2012	3.90%	1.95%	1.95%
2013	2.00%	1.00%	1.00%
2014	1.20%	0.60%	0.60%
2015	1.70%	0.85%	0.85%
2016	0.00%	0.00%	0.00%
2017	1.50%	0.75%	0.75%

Early Retirement

Eligibility

For Tier 1 members other than police and fire employees, separation from service on or after attainment of age 55 with 8 years of service, but not eligible for Normal Retirement.

For Tier 2 members, separation from service on or after attainment of age 62 with 10 years of service, but not eligible for Normal Retirement.

There is no early retirement provision for the Optional Hybrid Plan.

Benefits

The benefit amounts and all terms of benefit payment are the same as that for Normal Retirement, except that the benefit amounts calculated under the General Formula and the Minimum Formula shall be reduced by .5% for each month by which the retirement date precedes the 60th birthday for Tier 1 members and the 67th birthday for Tier 2 members.

Summary of Benefit Provisions of SURS

Benefits on Death before Retirement

Survivor Benefits

Traditional Plan

Eligibility

Payable to eligible survivor(s) (spouse, child or dependent parent) for the death of an active member with at least 1.5 years of service or a terminated member with at least 10 years of service. For this purpose, service under the State Employees' Retirement System, the Teachers' Retirement System of the State of Illinois and the Public School Teachers' Pension Fund of Chicago is recognized.

Benefits

For Tier 1 members, an annuity to the eligible survivor(s) equal to the greater of:

1. 50% of the benefit accrued to the date of the death of the member, and
2. The lowest applicable benefit from the following list:
 - a) \$400 per month to a single eligible survivor or \$600 per month to two or more eligible survivors.
 - b) 30% (one survivor), or 60% (two survivors), or 80% (three or more survivors) of the member's final rate of earnings.
 - c) If member inactive, 80% of base retirement annuity.

For Tier 2 and Optional Hybrid Plan members, an annuity to the survivor(s) equal to 66 2/3% of the benefit accrued to the date of the death of the member.

Benefit Duration

Surviving spouse

May receive a lifetime benefit commencing at the later of the member's date of death and the spouse's attainment of age 50. May be payable at the date of death if a dependent child in their care is also receiving benefits.

Dependent child

Payable to unmarried child(ren) under age 18 (over 18 if disabled prior to age 18), and children age 18-22 if a qualified full-time student.

Dependent parent

Payable until dependency conditions are not met, so long as they were dependent upon the member at the time of their death.

Summary of Benefit Provisions of SURS

Annual Increases

For Tier 1 members, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

For Tier 2 members, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased fifty percent of the Consumer Price Index-Urban ("CPI-U") up to a maximum of 3% of the originally granted survivor annuity (simple COLA). The first increase will be granted upon January 1 following the first anniversary of the commencement of the annuity.

For Optional Hybrid Plan members, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased fifty percent of the Consumer Price Index-Workers ("CPI-W") up to a maximum of 3% of the originally granted survivor annuity (simple COLA). The first increase will be granted upon January 1 following the first anniversary of the commencement of the annuity.

Portable Plan

Eligibility

Payable to an eligible spouse for the death of an active or inactive member with at least 1.5 years of SURS service.

Benefits

An annuity to the eligible spouse equal to 50% of the member's earned retirement benefit after the reductions to pay for the cost of providing the pre-retirement survivor annuity. (Applicable to Tier 1, Tier 2 and Optional Hybrid Plan members.)

Benefit Duration

Surviving spouse

May receive a lifetime benefit commencing at the member's earliest retirement age.

Annual Increases

For members hired before January 1, 2011, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

For members hired on or after January 1, 2011, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased fifty percent of the

Summary of Benefit Provisions of SURS

Consumer Price Index (“CPI”) up to a maximum of 3% of the originally granted survivor annuity. The first increase will be granted upon January 1 following the first anniversary of the commencement of the annuity.

Lump Sum Death Benefit

Eligibility

Death of member prior to retirement.

