



NAVIGATING THE SMP

Welcome

NAVIGATING THE SMP

- This presentation will begin shortly and is scheduled to last approximately 1-1/2 hours
(includes Q & A session)
- **Technical Difficulties:**
 - Audio: If you have a speaker or headset and sound card, an audio box will appear in the left hand corner of your screen and audio will stream automatically once the presentation begins.
 - If you accidentally stop the audio, you may resume the audio by selecting Audio Broadcasting on the toolbar along the top of the screen.
 - If you are unable to resolve this or any other technical difficulties, please contact WebEx for technical support at 866 229 3239.
- **Question & Answer:**
 - Questions will be addressed at the end of this presentation
 - Please use the Q & A feature (not Chat) located on the toolbar

Thank You



Self-Managed Plan (SMP)

401(a) Defined Contribution Plan

“Non-ERISA”

IL. Compiled Statutes

SMP Demographics*

- Active Participants.....13,080
- Terminated Participants.....7,157
- Tot.SMP Investments.....\$1,810,211,560*
- Participant avg. acct. balance.....\$89,450

*as of September 30, 2016

Contributions

“Pre-taxed” (Federal Income Tax at distribution, no IL. tax)

8.0% Employee (8.5% for full-time Comm. Coll.)

7.3% State (7.6% with .30 funding disability)

15.3% of earnings invested*

*2016/17 IRS compensation limit is \$265,000 per fiscal year, if hired after 7/1/1996.

Allocation of Contributions

Fidelity Investments and/or TIAA-CREF

26 Investment options, including 2 lifecycle fund series containing 25 target date funds.

(Avg. U.S. DC plan offers 19.4 funds)

SURS participant average...3.4 funds

(U.S. average...5.3 funds)

Changing Allocations

Changing the % of contribution to each Provider:

- Log on to the Fidelity Netbenefits website www.netbenefits.com/surs, or phone Fidelity to change your allocation of contributions.

Your Responsibility

Develop a strategy to reach your retirement goals

- Match strategy with time horizon, financial situation and risk tolerance
- Determine your asset allocation
- Remain diversified to help moderate risk
- “Hands off” or “Hands on”?
- Systematically Rebalance

Goals

TIAA-CREF “Retirement Goal Evaluator”

Example:

- Current age-**30**
- Planned retirement age-**60**
- Current salary-**\$40,000** w/2% annual increase
- Estimated salary at time of retirement-**\$71,034**
- Salary replacement target-**80%** of final salary
- Estimated retirement income-**\$37,977***(**53%** of salary), assuming **6%** return on your investment
- Additional **8%** contribution (\$3,752/yr.) required to attain **80%** (**\$56,827**)

*Single life annuity w/10-yr. guarantee

Goals

TIAA-CREF “Retirement Goal Evaluator”

Example:

- Current age-**30**
- Planned retirement age-**60**
- Current salary-**\$40,000** w/2% annual increase
- Estimated salary at time of retirement-**\$71,034**
- Salary replacement target-**80%** of final salary
- Estimated retirement income-**\$53,674***(**76%** of salary), assuming **8%** return on your investment
- Additional **1%** contribution (\$434/yr.) required to attain **80%** (**\$56,827**)

*Single life annuity w/10-yr. guarantee



Supplemental Plans

(403(b) and/or 457)

- If available, initiated through your employer's Benefits Office. SURS does not administer these plans.
- Participation is completely voluntary & gives you the opportunity to accumulate additional retirement savings.
- Pre-taxed and/or post-taxed deductions made from payroll.

Please contact your school or university for additional information.

Fund Transfers

Funds with same Provider:

- Transfer daily
- Phone the Provider
- Register with Provider and change on-line

Transfer to different Provider:

- Transfer once per quarter
- Contact Fidelity to initiate a transfer of funds from TIAA.
- Contact TIAA to initiate a transfer of funds from Fidelity.

When can I retire?

- Age 55 with 8 yrs of service credit
- Age 62 with 5 yrs of service credit
- Any age with 30 years of service credit

- Police/Fire age 50 with 25 yrs, age 55 with 20 yrs.

Service Credit

- Years of service earned while working
- Unused, unpaid sick leave
- Purchases
- Reciprocity

Accumulating Service Credit

Service Credit Earned:

- 15 or more calendar days=1 month
- 1-2 months=.25 year
- 3-5 months=.50 year
- 6-7 months=.75 year
- 8 months or more=1 full year

Part-Time Employee

- Employer verifies all academic contracts at the time of retirement

Any changes could affect your eligibility for retirement

- Employer reports the part-time percentage to SURS on payrolls

Unused/Unpaid Sick Leave

Converted to extra service, will be used for:

- Vesting
- Eligibility to retire (5 or 8 yrs.)

Annuity Begin Date must be within 60 days of termination to include Sick Leave

Unused/Unpaid Sick Leave

Unused/unpaid sick leave reported by employer upon termination of employment

Full Work Days

Additional Service Credit

- 20-59 .25 year
- 60-119 .50 year
- 120-179 .75 year
- 180 or more 1.00 full year

Service Credit Purchases

Types of purchases:

- Repayment of refund
- Prior service
- Other public employment
- Active Military
- Leave of absence

Purchases-General Info.

