



State Universities Retirement System of Illinois

Actuarial Valuation Report as of
June 30, 2022

DRAFT





October 6, 2022

Board of Trustees
State Universities Retirement System of Illinois
1901 Fox Drive
Champaign, Illinois 61820

Dear Members of the Board:

At your request, we present the report of the actuarial valuation of the State Universities Retirement System of Illinois ("SURS") as of June 30, 2022. GRS has prepared this report exclusively for the Trustees of the State Universities Retirement System of Illinois; GRS is not responsible for reliance upon this report by any other party. This report may be provided to parties other than SURS only in its entirety and only with the permission of the Trustees.

This actuarial valuation provides information on the funding status and the contribution requirements of SURS. This actuarial valuation includes a determination of the statutory State contribution requirement (the "Statutory Contribution") for the fiscal year ending June 30, 2024, and provides estimates of Statutory contributions for subsequent years under Section 15-155 of the SURS Article of the Illinois Pension Code as amended by the provisions of Public Act ("PA") 100-0023 and 100-0587. SURS is currently not moving forward with the implementation of the Optional Hybrid Plan (OHP) created under PA 100-0023. Additional clarifying legislation is needed for SURS to be able to do so. Therefore, provisions related to the OHP are not reflected in this actuarial valuation. Information required by Governmental Accounting Standards Board ("GASB") Statement Nos. 67 and 68 is provided in a separate report. This report should not be relied on for any purpose other than the purpose described herein.

This actuarial valuation is based on the provisions of SURS in effect as of June 30, 2022, data on the SURS membership and information on the asset value of the trust fund as of that date. This actuarial valuation does not reflect the provisions of Public Act 98-0599 due to the court ruling that the changes in the Public Act were unconstitutional. The actuarial valuation was based upon the information furnished by SURS staff, concerning SURS benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by SURS.

Public Act 102-718 extended the buyout through June 30, 2026. The buyout election assumption is 0% and therefore, does not have an impact on the actuarial valuation results.

The actuarial cost method (Projected Unit Credit, as required by statute) and the asset smoothing method (also as required by statute) and all other assumptions and methods used in this actuarial valuation are unchanged from the prior June 30, 2021 actuarial valuation of SURS. Economic and demographic actuarial assumptions are based on recommendations from the experience study report covering the period June 30, 2017 through June 30, 2020.

The actuarial assumptions were adopted by the Board pursuant to Section 15-155 of 40 ILCS 5 of the Illinois Pension Code. In our opinion, the actuarial assumptions are reasonable for the purpose of the measurement.

To the best of our knowledge, this actuarial statement is complete and accurate, fairly presents the actuarial position of SURS as of June 30, 2022, and has been prepared in accordance with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions, contribution amounts or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

Actuarial valuations do not affect the ultimate cost of the Plan, only the timing of contributions into the Plan. Plan funding occurs over time. Contribution shortfalls (the difference between the actual contributions and the annual required contributions) remain the responsibility of the Plan sponsor and can be made in later years. If the contribution levels over a period of years are lower or higher than necessary, it is normal and expected practice for adjustments to be made to future contribution levels to take account of this variance, with a view to funding the plan over time.

Although prior year statutory contribution requirements were met, the statutory funding method generates a contribution requirement that is less than a reasonable actuarially determined contribution.

Meeting the statutory requirement does not mean that the undersigned agree that adequate actuarial funding has been achieved; we recommend the development of and adherence to a funding policy that funds the normal cost of the plan as well as an amortization payment that would seek to pay off the total unfunded accrued liability by 2045 or sooner if possible.

This report was prepared using our proprietary valuation model and related software and spreadsheet models used to calculate the statutory contributions in each future year through 2045 under the SURS statutory funding policy. In our professional judgment, the models used have the capability to provide results that are consistent with the purposes of the valuation and have no material limitations or known weaknesses. We performed tests to ensure that the models reasonably represent that which is intended to be modeled.



This report reflects the impact of COVID-19 through June 30, 2022. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact on the System and the actuarial assumptions. Actual experience will be reflected in each subsequent annual valuation, as experience emerges.

The signing actuaries are independent of the plan sponsor.

Amy Williams and Brian B. Murphy are Members of the American Academy of Actuaries (“MAAA”) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

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SUMMARY OF THE ACTUARIAL VALUATION

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Executive Summary

(\$ in Millions)

