

# WHAT IS THE SURS LIFETIME INCOME STRATEGY?

## OVERVIEW

IT'S AN INNOVATIVE RETIREMENT SOLUTION OFFERED TO SURS RETIREMENT SAVINGS PLAN MEMBERS THAT PROVIDES YOU WITH:



A place to save and grow money (even in retirement)



Guaranteed lifetime income that provides income protection against declines in the financial markets and against the possibility of outliving your money



An investment vehicle where you retain control of your money



The flexibility to customize your account to fit your individual retirement needs and maintain health insurance eligibility in retirement

Investment Products Offered • Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed

This material is provided for informational purposes only and should not be construed as investment advice.

# WHAT'S HAPPENING WITH YOUR ACCOUNT AT THE TIME OF TRANSITION?

SEPTEMBER 1, 2020

## IN YOUR EARLY WORKING YEARS (AGE 20–50)

### AT TRANSITION:

- Your account balance will automatically transfer into the SURS Lifetime Income Strategy (LIS).
- Your default retirement age will be set to 65, with the Plan to fully secure income at retirement (100%).
- Your money will be invested in a diverse portfolio of stocks, bonds and diversifiers, and will adjust as you age.
- Your projected retirement income amount will be available online or from the call center after the transition.

### WHAT YOU NEED TO DO:

If you decide to keep your money in the SURS LIS, you do not need to take any action. If you would like to make changes to your investment allocation, go to [surs.org](https://surs.org) and click on the Member Website Login. Once you have logged in, click on View/Manage Your Retirement Savings Plan (RSP) Account.

## CLOSER TO RETIREMENT (APPROXIMATELY AGE 50+)

### AT TRANSITION:

- Your account balance will automatically transfer into the SURS Lifetime Income Strategy.
- If vested, you will begin securing income on October 1, 2020, with a plan for fully secured income (100%) at age 65; you can change your retirement age and the secure income amount by logging in to your account at [surs.org](https://surs.org).
- The part of your account that you have moved to the secure portfolio (which will become your guaranteed income stream) slowly shifts into an insurance-backed portfolio made up of 50% stocks and 50% bonds).
- The guaranteed income accumulates even in down markets.
- Your projected retirement income amount is available online or from the Defined Contribution Contact Center.

### WHAT YOU NEED TO DO:

- If you decide to keep all or some of your money in the SURS LIS, you have two things to think about as you near age 50: Do you want to secure your retirement income, and what age do you think you will retire?
- After September 1, 100% of your account balance will be on the path to generate guaranteed monthly income when you retire (assuming retirement age of 65).
- If you want to retire at age 65 with 100% of your account balance as secured guaranteed income, do nothing.
- If you plan to retire at a different age, you can change that date at any time by logging in to your account at [surs.org](https://surs.org).
- If you want to change the percentage of your account balance that will generate secured income, you can change that at any time. However, your account will automatically begin securing income on October 1 if you take no action prior (fees apply). Keep in mind that to participate in the health insurance program at retirement, at least 50% of your account balance must be converted to secured income.

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# WHAT IS THE SURS LIFETIME INCOME STRATEGY?

## RETIREMENT PLANNING COMES WITH MANY QUESTIONS

WILL I OUTLIVE MY INCOME (WITHOUT THE BENEFIT OF SOCIAL SECURITY)?

WHAT WILL I DO IF THE MARKET PERFORMS POORLY?

CAN I STILL GROW MY MONEY IN RETIREMENT?

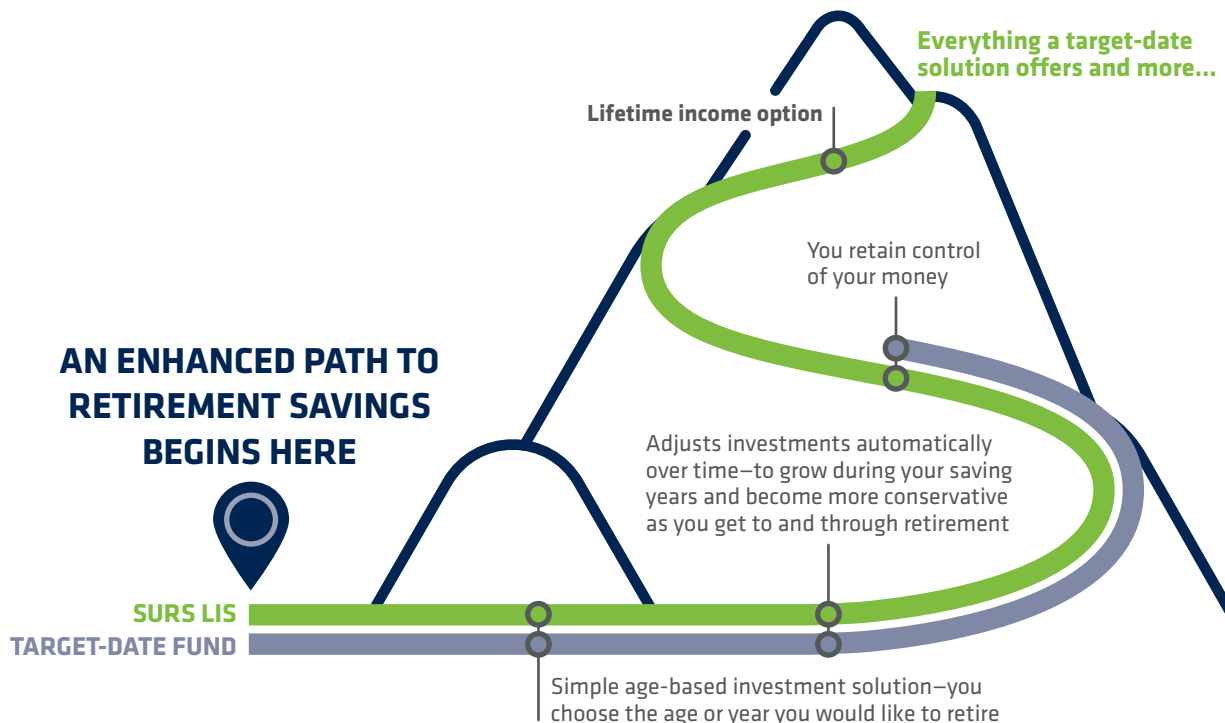
To help you answer these questions and achieve better retirement outcomes, and to help you take advantage of retiree health benefits provided by the state, SURS has made the important decision to offer the SURS Lifetime Income Strategy (LIS) as the default investment option in the SURS Retirement Savings Plan ("the Plan").

The SURS LIS is a professionally managed, flexible investment option that helps you build retirement wealth during your working years—with an opportunity to generate a guaranteed retirement income stream that begins at retirement and that continues for life.