- All purchases must be verified by SURS
- If cost is requested, you are not required to purchase
- Payments must be made prior to retirement date and as an “active” employee*
- Cost to purchase increases monthly*
- Purchase will *not* be matched

*except Repayment of Refund

Purchase-Methods of Payment

1. Check

- After-tax dollars

2. Rollover

- Tax-deferred dollars
- Any Qualified account including IRA, 401(k), inactive 403(b) or 457)

3. Installment Plan

- Payroll deductions for 12, 24, 36 or 48 months
- Before(pre)-tax deduction

Why Purchase?

Why purchase service credit?

- **Vesting**-to attain 5, 8 or 30 years
- **Increase**-account value
- **Tax deferral**-if installment purchase, reduce current taxes and defer until distribution
- **Insurance**-if University employee, may reduce premium cost when you retire

Reciprocal Act

- Must have participated in at least 1 of the other 12 Reciprocal Systems in Illinois
- Must meet & **maintain** each system's min. service credit requirement
- Earnings from **all** systems will be considered for your final average earnings
- Must apply for retirement with each system

Reciprocal Systems

- CTPF Public School Teachers' Pension & Retirement Fund of Chicago
- FPEABF Forest Preserve District Employees' Annuity & Benefit Fund of Cook County
- GARS General Assembly Retirement System
- IMRF Illinois Municipal Retirement Fund
- JRS Judges General Assembly Retirement System
- CEABF County Employees' Annuity & Benefit Fund of Cook County



Reciprocal Systems

- LABF Laborers' Annuity & Benefit Fund
- MEABF Municipal Employees' Annuity & Benefit Fund of Chicago
- MWRD Metropolitan Water Reclamation District Retirement Fund
- PEABF Park Employees' Annuity & Benefit Fund of Chicago
- SRS State Employees' Retirement System of Illinois
- STRS State Teachers' Retirement System
- SURS State Universities Retirement System

Options at Termination

- Maintain SMP account to age 70 ½
- Refund the full value of your account
- Retire, if eligible

Maintain Your Account

- Account value remains in the SMP...no SURS maintenance fees
- May reallocate assets at your discretion
- Beneficiaries may be changed
- Account becomes similar to a self-directed IRA

Refund

Less than 5 yrs. service credit:

- Value of your contributions and your investment return.

More than 5 yrs. service credit:

- Value of your contributions, employer matching contributions, and your investment return.

***20% FIT withheld...taxed as ordinary income.**

No Illinois State Tax

Retire

Choose same option with each Provider:

- Lump sum (20% withheld for Fed. taxes)
- Roll-over
- Lifetime Monthly Annuity* (fixed or variable)

*Necessary to be eligible for insurance...**SMP acct. only.**

Social Security

- Potential reduction due to state pension benefit
- Reduction may occur for either a monthly benefit or a lump-sum distribution
- Contact Social Security for the amount of any Windfall Elimination Provision reduction

Disability

Must have 2 yrs. service credit

Benefit:

- 50% of average earnings for past 24 months, or
- 50% of base compensation as of date of dis.

Duration:

- 50% tot. earnings while a SURS participant
- Age 70 or 5 yrs. if disabled after age 65

Death Benefit

Active employees:

- Spouse or Civil Union partner-lifetime annuity, lump sum or rollover
- Beneficiary-lump sum
- Estate-lump sum

With 1.5 years, benefit includes state match

Death Benefit

Terminated employees:

- Spouse or Civil Union partner-lifetime annuity, lump sum or rollover
- Beneficiary-lump sum
- Estate-lump sum

With 5 years, Benefit includes state match

SURS Member Website

- www.surs.org
- **Select “Member Login”**
 - Unified Statements
 - SMP FAQs
 - SMP Tools
 - Investment choices
 - Performance results
 - Provider links



Contact SURS to:

- Change address
- Change beneficiary or marital status
- Coordinate withdrawals
- Inquire about SURS Unified Statement

Contact Provider(s) to:

- Seek investment guidance
- Select provider allocations
- Determine appropriate asset mix
- Allocate investment Funds
- Inquire about quarterly statements
- Obtain illustrations



Contacts

TIAA.....1-888-219-8310

www.tiaa.org/illinois

Fidelity.....1-800-343-0860

www.netbenefits.com/surs

Principal Financial..1-877-210-5565 x202

(annuity provider only)



Processes, Forms & Plan Information:

SURS:

Phone: 1-800-275-7877
(local-378-8800)

FAX: 1-217-378-9800

www.surs.org



Questions?

Disclaimer

All aspects of administration of the State Universities Retirement System (SURS), including but not limited to benefit calculation and payment, must comply with state and federal law. No employee of SURS has the authority to bind the system to take action contrary to law, even in the event of misstatement of fact or law. Furthermore, while this letter states SURS's current understanding of the law, this could change as a result of court opinions, statutory changes, or other matters (e.g., Attorney General opinions). Accordingly, SURS is required under law to correct any mistake in benefit amount, even after payments have begun. Use of any information from this letter, form, or any other document provided by SURS is for general information only and does not represent personal tax or legal advice either express or implied. You must seek professional legal or tax advice for personal income tax questions and other legal assistance.