Actuarial Valuation Date:	June 30, 2021		June 30, 2022	
Fiscal Year Ending:	June 30, 2023		June 30, 2024	
		% of Payroll ⁷		% of Payroll ⁷
Estimated Statutory Contribution:				
· Defined Benefit Plan Contribution Amount ¹	\$ 2,071.091	41.47%	\$ 2,087.630	40.34%
· Retirement Savings Plan Contribution Amount ¹	89.783	1.80%	94.172	1.82%
· Total Qualified Plan Contribution Amount	\$ 2,160.874	43.27%	\$ 2,181.802	42.16%
· Excess Benefit Arrangement (EBA) Contribution Amount ²	24.200	0.48%	17.300	0.33%
· Deferred Compensation Plan (DCP) Administrative Expense	0.541	0.01%	0.500	0.01%
· Combined State and Employer Contribution Amount	\$ 2,185.615	43.76%	\$ 2,199.602	42.51%
Estimated Statutory Contribution from Other Sources:				
· Federal/Trust Contribution Amount ⁶	\$ 62.000		\$ 65.500	
· Employer Contribution Amount Related to - Compensation in Excess of Governor's	\$ 5.048		\$ 4.993	
Net State Contribution:				
· Net Dollar Amount (Including EBA Contribution)	\$ 2,118.567	42.42%	\$ 2,129.109	41.14%
Actuarially Determined Contribution (ADC): ^{3,4}				
· Defined Benefit Plan Contribution Amount	\$ 2,532.339	50.70%	\$ 2,521.684	48.73%
· Defined Benefit Plan Contribution Amount as % of ADC	81.79%		82.79%	
Membership				
· Number of				
- Active Members (full time and part time)	73,443		73,307	
- Members Receiving Payments ³	70,111		71,458	
- Inactive Members	96,753		98,551	
- Total	240,307		243,316	
· Covered Capped Payroll Provided as of Valuation Date (Total)	\$ 4,639.067		\$ 4,714.667	
· Covered Capped Payroll Provided as of Valuation Date (DB)	3,532.276		3,567.480	
· Projected Capped Payroll for Fiscal Year (Total)	4,994.329		5,174.795	
· Defined Benefit Plan Capped Payroll ⁵	3,638.244		3,613.278	
· Annualized Benefit Payments for Year Ended on the Valuation Date ³	2,758.151		2,870.951	

¹ RSP contributions are net of RSP forfeitures of \$7,175,000 for fiscal year 2023 and of \$8,394,000 for fiscal year 2024. Projected Retirement Savings Plan (RSP) contribution is updated based on the most recent actuarial valuation. Contribution amount for SURS defined benefit plans is the total qualified plan statutory contribution minus the RSP contribution.

² Amounts provided by SURS.

³ Excludes RSP.

⁴ 30-year initial closed period (22 years remaining as of June 30, 2022, applicable to the fiscal year 2024 contribution). Amount is updated to reflect actual employee contributions received during the year ending on the valuation date.

⁵ Payroll for the year ending on the valuation date. Defined benefit payroll for the June 30, 2022 valuation is based on the employee contributions in the financial statements for fiscal year 2022 and an employee contribution rate of 8.00%.

⁶ Pay increases in excess of 6% during FAS period for fiscal year 2023 and 2024 are included in the Federal/Trust Contribution Amount.

⁷ Percent of projected capped payroll.



Executive Summary

(\$ in Millions)

Actuarial Valuation Date:	June 30, 2021	June 30, 2022
Assets¹		
· Market Value of Assets (MVA)	\$ 23,768.313	\$ 22,601.003
· Actuarial Value of Assets (AVA)	21,484.799	22,570.321
· SURS Reported Market Value Rate of Return	23.75%	-1.36%
· Estimated Return on MVA	24.66%	-2.59%
· Estimated Return on AVA	10.13%	7.76%
· Ratio – AVA to MVA	90%	100%
Actuarial Information²		
· FY 2022/2023 Total Normal Cost Rate	20.84%	20.54%
· FY 2022/2023 Employer Normal Cost Rate ³	12.83%	12.53%
· FY 2022/2023 Employer Normal Cost Amount	\$ 468.901	\$ 463.918
· Actuarial Accrued Liability (AAL)	48,898.480	49,869.932
· Unfunded Actuarial Accrued Liability (UAAL)	27,413.681	27,299.610
· Funded Ratio based on AVA	43.94%	45.26%
· UAAL as % of Defined Benefit Plan Capped Payroll	753.49%	755.54%
· Funded Ratio based on MVA	48.61%	45.32%
· Defined Benefit Plan Capped Payroll ³	3,638.244	3,613.278

¹ Amounts provided by SURS.

² Excludes RSP.

³ Payroll for the year ending on the valuation date. Defined benefit payroll for the June 30, 2022 valuation is based on the employee contributions in the financial statements for fiscal year 2022 and an employee contribution rate of 8.00%.



Summary of the Actuarial Valuation

Summary of the Actuarial Valuation

At your request we have performed an actuarial valuation of the State Universities Retirement System of Illinois (“SURS”) as of June 30, 2022.

The purposes of this actuarial valuation are as follows:

- To determine the funding status of SURS as of the valuation date based on the market value of assets and the actuarial value of assets; and
- To develop the level of contributions required under Section 15-155 of the SURS Article of the Illinois Pension Code as amended by the provisions of PA 100-0023 and PA 100-0587, (1) for the fiscal year ending June 30, 2024, and (2) to estimate contributions required under that Section for subsequent years of the funding period ending in the year 2045.

