

UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN SENATE
State University Retirement System Members Advisory Committee
(Final; Information)

SUR.16.01 Report on SURSMAC* Meeting October 13, 2015**

SURSMAC held its fall meeting at Parkland College in Champaign, Illinois, beginning at 10 a.m. In recent years, SURSMAC meetings had been held almost exclusively at SURS headquarters in Champaign. However, the efforts of SURS liaison Larry Curtis had successfully increased the participation of SURSMAC member institutions to the point that larger meeting rooms are now required. The new numbers of SURSMAC members also led to some discussion regarding having meetings at other educational venues across the state—as well as discussions involving the possibilities of future webinars and online meetings.

The new SURS Executive Director Bryan Lewis opened the meeting along with SURS investment expert Dan Allen. Despite the state's budget crisis, SURS is still receiving payments from the state because the state is statutorily required to make payments—although there have been some payment delays.

With regard to the SURS investment portfolio, the SURS Investment Committee is in the process of lowering equity exposure and increasing investments in real-estate. The Committee is also in the process of finding new portfolio managers to reduce managerial costs and enhance portfolio performance. The portfolio performance for 2015 was 2.9%, compared with a 10 year performance of 7.1%. The SURS searches for new managers are: (1) Self-Managed Plan (SMP) Provider by September 2015, (2) Hedge Fund-of-Funds Manager by October 2015, (3) Commodities Manager by December 2015, and (4) Manager of Private Equity Emerging Markets by March 2016. The SURS Administrative Committee is looking for an Actuarial Audit Provider by December 2015.

The legal and legislative updates were presented by the Legal Counsel Albert Lee and by the new SURS Legislative Liaison Kristen Houch. SURS is filing public notices on two new proposed rules. One rule affects annuitants, while the other relates to employer appeal rules (involving the 6% salary increase rules). Reviewing 18 proposed pieces of new legislation in Springfield, Ms. Houch indicated that the only one which had become law was a change requiring a SURS actuarial review every 3 years—instead of every 5 years.

The SMP update by Andrew Matthews noted that Fidelity and TIAA-CREF have been selected as the vendors—with the master administrator being Fidelity. These vendors have a 3-year contract and SURS is seeing a slight increase of about 3% per month toward employees enrolling in the SMP program. SMP information is regularly posted on the SURS website—including asset allocations.

The SURS member services offices are anticipating more retirements because of changes in the Money Purchase Formula beginning January 1, 2016, and accordingly, counseling sessions have doubled.

Changes to the SURSMAC Constitution to enhance the effectiveness of SURSMAC were adopted. (The proposed changes were detailed in SUR.15.02, forwarded to the UIUC Senate on 10-18-15.) With a resolution thanking current Chair John Shuler for his service, SURSMAC elected new officers per the Constitution's requirements; specifically, Chair Jayne Defend, and Vice-Chair H.F. (Bill) Williamson.

The meeting was adjourned at 1:15 p.m. sine die.

Respectfully Submitted,

H.F. (Bill) Williamson
John Kindt
UIUC Senate Representatives

*SURSMAC is the State University Retirement System Members Advisory Committee to the SURS Board of Trustees. Members are faculty and staff representing the various institutions and agencies affected by SURS: public universities, community colleges, state surveys, and retiree organizations. It normally meets twice a year in October or November and April at SURS headquarters at 1901 Fox Drive in Champaign.

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