Traditional Plan

Benefit

With Eligible Survivor

- Refund of accumulated member contributions for retirement and annual adjustment at 4.5% interest

Without Eligible Survivor

- Refund of the total accumulated member contribution at 4.5% interest, and
- \$5,000 to a dependent beneficiary or \$2,500 to a non-dependent beneficiary

Portable Plan

Benefit

With Eligible Spouse

- Refund of total accumulated member contributions at the full Effective Rate of Interest, plus, if the member has at least 1.5 years of service at death, a like amount of imputed employer contributions – less the actuarial equivalent of the Pre-Retirement Survivor Annuity.

Without Eligible Spouse

- Refund of total accumulated member contributions at the full Effective Rate of Interest, plus, if the member has at least 1.5 years of service at death, a like amount of imputed employer contributions.

Benefits on Death after Retirement

In addition to survivor/spouse benefits payable from the System, the following death benefit is payable if a member does not have an eligible survivor/spouse/contingent annuitant:

- The greater of the total accumulated member contributions or \$1,000.

Summary of Benefit Provisions of SURS

Benefits for Disability

Disability Benefit

Eligibility

Disablement after completing two years of service. The service requirement is waived if the disablement is accidental.

Disability definition – inability to perform the duties of “own occupation.”

Pregnancy and childbirth are, by definition, disablement.

Benefit

50% of the basic compensation paid at date of disablement. This base benefit level is offset dollar for dollar by each of the following:

1. Earnings while disabled in excess of the disability benefit.
2. Other disability insurance either fully or partially employer provided.
3. Worker’s compensation benefits.

Duration of Benefit

Benefits become payable on the later of the termination of salary and sick leave, or the 61st day after disablement and continue to the earlier of the following:

1. Recovery or death.
2. Benefits paid equal 50% of total compensation during the period of SURS service.
3. If disablement occurs prior to age 65, the disability benefit may not continue past the August 31 following 70th birthday.
4. If disablement occurs at or after attainment of age 65, completion of five years in disablement.

Survivor and death benefits are payable if a member dies while receiving disability benefits.

If, at discontinuance of the disability benefit, the member is eligible for a retirement benefit (based on service, which includes the period of disability and may also include time receiving a disability retirement annuity), the member may retire and receive that benefit. The member may commence the retirement benefit once age and service requirements are met. The early retirement reduction does not apply for members that began first participating prior to January 1, 2011 (Tier 1). The benefit is based on the greatest of three formulas (General Formula, Money

Summary of Benefit Provisions of SURS

Purchase and Minimum Benefit), subject to applicable maximums. Contributions are not made during the disability period. However, accumulated contributions continue to accrue interest.

Annual Increases

Each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

Disability Retirement Annuity

Eligibility

Continuing disablement after discontinuation of the disability benefit as a result of reaching the "50% of total earnings" limitation. Disability is defined in accordance with the Social Security disability definition.

Benefit

35% of the compensation being earned at disablement.

Duration of Benefit

Benefits become payable upon discontinuance of the disability benefit and continue to the earlier of the following:

1. Recovery or death
2. Election to receive a retirement benefit

Survivor and death benefits are payable if a member dies while receiving a disability retirement annuity.

Annual Increases

Each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

For members hired on or after January 1, 2011, if the member converts to a service retirement annuity (item 2 above), each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased fifty percent of the Consumer Price Index ("CPI") up to a maximum of 3% of the originally granted benefit. The first increase will be granted upon the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

Summary of Benefit Provisions of SURS

Benefits for Deferred Members

Eligibility

For members hired before January 1, 2011, separation from employment with at least five years of service and separation from employment with at least 10 years of service for members hired on or after January 1, 2011.

Benefit

Benefit as defined for normal retirement purposes, but calculated based on final average compensation and service at date of termination.

Commencement of Benefit

Benefits commence when member reaches the age condition for either normal or early retirement.

Annual Increases

For members hired before January 1, 2011, each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

For members hired on or after January 1, 2011, each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased fifty percent of the Consumer Price Index ("CPI") up to a maximum of 3% applied to the original benefit. The first increase will be granted upon the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

APPENDIX I

GLOSSARY OF TERMS

Glossary of Terms

Actuarial Accrued Liability (“AAL”). The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

Actuarial Assumptions. Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the Pension Plan. Demographic, or “people” assumptions, include rates of mortality, retirement and separation. Economic, or “money” assumptions, include expected investment return, inflation and salary increases.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Present Value of Future Plan Benefits (“APV”). The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (“AVA”). Smoothed value of assets that recognizes the difference between the expected investment return using the valuation assumption of 8.0 percent and the actual investment return over a five-year period. Dampens volatility of asset value over time.

