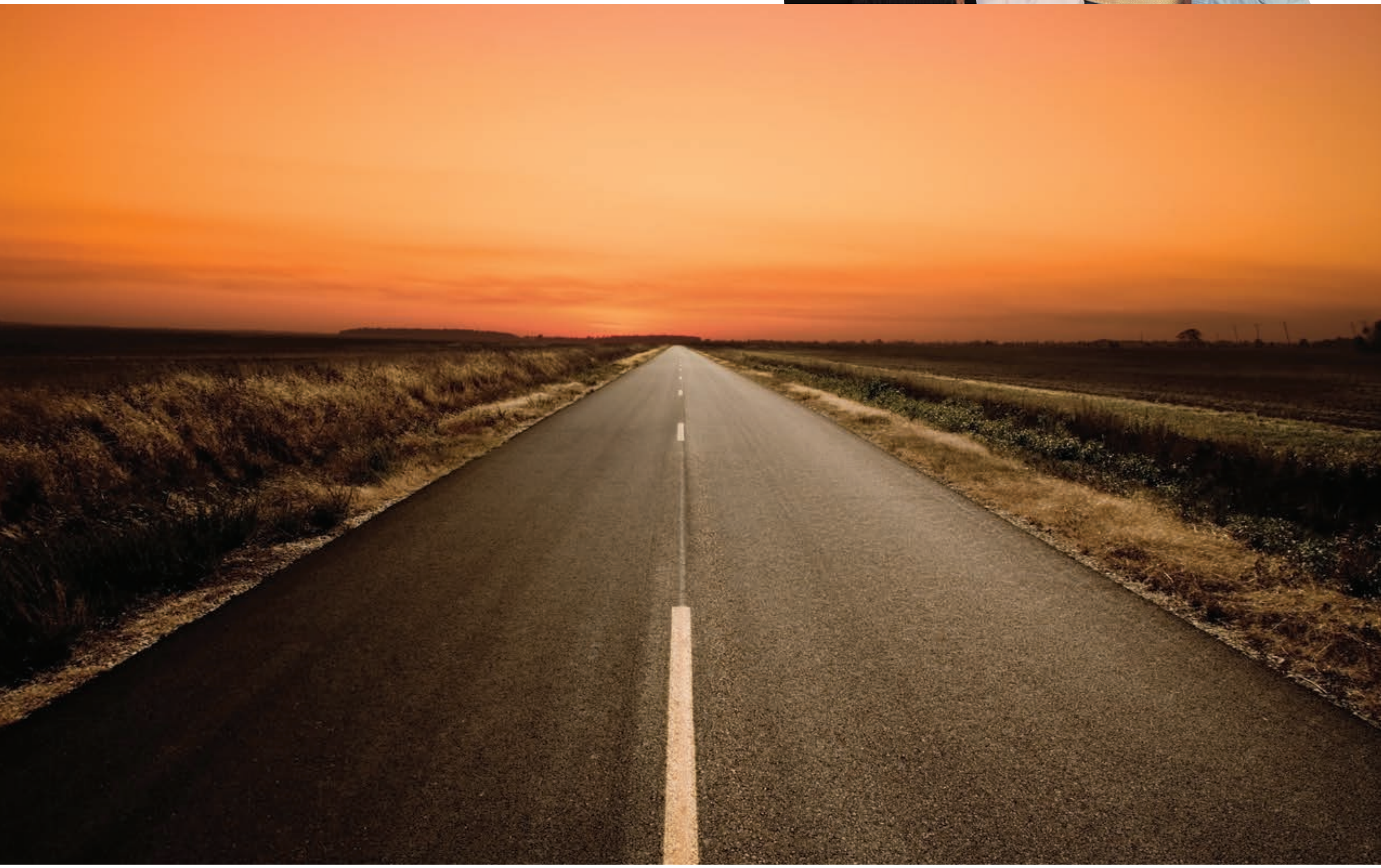
Looking down the road

Choose your retirement plan in three steps.

1 2 3



S·U·R·S
STATE UNIVERSITIES RETIREMENT SYSTEM

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Like traveling, the road to retirement is filled with choices.

For some of you, the destination seems far away, while others have nearly arrived. Wherever you are in your journey toward retirement, we welcome you to the State Universities Retirement System of Illinois (SURS). We provide retirement, disability, death, and survivor benefits to eligible SURS participants and annuitants.

