

## CANDIDATES SET FOR BOARD ELECTION

SURS will hold a trustee election April 1 – May 3, to fill two expiring annuitant positions. There are also two expiring active-member seats on the board, but because only two active SURS members successfully completed petitions with the required 400 signatures, it will not be necessary to hold an election for those seats.

### Active-Member Trustees

The following active-members will begin serving six-year trustee terms on July 15:

- **Andriy Bodnaruk** - professor and interim head of the department of finance at the University of Illinois at Chicago.
- **Scott Weisbenner** – William G. Karnes professor in Mergers and Acquisitions at the University of Illinois at Urbana-Champaign (UIUC).

### Annuitant Trustee Election

There are two open annuitant seats. One is a six-year term, and the other is a three-year term created by the years left in an unexpired six-year term. Annuitant members will vote for one three-year annuitant term candidate and one six-year annuitant term candidate.

The following annuitant candidates submitted petitions with the required 100 signatures and will appear on the ballot:

#### Three-year term candidates

- **Michael Fortner** – associate professor emeritus of physics at Northern Illinois University.
- **David Sinason** – professor emeritus of accounting and auditing at Northern Illinois University.
- **Mitchell Vogel** - professor emeritus and former chair of Educational Leadership Northeastern Illinois University.



#### Six-year term candidates

- **J. Fred Giertz** – professor emeritus of economics at the University of Illinois at Urbana-Champaign.
- **William A. Marzano** – retired academic administrator from Waubensee Community College and psychology instructor from Illinois Valley Community College.

Trustee candidates circulated petitions from Oct. 1, 2020 – Jan. 31, 2021. All petition signatures have been verified by SURS staff.

Eligible annuitant members will receive voting materials via email, if they have a valid email on file with SURS, or by U.S. mail if they do not. Materials will include biographical information on each candidate. Voting materials will come from the impartial election services company, YesElections.

Full biographies submitted by each annuitant candidate are available for members to read on [surs.org](http://surs.org).

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# SURS HAD SUCCESSES DURING 2020 DESPITE PANDEMIC

As you may have read on our website, Martin Noven resigned as executive director of SURS on Feb. 18. I was asked by our board of trustees to serve as interim executive director until his replacement is found. I also serve as Chief Benefits

## INTERIM EXECUTIVE DIRECTOR'S MESSAGE



SUZANNE MAYER

Officer and have been with SURS for nearly 19 years. It's a privilege to temporarily step into this role. I want to assure members the services SURS provides will continue uninterrupted.

2020 was an unprecedented year. SURS started the year with plans to finalize updates to our defined contribution plan and to create a new deferred compensation plan – both for the benefit of our members. Despite a pandemic and working remotely our

staff successfully implemented a complete revamp of the defined contribution Self-Managed Plan (SMP) – now known as the Retirement Savings Plan (RSP) - and created the groundwork for the new Deferred Compensation Plan (DCP).

The RSP has been active since September through our new recordkeeper Voya Financial. A major enhancement of the plan is the addition of the SURS Lifetime Income Strategy, an in-plan income solution developed and managed by AllianceBernstein. It is designed to give participants a guaranteed income stream in retirement, while offering them the unique features of flexibility, certainty and control.

The DCP is a 457(b) voluntary supplemental savings plan designed for active SURS members. The plan offers members the opportunity to set aside money for the future through pre- and post-tax payroll deductions that may be invested in 16 different investment fund options from best-in-class fund managers and diverse asset classes. It will be

available March 1 to members whose employers have adopted the plan. See the article on Page 4 for more information.