Actuarially Determined Contribution (“ADC”). The sum of the gross normal cost (including employee contributions) and amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution (“ARC”). The sum of the normal cost (net of employee contributions) and amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. Currently required for accounting purposes by the Governmental Accounting Standards Board (GASB).

Asset Return. The net investment return for the asset divided by the mean asset value. Example: if \$1.00 is invested and yields \$1.08 after a year, the asset return is 8.00 percent.

Funded Ratio. The actuarial value of assets divided by the actuarial accrued liability. Measures the portion of the actuarial accrued liability that is currently funded.

Market Value of Assets (“MVA”). The value of assets currently held in the trust available to pay for benefits of the Pension Plan. Each of the investments in the trust is valued at market price which is the price at which buyers and sellers trade similar items in the open market

Glossary of Terms

Net Pension Obligation (“NPO”). The accumulated value of contribution variances (the difference between the Annual Pension Contribution and the actual employer contributions). Currently required for accounting purposes by the Governmental Accounting Standards Board (GASB).

Normal Cost (“NC”). The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Unfunded Actuarial Accrued Liability (“UAAL”). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

To: Administration Committee
From: Phyllis L. Walker
Date: September 1, 2017
Re: Certification of Write-off of Benefit Overpayments

Overview

The Joint Committee on Administrative Rules 80 Ill.Adm.Code §1600.450 established the procedures by which the State Universities Retirement System (SURS) may recover amounts overpaid from SURS annuitants. If SURS is unable to collect all, or part, of an overpayment, SURS staff may request that the Board certify the overpayment balance as uncollectible and as a result, no longer maintain the balance as an account receivable on SURS' records.

The attached list represents benefit overpayments made to deceased SURS members and survivors. Staff has attempted to collect the overpayments by requesting the return of electronic fund transfers made to the decedent's bank account, recovering from any death or survivor benefits payable and through correspondence to the member or surviving heirs. SURS staff's attempts to collect these overpayments have been unsuccessful. The amounts shown represent the balance after the previously mentioned adjustments. There are no further benefits payable from the System from which the overpayment can be collected.

In accordance with Joint Commission on Administration (JCAR) Section 1600.450, an overpayment balance that is over \$100 but less than \$5,000 and uncollectible after 12 months or an overpayment balance that is greater than \$5,000 and uncollectible after 36 months, the overpayment may be certified as uncollectible by the SURS staff and certified by the Board. The preceding listing meets this criteria. We therefore recommended for write-off under our duties as authorized staff of the State Universities Retirement System.

Recommendation:

SURS staff recommend that the benefit overpayments presented by Staff be certified as uncollectible in accordance with 80 Ill.Adm.Code §1600.450.



To: Administration Committee
 From: Phyllis L. Walker
 Date: September 1, 2017
 Re: Certification of Write-Off of Overpayments