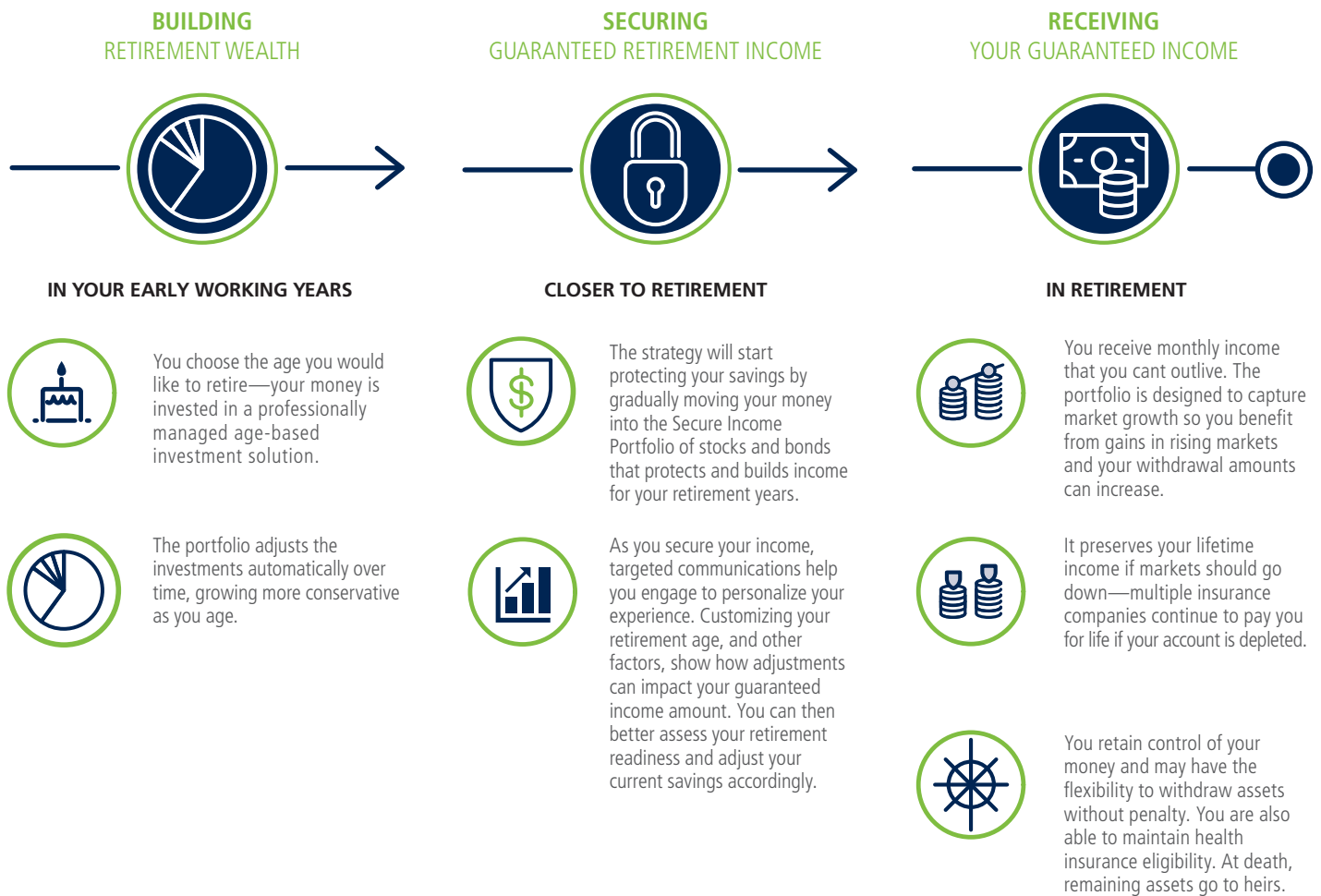
It is a carefully designed, professionally managed target-date portfolio that adjusts its investment mix to become more conservative as you age. And, when you are approximately 15 years from retirement, you have the option to start regularly allocating a portion of your money to a guaranteed lifetime

income portfolio that will provide retirement income for the rest of your life—and this process happens automatically.

Most target-date funds do a great job of building retirement assets. They offer diversification and professional investment management, but a difficult period in the financial markets could leave you with less savings at retirement. For example, at retirement, if you were converting the lump sum of your account to an annuity, you would be locking in an interest rate at a very specific point in time—that's called point-in-time risk. That's where the SURS LIS can provide an advantage. It includes an optional lifetime income feature that systematically transitions some or all of your retirement savings to a Secure Income Portfolio (SIP) over time, and builds an income floor while keeping growth potential.



# HOW DOES THE SURS LIFETIME INCOME STRATEGY WORK?



## WHAT IS THE SECURE INCOME PORTFOLIO?

It's an insured portfolio used to fund guaranteed lifetime income. Money in this portfolio is insured through multiple group-insurance contracts. Allocations among the group-insurance contracts are unique to each member. The assets in the Secure Income Portfolio are invested in a passive, index-managed fund composed of 50% stocks and 50% bonds. For more information about the investments inside the SURS LIS, please refer to the SURS LIS fact sheets.

One of the most attractive features of the SURS LIS is that it allows you the ability to maintain access to retiree health benefits (if eligible) without giving up access to your entire account balance. In other words, you can convert a portion of your account balance at retirement to monthly lifetime income and qualify for health benefits. Both the money allocated to lifetime income (secured balance) and the non-secured account balance remain invested in the market. You have complete control over the non-secured portion of your account. After retirement, you can leave your money in the SURS LIS non-secured portfolios, move all or a portion of it to the SURS core funds, or take additional withdrawals.

## HOW IS YOUR MONEY INVESTED?



### BUILDING RETIREMENT WEALTH

During your saving years, when you're building your retirement wealth, the SURS LIS invests in a diversified mix of stocks, bonds and other investments, and automatically adjusts them over time to maintain an appropriate investment mix (just like a target-date fund). As you move toward retirement, the strategy gradually becomes more conservative to protect against market fluctuations. These non-secured portfolios are not backed by insurance.

The SURS LIS, invests your money during your saving years in up to four non-secured investment portfolios:

- **SURS LIS Stock Portfolio:** The portfolio targets a mix of U.S. large-cap stocks, U.S. small/mid-cap stocks and non-U.S. stocks.
- **SURS LIS Bond Portfolio:** The portfolio targets a mix of U.S. core bonds and U.S. Treasury Inflation Protected Securities (TIPS).
- **SURS LIS Cash Portfolio:** This portfolio invests in U.S. cash-equivalent, short duration government securities.
- **SURS LIS Real Asset Portfolio:** This portfolio invests in real estate investment trusts (REITs)—companies that generate income from investing and managing office buildings, hotels and other real estate property.



### SECURING GUARANTEED RETIREMENT INCOME

When retirement is approximately 15 years away and, if you are vested, your account will start regularly and gradually moving your money into the Secure Income Portfolio. This insured portfolio starts building a secure annual income for your retirement years. The Secure Income Portfolio is designed to capture market growth potential, while preserving your lifetime income. The Secure Income Portfolio uses multiple group-insurance contracts to guarantee your annual lifetime income, which is based on the high water mark of the annual secure income portfolio balance.

**SURS LIS Secure Income Portfolio:** This portfolio invests in a mix of passively managed stocks (50%) and bonds (50%).

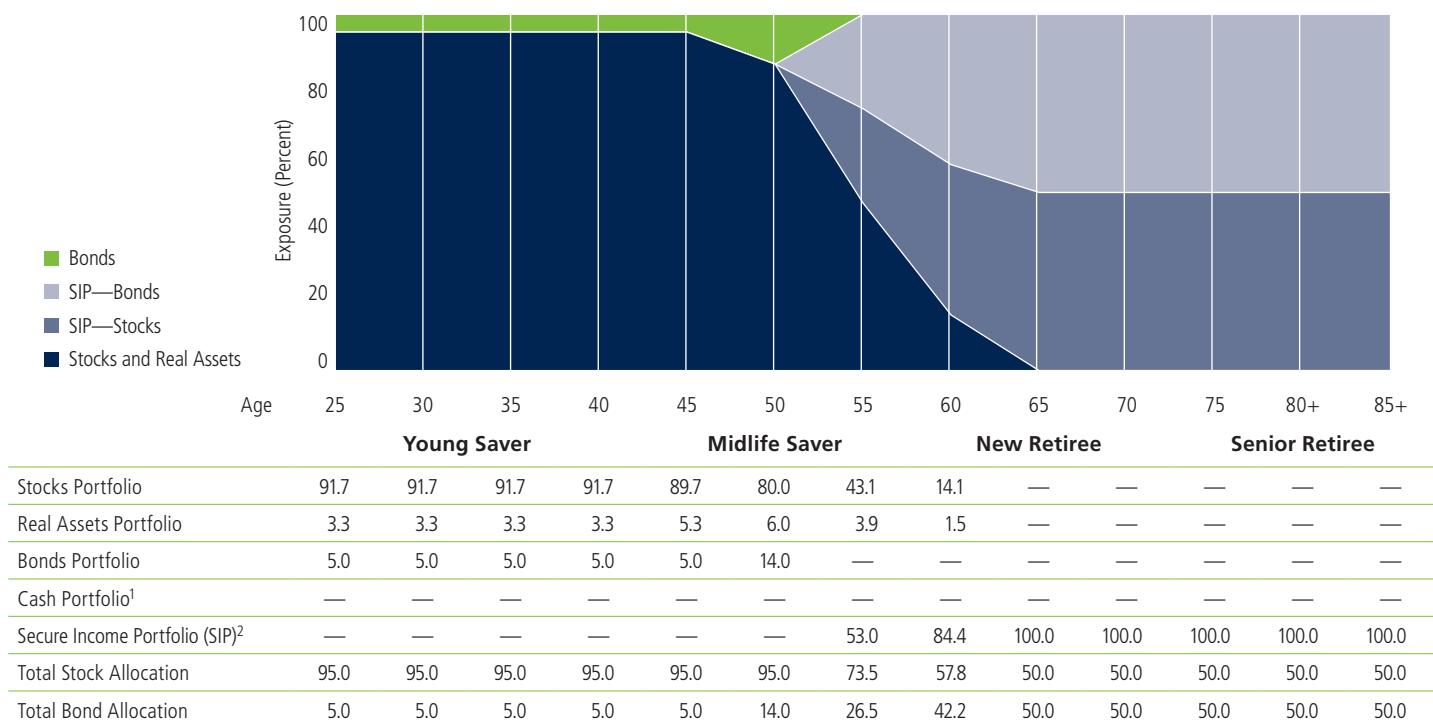


### RECEIVING YOUR GUARANTEED INCOME

In your retirement years, SURS LIS uses your balance in the Secure Income Portfolio to generate guaranteed lifetime income that you will receive for the rest of your life. The guaranteed annual income amount is protected by insurers and will never run out—even if a downturn affects the market value of your account or if you outlive the money in your Secure Income Portfolio. Your monthly income can also increase if markets rise and increase the value of your Secure Income Portfolio. As with any investment portfolio, the value of your account is subject to market fluctuations. You benefit from gains in rising markets, while the value of your monthly retirement income is protected in down markets.