## Member services

Our Claims Processing, Counselors, Call Center, Employer Services and Communications teams have continued to provide outstanding, uninterrupted service to members and employers despite the challenges of working remotely. In 2020 SURS staff:

- Processed 6,822 claims including Retirement, Refund, Death/Survivor, Disability and Disability Retirement.
- Answered 108,679 member calls to our Call Center.
- Responded to 8,110 member emails.
- Conducted 4,385 individual counseling appointments (including all-new video sessions).
- Conducted 57 virtual presentations, webinars and seminars.
- Sent 782,180 targeted informational emails to members.
- Posted to and updated 627 webpages, articles, notices and files to [surs.org](https://surs.org).
- Posted 28 notices to social media.
- Answered 3,488 employer assistance emails/ phone calls.
- Held 37 employer training sessions.

## New technology

In addition, our staff screened, selected, tested, trained for and implemented major system modernizations including new accounting, human resources management, and contract management systems, as well as a new intranet system.

I would like to thank our entire staff for their hard work, diligence and continued dedication to SURS and our members.

## FY2020 Comprehensive Annual Financial Report Now Available

SURS has released its annual financial report, which provides a detailed summary of the pension plan's investment activities and performance over a one-year period ending on June 30, 2020.

The report is a key component of SURS fiscal responsibility and strengthens our accountability and transparency to members, employers and the public.

It can be viewed online at [www.surs.com/annual-financial-report](https://www.surs.com/annual-financial-report).

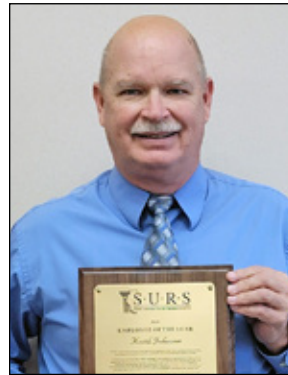


# SURS NAMES EMPLOYEES OF THE YEAR FOR 2020

SURS held our annual employee recognition event remotely on Oct. 30. This year we honored five staff members for their dedication, professionalism and consistent high quality of work.

Four staff members were honored for their work redesigning the Self-Managed Plan (SMP) – now called the Retirement Savings Plan (RSP). They are Applications Developer Melissa Ingram, RSP Manager Keith Johnson, Project Manager Mark Rowe and Senior Education Manager Stacy Smith

Systems Administrator Brandon Ormond was honored for implementing SURS “Work from Home” plan in the early stages of the pandemic.



SURS Employees of the Year are, clockwise from top left, Melissa Ingram, Keith Johnson, Brandon Ormond, Stacy Smith and Mark Rowe.

# SURS WINS AWARD FOR COMMUNICATIONS EXCELLENCE

SURS has won a first-place Eddy Award from Pensions & Investments newspaper for its communications efforts in promoting the redesign of its defined contribution plan – the Retirement Savings Plan.

The Eddy Awards are given annually to private companies and public pensions for excellence in communications campaigns. SURS was honored in the plan conversion category.

To better serve the retirement needs of defined contribution plan members, SURS began work to redesign the Self-Managed Plan (SMP) to the Retirement Savings Plan (RSP) in January 2019. Before completing the project in September 2020, SURS launched a comprehensive communication campaign to introduce the rebranded plan, a



new sole recordkeeper, streamlined investment menu and new lifetime income solution that is the default investment option.

Communications were targeted to current SMP/RSP members, newly hired SURS members and employers. SURS collaborated with Voya Financial, AllianceBernstein and Cammack Retirement Group to create practical, user-friendly materials, a webpage, an interactive website and a retirement calculator – all using the theme of “Your Road to a Healthy Retirement.”

Members received introductory announcements via email and mail, and SURS facilitated member and employer educational webinars and trainings.

“We are proud to receive the Eddy Award from P&I,” said Interim Executive Director and Chief Benefits Officer Suzanne Mayer. “Our staff worked incredibly hard to create an enhanced defined contribution plan that would better prepare members for a secure retirement. It was critical to create a robust communications campaign to educate members and employers on the details and benefits of the redesigned plan. This award is a much-appreciated acknowledgement of our work and dedication to our members.”