Member ID	Member Name	Date of Death	Date Notified	Benefit Type	Overpayment Amount	Death Benefit/Recovered		Write-off of Net Overpayment
						Amount Applied to the Overpayment		
113025	Louise Floyd	3/29/2016	4/6/2016	Retirement	\$ 1,162.04	\$ 1,000.00	\$ 162.04	
110764	Vera Williams	12/6/2013	2/3/2014	Retirement	\$ 1,372.58	\$ 1,186.29	\$ 186.29	
110231	Nora Bresnehan	6/4/2016	6/30/2016	Survivor/Retirement	\$ 1,239.94	\$ 1,000.00	\$ 239.94	
85727	Nancy Hilton	6/28/2016	7/30/2016	Retirement	\$ 1,586.74	\$ 1,208.21	\$ 378.53	
107129	Estate of Verlacy Jordon	3/27/2015	4/1/2015	Retirement	\$ 1,561.66	\$ 1,000.00	\$ 561.66	
1065757	Sophonria Kaiser	8/27/2015	10/26/2015	Survivor	\$ 1,229.08	\$ 614.54	\$ 614.54	
106032	Emma Matthews	3/15/2014	12/23/2015	Retirement	\$ 2,656.25	\$ 1,984.42	\$ 671.83	
1068558	William Campbell	3/10/2016	4/27/2016	Survivor	\$ 1,389.88	\$ 694.94	\$ 694.94	
91155	Ronald Goreham	9/1/2016	12/28/2016	Beneficiary/Survivor	\$ 825.40	\$ -	\$ 825.40	
46199	Carol Winkley	12/5/2013	5/27/2015	Retirement	\$ 2,221.02	\$ 1,000.00	\$ 1,221.02	
89480	Chieko Nambu	9/23/2015	11/2/2015	Retirement	\$ 4,572.90	\$ 3,286.45	\$ 1,286.45	
1131571	Eddie Webber	3/21/2016	4/11/2016	Beneficiary/Survivor	\$ 3,188.36	\$ 1,770.00	\$ 1,418.36	
50725	Mary Stone	3/21/2016	4/11/2016	Retirement	\$ 2,455.11	\$ 1,000.00	\$ 1,455.11	
11593	Ruth Murray	2/15/2010	4/22/2010	Retirement	\$ 4,926.78	\$ 3,463.39	\$ 1,463.39	
1189633	Maria Pfabel	4/30/2016	5/4/2016	Survivor	\$ 1,701.91	\$ -	\$ 1,701.91	
32314	Edna Rogers	7/13/2015	8/20/2015	Retirement	\$ 2,797.04	\$ 1,077.08	\$ 1,719.96	
1065685	Gladys Thompson	2/11/2016	4/13/2016	Survivor	\$ 1,724.08	\$ -	\$ 1,724.08	
110172	Rose Morris	1/22/2016	2/4/2016	Retirement	\$ 2,993.92	\$ 1,000.00	\$ 1,993.92	
91099	Adrienne Hayes	3/8/2016	8/12/2016	Retirement	\$ 3,140.48	\$ 1,000.00	\$ 2,140.48	
1051844	Norma Mangum	5/30/2016	8/9/2016	Retirement	\$ 3,170.97	\$ 1,000.00	\$ 2,170.97	
87060	Dorothy Hart	1/30/2016	5/25/2016	Retirement	\$ 23,430.08	\$ 20,754.16	\$ 2,675.92	
20372	Tremaine Terry	2/28/2016	3/1/2016	Retirement	\$ 11,260.99	\$ 8,284.83	\$ 2,976.16	
2015	Natalie Venclauskas	8/28/2015	10/8/2015	Retirement	\$ 3,982.70	\$ 1,000.00	\$ 2,982.70	
106786	William Huff	10/30/2015	11/12/2015	Retirement	\$ 4,119.48	\$ 1,000.00	\$ 3,119.48	
21660	Earlene Nicholas	4/26/2016	5/19/2016	Retirement	\$ 4,415.16	\$ 1,000.00	\$ 3,415.16	
1271939	Daphne Bradlow	7/28/2016	8/17/2016	Survivor	\$ 3,539.40	\$ -	\$ 3,539.40	
76494	Rebecca Veach	2/10/2015	2/27/2015	Retirement	\$ 4,748.09	\$ 1,000.00	\$ 3,748.09	
126728	Monique Lemaitre	11/5/2015	12/9/2015	Retirement	\$ 5,124.77	\$ 1,056.38	\$ 4,068.39	
123183	Thomas Nelson	2/12/2015	3/9/2015	Retirement	\$ 5,407.10	\$ 1,184.97	\$ 4,222.13	
Total - 29 benefit recipients					\$ 111,943.91	\$ 58,565.66	\$ 53,378.25	



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To: Administration Committee
 From: Phyllis L. Walker and Brenda Dunn
 Date: September 1, 2017
 Re: Recommendation of SURS Inclusion Goal for Fiscal Year 2018

Overview

The Board of Trustees of State Universities Retirement System (SURS) adopted an Inclusion Policy in December 2009 to establish guidelines for inclusion of minority, women or disabled owned businesses in SURS procurement processes consistent with 40 ILCS 5/1-109 and 40 ILCS 5/1-109.1(6). The policy was updated September 2015. The policy is reviewed and a procurement goal is approved each year. There are no updates to the policy. The procurement goal is included in the SURS Diversity Report to the Governor and General Assembly.

The goal adopted in December 2009 for all contracts and purchases from businesses owned by minorities, women, and persons with a disability was 12%.