# HOW DO THE INVESTMENTS CHANGE OVER TIME?

**THIS EXAMPLE ASSUMES A RETIREMENT AGE OF 65 AND 100% SECURE INCOME LEVEL**



This chart does not represent any particular target-date fund. It is meant to show how the investment mix of any target-date portfolio changes over a lifetime. Numbers may not sum due to rounding.

The SURS LIS is designed to meet your basic income needs in retirement. Even if you do nothing, you will automatically be on track to retire at age 65 with 100% of your account secured, which would provide you with guaranteed monthly income that you can't outlive. **Important note:** You will be able to see your individual glidepath (or investment mix) by logging into your account at [surs.org](https://surs.org) on September 1, 2020.

## PROFESSIONAL INVESTMENT MANAGEMENT

AllianceBernstein L.P. (AB) designs and manages the asset allocation and glidepath for the investments as well as administers the income benefit inside the SURS LIS.

<sup>1</sup> The SURS LIS Cash Portfolio would be used as a member approaches and enters retirement if they choose less than 100% for their secure income level.

<sup>2</sup> The money in the Secure Income Portfolio is invested in a passive, index-managed fund composed of 50% stocks and 50% bonds.

# WHAT MAKES THE SURS LIFETIME INCOME STRATEGY UNIQUE?



## THE FLEXIBILITY TO FIT YOUR NEEDS

The good news is that Americans are living longer, healthier, more active lives than were previous generations, who thought of retirement simply as the end of work, not as a promising new beginning. SURS LIS allows you the flexibility to customize your account to fit your own retirement needs: Do you want to receive secure retirement income? How much? When?



## INCOME PROTECTION AND RISK MANAGEMENT

A retirement lasting 20, 30, maybe even 40 years means you will have more time to enjoy the things you've always dreamed about but were too busy to pursue. But more time in retirement also means your money has to work harder to offset the effects of inflation and market volatility. SURS LIS protects your secure income in case there's a market downturn, which could otherwise erode the value of your savings—and its ability to fund your retirement income. Your monthly income amount can also increase (and remain at that level) if markets rise, and increase the value of the Secure Income Portfolio.



## GUARANTEED LIFETIME INCOME

Sometimes when planning for retirement, we are so focused on the savings part, that we don't think about how that savings will translate to income after retirement or if that savings will last. The lifetime income portion of your account is guaranteed by the backing of multiple insurance companies. And there are no insurance fees until you start building your income.



## EASY ACCESS TO YOUR MONEY

This is your retirement account. You don't have to choose between lifetime payments and control of your money. You always maintain complete control over the non-secured portion of your SURS LIS account, without surrender charges. And if you pass away while there's still a balance in your account, your beneficiary receives it. Additional withdrawals will reduce your account value proportionately. You are also able to maintain health insurance eligibility.

## IT'S PERSONAL

The SURS LIS can be personalized to your needs. You can change the default account settings, which are set for a retirement age of 65 and for 100% of the SURS LIS assets to be allocated to the Secure Income Portfolio over time.

**Securing Income** means the strategy will start protecting your savings by gradually moving your assets into a Secure Income Portfolio of stocks and bonds that protects and builds income for your retirement years.

Investments in the SURS LIS are not guaranteed against loss of principal. Investing in the SURS LIS does not guarantee sufficient income in retirement. All guarantees are subject to the claims-paying ability of the insurer. Diversification does not guarantee a profit or eliminate loss.



# HOW DOES THE SURS LIFETIME INCOME STRATEGY CREATE GUARANTEED LIFETIME INCOME?

## HOW IS YOUR GUARANTEED INCOME WITHDRAWAL AMOUNT CALCULATED?

The Guaranteed Income Withdrawal Amount is the money you will receive monthly after you activate. It is calculated according to a formula that considers:

- The total amount of money allocated to the Secure Income Portfolio over time, which includes money you and your employer contribute
- The growth of that money from rising financial markets
- The withdrawal rates provided by the insurers at the time your assets are allocated to the Secure Income Portfolio

## RATES PROVIDED BY INSURANCE COMPANIES

Lifetime Blended Withdrawal Rates are determined through a competitive process among the participating insurers. The insurers submit their rates and the Plan blends those rates according to a formula that rewards those insurers that offer the highest rates. Lifetime Blended Withdrawal Rates are updated regularly for new allocations, depending on the type of allocation to the Secure Income Portfolio.

Lifetime Blended Withdrawal Rates for the following are updated quarterly; these are the types of contributions that are allocated to the Secure Income Portfolio:

- Employee payroll contributions
- Employer contributions

Lifetime Blended Withdrawal Rates for the following are updated monthly; these are the types of transferred funds that are allocated to the Secure Income Portfolio at the time of the transfer:

- Transfers from other SURS Retirement Savings Plan investment options
- Rollovers from other qualified employer plans and/or IRAs

## WHERE CAN I FIND LIFETIME BLENDED WITHDRAWAL RATES?

You can find your Lifetime Blended Withdrawal Rates on the "My Account" tab of the SURS Lifetime Income Strategy investment section on [surs.org](http://surs.org).

## EXAMPLE OF HOW THE GUARANTEED INCOME WITHDRAWAL AMOUNT IS CALCULATED

The money in the Secure Income Portfolio (SIP) will grow while you are saving for retirement because of payroll contributions/transfers, market appreciation, and the rebalancing of your money to your target Secure Income Level % at retirement. Each payroll contribution (or transfer) into the SIP receives a Withdrawal Rate from the insurers. You receive the withdrawal rate every quarter in the 15 years before retirement which at retirement becomes the Average Lifetime Blended Withdrawal Rate.

The easiest way to think about it is to multiply your Secure Income Base (the sum of those building blocks of secure lifetime income) by that Average Lifetime Blended Withdrawal Rate to get your estimated Annual Secure Income Withdrawal Amount.

<b>Secure Income Base</b>	x	<b>Average Lifetime Blended Withdrawal Rate</b>	=	<b>Estimated Annual Secure Income Withdrawal Amount</b>
<b>\$500,000</b>	x	<b>4.00%</b>	=	<b>\$20,000</b> Annual Retirement Income

For illustrative purposes only.

# HOW TO GROW YOUR GUARANTEED INCOME WITHDRAWAL AMOUNT

Your Guaranteed Income Withdrawal Amount depends on withdrawal rates over time and the size of your Secure Income Base, which reflects the total amount allocated to the Secure Income Portfolio plus market gains recorded annually on your birthday. The more money you put into the SURS LIS, the more money that can be allocated over time to the Secure Income Portfolio to create your Guaranteed Income Withdrawal Amount.

You can contribute to the SURS LIS option in the Plan in multiple ways:

- Direct contributions from payroll and employer contributions (employer contributions are invested in the same manner as your payroll contributions)
- Transfers from other Plan investment options into the SURS LIS
- Rollovers from other qualified employer plans/IRAs that you invest in the SURS LIS

## WHAT IS THE “INCOME BASE”?

The Income Base is the total dollar value of allocations to the Secure Income Portfolio plus market gains recorded annually on the member’s birthday. Each year on your birthday the value of the Secure Income Portfolio will be compared to the Income Base. If the market value of the Secure Income Portfolio is higher than the Income Base on your birthday, then the Income Base will be “ratcheted up” to the value of the Secure Income Portfolio. Since the Income Base is used to calculate the Guaranteed Income Withdrawal Amount, this allows market gains to be locked in, and if the value is lower than the Income Base, the Income Base will not go down.