The award was [announced this month by P&I.](#)

# SURS PORTFOLIO REBOUNDS FOR STRONG FINISH

Calendar year 2020 will certainly go down in history as an unusual year, largely defined by the global coronavirus pandemic. Yet, despite the coronavirus-related economic shutdown and resulting uncertainty, most financial markets, in particular equity markets, produced strong returns for the calendar year period.

The SURS portfolio rebounded from the financial market lows experienced in March to end calendar 2020 with a 10.0% annual return, net of fees, slightly lagging the 10.3% return of the policy benchmark. As of Dec. 31, 2020, the SURS defined benefit investment portfolio was valued at approximately \$21.5 billion, an increase of more than \$3.8 billion from the March 31, 2020, value. SURS total assets at year end surpassed \$25 billion for the first time ever when Retirement Savings Plan (RSP) assets of approximately \$3.6 billion are included.

The strong calendar year return contributed positively to SURS long-term results, as shown in the table that follows. The portfolio's long-term performance remains above the policy benchmark and current 6.75% long-term target return.

SURS Long-Term Portfolio Returns			
As of Dec. 31, 2020			
	25 Years	30 Years	35 Years
SURS Portfolio	7.8%	8.5%	8.9%
Policy Benchmark	7.7%	8.2%	8.4%

## Asset-Liability Study in Progress

In September 2020, SURS initiated a new asset-liability study to reassess the current long-term strategic allocation policy. The study will be completed by Meketa Investment Group, SURS' general investment consultant.

Capital market assumptions have been updated due to COVID-19 implications in order to better reflect economic reality on a go-forward basis. Materially lower interest rates and a more challenging environment for economic growth make the completion of a new asset-liability study a prudent action. The purpose of the study, which is expected to be completed in mid-2021, is to determine an appropriate long-term asset allocation policy for SURS assets.

# SURS DEFERRED COMPENSATION PLAN: A NEW WAY TO SAVE

SURS has a new supplemental defined contribution savings plan that will be available from participating SURS employers beginning March 1.

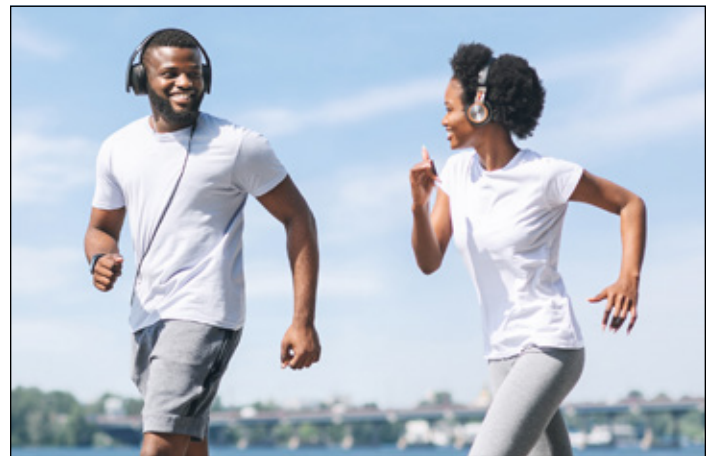
This new voluntary plan, called the SURS Deferred Compensation Plan (DCP), is a 457(b) plan that will provide members an avenue to save more and generate additional income in retirement.

Most active SURS members employed by a state university, community college or other government entity will be able to participate. Voya Financial is the recordkeeper for SURS DCP.

For SURS members to enroll in the DCP, their employers must first adopt the plan. All eligible employers are required to adopt the SURS Deferred Compensation Plan before June 30, 2021.

The DCP investment fund lineup consists of 16 different investment options from best-in-class fund managers and diverse asset classes including the [SURS Lifetime Income Strategy \(LIS\)](#).

For more information regarding the investment options available in the DCP, see the [Investment Options Guide](#). SURS will review the investment options on an ongoing basis.



SURS will notify members via email and postcard communications when their employer adopts the plan and enrollment opens. Members will be able to enroll in the DCP by logging into their secure member webpage. After enrollment, members will access their DCP account and make deferral and investment changes through the Member Website.