Fiscal Year	Board Approved Goal	Actual Purchase %
2012	20%	22.5%
2013	25%	21.1%
2014	25%	13.8%
2015	25%	20.0%
2016	25%	17.4%
2017	25%	13.2%

The plan for Fiscal Year 2018 is to maintain the goal at 25%, with the intent to continue expanding our minority-, female-, and persons with a disability-owned vendor group. The SURS staff will continue to be proactive during Fiscal Year 2018 in seeking minority-, female-, and persons with a disability-owned businesses in our procurement opportunities.

In addition to the SURS Inclusion Goal, in pursuant to 40 ILCS 5/1-109.1, SURS has an aspirational goal of no less than 20% utilization of businesses owned by minorities, females, and persons with disabilities of contracts awarded for “information technology”, “accounting services”, “insurance brokers”, “architectural and engineering services”, and “legal services”.



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The actual purchases from businesses owned by minorities, females, and persons with disabilities for the aspirational goal vendors for Fiscal Year 2016 and 2017 were 11.4% and 15.1%, respectively.

Recommendation

Staff recommends:

- No changes to the 2015 SURS Inclusion Policy,
- That the SURS goal for contracts and purchases from businesses owned by minorities, female, and persons with a disability be 25% for Fiscal Year 2018,
- That the SURS goal for increasing racial, ethnic and gender diversity of its senior staff be to promote diversity, ensure a culture of inclusivity and recruit from a diverse, qualified pool of potential applicants.

State Universities Retirement System (SURS)

Inclusion Policy

(09/11/2015)

The purpose of this policy is to establish a framework for the inclusion of businesses owned by minorities, females, and persons with a disability in SURS procurement processes and for the inclusion of increased diversity of SURS fiduciaries, consistent with 40 ILCS 5/1-109 and 40 ILCS 5/1-109.1.

The goals of this policy are to:

- promote competitive utilization of businesses owned by minorities, females, and persons with a disability in SURS contracts and services; and
- advance racial, ethnic, and gender diversity of SURS fiduciaries, including consultants and senior staff.

Policy

SURS is responsible for the prudent administration of SURS members' trust fund. SURS strives to insure that members and taxpayers receive the maximum value for each dollar spent. To this end, SURS recognizes that promoting diversity of fiduciaries and vendors provides an open, competitive and diverse business environment.

SURS procurement and employment processes will further diversity in vendors and fiduciaries, including consultants and senior staff.

SURS employment processes to promote racial, ethnic and gender diversity of SURS fiduciaries, including senior staff must be developed to work in tandem with existing State University Civil Service System law when appropriate. To this end, SURS is committed to the ongoing efforts to seek job candidates from underrepresented groups, bring them into the organization, and offer additional growth/leadership opportunities with the intent of creating mutually beneficial long-term employment partnerships.

SURS procurement process includes a concerted effort to attract qualified minority, female owned business enterprises, and businesses owned by a person with disability (as defined by the Business Enterprise for Minorities, Females, and Persons with Disabilities Act: collectively, "MWDBE") to participate in the procurement process. SURS further commits to the objective evaluation of all qualified businesses regardless of race, gender or handicap in fair consideration of all suppliers and consultants in the acquisition of goods and services.

SURS stresses its goal of inclusion of MWDBE firms among prospective providers of purchased goods and services. Special efforts will be made to insure identification of eligible firms for inclusion in the bid process, including monitoring of MWDBE-related listings to identify possible MWDBE contractors and service providers. MWDBE firms will be identified using resources such as the United States Small Business Administration, Illinois Central Management Services Business Enterprise Program and other public agency resources. SURS will seek new ways to expand our efforts to do business with MWDBE suppliers and consultants.

If necessary, SURS will take proactive action to ensure that certified minority-owned, women-owned and disabled-owned business enterprises are provided notice of, and given the opportunity to demonstrate their ability to provide products and services at competitive prices. SURS staff who either directly or indirectly determine procurement needs or procurement decisions will seek and encourage MWDBE businesses to submit bids each time SURS publishes a request for bids or proposals.

SURS contracts require vendors to avoid unlawful discrimination in employment and to assure equality of employment opportunity and compliance with the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.