Accounting information required under Governmental Accounting Standards Board (“GASB”) Statement Nos. 67 and 68 is presented in a separate report.

Report Highlights

The Statutory contribution (including the employer contribution and federal and trust fund contributions) for FY 2024 is \$2.200 billion (\$2.182 billion excluding the EBA contribution and the Deferred Compensation Plan (DCP) projected administrative expense) and includes the State’s projected FY 2024 normal cost of \$452.9 million, an unfunded liability contribution of \$1.635 billion, a contribution to fund benefits from the Excess Benefit Arrangement (“EBA”) of \$17.3 million, a contribution to fund the administrative expenses of the DCP of \$0.5 million and the Retirement Savings Plan (“RSP”) contribution of \$94.2 million. The 2021 actuarial valuation had projected the Statutory contribution would increase, from \$2.161 billion for FY 2023 to \$2.183 billion for FY 2024 (excluding EBA contributions). The primary reason for the slight decrease in the Statutory contribution over the projected amount from the prior actuarial valuation is due to higher projected payroll than expected from the 2021 actuarial valuation, which was partially offset by investment experience.

Over the past 10 years, SURS experienced investment gains on a market value basis (compared to the actuarial assumption) in fiscal years 2013, 2014, 2017, 2018 and 2021. However, SURS incurred investment losses (or shortfalls in return compared to the actuarial assumption) in fiscal years 2015, 2016, 2019, 2020 and 2022. The market return for the year ending June 30, 2022, was approximately (1.36)% and was 23.75% in FY 2021. The average market value investment return over the most recent 10 years has been approximately 8.3%.

The funded ratio decreased from 48.6% as of June 30, 2021, to 45.3% as of June 30, 2022, based on the market value of assets, and increased from 43.9% as of June 30, 2021, to 45.3% as of June 30, 2022, based on the actuarial value of assets. The approximately \$30.7 million in net deferred asset gains will be recognized in the actuarial value of assets over the next four years.

The ratio of the market value of assets of the Defined Benefit Plan to the annual deductions (consisting of benefit payments, refunds of contributions and administrative expenses) and sometimes referred to as the liquidation ratio is about 7.6.



Summary of the Actuarial Valuation

This means that less than eight years of retiree benefit payments can be paid from current assets. The ability to make such payments beyond that period is heavily dependent upon future State and employer contributions and future investment return.

Actuarial Assumptions

The asset valuation method was changed from market value of assets to actuarial value of assets effective with the actuarial valuation as of June 30, 2009, as required by statute.

All other assumptions were first adopted by the Board for use with the actuarial valuation as of June 30, 2021 and were based on the recommendations from the experience study review performed for the period from June 30, 2017 through June 30, 2020.

There were no changes in assumptions from the prior actuarial valuation as of June 30, 2021.

The assumption for members electing the accelerated pension benefit payment options is 0%. The rationale for this assumption can be found in a separate letter issued to the Board. Buyout election statistics can be found on page 69.

A complete description of the assumptions can be found in Appendix G of the report.

In addition, we have assumed that the Statutory contribution will be calculated as a level percentage of pensionable payroll. Pensionable payroll for members hired on or after January 1, 2011 is limited by the pay cap for Tier 2 members. The basis for this assumption comes from 40 ILCS 5/1-160 (b-5) for Tier 2.

SURS Benefits

All benefit provisions valued in this June 30, 2022 actuarial valuation are identical to those valued in the prior actuarial valuation as of June 30, 2021. Due to the court ruling recent pension reform unconstitutional, this actuarial valuation does not reflect the provisions of Public Act 98-0599.

Public Act 100-0769 requires the SURS Board of Trustees, as soon as practicable after the effective date of the legislation, to establish and maintain a defined contribution plan. The defined contribution benefit must be an optional benefit to any member who chooses to participate. SURS has established the Deferred Compensation Plan (DCP).

Projected administrative expenses for this plan are included in the Statutory contribution. Other costs are not reflected in this valuation.

Experience During 2022

The System assets earned approximately (1.36)% on a market value basis during FY 2022 which was less than the investment return assumption of 6.50% for FY 2022. The System assets earned 7.76% on an actuarial value of assets basis during FY 2022, due to recognition of a portion of current year asset losses and net deferred investment gains from prior years under the asset smoothing method. Because 7.76% is more than the assumed rate of investment return of 6.50% for FY 2022, there was an asset gain of \$266.5 million on the actuarial value of assets.



Summary of the Actuarial Valuation

There was also a net loss of \$83.4 million from actuarial liabilities, which is comprised of a loss of approximately \$60.5 million from demographic experience, and a loss of \$22.9 million from higher than expected pay increases.

The estimated reduction in the actuarial liabilities due to the buyouts during fiscal year 2022 is \$15.1 million.

The SURS defined benefit programs experienced an overall actuarial gain of \$183.1 million.