## SEE THE IMPACT OF ADDING MONEY TO YOUR SURS LIS ACCOUNT

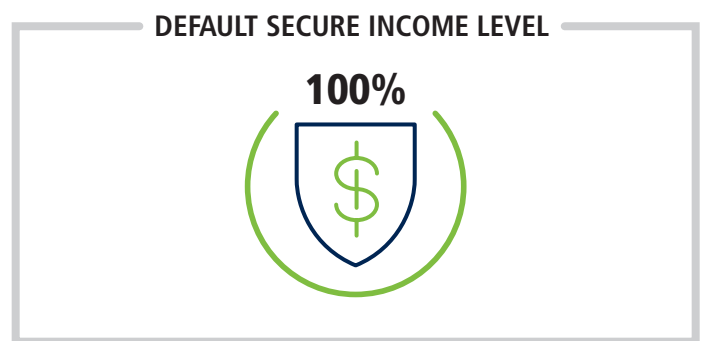
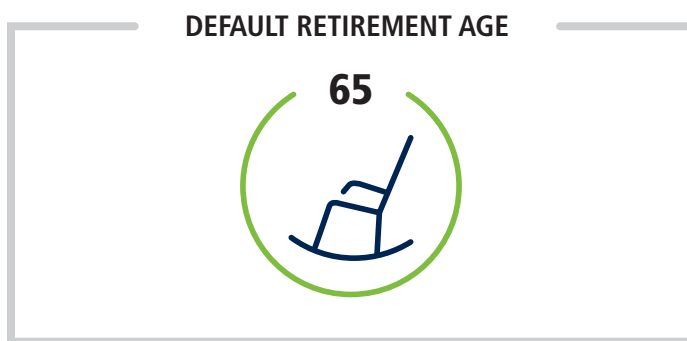
Transferring money into the SURS LIS, either from other Plan investment options or via a rollover, can make a significant difference in the amount of your secure annual retirement income.

Go to the SURS LIS investment section on the Plan website to calculate the effect of a transfer on your Guaranteed Income Withdrawal Amount. To transfer funds into the SURS LIS or arrange for a rollover, go to [surs.org](https://surs.org), or call the SURS Defined Contribution Contact Center at 800-613-9543.

# CUSTOMIZING THE DEFAULT ACCOUNT SETTINGS FOR THE SURS LIFETIME INCOME STRATEGY

The SURS LIS uses default account settings for Secure Income Level and retirement age to determine how the investment mix changes over time and when your money is gradually moved from the non-secured portfolios to the Secure Income Portfolio, which is used to fund the Guaranteed Income Withdrawal Amount (the monthly lifetime income that begins at retirement).

The default retirement age for the plans is 65, and the default Secure Income Level is 100%. However, you can easily change the default account settings to accommodate your personal retirement-planning needs. While you can change the percentage of your account balance that will generate secured income, in order to qualify for retiree healthcare (if eligible), the Secure Income Level needs to be at least 50%. The retirement age can also be adjusted to any age between 50 and 70.<sup>3</sup>



## ADJUSTING THE DEFAULT ACCOUNT SETTINGS

### SECURE INCOME LEVEL

The Secure Income Level is the target percentage of the SURS LIS account—between 0% and 100%—that you want allocated over time to the Secure Income Portfolio and which is then used to create your Guaranteed Income Withdrawal Amount. The default Secure Income Level is 100%. You can change your Secure Income Level to any percentage between 0% and 100% (in 1% increments). The allocation of your SURS LIS money to the Secure Income Portfolio begins approximately 15 years before you reach retirement and is targeted to reach your Secure Income Level two years before your Retirement Age. Because a reduction in your Secure Income Level may result in less secure income from the SURS LIS, you should consider any change very carefully. Additionally, you must have a Secure Income Level of at least 50% to qualify for health benefits in retirement.

### REMINDER:

If you elect 0%, you will not receive any annual secured income from the SURS LIS, as only the assets in the Secure Income Portfolio are used to create your Guaranteed Income Withdrawal Amount. And very importantly, in order to take advantage of retiree healthcare benefits offered through the state upon retirement, at least 50% of your SURS LIS account balance must be converted to secured income in the Secure Income Portfolio. If you do not wish to receive secured income, you can set the Secure Income Level to 0% and use the SURS LIS as a target-date portfolio.

<sup>3</sup> While you can retire earlier than 60, activation in the SURS LIS wouldn't take place until 60. Any gap would be filled in by systematic withdrawals from your account so you can qualify for retiree health benefits.

### WHAT IS YOUR TARGET RETIREMENT AGE?

Your target retirement age is the age at which you plan to retire. The default retirement age is 65, but can be changed to any age between 50 and 70.<sup>4</sup> The retirement age setting determines your investment horizon and allows the SURS LIS to personalize your investment mix, including the timing and purchases into the Secure Income Portfolio. The allocation of the SURS LIS assets to the Secure Income Portfolio is targeted to reach the Secure Income Level two years before retirement age in most cases.<sup>5</sup>

### HOW TO CUSTOMIZE YOUR SECURE INCOME LEVEL AND/OR RETIREMENT AGE

Go to the SURS LIS investment section on the SURS retirement plan website (see "Resources" on page 23) to calculate the effect of changing your Secure Income Level and/or retirement age on your Guaranteed Income Withdrawal Amount and to alter the settings of your account.

### IMPORTANT NOTE ABOUT YOUR AGE AT ACTIVATION

When your money is allocated to the Secure Income Portfolio, a Secure Income Withdrawal Rate is assigned based on your age at the time of contribution. The age at which you actually activate the benefit will affect your Secure Income Withdrawal Rates and, consequently, your Guaranteed Income Withdrawal Amount will be adjusted in the following ways:

- If you activate earlier than 65, you will get a downward adjustment to your Secure Income Withdrawal Rate.
- If you activate later than 65, you will get an upward adjustment to your Secure Income Withdrawal Rate.

#### IMPORTANT NOTE:

At least 90 days must pass between changing elections. For example, if you change your Secure Income Level and/or retirement age, you cannot make another such change for at least 90 days. In addition, if you make a change to your Secure Income Level and/or retirement age that results in a rebalance of your investment out of the Secure Income Portfolio, then you cannot transfer funds into the SURS LIS for 90 days. However, new contributions and rollovers are not affected by the 90-day restriction.

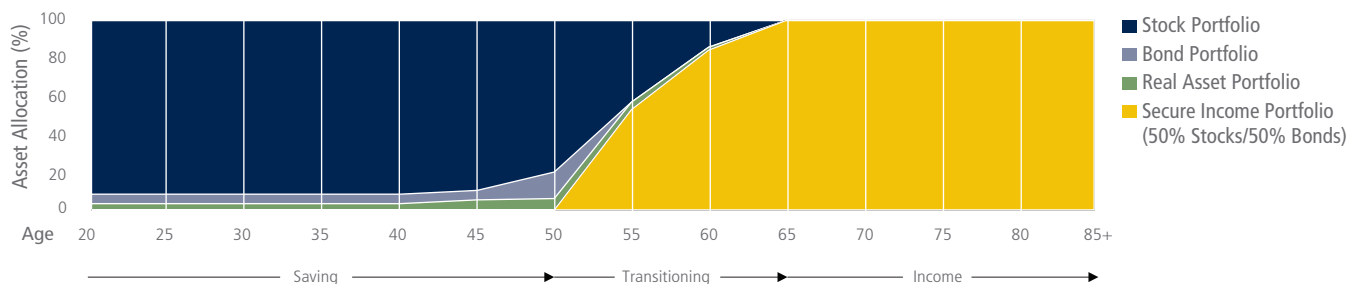
<sup>4</sup> While you can retire earlier than 60, activation in the SURS LIS wouldn't take place until 60. Any gap would be filled in by systematic withdrawals from your account so you can qualify for retiree health benefits.

<sup>5</sup> You can transfer into the SURS LIS at any time prior to retirement and you may also secure your income if you are less than 15 years from retirement or at retirement, but by doing so you would not benefit from buying in over time, which would provide you with more favorable blended withdrawal rates.