Pursuant to 40 ILCS 5/1-109.1 (10) SURS shall set an aspirational goal of no less than 20% utilization of businesses owned by minorities, females, and persons with disabilities of contracts awarded for "information technology", "accounting services", "insurance brokers", "architectural and engineering services", and "legal services". This information will be tracked, but is not required to be reported.

SURS has set a goal of 25% for purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. This information will be tracked by the Chief Financial Officer and reported annually as required by Public Act 96-0006.

SURS has set a goal to promote diversity from the top down and the bottom up to ensure a culture of inclusivity. SURS will also recruit from a diverse, qualified pool of potential applicants to increase the racial, ethnic, and gender diversity of its senior staff. This information will be tracked by the Director of Human Resources and reported annually as required by Public Act 96-0006.

(30 ILCS 575/2)**Sec. 2. Definitions.**

(A) for the purpose of this Act, the following terms shall have the following definitions:

(1) "Minority person" shall mean a person who is a citizen or lawful permanent resident of the United States and who is any of the following:

(a) American Indian or Alaskan Native (a person having origins in any of the original peoples of North and South America, including Central America, and who maintains tribal affiliation or community attachment).

(b) Asian (a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian, including, but not limited to, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam).

(c) Black or African American (a person having origins in any of the black racial groups in Africa). Terms such as "Haitian" or "Negro" can be used in addition to "Black or African American".

(d) Hispanic or Latino (a person of Cuban, Mexican, Puerto Rico, South or Central American, or other Spanish Culture or origin, regardless of race).

(e) Native Hawaiian or Other Pacific Islander (a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands).

(2) "Female" shall mean a person who is a citizen or lawful permanent resident of the United States and who is of the female gender.

(2.05) "Person with a disability" means a person who is a citizen or lawful resident of the United States and is a person qualifying as being disabled under subdivision (2.1) of this subsection (A).

(2.1) "Disabled" means a severe physical or mental disability that:

(a) results from: amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, Crohn's disease, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, an intellectual disability, mental illness, multiple sclerosis,

muscular dystrophy, musculoskeletal disorders, neurological disorders, including stroke and epilepsy, paraplegia, quadriplegia and other spinal cord conditions, sickle cell anemia, ulcerative colitis, specific learning disabilities, or end stage renal failure disease; and

(b) substantially limits one or more of the person's major life activities.

Another disability or combination of disabilities may also be considered as a severe disability for the purposes of item (a) of this subdivision (2.1) if it is determined by an evaluation of rehabilitation potential to cause a comparable degree of substantial functional limitation similar to the specific list of disabilities listed in item (a) of this subdivision (2.1).

(3) "Minority owned business" means a business which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

(4) "Female owned business" means a business which is at least 51% owned by one or more females, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more females; and the management and daily business operations of which are controlled by one or more of the females who own it.

(4.1) "Business owned by a person with a disability" means a business that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".

(9) "Control" means the exclusive or ultimate and sole control of the business including, but not limited to, capital investment and all other financial matters, property, acquisitions, contract negotiations, legal matters, officer-director-employee selection and comprehensive hiring, operating responsibilities, cost-control matters, income and dividend matters, financial transactions and rights of other shareholders or joint partners. Control shall be real, substantial and continuing, not pro forma. Control shall include the power to direct or cause the direction of the management and policies of the business and to make the day-to-day as well as major decisions in matters of policy, management and

operations. Control shall be exemplified by possessing the requisite knowledge and expertise to run the particular business and control shall not include simple majority or absentee ownership.

(10) "Business concern or business" means a business that has average annual gross sales over the three most recent calendar years of less than \$31,400,000 as evidenced by the federal income tax return of the business. A firm with gross sales in excess of this cap may apply to the Business Enterprise Council for Minorities, Females, and Persons with Disabilities for certification for a particular contract if the firm can demonstrate that the contract would have significant impact on businesses owned by minorities, females, or persons with disabilities as suppliers or subcontractors or in employment of minorities, females, or persons with disabilities.

(b) When a business concern is owned at least 51% by any combination of minority persons, females, or persons with disabilities, even though none of the three classes alone holds at least a 51% interest, the ownership requirement for purposes of this Act is considered to be met. The certification category for the business is that of the class holding the largest ownership interest in the business. If 2 or more classes have equal ownership interests, the certification category shall be determined by the Department of Central Management Services.