The experience of the population determines the liability gain or loss for the year. There was a loss on salaries, due to larger salary increases than assumed and a small loss from active member mortality experience. From last year to this year, there were losses from retirement, termination and disabilities and a gain from retiree mortality experience. The other assumptions not easily attributable to one of the other categories generated an actuarial gain.

See Table 10 (page 33), Appendix C, for detail of the gains and losses by source.

Statutory Appropriations for the 2024 Fiscal Year and Beyond

Section 15-155, which governs the development of Employer/State contributions to SURS, provides that:

1. Employer/State contributions are determined under the following process:
 - a) The overall objective of the statute is to achieve a funded ratio of 90% by the end of fiscal year ("FY") 2045.
 - b) The Employer/State contribution for FY 2012 and each year thereafter to and including FY 2045 is to be based on a (theoretically) constant percentage of the payroll¹ of active members of SURS based on the actuarial value of assets at the actuarial valuation date and assuming the actuarial value of assets earns the assumed investment return in the future.

¹ We have assumed the contribution would be based on pensionable payroll. Pensionable payroll for members hired on or after January 1, 2011, is limited by the pay cap.

- i. Requires any change in an actuarial assumption that increases or decreases the required State contribution to be implemented in equal annual amounts over a five-year period beginning in the State fiscal year in which the change first applies to the required State contribution.
 - o For changes that first applied in FY 2014, FY 2015, FY 2016 or FY 2017, the impact is calculated based on a five-year period and the applicable portion is recognized during the remaining fiscal years in that five-year period.
- ii. Required the State to make additional contributions to SURS in FY 2018, FY 2019 and FY 2020 equal to 2% of the total payroll of each employee who participates in the Optional Hybrid Plan or who participates in the Tier 2 Plan in lieu of the Optional Hybrid Plan.
- iii. Requires employers to make contributions as follows:
 - o Requires employers to contribute the employer normal cost of the portion of an employee's earnings that exceeds the amount of salary set for the governor, for

Summary of the Actuarial Valuation

- academic years beginning on or after July 1, 2017. (Applicable to Tier 1 and Tier 2 employees.)
- Requires employers to contribute for each employee of the employer who participates in the Optional Hybrid Plan or participates in the Tier 2 Plan in lieu of the Optional Hybrid Plan.
 - 1) The employer normal cost for Fiscal Years 2018, 2019 and 2020.
 - 2) The employer normal cost plus two percent of pay for Fiscal Years 2021 and thereafter.
 - 3) Beginning in FY 2018, the amount for that fiscal year to amortize any unfunded actuarial accrued liability attributable to the defined benefits of the employer's employees who first became participants on or after the implementation date of the Optional Hybrid Plan and the employer's employees who were previously Tier 2 participants but elected to participate in the Optional Hybrid Plan, determined as a level percentage of payroll over a 30-year rolling amortization period.
 - 4) For academic years beginning on or after July 1, 2018, and for earnings paid under a contract or collective bargaining agreement entered into, amended or renewed on or after the effective date of the amendatory Act, if a participant's earnings for any academic year with the same employer as the previous academic year used to determine the final average salary increased by more than 3.00%, then the participant's employer shall pay the System the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 3.00%. Prior to the effective date of Public Act 100-0587, the payment from employers was for pay increases in excess of 6.00%.
 - c) After 2045, the Employer/State contribution rate is to be sufficient to maintain the funding level at 90%.
 - Employers continue to make the required normal cost and unfunded liability contributions.
 - The financial impact of changes in actuarial assumptions continue to be phased in over a five-year period.
2. During the period of amortization of the 2003 bond issue, the Employer/State contribution in any fiscal year may not exceed the difference between:
- a) The contribution, as developed in the preceding number 1., assuming that the special contribution (from the bond proceeds) has not been made; and
 - b) The debt service on the bond issue for the fiscal year.
3. Pursuant to Public Act 97-0694, Section 15-165, the dollar amount of the proposed Employer/State contribution required for a fiscal year shall be certified to the Governor no later than November 1 for the fiscal year commencing on the following July 1. The required amounts are budgeted pursuant to the continuing appropriations process. The State Actuary is required to review the actuarial assumptions and actuarial valuation and issue a preliminary report. After the Board considers the State Actuary's report, the certification is finalized no

Summary of the Actuarial Valuation

later than January 15.

SURS is currently not moving forward with the implementation of the Optional Hybrid Plan (OHP) created under PA 100-0023. Additional clarifying legislation is needed for SURS to be able to do so. Therefore, contributions related to the OHP are not included in the actuarial valuation, including contributions for employer normal cost, additional 2% of payroll contributions and unfunded liability contributions. Estimates of Statutory contributions through 2045, assuming that 55% of academic and 75% of non-academic future new members elect the Tier 2 Plan, 45% of academic and 25% of non-academic future new members elect RSP and all other actuarial assumptions are realized, are set out in Table 14 (page 40).

