State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

1901 Fox Drive • Champaign, IL 61820-7333
1-800-ASK SURS
(217) 378-9800 (FAX)
(217) 378-8800 (C-U)
www.surs.org

Governor's Proposed Pension Stabilization Plan

GOAL

- Maintain a Defined Benefit Plan
- Guarantee 100% funding for systems by 2042
- Implement a 30-year closed Actuarially Required Contribution (ARC)
    - *The 30-year closed ARC would result in a 100% funded status for the pension systems by 2042, eliminating the $83 billion unfunded liability, based on current actuarial assumptions.*
- Public sector pensions limited to public sector employees

ELECTION

Employees would have to make a choice to stay in their current formula or move to the proposed formula.

Choice A – Stay in the Existing Plan

- Employees' salary increases would not count toward their retirement benefit
- Employees would not be eligible for state-subsidized health care benefits

Choice B – Choose the New Plan

- Employees' pay increases would count toward their retirement benefit
- Employees would receive a subsidy for health care benefits

Choice B Benefit Changes

- 3% increase in employee contribution
- Reduce COLA to the lesser of 3% or ½ of CPI, with simple interest
- Delay COLA to earlier of age 67 or five years after retirement
- Increase retirement age to 67 *(Would be phased in over several years.)*

EMPLOYER RESPONSIBILITIES

- State would make required annual payment
- Employers would take responsibility for the normal costs, meaning the state's current responsibility/payments to local school districts, community colleges and public universities would be phased out.

The Governor's proposal, released April 20, 2012, would NOT affect current retirees or Tier II participants, only Tier I members. This is only a proposal. No legislation has been drafted at this time. SURS has not endorsed any portion of this plan.