



## State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

1901 Fox Drive • Champaign, IL 61820-7333  
(217) 378-8800 • (217) 378-9830 (FAX)

### Self-Managed Plan

RE: Self-Managed Plan employer contribution allocation

Dear SMP Participant:

Each month the total contribution to your State Universities Retirement System (SURS) Self-Managed Plan (SMP) equals 15.6% of your earnings. As an SMP member, you contribute 8.0% of your salary and the state contributes 7.6% of your earnings. The Illinois Pension Code, Article 15.158.2(h), provides that portion of the state contribution, not to exceed 1% of salary, be used to provide disability benefits for the SMP employee.

Since the inception of the SMP plan in 1998, a disability reserve has been accumulated for the payment of disability benefits to SMP members. The SMP disability rate was set at 1.0% from Fiscal Year 1998 through Fiscal Year 2007. Actuarial experience studies based on the incidence of disability were conducted in 2008 and 2012.

The 2008 actuarial study concluded that due to the experience and disability reserve accumulation, the disability rate could be reduced from 1.0% to 0.50% of payroll. The recommendation was adopted by the SURS Board of Trustees at the June 2008 meeting effective July 1, 2008.

The 2012 actuarial study found a similar trend and recommended the disability rate be reduced from 0.50% to 0.40% of payroll. This recommendation was adopted by the SURS Board of Trustees at the March 2012 meeting effective July 1, 2012.

This most recent reduction means that beginning July 1, 2012, 7.2% of the 7.6% state contribution will be allocated as the contribution to your retirement account and 0.40% will go to the disability reserve. This is an increase of 0.10% towards your designated TIAA-CREF and/or Fidelity account. The change does not diminish or minimize your ability to receive a disability benefit in the future.

We will continue to monitor the SMP disability reserve annually and conduct an actuarial valuation periodically. Please note that it is possible that the SMP disability rate could be increased (not to exceed 1.0%), or decreased in future years.

If you have questions, please contact a SURS Benefits Counselor at 1-800-275-7877 or 217-378-8800 in the Champaign-Urbana area.

Sincerely,

Member Services

*All aspects of administration of the Self-Managed Plan (Plan) of the State Universities Retirement System (SURS), including but not limited to Plan contributions, the investment of Plan accounts, and Plan distributions, must comply with state and federal law. No employee or agent of SURS has the authority to bind SURS to take action contrary to law, even in the event of a misstatement of fact or law. Accordingly, SURS is required under law to correct any mistake with respect to Plan accounts or distributions, even after payment has begun. Furthermore, while this communication may state SURS's current understanding of the law, this understanding may change as a result of a change in the law or interpretation of the law. Use of any information in this communication or any communication provided by SURS is for general purposes only and does not represent personal tax or legal advice either express or implied. You must seek professional tax or legal advice for personal tax questions or legal assistance.*

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