The Statutory contributions set out in this report represent the contribution amount determined consistent with the State Statute. The net State appropriation certified to the Governor is the total calculated in this report for the qualified plan, plus an estimated amount to fund the annual benefit payments payable from the Excess Benefit Arrangement (EBA), adjusted by contributions from federal and trust funds and employers. The estimated contributions from the federal and trust funds for FY 2024 is \$65,500,000, as estimated by SURS.

Asset Information

Prior to the actuarial valuation as of June 30, 2009, the market value, without adjustment, was used for all actuarial purposes. Legislation in 2009 required that first effective for the actuarial valuation as of June 30, 2009, contribution projections would be calculated based on the actuarial value of assets. Funding status determinations and the contribution requirements were calculated based on the actuarial value of assets.

The market value of the assets of the System that is available for benefits decreased from \$23,768.3 million as of June 30, 2021, to \$22,601.0 million as of June 30, 2022. The actuarial value of assets as of June 30, 2022, is \$22,570.3 million, which is \$30.7 million less than the market value of assets. This difference is due to the continuing recognition of deferred investment gains and losses. Twenty percent of these gains and losses are recognized each year. The \$30.7 million, which is the value of net deferred gains, will be smoothed into the actuarial value of assets over the next four years. The remaining unrecognized net asset gains from FY 2021 will be smoothed in over the next three years, and the remaining asset losses from FY 2019, FY 2021 and FY 2022 will be smoothed in over the next one, two and four years, respectively.

The detailed determinations of asset values utilized in this valuation and asset growth in the last year are set out in Appendix A and Table 7 (page 30) of Appendix C.



Summary of the Actuarial Valuation

Funding Status

The funding status of SURS is measured by the Funded Ratio. The Funded Ratio is the ratio of the assets available for benefits compared to the actuarial accrued liability of the System. Thus, it reflects the portion of benefits earned to date by SURS members, which are covered by current System assets.

A funded ratio of 100% means that all of the benefits earned to date by SURS members are covered by assets. By monitoring changes in the funded ratio each year we can determine whether or not funding progress is being made.

As shown below, the SURS funded ratio decreased from 48.6% as of June 30, 2021, to 45.3% as of June 30, 2022, based on the market value of assets, and increased from 43.9% as of June 30, 2021, to 45.3% as of June 30, 2022, based on the actuarial value of assets. There are net deferred gains that will be smoothed into the actuarial value of assets over the next four years. As a result of the approximately \$30.7 million in net deferred gains and the funding policy, the funded ratio is projected to increase over the next three years and decrease slightly after the fourth year if all assumptions are realized and all employer contributions are made on a timely basis.

Fiscal Year	Funded Ratio	
	AVA	MVA
2018	42.8 %	42.7 %
2019	42.3	42.5
2020	42.2	41.2
2021	43.9	48.6
2022	45.3	45.3

Short Condition Test

The following table shows a comparison, for fiscal years 2013 through 2022, of the percentage of actuarial accrued liabilities that are covered by the actuarial value of assets. The employer financed liabilities for current active and inactive members are 0% funded by the assets. Only a portion of the retiree liabilities are funded by current assets and the percentage covered increased from 43.5% as of June 30, 2021, to 45.5% as of June 30, 2022.

Summary of the Actuarial Valuation

Percentage of Actuarial Accrued Liabilities Covered by Net Assets (in Millions)							
Fiscal Year	Actuarial Accrued Liabilities for				% of Liabilities Covered by Assets		
	Member Acc Contrib. (1)	Members Receiving Benefits (2)	Act/Inact Employer Portion (3)	Net Actuarial Value of Assets	(1)	(2)	(3)
2013	\$ 5,830.1	\$ 22,099.9	\$ 6,443.1	\$ 14,262.6	100.0%	38.2%	0.0%
2014	6,094.9	24,388.6	6,946.0	15,844.7	100.0%	40.0%	0.0%
2015	6,196.6	26,042.4	7,281.7	17,104.6	100.0%	41.9%	0.0%
2016	6,145.8	27,342.2	7,435.3	17,701.6	100.0%	42.3%	0.0%
2017	6,348.8	28,226.0	7,278.6	18,594.3	100.0%	43.4%	0.0%
2018	6,516.3	30,710.7	8,031.7	19,347.9	100.0%	41.8%	0.0%
2019	6,594.1	31,856.5	7,993.4	19,661.9	100.0%	41.0%	0.0%
2020	6,651.0	32,862.0	8,067.5	20,091.7	100.0%	40.9%	0.0%
2021	6,843.1	33,661.7	8,393.6	21,484.8	100.0%	43.5%	0.0%
2022	6,800.0	34,632.8	8,437.2	22,570.3	100.0%	45.5%	0.0%

Actuarial Funding and Statutory Funding

Measuring the Statutory Contribution against a funding policy under which the sum of the normal cost and amortization of the unfunded accrued liability is contributed helps evaluate the funding adequacy of the current Statutory funding method. The rationale for contributions based on an accrual pattern of normal cost plus amortization of the unfunded liability is to have benefits accrued within the same generation that has earned them as well as to ensure that all benefit obligations will be met. Table 14 illustrates an “alternative policy contribution” which is the sum of the employer normal cost and an initial 30-year closed period (22 years remaining as of the actuarial valuation as of June 30, 2022, applicable to the fiscal year 2024 contribution) level percentage of defined benefit plan capped payroll amortization payment in order to fully pay of the unfunded liability by 2045. The alternative funding policy would require higher contributions in the near term compared to the Statutory funding policy. However, as shown in Graph 1 (page 36) and Graph 4 (page 41), the funded ratio would increase more quickly and require lower contributions than under the Statutory policy after approximately 12 years. The Statutory contributions are projected to continue to increase at a faster rate than under the alternative funding policy in order to meet the ultimate funding objective of a 90% funded ratio in 2045.