You join more than 87,000 active members working in higher education in Illinois. SURS is one of the 100 largest pension plans in the United States. Respecting the stewardship of the retirement funds entrusted to us, we work to protect the best interests of our members.

To get started, you must decide which of our three plans is the best route for your retirement fund. Just as you might use online mapping resources or a global positioning system to direct your travel, this booklet can help guide your choice of retirement plan. Please read it thoroughly. Consult our website at www.surs.org or call us if you have questions — at 217-378-8800 in the Champaign-Urbana area or at 800-275-7877. All of us at SURS want the choice you make to be the right one for you.

NEED TO KNOW

The date you first become a participant with SURS or another qualified Illinois retirement system covered under the Illinois Retirement Systems Reciprocal Act determines your eligibility for SURS benefits and vesting requirements. It is important that you notify SURS if you have participated in another Illinois retirement system or if you had previous participation with SURS and accepted a refund.

(See box below for the list of applicable Illinois retirement systems.)

Illinois Retirement Systems Covered Under the Illinois Retirement Systems Reciprocal Act

- Chicago Teachers' Pension Fund
- County Employees' Annuity and Benefit Fund of Cook County
- Forest Preserve District Employees' Annuity and Benefit Fund of Cook County
- General Assembly Retirement System
- Illinois Municipal Retirement Fund
- Judges' Retirement System of Illinois
- Laborers' Annuity and Benefit Fund of Chicago
- Metropolitan Water Reclamation District Retirement Fund
- Municipal Employees' Annuity and Benefit Fund of Chicago
- Park Employees' Annuity and Benefit Fund of Chicago
- State Employees' Retirement System of Illinois
- State Universities Retirement System
- Teachers' Retirement System

NEED TO KNOW

Maximum Pensionable Earnings

SURS participants in the Traditional and Portable Benefit Plans will be limited to making employee contributions on gross earnings up to the limit set by state law. Earnings that exceed this annual limit will not be included in the calculation of any SURS benefits.

The annual earnings limit for fiscal year 2016 is $111,571.63. The limit increases each year by the lesser of three percent or half of the Consumer Price Index – Urban (CPI-U).

Those who began participation prior to January 1, 2011, and those enrolled in the Self-Managed Plan are not subject to this Maximum Pensionable Earnings limit, but may be subject to IRS limitations. (FY 2016 limit is $265,000.)

Earnings

For the purposes of computing SURS benefits, your earnings include: gross salary, overtime or summer teaching pay, and other eligible pay for work performed.

Important basics

- You will initially participate under the Traditional Benefit Plan until you make a plan election. You have six months from the date SURS receives your employment certification to select your SURS retirement plan. If you do not make an election within this time frame, you will automatically default and be permanently enrolled in the Traditional Benefit Plan.
- Your choice of plan is an irrevocable, one-time decision that cannot be changed at a later date. If you default into the Traditional Benefit Plan, you will not be able to change your plan afterwards.
- The date you first become a participant with SURS or another Illinois retirement system covered under the Illinois Retirement Systems Reciprocal Act determines your eligibility for SURS benefits and vesting requirements. In some cases, repayment of the refund is required to allow the certification date associated with that repaid period to be used in determining your eligibility for benefits. If you accepted a refund from SURS for prior participation, you must first establish two years of subsequent service credit to be eligible to repay the refund. It is important that you notify SURS if you have participated in another Illinois retirement system or if you had previous participation with SURS and accepted a refund.
- You will not pay into Social Security during your employment with a SURS-covered employer, so you are not eligible for Social Security coverage based on this employment. You will pay Medicare taxes of 1.45% of your gross earnings. If you have Social Security benefits from a previous employer, those benefits may be reduced.
- SURS contributions of 8% (9.5% for police and firefighters in the Traditional and Portable Benefit Plan) of your gross Maximum Pensionable Earnings will be deducted automatically from each employment paycheck. Community college employees (except City Colleges of Chicago employees) pay an additional 0.5% of earnings to fund community college annuitant and survivor health benefits. All your contributions, investment earnings and interest accruals are tax-deferred, so you do not pay income taxes on these amounts until you withdraw the funds.
- Participants of all three plans are protected under a disability benefit program, assuming all eligibility requirements are met.

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Step 1: Consider some important factors

To make your decision, first ask yourself the following questions. Keep your answers in mind as you read more about the three plan choices on the following pages.