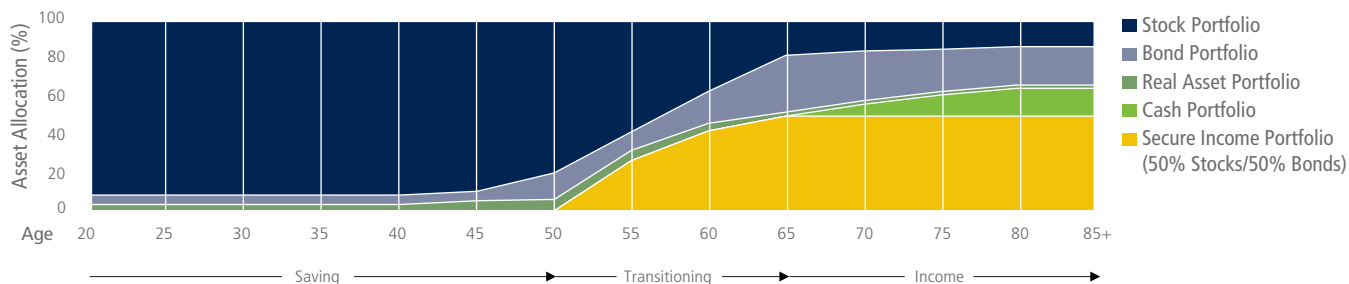
## EXAMPLES OF HOW YOUR INVESTMENT MIX CHANGES BY ALTERING THE DEFAULT SETTINGS

The following investment mix visuals show the effect of altering your Secure Income Level (and Retirement Age): the lower the Secure Income Level, the lower the percentage of your SURS LIS assets that would be allocated over time to the Secure Income Portfolio.

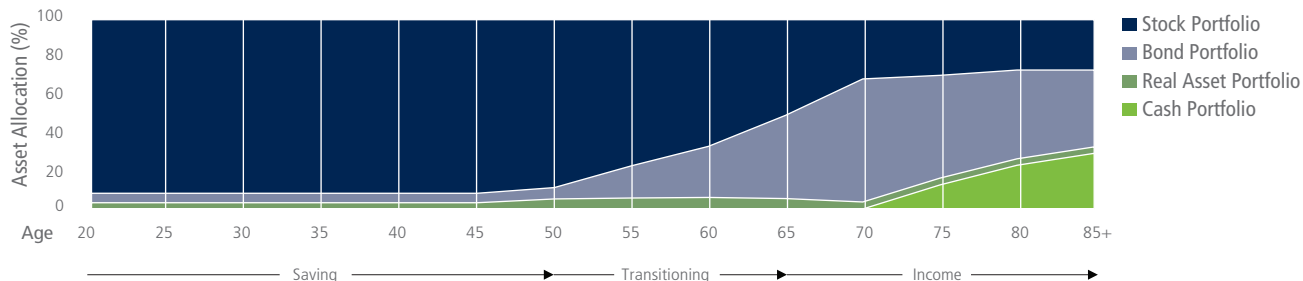
### RETIREMENT AGE OF 65 AND 100% SECURE INCOME LEVEL



### RETIREMENT AGE OF 65 AND 50% SECURE INCOME LEVEL<sup>6</sup>



### RETIREMENT AGE OF 70 AND 0% SECURE INCOME LEVEL



<sup>6</sup> If the Secure Income Level is less than 100%, an additional Cash Portfolio is used as a component portfolio in asset allocations. The example shown above depicts a 100% Secure Income Level (i.e., 100% of your Lifetime Income Strategy assets would be allocated to the Secure Income Portfolio over time).

#### IMPORTANT NOTE:

It is important to understand that only the Secure Income Portfolio creates your secure annual retirement income. Assets that remain in the other non-secure SURS LIS portfolios do not generate insured income for your retirement.

# RECEIVING YOUR GUARANTEED INCOME WITHDRAWAL AMOUNT: ACTIVATION

Activation is the process of beginning to take your Guaranteed Lifetime Withdrawal Benefit. You can “activate” your SURS LIS account to begin receiving a Guaranteed Income Withdrawal Amount if you are:

- At least age 60
- Vested
- Separated from service with SURS

## SINGLE-LIFE OR JOINT-LIFE ELECTION OPTIONS TO RECEIVE YOUR GUARANTEED INCOME WITHDRAWAL AMOUNT

When you activate, you must make a one-time election for either a single-life or joint-life form of withdrawal for your Guaranteed Income Withdrawal Amount. If you are married, you must obtain your spouse’s or civil union partner’s notarized consent to your election. You cannot change your election at a future time.



**The single-life option** means that your Guaranteed Income Withdrawal Amount is insured only for the rest of your lifetime. Upon your death, your beneficiary will receive the value of your SURS LIS account, including any money in the Secure Income Portfolio.



**The joint-life option** is available only if you are legally married and your spouse or civil union partner is at least age 45 at the time of activation. The Guaranteed Income Withdrawal Amount available under the joint-life form of withdrawal will be less than the Guaranteed Income Withdrawal Amount available under the single-life option because under the joint-life form, withdrawals are made over two lifetimes, not just one. When you die, your named survivor will continue to receive the Guaranteed Income Withdrawal Amount for the rest of his/her lifetime. The spouse or civil union partner you name is—and will remain—the only person eligible to receive a survivor’s Guaranteed Income Withdrawal Amount from the SURS LIS in the event of your death. Even if you divorce and/ or remarry, you will not be able to name a different spouse or civil union partner to receive a Guaranteed Income Withdrawal Amount.

Vested means that you have attained five years of service credit.

**Please Note:** The decision to activate must be considered carefully because it is an irrevocable election and cannot be changed. In addition, at the time of activation, you must elect a single-life or joint-life form of withdrawal for your Guaranteed Income Withdrawal Amount, which also cannot be changed.

You would initiate the activation process by completing a SURS Retirement Application. You would inform SURS of your retirement date on the application.

### IMPORTANT NOTE:

If you die before activation, your spouse or civil union partner would not receive a Guaranteed Income Withdrawal Amount. In this case, he/she would receive the full value of your SURS LIS account, assuming that he/she is your Plan beneficiary.<sup>7</sup>

**Please Note:** In order to elect the single- or joint-life withdrawal form offered by the SURS LIS, you must waive Qualified Annuity Forms of Payment, which are required by law to be offered, and if you are married, you must obtain your spouse’s or civil union partner’s notarized consent.

<sup>7</sup> Your spouse or civil union partner may still purchase an annuity outside of the SURS LIS to maintain survivor health benefits.

### **IF YOU ARE REHIRED**

If you leave SURS and are rehired before you activate your Guaranteed Income Withdrawal Amount, you can invest new payroll contributions in the SURS LIS, based on your Secure Income Level and retirement age on file.

### **ONE-TIME ELECTIONS ASSOCIATED WITH ACTIVATION**

Your decision to activate and the withdrawal form that you elect cannot be changed. You should carefully consider the financial and tax effects of your elections and consult with your financial advisors. For more information on the activation process, contact the SURS Defined Contribution Contact Center.

### **IMPORTANT NOTE:**

While you can retire earlier than age 60, activation in the SURS LIS wouldn't take place until you are age 60. Any gap would be filled in by systematic monthly withdrawals from your account so you can qualify for retiree health benefits.

# MOVING MONEY OUT OF YOUR SURS LIFETIME INCOME STRATEGY ACCOUNT BEFORE AND AFTER ACTIVATION

You may move money out of your SURS LIS account either by:

- Taking a **distribution** from the Plan, allowable if you:
  - Are vested according to the rules of the Plan
  - Have terminated employment, or
  - Are deceased**or by**
- **transferring** to other Plan investment options (see Transfer Frequency restriction at right)

**Please Note:** If you take a distribution before you've activated the guarantee, you will forfeit the eligibility for health benefits.

## TRANSFER FREQUENCY RESTRICTION

You control the investments in your Plan account. Note, however, that if you transfer money out of the SURS LIS, you cannot transfer funds into the SURS LIS for 90 days. New contributions and rollovers are not affected by the 90-day restriction.

## IMPORTANT NOTE:

Reminder: In order to take advantage of retiree healthcare benefits offered through the state upon retirement, at least 50% of your SURS LIS account balance must be converted to "secured income" in the Secure Income Portfolio.

## ACCESS TO THE SECURE INCOME PORTFOLIO PRIOR TO RETIREMENT

Moving money out of your SURS LIS account via a distribution or transfer prior to activation (that is, before you begin receiving your Guaranteed Income Withdrawal Amount) may result in an Early Withdrawal.

If your distribution or transfer will be taken from funds in the Secure Income Portfolio, an Early Withdrawal will occur and

will reduce your Secure Income Base and Guaranteed Income Withdrawal Amount. In addition, insurance fees already paid on those Secure Income Portfolio assets that are transferred will not be refunded.