Based on projections assuming that the Statutory contributions are made every year (as shown in Table 12, page 35) and an investment return of 6.50% each year, the funded ratio is projected to begin to increase from about 45% funded to 90% funded at 2045. The funded ratio is not projected to exceed 60% until 2037, 70% until 2041 and is projected to increase to 90% during the four-year period from 2041 until 2045. If the Statutory contributions are not made or investment return is less than the assumption of 6.50%, the funded ratio will be lower and the cash flow strain will be higher. If another significant market downturn occurred while the System’s funded ratio is low, the System could be required to liquidate assets in order to pay benefits which could have a further adverse effect on the funded status of the System.



Summary of the Actuarial Valuation

The projected actuarial accrued liability of current retirees, current active and inactive members and future members is expected to increase from \$49.870 billion as of the end of FY 2022 to \$54.482 billion as of the end of FY 2033 and decrease to \$52.374 billion as of the end of FY 2045 (as shown in Graph 2, page 37, and Table 23, page 50). Total benefit payments are projected to increase from \$2.962 billion in fiscal year 2022 to \$4.273 billion in fiscal year 2045. Graph 3 (page 38, and Table 22, page 49) shows projected benefit payments separately for retirees as of June 30, 2022, active and inactive members as of June 30, 2022, and future members.

Additional Projection Details

At the request of the State Actuary, we have included exhibits with additional projection details that can be found in Appendix E. The additional projections illustrate the impact on contributions and funded status if deferred asset gains and losses are not recognized.

Recommendations

The calculations in this report were prepared based on the methods required by the Statutory funding policy including the asset smoothing method that was adopted for the first time in the June 30, 2009 actuarial valuation. GRS does not endorse this funding policy because the Statutory funding policy defers funding for these benefits into the future and places a higher burden on future generations of taxpayers.

We recommend the following changes:

1. Implementing a funding policy that contributes normal cost plus closed period amortization as a level percentage of defined benefit plan capped payroll of the unfunded liability. (Policy which recognizes unfunded liability at the valuation date and not projected liability in the year 2045.)
2. If the current Statutory funding policy is retained, we recommend:
 - a. Eliminating the maximum contribution cap;
 - b. Calculating contributions as a level percentage of defined benefit plan pensionable payroll only instead of total payroll (including RSP payroll); and
 - c. Eliminating smoothing of the change in the contribution requirement due to assumption changes.
3. Implementing an asset corridor to constrain the actuarial value of assets within a certain percentage of the market value of assets (for example, 20 percent).
4. Changing the actuarial cost method for calculating liabilities from the Projected Unit Credit to the Entry Age Normal method.
5. Considering whether a decrease in total active membership is expected to continue, and if so, incorporating this into the projections used to calculate the Statutory contribution requirements.

Change Funding Policy to a More Standard Actuarial Method

We recommend a funding policy that contributes normal cost plus closed period amortization as a level percentage of defined benefit plan capped payroll for paying off the current unfunded accrued liability (i.e., the amortization period declines by one year with each actuarial valuation) such that the funded ratio is projected to be 100 percent funded by 2045 or earlier. A closed amortization period methodology (with 22 years remaining as of the June 30, 2022 actuarial valuation) pays off the unfunded accrued



Summary of the Actuarial Valuation

liability in full by the end of the period in 2045. The Fiscal Year 2024 contribution would be \$2,615.856 (\$2,521.684 million for the SURS contribution and \$94.172 million for RSP) under this alternate funding policy. The current Statutory contribution does not comply with this recommendation. Underfunding the System creates the risk that ultimately benefit obligations cannot be met from the trust, and will require a greater amount of funding from other State resources. In addition, continually underfunding the System also creates more of a funding need from contributions since less is available from investment return – thereby creating a more expensive plan. Projected contributions under the current Statutory policy and the recommended policy are shown in Graph 4 on page 41 and projected funded ratios are shown in Graph 1 on page 36.

Eliminate Maximum Contribution Cap

If the current statutory funding policy is not changed, we recommend that the provision that establishes a maximum contribution cap be eliminated. The contribution cap is based on the projected hypothetical contributions if the proceeds from the 2003 bond issue had not been received. The cap is projected to lower contributions during certain fiscal years 2024 through 2033 compared to if no maximum contribution methodology was in place.