Length of service:

Do you think you're likely to work for a SURS employer long enough to reach the minimum vesting requirements for retirement eligibility? Or do you expect to be a short-term employee? (See page 5 for vesting information.)

Importance of retirement benefits:

Do you hope to add a future retirement benefit from SURS to your overall retirement planning package? Or are you more likely to withdraw your contributions and eligible interest when you terminate your employment?

Retirement benefit type:

Do you want your retirement benefit to be based on the performance of investments you select? Or would you prefer your retirement benefit be based on a predetermined formula that takes into account your earnings and years of service? (See inset below for more information.)

Investment decisions:

Do you want to select your own investment strategies and accept the risks and rewards associated with your choices? Or would you prefer that your investments be managed by SURS-selected professionals?

Importance of survivor benefits:

Do you (or could you) have an eligible survivor for whom you would want monthly survivor benefits to be payable in the event of your death? Or are built-in survivor benefits not a priority for you?

NEED TO KNOW

Earnings and service formula plans

Both the SURS Traditional Benefit Package and the SURS Portable Benefit Package are defined-benefit plans that use an earnings and service formula to provide you with a fixed monthly retirement benefit for life. Your employer (the State of Illinois) bears the entire investment risk or gain. As a member, you will receive the defined, or fixed, benefit set forth by the law.

Investment performance plan

The SURS Self-Managed Plan (SMP) is a defined-contribution plan that relies on investment performance to determine your retirement benefit. You decide how to invest your contributions and earnings using one or more of the investment funds offered by SURS. You bear all of the investment risk.

1 2 3

Step 2: Compare the plans

Here are the major differences between the three plan choices. For more details, see the pages noted for each plan.

	Portable Benefit Package	Traditional Benefit Package	Self-Managed Plan (SMP)
EMPLOYEE CONTRIBUTIONS	8% of your Maximum Pensionable Earnings or 9.5% for Police/Firefighters.		8% of Earnings *Note: Unlike the other two plans, employer (state) contributions begin with the first full payroll period after SURS receives your retirement choice election form electing the plan.*
MAXIMUM PENSIONABLE EARNINGS LIMIT	$112,408.42/year for FY 2018 $113,644.91/year for FY 2019 and then increasing by the lesser of three percent or half of the Consumer Price Index – Urban (CPI-U) each year after. *(Those who began participation prior to January 1, 2011, are not subject to the Maximum Pensionable Earnings limit, but may be subject to IRS limitations. The FY 2018 limit is $270,000. The FY 2019 limit is $275,000.)*		Self-Managed Plan participants are not subject to the Maximum Pensionable Earnings limit, but may be subject to IRS limitations. *(The FY 2018 limit is $270,000. The FY 2019 limit is $275,000.)* The calendar year 2018 contribution limit is $55,000.
REFUND (if you leave SURS-covered employment before retirement)	• Less than five years of service: A lump sum of your employee contributions with interest. • Five or more years of service: A lump sum of contributions, interest, and dollar-for-dollar matching employer contributions for all but military contributions. **>> The Portable Benefit Package is described in more detail on Pages 6-7.**	A lump sum of your employee contributions plus up to 4.5% interest, regardless of your years of service. No employer contributions. **>> The Traditional Benefit Package is described in more detail on Pages 8-9.**	• Less than five years of service: A lump sum of the value of your employee contributions and your investment return. • Five or more years of service: A lump sum of the value of your employee contributions, matching employer contributions, and your investment return. **>>The Self-Managed Plan is described in more detail on Pages 10-11.**