**Please Note:** A required minimum distribution (RMD) taken before activation is treated as an Early Withdrawal and will reduce your Guaranteed Income Withdrawal Amount (see "Required Minimum Distributions").



## ACCESS TO THE SECURE INCOME PORTFOLIO AFTER RETIREMENT AND ACTIVATION

If you have ended your SURS-covered employment and are ready to retire and receive your Guaranteed Lifetime Withdrawal Benefit, you will need to complete a retirement application to begin the activation process. Your Guaranteed Income Withdrawal Amount may increase as markets rise but will never go down if markets fall.

You may also take ad hoc withdrawals from your account. The non-secured portion of your SURS LIS account is always available, and up to 50% of your secure portfolio may also be available for withdrawals. If you do not qualify for health insurance or choose not to preserve health insurance eligibility, you can take withdrawals of up to 100% of your account.

If you decide to retire before age 60, you may begin to receive systematic (non-guaranteed) withdrawals from the non-secured portfolios to use as money to live on before your Guaranteed Lifetime Withdrawal Benefit commences.

If you have “activated” and take a distribution or make a transfer that results in an amount greater than your Guaranteed Income Withdrawal Amount being taken from the Secure Income Portfolio, the excess will be considered an “excess withdrawal,” unless it is an RMD. An excess withdrawal will reduce your Secure Income Base and future Guaranteed Income Withdrawal Amount. In addition, insurance fees already paid on those Secure Income Portfolio assets that are withdrawn will not be refunded. Excess withdrawals from the Secure Income Portfolio are only available for up to 50% of the account value for participants who have qualified for health benefits in retirement.

### THREE TYPES OF WITHDRAWAL AFTER RETIREMENT AND ACTIVATION



#### GUARANTEED LIFETIME WITHDRAWAL BENEFIT



#### AD HOC WITHDRAWALS

- Non-secured (always available)
- Secure portion—up to 50% may be available



#### SYSTEMATIC WITHDRAWALS BEFORE AGE 60

### CONSIDER WITHDRAWALS AND RMDs CAREFULLY!

Withdrawals and RMDs should be considered carefully, as they can reduce your Guaranteed Income Withdrawal Amount. You should understand the financial and tax implications of these transactions. Please consult with your personal financial or tax advisor before planning any types of withdrawals and/or in advance of being subject to an RMD.

## REQUIRED MINIMUM DISTRIBUTIONS

The Internal Revenue Service (IRS) rules generally require that participants begin receiving RMDs from their retirement plan by April 1 of the year following the later of the year in which they:

- Attain age 72, or
- Terminate employment with their employer

RMDs will have the following effects on your Guaranteed Income Withdrawal Amount:

### RMDS—IF YOU HAVE NOT YET ACTIVATED

An RMD that is taken from the money in the Secure Income Portfolio before you have activated is considered an Early Withdrawal and will reduce your Secure Income Base and Guaranteed Income Withdrawal Amount by the same percentage (the reduction percentage) that the RMD reduces the Secure Income Portfolio market value. In addition, insurance fees already paid on Secure Income Portfolio assets that are withdrawn will not be refunded.

### RMDS—IF YOU HAVE ACTIVATED

After you activate, your Guaranteed Income Withdrawal Amount will count toward your RMD from the SURS Retirement Savings Plan. If your RMD exceeds your Guaranteed Income Withdrawal Amount, the difference between the RMD and your Guaranteed Income Withdrawal Amount will not be considered an excess withdrawal and your RMD will not reduce your Guaranteed Income Withdrawal Amount.

#### **IMPORTANT NOTE:**

You may want to consider activating before you will be required to take an RMD to protect against the possibility of an RMD lowering the value of your Guaranteed Income Withdrawal Amount.

# THE ROLE OF THE INSURANCE COMPANIES

## PROTECTION AGAINST MARKET DOWNTURNS AND OUTLIVING YOUR MONEY

Do you know how much you can withdraw from your savings each year during your retirement without outliving your money? Not many investors can answer yes to this question because there is so much uncertainty associated with the performance of your investments (that is, market risk) and how long you will live (that is, longevity risk). The SURS LIS eliminates these uncertainties by establishing a retirement income plan that is backed by multiple insurance companies. If you deplete the balance in the Secure Income Portfolio while taking monthly guaranteed lifetime withdrawals, each participating insurance company will pay you its portion of your Guaranteed Income Withdrawal Amount for the rest of your lifetime (and for the rest of your spouse's or civil union partner's lifetime, if applicable).

To provide your Guaranteed Income Withdrawal Amount, the SURS LIS uses group contracts issued by the following participating insurance companies: The Lincoln National Life Insurance Company, Nationwide Life Insurance Company, and Prudential Retirement Insurance and Annuity Company.

A formula set by the Plan is designed to encourage insurers to offer competitive withdrawal rates. More competitive withdrawal rates receive greater proportions of the allocations to the Secure Income Portfolio and determine what portion of your Guaranteed Income Withdrawal Amount is assigned to each insurance company for protection. Each insurer is individually responsible for its portion of Guaranteed Income Withdrawal Amount obligations. The insurers do not share in a pooled obligation. In addition, the insurers securing your Guaranteed Income Withdrawal Amount do not manage any SURS LIS assets.

The Plan may add or remove insurers at its discretion, or the participating insurers may decide to no longer participate in the SURS LIS, but the portion of your Guaranteed Income Withdrawal Amount provided by an exiting insurer will not be affected, subject to the financial strength and claims-paying ability of such insurer.



### HOME INSURANCE, CAR INSURANCE, LIFE INSURANCE... WHY NOT INCOME INSURANCE?

**People insure what they value most...** their life and health above all, as well as their home, car, jewelry and other possessions. Yet many people's retirement savings go uninsured—and it's important to protect that valuable too. You can think of the insurance companies' role in the SURS LIS as you would with other types of insurance-protection needs. Homeowner's insurance protects you from damage to your home in the event of a fire, while auto insurance protects you in the event your car is damaged in an accident. **The guaranteed income portion of the SURS LIS is covered by multiple insurance companies—that insurance guarantees your lifetime income in the event your account is depleted during your retirement.**

If you cancel a homeowner's or auto insurance policy, you forfeit past premiums paid, as they were used to underwrite risks while your policy was active. The situation is similar with the insurance protection on the SURS LIS. If you decide to remove money from the SURS LIS, any insurance fees you paid to protect your lifetime income will not be refunded.

#### IMPORTANT NOTE:

The Guaranteed Income Withdrawal Amount available through the SURS LIS is not an annuity in the traditional sense. With a traditional annuity, an insurer takes control of your savings in return for a specified annual lifetime income stream. Under the SURS LIS, your Guaranteed Income Withdrawal Amount specifies how much you can withdraw from your balance in the Secure Income Portfolio each year (provided you do not reduce your Secure Income Level or retirement age or take an "early" or "excess" withdrawal from the Secure Income Portfolio), with the promise that each participating insurance company will pay its portion of the annual withdrawal amount if your account is depleted. You always maintain complete control over the non-secured portion of your SURS LIS account, without surrender charges. Any Guaranteed Income Withdrawal Amount is offered by, and based on, the financial strength and claims-paying ability of the insurance companies.

# WHAT HAPPENS TO YOUR SURS LIFETIME INCOME STRATEGY ACCOUNT IF YOU DIE?

Two factors—whether or not you activated before your death, and the form of withdrawal you receive (that is, the single- or joint-life option) determine what happens to your SURS LIS account if you die.

- **If You Die Before Activation**

- Your SURS LIS account balance will pass directly to your beneficiary. However, your beneficiary (who may or may not be your spouse or civil union partner) will not be eligible to receive your Guaranteed Income Withdrawal Amount.<sup>8</sup>

- **If You Die After Activation**

- With a single-life form of withdrawal, your Guaranteed Income Withdrawal Amount will stop, and any remaining SURS LIS account balance will pass to your designated beneficiary.
- With a joint-life form of withdrawal, your surviving spouse or civil union partner's<sup>9</sup> will continue to receive your Guaranteed Income Withdrawal Amount for the remainder of his/her lifetime, and your spouse's or civil union partner's beneficiary will receive any remaining balance in the Secure Income Portfolio upon your spouse's or civil union partner's death. The Plan beneficiary (who may or may not be your spouse or civil union partner) will receive any remaining balance in the SURS LIS non-secured portfolios.