Calculate Defined Benefit Plan Contributions Based on Defined Benefit Payroll Only

Currently, the Statutory contributions to the SURS defined benefit plan are calculated based on a level percentage of total pensionable payroll, including RSP payroll. We recommend that the contributions be calculated as a level percentage of defined benefit plan pensionable payroll only.

Implement an Asset Corridor

In addition, we recommend that an asset corridor on the actuarial value of assets be implemented, in case there is another significant market downturn similar to Fiscal Year 2009. The following table compares the ratio of the actuarial value of assets to the market value of assets since Fiscal Year 2009. Using an actuarial value of assets that is significantly higher than the market value of assets delays funding to the System by further deferring contributions into the future. The plan is already in serious funding jeopardy, and we cannot recommend an asset valuation method that does not include a corridor because it could add additional risk to the funding of the benefit obligations if another downturn occurred.

Summary of the Actuarial Valuation

(\$ in Millions)				
Year	Actuarial Value of Assets	Market Value of Assets	Ratio of Actuarial Value to Market	
2009	\$ 14,281.998	\$ 11,032.973	129 %	
2010	13,966.643	12,121.542	115	
2011	13,945.680	14,274.003	98	
2012	13,949.905	13,705.143	102	
2013	14,262.621	15,037.102	95	
2014	15,844.714	17,391.323	91	
2015	17,104.607	17,462.968	98	
2016	17,701.646	17,005.630	104	
2017	18,594.326	18,484.820	101	
2018	19,347.886	19,321.076	100	
2019	19,661.891	19,717.348	100	
2020	20,091.675	19,617.016	102	
2021	21,484.799	23,768.313	90	
2022	22,570.321	22,601.003	100	

Change the Actuarial Cost Method to the Entry Age Normal Method

The current actuarial cost method is the Projected Unit Credit method, which is required by statute. The Projected Unit Credit method recognizes costs such that the normal cost for an individual member increases as a percentage of payroll throughout his/her career. The Entry Age Normal cost method is the most commonly used method in the public sector. It is also the method required to be used for financial reporting under GASB Statement Nos. 67 and 68. The Entry Age Normal method recognizes costs as a level percentage of payroll over a member's career. We recommend a change to the Entry Age Normal method. The actuarial accrued liability under the Entry Age Normal method is about \$1.2 billion higher as of the current actuarial valuation date than under the Projected Unit Credit method.

Number of Projected Future Active Members

The statutory contribution is based on performing an open group projection through the year 2045. The projection is based on assuming that new active members are hired to replace the current members who leave active membership (through termination, retirement, death or disability). The number of active members has decreased by about 10 percent between 2012 and 2022, which is an average annualized decrease of about 1.0 percent.

Currently, the actuarial valuation assumes that the total number of active members in the future will be equal to the number of actives or active members in the current actuarial valuation. Given the decrease in the number of active members over the past 10 years, if SURS expects to continue to see a similar decline of the active population in the near term, the Board may want to consider an update to the population projection assumption to include a decreasing population in the near term before reaching an equilibrium number of active members long term.



Summary of the Actuarial Valuation

Total Active Members (Full and Part Time)						
June 30	Traditional & Portable	RSP	Total	Annual Change in Membership	% Annual Change in Membership	Earnings (\$ in Millions)
2012	71,056	10,100	81,156			\$3,956.6
2013	70,556	10,746	81,302	146	0.2%	4,078.1
2014	69,436	11,409	80,845	(457)	-0.6%	4,131.0
2015	69,381	11,928	81,309	464	0.6%	4,280.5
2016	66,245	11,880	78,125	(3,184)	-3.9%	4,218.4
2017	64,117	11,852	75,969	(2,156)	-2.8%	4,184.5
2018	62,844	12,106	74,950	(1,019)	-1.3%	4,264.3
2019	62,589	12,531	75,120	170	0.2%	4,356.6
2020	63,206	13,129	76,335	1,215	1.6%	4,583.9
2021	60,397	13,046	73,443	(2,892)	-3.8%	4,639.1
2022	60,281	13,026	73,307	(136)	-0.2%	4,714.7
Total Change (10 years)				(7,849)	-1.0%	
Total Change (5 years)				(2,662)	-0.7%	
Total Change (3 years)				(1,813)	-0.8%	

We recognize that the State Statute governs the funding policy of the System. The purpose of these comments is to highlight the difference between the Statutory appropriation methodology and the recommended actuarial funding policy and to highlight the risks and additional costs of continuing to underfund the System. We believe that the State Statute would allow the Board to change the assumption regarding the projected number of future active members.

GASB Disclosure

A separate actuarial valuation report with calculations completed in accordance with the provisions of GASB Statement Nos. 67 and 68 has been issued.