As employers adopt the DCP, virtual informational sessions will be conducted for employees. Members can find additional details including a list of participating employers at [www.surs.org/DCP](http://www.surs.org/DCP).

# SURS AUDIT TEAM HAS IT ALL UNDER CONTROL

With two of three Internal Audit Team members joining SURS in the last 18 months, the team has been busy learning System processes along with the usual required tasks.

Chief Internal Auditor (CIA) Jackie Hohn (pictured at top right) came to SURS in July 2019, replacing long-time CIA Steve Hayward after his retirement. Hohn's staff includes an internal audit manager with 31 years at SURS and an internal audit associate who was hired in March 2020.

The team's primary task is to perform the System's annual audit plan. Team members test claims, disability, investments, refunds, deaths and accounting processes by making sample selections and checking the results.

Internal Audit is also involved in all major system changes. The team is consulted when other SURS teams have questions about processes, procedures or controls.

"We are involved in any new system implementation to make sure controls are maintained and in place," Hohn said. "While internal audit reviews departments to make sure they are following policy and procedures, our purpose is to also provide useful process improvements when necessary."

Team members said the thing they enjoy most about their job is helping other departments work through control processes and process improvement.

"We enjoy solving problems and working with departments to solve them in a way that is best for all parties involved," Hohn said.

The COVID-19 pandemic has required Internal Audit to transition from working mostly with paper documents to working almost exclusively with digital documents to complete audits. Hohn said this was a good change that had been planned but came quicker than expected.

In addition to auditing internal systems, SURS does employer census audits annually. The team selects six to eight employers for an outside firm to visit each year. Auditors make selections to test information that includes name, birthdate, certification date, sex, Social Security number and other information that needs to be correct for the pension liability calculation. Return-to-work information is also audited to make sure all retirees who have returned to work have been reported to



SURS. Internal Audit takes any inconsistencies in the data and works to correct it.

SURS also works with the state's Office of the Auditor General to ensure employers' data matches between both agencies.

Hohn also presents audit reports to the Audit Committee of the SURS board quarterly. Previous audit findings are shared with the committee on a periodic basis as are the results of the annual audit performed by the Office of the Auditor General.



## 1099-R FORMS MAILED TO SURS BENEFIT RECIPIENTS

SURS has completed its paper mailing of the 2020 IRS Form 1099-R to each member or beneficiary who received a distribution in 2020.

If you have not received your 1099-R form or you need a duplicate, please call SURS at 800-275-7877 and speak to a Member Service Representative.

### SURS RETIREMENT SAVINGS PLAN UPDATE

The Retirement Savings Plan (RSP) is SURS' core defined contribution plan. Plan assets were in excess of \$3.3 billion, as of Dec. 31, 2020, which equates to an average account balance of \$151,289 per each of the 22,614 RSP participants. The RSP experienced an increase in plan assets of nearly 28% from a year ago. The RSP enrollment figure increased 2.3% year over year.

The average asset allocation as of Dec. 31, 2020, was 64.7% Equities, 11.4% Balanced Funds and 20.2% Fixed Income. The remaining 3.7% was attributable to Real Estate.

On Sept. 1, 2020, SURS unveiled a redesigned plan. The plan name was changed from the Self-Managed Plan (SMP) to the Retirement Savings Plan (RSP). Voya assumed the duties as the new recordkeeper for the RSP. On average, members saw a reduction of 35% in recordkeeping fees.

SURS also selected AllianceBernstein to offer a custom income solution. The new solution is called the SURS Lifetime Income Strategy (LIS). The LIS will be offered in addition to the options previously offered at retirement. One of the major advantages of the LIS is that it allows a member to purchase income over time. The LIS allows members to qualify for health insurance without committing their entire account balance to provide income. This compares to the annuity option where members purchase all of their income at a single point in time in order to be eligible for health insurance.

