

UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN SENATE
(Final; Information)

SUR.16.02 Report on SURSMAC* Meeting April 26, 2016**

SURSMAC convened its regular spring semester meeting at 10 a.m. at Parkland College in Champaign, Illinois. The increased participation rates spurred by the outreach activities of SURS liaison Larry Curtis again necessitated the utilization of the larger facilities at Parkland instead of the traditional meeting room at the SURS main office in Champaign.

SURS Chief Operating Officer Andrew Matthews opened the meeting and welcomed the members of the Academic Advisory Council (AAC), who were joining the SURSMAC meeting for the first time. Matthews noted that due to budget cuts, the regular fall semester meeting might need to be a webinar. The minutes of the October 13, 2015 meeting were then approved.

Director Bryan Lewis was absent due to his travelling schedule. Accordingly, Matthews confirmed that Tom Cross would soon be replacing Lindsay Anderson as Chair of the SURS Board of Trustees. SURS Chief Investment Officer Dan Allen has also announced his retirement and SURS has hired a search firm to suggest replacements. There were 969 new retirees processed for January 2016.

Decisions by the Board 2 years ago to de-risk the SURS portfolio are still being implemented—for example, with U.S. Equities being reduced from 32% to 25%. Overall portfolio returns for the previous quarter were up 1%, but the fiscal year returns were down 1% as of April 2016.

The State of Illinois contributed \$220 million to SURS in April 2016 which placed SURS at 85% of assumed funding. SURS expects to receive 100% of the contributions which the State of Illinois is required to make to SURS each fiscal year. Compared with other state retirement funds, the Illinois legislature needs to improve SURS funding because “SURS is ranging in the low to mid 40%” of funds required to meet projected obligations.

Throughout the meeting, the 6% rules generated several questions and discussions. SURSMAC and AAC members noted that the 6% rules needed more review by SURS and that the 6% was being treated as a penalty instead of a cost of doing business. SURS representatives indicated that they could not advocate for changes since SURS was limited just to administering the 6% rules. AAC representative Ms. Katie Ross of the UIUC campus provided valuable input and informed this discussion.

SURS Legislative Liaison Kristen Houch detailed proposed legislation impacting SURS and SURS members, including 7 House Bills, 8 Senate Bills, and 2 House Resolutions. Given the state’s budget impasse, the probabilities of any of this legislation becoming law appeared to be speculative. Fall of 2016 appeared to be a more pertinent window for monitoring pending legislative proposals.

Director of SURS Outreach Suzanne Mayer reported that due to budget cuts at universities, SURS has initiated group counseling for groups of 20 employees on campuses. Employee seminars were also scheduled for the summer of 2016 (including 3 in June). Tier 2 employee benefits and return to work issues were the concerns expressed most by employees.

September 19, 2016

Regarding the Self-Managed Plan (SMP) program, SURS has hired a full-time SMP Advisor, Nick Camerello, to assist SMP participants. Fidelity and TIAA will also be assuming greater responsibilities from SURS, including SMP record keeping, fund splitting, and several other tasks. Only 20% of SMP participants make regular changes, while 80% make only one-time investment decisions.

The SURSMAC meeting then addressed organizational issues involving the SURSMAC and AAC representatives, including the next meeting date and an updated SURSMAC website. SURSMAC Vice-Chair Bill Williamson informed the discussion on best practices and expectations for SURSMAC as the agenda addressed the formation of specific committees and the need for volunteer representatives to serve on the committees.

At approximately 12:30 p.m., the meeting was adjourned 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 Champaign, Illinois.

**In the production of this report, the assistance of Laura Czys and Katie Ross from the UIUC Office for Human Resources is gratefully acknowledged. This report also paraphrases some salient excerpts from the SURSMAC Minutes prepared by COO Andrew Matthews, and the work of SURS employees is hereby acknowledged and appreciated.