	Portable Benefit Package	Traditional Benefit Package	Self-Managed Plan (SMP)
RETIREMENT VESTING	If participation began January 1, 2011 or after: • 10 years at age 67 or at age 62 with a 0.5% reduction for each month you are under age 67. If participation began prior to January 1, 2011: • Five years – at age 62 • Eight years – at age 60 or at age 55 with a 0.5% reduction for each month under age 60 • 30 years – at any age with no age reduction		• Five years at age 62 • Eight years at age 55 • 30 years – at any age with no age reduction
RETIREMENT BENEFIT	• Lifetime monthly retirement annuity based on your years of service and earnings. *Note: The Portable Benefit Plan offers the option of a lump-sum distribution in lieu of the monthly annuity, with spousal consent.* • Subject to a maximum of 80% of your final rate of earnings; excess contributions would be refunded at retirement.		• Based on account value at retirement. You may choose to receive a lump-sum retirement distribution or purchase an annuity from an SMP service provider. • No minimum or maximum benefits.
SURVIVOR BENEFIT	• Survivor benefits are available under this plan. A reduction is applied to the retirement annuity to provide benefits to your spouse/civil union partner or contingent annuitant. • If married/in a civil union at retirement, a 50% joint & survivor is the normal form of annuity. With spousal consent, you may designate a contingent annuitant to receive a joint & survivor annuity or elect a single-life annuity or lump-sum distribution. • If unmarried at retirement, you have the option to designate anyone as a contingent annuitant to receive a joint & survivor annuity.	• Survivor benefits are included at no additional cost. • Benefits are payable to eligible survivors designated by law. • If there is not an eligible survivor at retirement, contributions set aside to provide survivor benefits may be taken as a lump-sum distribution or used to supplement your retirement annuity.	• Survivor benefits are available under this plan. A reduction is applied to provide benefits to your spouse/civil union partner. • If married/in a civil union at retirement, a 50% joint & survivor is the normal form of annuity. With spousal consent, you may designate a contingent annuitant to receive a joint & survivor annuity or elect a single-life annuity or lump-sum distribution. • If unmarried at retirement, optional forms include joint & survivor annuities, annuities with guaranteed periods, and other variations, at the cost of a reduced retirement annuity.
	>> The Portable Benefit Package is described in more detail on Pages 6-7.	**>> The Traditional Benefit Package is described in more detail on Pages 8-9.**	**>> The Self-Managed Plan is described in more detail on Pages 10-11.**

The Portable Benefit Package

Contributions

Begin: Immediately following the date you begin employment.

Employee contribution: 8.0% of Maximum Pensionable Earnings

Community college employees (except City Colleges of Chicago employees) pay an additional 0.5% of earnings to fund their health insurance plan.

Police/Fire amount: 9.5% of Maximum Pensionable Earnings

Investment Management

Funds in this plan are invested by professional investment managers hired and supervised by SURS.

Refund

- If you have less than five years of service, you receive your contributions with accrued interest.
- If you have five or more years of service in addition to the above, you receive a dollar-for-dollar matching employer contribution (contributions for certain military purchases are not matched).

Retirement Benefit

Normal forms of payment:

- If you are unmarried, your retirement benefit will be paid as a monthly annuity for your life.
- If you are married/in a civil union, your annuity payments will be reduced to provide your surviving spouse/civil union partner a monthly annuity that pays 50% of your reduced monthly annuity.

Optional forms of payment:

- If you are married/in a civil union at retirement, you may elect an optional form of payment with your spouse's/civil union partner's consent, such as a single-life annuity or a 75% or 100% joint & survivor annuity, and/ or designate a contingent annuitant other than your spouse/civil union partner. Choosing the single-life annuity option will increase your monthly annuity, while choosing the 75% or 100% joint & survivor annuity will reduce your monthly annuity to fund the cost.
- You may choose to receive a lump sum instead of the normal annuity that is equal to a refund. Note: the lump-sum option is not the actuarial equivalent of the single-life or joint & survivor annuity.

Automatic annual increase:

- Your first increase will be payable upon the later of age 67 or the first anniversary of your annuity begin date. Future increases will be payable each January 1 thereafter.
- Each increase payable will be computed based only on your original base annuity amount, without compounding. The increase will be the lesser of 3% or half of the increase in the Consumer Price Index (urban) for the preceding year.

**If participation began prior to January 1, 2011, the first increase will be a prorated 3%, payable on the January 1 following retirement. Future increases will be payable each January 1 and will compound at 3% based on the prior year's annuity base.*

Normal retirement benefit calculation: In general, the retirement benefit payable will be based upon the formula below, up to a maximum of 80% of the final rate of earnings:

2.2% of the final rate of earnings x years of service

If participation began prior to January 1, 2011, the above formula may be compared to additional eligible formulas. The highest resulting benefit would be payable.