SURS offers a variety of ways to assist with retirement planning. We offer a quarterly webinar titled "Navigating the RSP." SURS has scheduled the next webinar for May 13. A new webinar will be offered on March 11 titled "RSP Distribution Options." This webinar will provide a very narrow focus on RSP distribution options and will go into detail regarding each option. A virtual "Pre-retirement" seminar will be offered on April 8. The format will be different than with past seminars. Dates and times are posted on the SURS website as soon as they are set. To register, go to [surs.org](https://surs.org) and click on the Seminars & Webinars link in the right-hand column.

SURS also offers individual counseling appointments for those nearing retirement. If you are within four years of retirement you may schedule a counseling appointment. To schedule an appointment, you may either log onto your Member Website and click the link in the "Attention Box" or phone SURS at 800-275-7877. The average length of the appointment is 45 minutes. Discussion centers around topics such as service credit, retirement options, health insurance, the application and retirement process, taxes and return to work restrictions.

Any member, regardless of the stage of their career, may schedule an appointment with a SURS Defined Contribution Account Representative by going to [sursrsp.timetap.com](https://sursrsp.timetap.com). Representatives are available to discuss investments options, how the new SURS Lifetime Income Strategy (LIS) works in regard to purchasing income over several years and additional topics.

# SURS FISCAL YEAR 2021 APPROPRIATION

\$1,995,767,000

MONTH	TOTAL RECEIVED	TOTAL DUE	AMOUNT OWED
July	\$166,313,916.66	\$166,313,916.66	\$0.00
August	\$84,256,958.32	\$166,313,916.66	\$82,056,958.34
September	\$248,370,875.00	\$166,313,916.66	-\$82,056,958.34
October	\$2,350,000.00	\$166,313,916.66	\$163,963,916.66
November	\$183,131,958.32	\$166,313,916.66	-\$16,818,041.66
December	\$124,763,916.66	\$166,313,916.66	\$41,550,000.00
January	\$355,009,791.66	\$166,313,916.66	-\$188,695,875.00
February	\$166,313,916.67	\$166,313,916.67	\$0.00
<b>TOTAL TO DATE</b>	<b>\$1,330,511,333.29</b>	<b>\$1,330,511,333.29</b>	<b>\$0.00</b>

The General Assembly was scheduled to return to Springfield for veto session Nov. 17-19 and Dec. 1-3. However, due to the coronavirus, legislative leadership decided to cancel veto session to

protect public health and safety. The General Assembly subsequently returned in early January to consider items related to the four pil-

lars of the Illinois Legislative Black Caucus' agenda: police accountability and criminal justice reform; education and workforce development; economic access, equity and opportunity; and healthcare and human services. Legislation addressing three of the four pillars passed both chambers and awaits further action by Gov. JB Pritzker.

The 102nd General Assembly convened at noon on Jan. 13 to begin the process of electing members of leadership and adopting rules to govern proceedings. In a historic moment, Rep. Emanuel "Chris" Welch was elected to serve as the first African American Speaker of the Illinois House of Representatives. The following elected officials will continue to serve in their leadership roles: Sen. Don Harmon as the Senate President, Sen. Dan McConchie as the Senate Republican Leader, and Rep. Jim Durkin as the House Republican Leader.

In early December, the Commission on Government Forecasting and Accountability released [projections](#) indicating that the state's contribution (from all funds) to the five state-funded retirement systems (i.e., the General Assembly Retirement System, State Employees Retirement System, State

Universities Retirement System, Teachers Retirement System and Judges Retirement System) will be approximately \$10.6 billion for fiscal year 2022, an increase of \$790.1 million or 8.1% from FY 2021.

According to the same report, the five state-funded systems are approximately 40.4% funded on an actuarial value of assets ("smoothed") basis and 39.0% funded on a market value basis. Actuarially insufficient contributions from the state generated the largest increase in unfunded liabilities for the systems during FY 2020, followed by investment performance that was less than the actuarially assumed rates of return due to the impact of the coronavirus on the global economy.