## BENEFICIARY DESIGNATION

You can make beneficiary designations on the SURS Retirement Savings Plan website. If you have questions about beneficiary eligibility, please call the SURS Defined Contribution Contact Center (see "Resources" on page 23).

## WHAT IF YOU RETIRE BEFORE AGE 60 AND START TAKING SYSTEMATIC WITHDRAWALS, BUT THEN DIE BEFORE YOU ACTIVATE?

If you've retired before age 60, are receiving systematic withdrawals, and you die before you are able to activate, then your LIS balance (money in the secure and unsecured portfolios) can be withdrawn by your beneficiary. The surviving spouse or civil union partner then has the option to create a new account with the recordkeeper (Voya) and move LIS money from the deceased member's account to that new account that the beneficiary creates. Once that is done, the spouse or civil union partner can reinstate withdrawals from the non-secured portfolios or activate that new LIS account, if appropriate. He/she would need to complete and submit another systematic withdrawal form or complete a new Activation form to get that process started.

<sup>8</sup> Your spouse or civil union partner may still purchase an annuity outside of the SURS LIS to maintain survivor health benefits.

<sup>9</sup> Your spouse or civil union partner must be the same spouse or civil union partner you designated as your beneficiary for the joint-life option at the time of Activation (see "Single-Life or Joint-Life Election Options to Receive Your Guaranteed Income Withdrawal Amount" on page 12).

THE FOLLOWING TABLE SUMMARIZES WHAT HAPPENS TO YOUR SURS LIS ACCOUNT IF YOU DIE

IF YOU DIE AFTER ACTIVATION

	IF YOU DIE BEFORE ACTIVATION	SINGLE-LIFE FORM OF WITHDRAWAL	JOINT-LIFE FORM OF WITHDRAWAL
<b>GUARANTEED INCOME WITHDRAWAL AMOUNT</b>	None. Your beneficiary cannot receive a Guaranteed Income Withdrawal Amount.	None. Your beneficiary cannot receive a Guaranteed Income Withdrawal Amount. Distribution of your Guaranteed Income Withdrawal Amount ends at your death and cannot be passed to a Plan beneficiary.	Your spouse or civil union partner is your beneficiary for your Guaranteed Income Withdrawal Amount and will continue to receive your Guaranteed Income Withdrawal Amount for his/her lifetime. Any Secure Income Base annual increase step-ups are calculated on your birthday (not your spouse's or civil union partner's birthday).
<b>SURS LIS ACCOUNT BALANCE</b>	Your beneficiary is eligible to receive the balance of your SURS LIS account.	Your beneficiary is eligible to receive the balance of your SURS LIS account.	Your spouse or your civil union partner is your beneficiary for the assets in the Secure Income Portfolio and will continue to receive your Guaranteed Income Withdrawal Amount for his/her lifetime, and your spouse's or civil union partner's beneficiary will receive any remaining balance in the Secure Income Portfolio upon your spouse's death. Your Plan beneficiary (who may or may not be your spouse or civil union partner) will receive the balance in the SURS LIS non-secured portfolios upon your death.
<b>RETIREMENT AGE</b>	Your beneficiary can elect a retirement age between 50 and 70 to determine the asset allocation of his/her SURS LIS account.	Your beneficiary can elect a retirement age between 50 and 70 to determine the asset allocation of his/her SURS LIS account.	As your beneficiary, your spouse or civil union partner can elect a retirement age between 50 and 70 to determine the asset allocation of his/her SURS LIS account.
<b>SECURE INCOME LEVEL</b>	None. Your beneficiary cannot receive a Guaranteed Income Withdrawal Amount and is therefore not eligible for secure income protection on any portion of his/her SURS LIS account. <sup>10</sup>	None. Your beneficiary cannot receive a Guaranteed Income Withdrawal Amount and is therefore not eligible for secure income protection on any portion of his/her SURS LIS account. <sup>10</sup>	As your beneficiary, your spouse or civil union partner retains your established Secure Income Level through continued receipt of your Guaranteed Income Withdrawal Amount. However, your spouse or civil union partner is not eligible for additional secure income protection on any new contributions or transfers that he/she makes to the SURS LIS.

<sup>10</sup> Until the account is changed to reflect the beneficiary's interest, any portion that is invested in the Secure Income Portfolio will be subject to the insurance fee described in "Fees for the SURS Lifetime Income Strategy" on page 20.

# FEES FOR THE SURS LIFETIME INCOME STRATEGY

As with all the investment options in the SURS Retirement Savings Plan (which includes both the SURS LIS and the core investment options), you pay an investment management and/or administration fee.

If you are invested in the SURS LIS, during your early working years only investment management and administrative fees apply. A fee of 0.09% to 0.18% applies to the money in the non-secured portfolios.

Later, when you begin transferring money into the Secure Income Portfolio, fees slowly increase to cover the insurance cost of "securing the income." This fee pays for the insurance protection on your Guaranteed Income Withdrawal Amount. As you get closer to retirement and begin to secure income, you will be charged an insurance fee at an annual rate of 0.95%.

Like any fee, the insurance fee will reduce the investment return of the Secure Income Portfolio but will provide you with a valuable benefit. You will not pay this insurance fee until money is actually allocated to the Secure Income Portfolio. You are paying the insurance fee only on the part of your account that you secure, and you pay that insurance only at a certain point in time, which would be when you start securing income (approximately 15 years before retirement; age 45 at the earliest) and at the time when you become vested.

**For Example:** At retirement, if you're guaranteeing income at 100%, the total fee on your SURS LIS account would be 1.18%.

## FEES AND EXPENSES

Investment Management Fees	0.06%
Administration Fee	0.16%
Insurance Fee	0.95%
<b>Total Fee</b>	<b>1.18%</b>

### SEE YOUR CURRENT AND PROJECTED FUTURE FEES

The fees you pay on your SURS LIS account will be different based on your years until retirement and the percentage of your account that you secure. Go to the SURS LIS investment section on the Plan website (see "Resources" on page 23) to track your current and projected fees.

# IMPORTANT TERMS

## ACTIVATION

The administrative process of arranging for receipt of your Guaranteed Income Withdrawal Amount at retirement, provided someone is terminated from employment and is at least 60 years old.

## ACTIVELY MANAGED

A portfolio-management strategy where the manager makes specific investments, with the goal of outperforming an investment benchmark index.

## AVERAGE LIFETIME BLENDED WITHDRAWAL RATE

The summation of each contribution or transfer to the Secure Income Portfolio multiplied by the Secure Income Withdrawal Rate assigned to that contribution or transfer at the time it was made.

## COMPONENT PORTFOLIOS

The SURS LIS's five underlying investment portfolios: the Stock Portfolio, the Bond Portfolio, the Real Asset Portfolio, the Cash Portfolio, and the Secure Income Portfolio. Please reference the SURS LIS fact sheets for more information about these portfolios.

## EARLY WITHDRAWAL

Any distribution or transfer to another Plan investment option that reduces the Secure Income Portfolio balance prior to activation.

## EXCESS WITHDRAWAL

Any distribution or transfer to another Plan investment option taken after activation that exceeds your Guaranteed Income Withdrawal Amount (excluding certain required minimum distributions).

## GUARANTEED INCOME WITHDRAWAL AMOUNT

The amount you can withdraw monthly from the Secure Income Portfolio during retirement and the amount that participating insurers will pay you annually for the remainder of your lifetime (or for the remainder of your spouse's or civil union partner's lifetime, if applicable) if the Secure Income Portfolio account balance is exhausted because the Guaranteed Income Withdrawal Amount depleted your account. The amount is recalculated each year on your birthday.

## SECURE INCOME BASE

The total dollar value of allocations to the Secure Income Portfolio plus any market gains recorded annually on your birthday. A reduction of your Secure Income Base can occur as a result of an early withdrawal or excess withdrawal, as defined above.

## SURS LIFETIME INCOME STRATEGY

An age-based asset-allocation investment with an optional secure lifetime income feature provided through multiple group-insurance contracts.

## PASSIVELY MANAGED

A portfolio-management strategy that closely replicates the investment composition and returns of a benchmark.

## RETIREMENT AGE

The age between 50 and 70 at which you plan to retire. Your retirement age determines your personal asset allocation and is assumed to be your age at activation or, if you are under 60, the age at which you begin systematic withdrawals. For purposes of calculating your Average Secure Income Withdrawal Rate, the SURS LIS uses your retirement age or your current age, whichever is greater. (The default retirement age is 65.)