Eligibility:

- At age 67* with 10 or more years of service and no age reduction
- At age 62* with 10 or more years of service, with a 0.5% reduction for each month that you are under age 67 at the time of retirement

*Note: If participation began prior to January 1, 2011:

- At age 62 with five or more years of service
- At age 60 with eight or more years of service and no age reduction or at age 55 with a 0.5% reduction for each month under age 60
- At any age with no age reduction with 30 or more years of service
- At age 50 with 25 or more years of service as a police officer or firefighter, or at age 55 with 20 or more years of service as a police officer or firefighter (see below)

Special Police Officer or Firefighter Formula:

If you contribute 9.5% of earnings as a police officer or firefighter, you are eligible for the following formula:

2.25% x final rate of earnings for first 10 years
2.50% x final rate of earnings for next 10 years
2.75% x final rate of earnings for the years over 20

Joint & Survivor Benefit

Eligibility:

- **Death before retirement:** A pre-retirement survivor annuity is payable if you die before retiring and have at least one and a half years of service. Your spouse/civil union partner, to whom you have been married/in a civil union at least one year prior to the date of death, is entitled to the pre-retirement survivor annuity. You may elect, with your spouse's/civil union partner's consent, to waive this pre-retirement survivor annuity. The waiver will increase the lump-sum death benefit by the actuarial value of the pre-retirement survivor annuity.

- **Death after retirement:** Survivor benefits are paid to your survivor if you die as an annuitant after electing a joint & survivor annuity at retirement.

Benefit amount:

- **Death before retirement:** The pre-retirement survivor annuity is a monthly benefit, paid beginning at your earliest retirement age, equal to 50% of your earned retirement benefit after reductions to pay for the cost of providing the pre-retirement survivor annuity.

- **Death after retirement:** The survivor annuity amount depends upon the form of payment elected upon retirement.

Death Benefit

Eligibility: Your spouse/civil union partner is your beneficiary, unless he or she gives written consent to your designation of another person as your beneficiary. If you do not have a spouse/civil union partner and no designation is made, the beneficiary is your estate.

Benefit amount:

- **Death before retirement:** If you die with less than one and a half years of service credit, the death benefit is comprised of your total contributions with accrued interest. If you die with at least one and a half years of service credit, the death benefit is a lump sum comprised of your contributions with accrued interest, plus an equal amount of employer contributions. This amount is then reduced by the actuarial value of any pre-retirement survivor annuity that is payable.
- **Death after retirement:** If survivor benefits are payable, there is no death benefit. Without a survivor benefit payable, the death benefit is the remainder of employee contributions with accrued interest (or $1,000, if greater).

Traditional Benefit Package

Note: If you don't choose a plan within six months of the date SURS receives your employment certification, you will be permanently enrolled in the Traditional Benefit Package.

Contributions

Begin: Immediately following the date you begin employment.

Employee contribution: 8.0% of Maximum Pensionable Earnings

Community college employees (except City Colleges of Chicago employees) pay an additional 0.5% of earnings to fund their health insurance plan.

Police/Fire amount: 9.5% of Maximum Pensionable Earnings

Investment Management

Funds in this plan are invested by professional investment managers hired and supervised by SURS.

Refund

You will receive your contributions accumulated with interest at a rate up to 4.5% per year regardless of your years of service.

Retirement Benefit

Normal forms of payment: Your retirement benefit will be paid as a monthly annuity for your life. After your death, your eligible survivor(s) will receive at least 66.7% of the amount you were receiving.

Optional forms of payment:

- If you have no eligible survivor at retirement, you will receive a refund of your survivor contributions plus accumulated interest.
- You may elect a reversionary annuity, which would reduce your retirement annuity to fund a larger survivor benefit. You may also choose an option that would allow your retirement annuity to be restored to its unreduced rate, should you outlive your survivor.

Automatic annual increase:

- Your first increase will be payable upon the later of age 67 or the first anniversary of your annuity begin date. Future increases will be payable each January 1 thereafter.
- Each increase payable will be computed based only on your original base annuity amount, without compounding. The increase will be the lesser of 3% or half of the increase in the Consumer Price Index (urban) for the preceding year.

**If participation began prior to January 1, 2011, the first increase will be a prorated 3%, payable on the January 1 following retirement. Future increases will be payable each January 1, and will compound at 3% based on the prior year's annuity base.*

Normal retirement benefit calculation: In general, the retirement benefit payable will be based upon the formula below, up to a maximum of 80% of the final rate of earnings:

2.2% of the final rate of earnings x years of service

If participation began prior to January 1, 2011, the above formula may be compared to additional eligible formulas. The highest resulting benefit would be payable.