On Feb. 17, Pritzker presented his proposed budget for FY 2022, which builds upon a projected surplus of \$77 million for FY 2021. For FY 2022, he proposes closing nearly \$1 billion in corporate tax loopholes and managing expenditures to produce an estimated budgetary surplus of nearly \$120 million. Moreover, Pritzker's introduced budget appropriates the full certified state contribution to the five state-funded retirement systems, including \$2,101,279,000 to SURS. Of this amount, \$433.1 million is the projected employer normal cost, \$86 million is the projected employer contribution to the Retirement Savings Plan, and the remaining roughly \$1.58 billion is projected debt service on the unfunded actuarially accrued liability.

SURS will provide updates on the status of the budget and any pending legislative proposals through the Advocate and the legislative portion of the SURS website at: [www.surs.org/legislation](http://www.surs.org/legislation).

## LEGISLATIVE UPDATE

## 2021 PAYMENT SCHEDULE

### Annuity Payments      Disability Payments

March 1	March 31
April 1	April 30
April 30	May 31
June 1	June 30
July 1	July 30
July 30	August 31
September 1	September 30
October 1	October 29
November 1	November 30
December 1	December 31



## SURS EDUCATIONAL SEMINARS & WEBINARS

### Plan Choice Webinar – Tier II

[March 30, April 27 and May 25 \(9:30-11 a.m.\)](#) – These webinars are for Tier II members who have not yet made their plan choice.

### From Here to Retirement Webinar

[March 31 \(Noon-1 p.m.\)](#) – This webinar is designed to help early to mid-career members consider future goals and evaluate retirement readiness.

### Defined Benefit Pre-Retirement Seminars

[March 24 and April 28 \(8:30 a.m.–3:30 p.m.\)](#) – These virtual seminars are for Tier I Traditional and Portable Plan members who are close to retirement.

### Understanding Your SURS Benefits

[April 21 \(9:30-11 a.m.\)](#) – This webinar will provide an overview of SURS Tier I and Tier II benefits, with a focus on retirement.

### Optional Buyout Webinar ([Recording available](#))

### Navigating the Retirement Savings Plan (RSP)

[May 13 \(9:30-11 a.m.\)](#) – This webinar for Retirement Savings Plan participants new to SURS.

### RSP Pre-Retirement Seminar

[April 8 \(8:30 a.m.–3:30 p.m.\)](#) – This virtual seminar is for RSP members who are within five years of retirement.

### RSP Distribution Options Webinar

[March 11 \(9:30-11 a.m.\)](#) – This webinar will explain financial distribution options at retirement for RSP members and address the forms needed and application processes.

## SURS BOARD MEETINGS SCHEDULE

Times are subject to change. Meetings are currently held via remote access only due to COVID-19 statewide restrictions.

Thursday, March 11 (9 a.m. – 5 p.m.)

Friday, March 12 (9 a.m. – 1 p.m.)  
Committee and Board Meetings

Thursday, April 22 (9 a.m. – 5 p.m.)

Investment Committee and Board Meetings

Thursday, June 3 (9 a.m. – 5 p.m.)

Friday, June 4 (9 a.m. – 1 p.m.)  
Committee and Board Meetings

Thursday, Sept. 16 (9 a.m. – 5 p.m.)

Friday, Sept. 17 (9 a.m. – 1 p.m.)  
Committee and Board Meetings

Thursday, Oct. 21 (9 a.m. – 5 p.m.)

Investment Committee Meeting

Thursday, Dec. 2 (9 a.m. – 5 p.m.)

Friday, Dec. 3 (9 a.m. – 1 p.m.)  
Committee and Board Meetings

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### SURS BOARD OF TRUSTEES

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Interim Executive Director: Suzanne Mayer

*Please note that the State Universities Retirement System does not endorse any provider of financial advice. Members seeking financial advice or planning assistance are encouraged to carefully select credentialed professionals.*

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