## SECURE INCOME LEVEL

The target percentage of your SURS LIS account—between 0% and 100%—that you want allocated over time to the Secure Income Portfolio and used to fund your Guaranteed Income Withdrawal Amount. (The default Secure Income Level is 100%.)

## SECURE INCOME PORTFOLIO

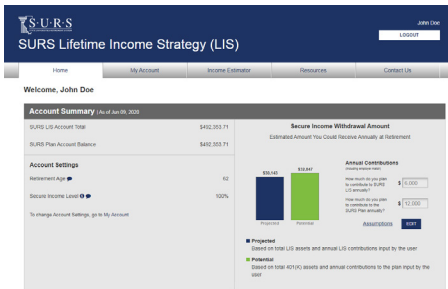
An insured portfolio used to fund the Guaranteed Income Withdrawal Amount. Assets in this portfolio are insured through multiple group-insurance contracts. Allocations among the group-insurance contracts are unique to each participant. If your Secure Income Level is greater than 0%, your assets will be gradually allocated to the Secure Income Portfolio, beginning approximately 15 years before you are scheduled to retire.

## SECURE INCOME WITHDRAWAL RATE

The rate of withdrawal assigned an allocation to the Secure Income Portfolio based on your age at the time of allocation, your retirement age and a single-life form of withdrawal. **Important Note:** A Guaranteed Income Withdrawal Rate is not a rate of return and does not represent or illustrate investment performance of the Secure Income Portfolio.

# THE SURS LIFETIME INCOME STRATEGY WEBSITE

## A TOOL TO VISUALIZE YOUR SAVINGS AS INCOME IN RETIREMENT



The SURS LIS section on the Plan website puts the information you need at your fingertips and allows you to customize your account settings. Use the site to see a personalized estimated projection of your Guaranteed Income Withdrawal Amount at retirement. You will see what the amount is now, based on current Plan data, and then you can run what-if scenarios to learn how your income stream would grow if you added or transferred money into the SURS LIS. (You may also receive an estimate by speaking with a specialist at the SURS Defined Contribution Contact Center.)

### PERSONALIZED ACCOUNT INFORMATION, UPDATED DAILY

- Your SURS LIS Account Balance
- Your Secure Income Base
- Your Average Secure Income Withdrawal Rate
- Your Guaranteed Income Withdrawal Amount
- Your investment mix over time (chart)
- Your retirement age
- Your Secure Income Level
- Your fees

### THE LIFETIME INCOME ESTIMATOR TOOLS

- Estimate earlier or later retirement scenarios
- See impact of higher contribution amounts
- Estimate Guaranteed Income Withdrawal Amount at retirement
  - As a single- or joint-life form of withdrawal
- Calculate the effect of transferring other money into the SURS LIS

### CUSTOMIZE AND CALCULATE THE EFFECT OF CHANGING THE SURS LIS DEFAULT ACCOUNT SETTINGS

- Change your retirement age (50 to 70; default is 65)
- Change your Secure Income Level (choose from 0% to 100%)

### ACCESS

Access the SURS LIS investment section by logging into [surs.org](https://surs.org) and go to the Account tab.

### IMPORTANT NOTE:

**Reminder:** In order to take advantage of retiree healthcare benefits offered through the state upon retirement, at least 50% of your SURS LIS account balance must be converted to "secured income" in the Secure Income Portfolio.



# RESOURCES

Please use the following resources to access more information about the SURS LIS and to perform account transactions.

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## SPEAK WITH SOMEONE ABOUT YOUR SURS LIFETIME INCOME STRATEGY ACCOUNT

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Get answers to questions about the SURS Retirement Savings Plan and the SURS LIS.

### **Call the SURS Defined Contribution Contact Center**

Call weekdays, excluding major holidays, from 7 a.m. to 7 p.m., Central Time (C.T.), **800-613-9543**.  
TDD: 1-800-579-5708.

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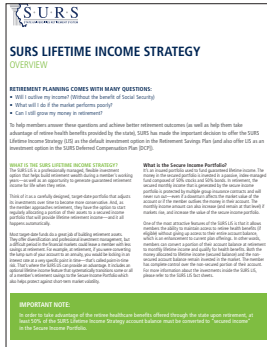
## SURS LIFETIME INCOME STRATEGY ACCOUNT TRANSACTIONS AND CALCULATIONS

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- See projections of your guaranteed monthly retirement income
- Calculate the effect of making transfers into the SURS LIS and changing your retirement age and Secure Income Level settings
- Change the default retirement age and Secure Income Level settings
- Access the SURS LIS fact sheets
- Access activation materials

You have full access to your Plan account and the SURS LIS investment section through the member website **surs.org**.

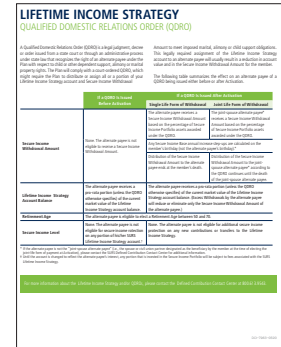
# SURS LIFETIME INCOME STRATEGY MATERIALS CAN BE FOUND ON THE PLAN WEBSITE



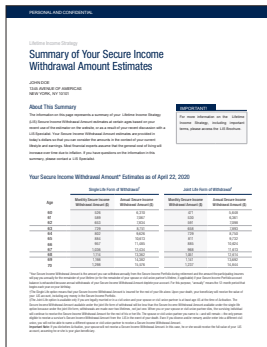
One-Page Overview



SURS LIS Fact Sheets

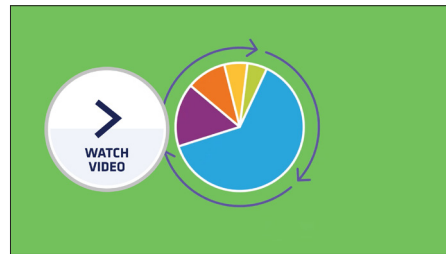


Qualified Domestic Relations Order (QDRO) Notification

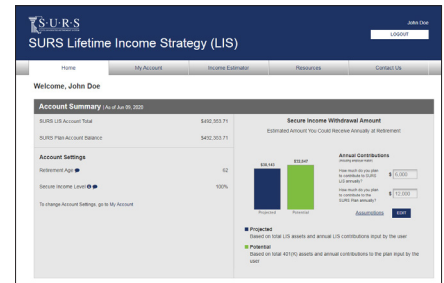


Estimator Sample

The estimator document is generated dynamically based off your information that is in the system. You can generate multiple estimates by changing inputs.



What Is the Surs Lifetime Income Strategy? Video



SURS LIS Tab on Website

## IMPORTANT DISCLOSURES

When investing for retirement, you should consider many factors, including your time horizon, retirement needs and goals. You should also consider your other assets, income and investments (for example, equity in a home, IRA investments, savings accounts, and interests in other qualified and nonqualified plans) in addition to any investments in the retirement plan.

The Surs Lifetime Income Strategy's component portfolios are only available in the Surs Retirement Savings Plan and are not offered for sale to the general public. Each component portfolio is a separate account that invests in a set of underlying investment components. Separate accounts are not mutual funds and are not required to file a prospectus with the SEC. Interests in these components are not deposits of AllianceBernstein Trust Company, LLC, or any AllianceBernstein affiliate, and are not insured by the Federal Deposit Insurance Corporation (FDIC). The Surs Lifetime Income Strategy is exempt from investment company registration under the Investment Company Act of 1940, and purchases and sales of interests in the Surs Lifetime Income Strategy are not subject to registration under the Securities Act of 1933.

Any Guaranteed Income Withdrawal Amount under the Surs LIS is secured by the participating insurance companies—Lincoln National Life Insurance Company, Nationwide Life Insurance Company, and Prudential Retirement Insurance and Annuity Company—and requires that all contract provisions be satisfied. (Each insurance company only secures the portion of the Secure Income Withdrawal Amount allocated to it.) The Secure Income Withdrawal Amount is offered by and based on the financial strength and claims-paying ability of these insurance companies.

The return and account value of the Surs Lifetime Income Strategy's underlying component portfolios will fluctuate and may be worth more or less than the original amount contributed, including at your retirement date. However, any decreases in value of the component portfolios caused by market performance will not reduce any associated lifetime income.

Investments in the Surs LIS are not guaranteed against loss of principal. Investing in the Surs LIS does not guarantee sufficient income in retirement.