Eligibility:

- At age 67* with 10 or more years of service and no age reduction
- At age 62* with 10 or more years of service, with a 0.5% reduction for each month that you are under age 67 at the time of retirement

**Note: If participation began prior to January 1, 2011:*

- *At age 62 with five or more years of service*
- *At age 60 with eight or more years of service and no age reduction or at age 55 with a 0.5% reduction for each month under age 60*
- *At any age with no age reduction with 30 or more years of service*
- *At age 50 with 25 or more years of service as a police officer or firefighter, or at age 55 with 20 or more years of service as a police officer or firefighter (see below)*

Special Police Officer or Firefighter Formula:

If you contribute 9.5% of earnings as a police officer or firefighter, you are eligible for the following formula:

2.25% x final rate of earnings for first 10 years
2.50% x final rate of earnings for next 10 years
2.75% x final rate of earnings for the years over 20

Survivor Benefit

Eligibility:

- **Death before retirement:** Survivor benefits are paid to your qualifying survivor(s) if you die while employed with at least one and a half years of service, or if you terminate employment, with at least 10 years of service. Your spouse/civil union partner is a qualifying survivor provided that he or she meets one or more of the following conditions:
- is the biological mother or father of your child(ren);
- while married/in a civil union, legally adopted your biological child(ren), who were under age 18;
- was married/in a civil union at the time when you and the spouse/civil union partner legally adopted a child under age 18; or
- was married/in a civil union for at least one year prior to the date of your death

  Spousal survivor benefits cannot begin until your spouse/civil union partner is age 50. Others who may be eligible are unmarried children under age 18 (22 if a full-time student), disabled children over age 18 if they became disabled prior to age 18, and financially dependent parents age 55 and older.
- **Death after retirement:** Survivor benefits are paid to your qualifying survivor(s) if you die as an annuitant and did not take a survivor refund when you retired, assuming the survivor qualifies on the date of your death. The individuals eligible to receive benefits are the same as those eligible before retirement, as listed above. However, the surviving spouse/civil union partner must have been married/in a civil union for at least one year prior to the date of death.

Benefit amount:

- **Death before retirement:** The eligible survivor receives a lump sum of $1,000 plus a monthly survivor benefit of 66.67%* of your earned retirement benefit.
- **Death after retirement:** The eligible survivor receives a lump sum of $1,000 plus a monthly survivor benefit of 66.67%* of the retirement benefit you were receiving at the time of your death.

  **If participation began prior to January 1, 2011, the monthly survivor benefit payable will be at least 50% of your earned retirement benefit.*

Death Benefit

Eligibility: You may designate any person to receive your death benefits. If no designation is made, the beneficiary is your estate.

Benefit amount:

- **Death before retirement:** If you die with less than 1.5 years of service credit, the death benefit is comprised of your total contributions with accrued interest plus an additional death benefit of up to $5,000. If you die with at least 1.5 years of service credit and survivor benefits are payable, the death benefit amount is approximately seven-eighths (87.5%) of your total contributions with accrued interest. If you die with at least 1.5 years of service credit and no survivor benefits are payable, the death benefit is comprised of your total contributions with accrued interest plus an additional death benefit of up to $5,000.
- **Death after retirement:** If survivor benefits are payable, there is no death benefit. Without a survivor benefit payable, the death benefit is the remainder of employee contributions with accrued interest (or $1,000, if greater).

Self-Managed Plan

Note: You cannot select this plan if you were previously employed by a SURS-covered employer and are currently eligible for a retirement annuity under the Traditional Benefit Package.

Contributions

Begin: Contributions are made under the Traditional Benefit Package immediately following the date you begin employment until SURS receives your election to participate in the SMP. Your accumulated contributions are then transferred to your SMP account. The employer contributions begin with the first full payroll period starting after SURS receives your election to SMP. No employer contributions are available prior to the date SURS receives your election.

Employer amount: Equal to 7.6% of your annual salary, of which 7.3% goes toward retirement benefits and 0.3% pays for the disability insurance. (7-1-15)

Employee amount: 8.0% of earnings

Police/Firefighter amount: 8.0% of earnings

Investment Management

You select and manage the investment of your funds chosen from a menu of investment vehicles offered by SMP service providers.

Refund

- If you have less than 5 years of service, you will receive the value of your contributions and investment return.
- If you have 5 or more years of service, you will receive your vested account balance, which is the value of your employee contributions, matching employer contributions, and your investment return.

Retirement Benefit

At retirement, your vested account balance is used to purchase an annuity contract or to pay a lump-sum benefit.

Normal forms of payment:

- If you are unmarried at retirement, your vested account balance can be used to purchase a monthly annuity for your life through an annuity contract offered by an SMP service provider.
- If you are married/in a civil union at retirement, your vested account balance can be used to purchase a joint & survivor annuity that pays a reduced annuity for your life and a monthly annuity that pays your surviving spouse/civil union partner 50% of your annuity through an annuity contract offered by an SMP service provider.

Optional forms of payment:

- If you are unmarried at retirement, you can waive the normal form of annuity and elect a 50% or 100% joint & survivor annuity (with or without a guaranteed period), a single life annuity with a guaranteed period, or a lump-sum distribution of your vested account balance. Guaranteed payment periods can be selected to last 10, 15, or 20 years after retirement.
- If you are married/in a civil union at retirement, you can waive the normal form of joint & survivor annuity and elect a 100% joint & survivor annuity or (with spousal consent for all the following) a single-life annuity (with or without a guaranteed period), a 50% or 100% joint & survivor annuity with a guaranteed period, or a lump-sum distribution.

Automatic annual increase: Post-retirement increases are subject to the terms of the annuity contracts offered by the SMP service providers.

Eligibility:

- At age 55 with 8 or more years of service
- At age 62 with 5 or more years of service
- At any age with 30 years of service
- At age 50 with 25 or more years of service as a police officer or firefighter, or at age 55 with 20 or more years of service as a police officer or firefighter.

Death & Joint & Survivor Benefit

Eligibility:

If you are married/in a civil union on the date of your death, your surviving spouse/civil union partner is your beneficiary unless he or she gives written consent to your designation of another person or legal entity as your beneficiary. If you are unmarried on the date of death, death benefits are paid to your designated beneficiary. If no designation is made or if the designated beneficiary predeceases you or dies before the complete payment of benefits, the beneficiary is your surviving spouse/civil union partner or, if none, your estate.

Amount:

- **Before retirement:** If you die with less than one and a half years of service credit, the death benefit is comprised of the value of your total contributions. If you have at least one and a half years of service credit, the death benefit is comprised of the value of your account, including employer contributions. If your beneficiary is your surviving spouse/civil union partner, then a pre-retirement survivor annuity is purchased from your vested account balance. Alternatively, your surviving spouse/civil union partner may elect to receive a lump-sum distribution of your vested account balance. If you are unmarried or your surviving spouse/civil union partner has consented to a waiver of the pre-retirement survivor annuity, then a death benefit consisting of your vested account balance will be paid to your beneficiary.
- **After retirement:** Death and survivor benefits after retirement depend on the type of annuity contract purchased through an SMP service provider.

NEED TO KNOW

Understanding your investment responsibility

One of the most important aspects of a defined-contribution plan is that it gives you the flexibility to make investment decisions for your retirement. If you choose the Self-Managed Plan, you decide where to invest your money within the plan's menu of investment alternatives. And, in the future, you decide how to adjust your investments to suit your changing needs.

Investment considerations of the Self-Managed Plan

The Self-Managed Plan allows you to choose among a variety of different investment opportunities, including mutual funds and variable annuities approved by SURS and offered through:

- Fidelity Investments
- TIAA

The responsibility for making these investment decisions requires that you understand investment basics. You must set goals for yourself, determine which investments will suit your goals and personal preferences, put your plan into action, and learn when you might need to adjust your investments if circumstances change.

Selecting a retirement investment company

When deciding which SMP service provider(s) should manage your retirement investments, you'll want to evaluate each company's overall investment philosophy, investment choices, and fee structure.

Consider:

- **Stability and experience**
- **Investment objectives**
- **Investment choices**
- **Fees and expenses**
- **Service**

Annuities and mutual funds in the SMP

The SMP offers variable annuities and mutual funds among its investment choices. Variable annuities differ from mutual funds in how they are structured, but when offered under a tax-deferred retirement plan like the SMP, they serve the same basic purpose: They pool the assets of a large group of people and invest the money in various portfolios.

Keep in mind that neither a variable annuity nor a mutual fund guarantees principal; returns fluctuate with market performance.

During the *investment* phase, what counts is not the type of annuity contract or fund, but how well a company manages its portfolios and what its expense levels are.

During the *payout phase*, annuities offer a rational and flexible way to receive retirement income for life, in addition to the lump-sum settlement options available from variable annuities and mutual funds.

SMP fund performance

- **Why does SURS send a performance sheet with this enrollment guide?**
  You can use the information on the sheet to evaluate the performance of your funds versus a comparable benchmark. Each investment option in the SMP is listed with its inception date, performance returns for the time periods shown, and the current expense ratio. Investment options with similar investment objectives are listed together. Benchmarks are shown in italics and are listed under each group of investment options.

- **What is a benchmark and how are they determined?**
  Benchmarks are market indices that reflect the investment style of the funds and can be used to evaluate the performance of each investment option. Balanced and Lifecycle funds invest in both stocks and bonds. Those funds are evaluated versus a custom benchmark, which is a combination of two or more market indexes (i.e. a bond index and a stock index). Custom benchmarks are designed to reflect the stated investment style of the funds. Benchmarks are **not** available as investment options, as explained in Footnote B on the performance sheet.

Each investment option in the SMP seeks to track or beat the performance of the overall market or a selected group of stocks and bonds. Some funds have specific goals (i.e. out-performing a growth index) while other funds try to out–perform the market in general (i.e. a broad index such as the S&P 500 or Wilshire 5000). Due to the various investment styles, different benchmarks are used to evaluate different options.

For more specific investment information regarding the Self-Managed Plan, consult the materials included in this packet from the service providers. You can also learn more by visiting www.surs.org/self-managed-plan or contacting SURS or the service providers directly.

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P.O. Box 2710
Champaign, IL 61825-2710
217-378-8800
1-800-275-7877
www.surs.org

Fidelity Investments
82 Devonshire Street
Boston, MA 02109
1-800-343-0860
www.netbenefits.com/surs

TIAA
730 3rd Avenue
New York, NY 10017-3206
1-888-219-8310
www.tiaa.org/illinois

1 2 3

Step 3: Complete your retirement choice election form

An Important Decision for your Retirement Future

We hope you've found this information helpful and informative in considering the retirement plan choices available to you. We want to provide you with all the information that will help you choose the SURS retirement plan best suited to your needs. For additional information, click on the "Life Events" tab of our website to visit the "New To SURS" section and watch a video or register for a webinar about making a plan choice. You will also find additional information in the "FAQs" section of the website.

Mark your Calendar

You must choose your retirement plan and complete your Retirement Choice Election form within six months from the date SURS receives your certification of employment. You have two options to return the form. You may go online to www.surs.org and click on the Member Login button to access, complete and electronically sign the Retirement Choice Election form; or you may fill out the enclosed form and return it to SURS in the self-addressed, stamped envelope. We will send you a written confirmation of your plan choice. If you don't choose a plan within six months, you will default and be permanently enrolled in the Traditional Benefit Plan. If choosing the Self-Managed Plan, please see the enclosed Getting Started Guide to learn how to select your service provider(s) and investment options after enrolling in the SMP.

Don't Default on your Plan Choice

This is your chance to choose the plan that is right for you. Remember, your plan choice is an irrevocable, one-time decision that cannot be changed. If you default into the Traditional Benefit Plan, you will not be able to change your plan at a later date.

If you have questions or need assistance, please don't hesitate to contact us.

CONTACTING SURS

Hours of Operation

Monday-Wednesday, & Friday: 8:00 A.M. - 4:30 P.M.

Thursday: 9:00 A.M. - 4:30 P.M.

SURS Website

www.surs.org

Telephone & Fax Numbers

Direct: 217-378-8800

Toll Free: 800-275-7877

Fax: 217-378-9800

Mailing Address

SURS

P.O. Box 2710

Champaign, IL 61825-2710

(please include your Member ID with all correspondence)

Street Address

State Universities Retirement System of Illinois

1901 Fox Drive

Champaign, IL 61820-7333

This booklet is intended to serve only as a brief summary of the provisions of the law governing SURS. It should not be considered a substitute for the provisions of the law, which are set forth in Articles 1, 15, and 20 of the "Illinois Pension Code." The provisions of the law prevail over any statements, errors, or omissions in this booklet.

S·U·R·S
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