Future Considerations

Changes (such as the phase-in of assumption changes, five-year asset smoothing and the addition of the new benefit tiers) have had the effect of reducing the Statutory contribution amounts that would have otherwise been made. However, the change in the investment return assumption and other changes to more closely align the actuarial assumptions with current market expectations have increased the contribution amounts that would otherwise have been made. Assuming the statutory contributions are received (and the actuarial assumptions are met including a 6.50% investment rate of return, each year through 2045), SURS is currently projected to have contributions sufficient to increase the funded ratio from the current level of 45.3% to 90.0% by 2045. However, policy makers should be aware that current capital market assumptions suggest that average future returns may be lower than 6.50% in the near term, and that a certain amount of erosion in the funding level may occur.

Summary of the Actuarial Valuation

This is a severely underfunded plan and the ability of the plan to reach 90% funding by 2045 is heavily dependent on the plan sponsor contributing the statutory contributions each and every year until 2045. We are not able to assess the plan sponsor's ability to make contributions when due.

Actuarial Standards of Practice (ASOP) 4 Disclosures

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 6.50% on the actuarial value of assets and the active member group size remaining unchanged), it is expected that:

1. The combined State and employer contribution rate will be level as a percentage of total capped payroll through 2045 (after all assumption changes and deferred asset gains and losses are fully recognized);
2. The unfunded liability will decrease in dollar amount;
3. The unfunded actuarial accrued liabilities will never be fully amortized; and
4. The funded status of the plan will increase gradually towards a 90% funded ratio in 2045.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

1. The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to a unrelated third party in an arm's length market value type transaction.
2. The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amounts of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon the actuarial assumptions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
3. The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets.

Limitation of Project Scope: Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.



Summary of the Actuarial Valuation

Risks Associated with Measuring the Accrued Liability and Contributions

The determination of the accrued liability and the statutory and actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the statutory and actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll or other relevant contribution factor;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.



Summary of the Actuarial Valuation

The statutory contribution may be considered as a minimum contribution that complies with State statute. Contributions above this minimum level would enhance benefit security and improve the plan's funding level. The timely receipt of contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made in accordance with the funding policy do not necessarily guarantee benefit security.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	2020	2021	2022
Ratio of the market value of assets to total payroll	4.28	5.12	4.79
Ratio of actuarial accrued liability to payroll	10.38	10.54	10.58
Ratio of actives to retirees and beneficiaries	1.10	1.05	1.03
Ratio of net non-investment cash flow to market value of assets	-3.3%	-2.6%	-2.5%
Approximate modified duration of the present value of future benefits	13.33	13.29	13.16

Payroll used in the above table includes RSP payroll.

Ratio of Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

Summary of the Actuarial Valuation

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Duration of the Present Value of Future Benefits

The duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the liability would increase approximately 10% if the assumed rate of return were lowered 1%.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

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Summary of the Actuarial Valuation

Risk Measures Summary (\$ in Millions)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Valuation Date (6/30)	Accrued Liabilities (AAL)	Market Value of Assets	Market Value Unfunded AAL	Valuation Payroll	Market Value Funded Ratio (2)/(1)	Retiree Liabilities (RetLiab)	RetLiab / AAL (6)/(1)	AAL / Payroll (1)/(4)	Assets / Payroll (2)/(4)
2014	\$ 37,430	\$ 17,391	\$ 20,038	\$ 4,131	46.5%	\$ 24,389	65.2%	906.1%	421.0%
2015	39,521	17,463	22,058	4,281	44.2%	26,042	65.9%	923.3%	408.0%
2016	40,923	17,006	23,918	4,218	41.6%	27,342	66.8%	970.1%	403.1%
2017	41,853	18,485	23,369	4,184	44.2%	28,226	67.4%	1,000.2%	441.7%
2018	45,259	19,321	25,938	4,264	42.7%	30,711	67.9%	1,061.3%	453.1%
2019	46,444	19,717	26,727	4,357	42.5%	31,857	68.6%	1,066.1%	452.6%
2020	47,580	19,617	27,963	4,584	41.2%	32,862	69.1%	1,038.0%	428.0%
2021	48,898	23,768	25,130	4,639	48.6%	33,662	68.8%	1,054.1%	512.4%
2022	49,870	22,601	27,269	4,715	45.3%	34,633	69.4%	1,057.8%	479.4%

	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Valuation Date (6/30)	Portfolio StdDev	Std Dev % of Pay	Unfunded / Payroll	Non-Investment Cash Flow (NICF)	NICF / Assets (13)/(2)	Market Rate of Return	5-Year Trailing Average
2014			485.1%	\$ (314)	-1.8%	17.9%	
2015			515.3%	(432)	-2.5%	2.9%	
2016			567.0%	(474)	-2.8%	0.1%	13.6%
2017			558.5%	(515)	-2.8%	11.9%	11.1%
2018			608.3%	(664)	-3.4%	8.3%	6.5%
2019			613.5%	(734)	-3.7%	6.0%	8.9%
2020	10.9%	46.6%	610.0%	(643)	-3.3%	2.8%	5.8%
2021	11.9%	61.0%	541.7%	(612)	-2.6%	24.7%	10.5%
2022	11.5%	55.1%	578.4%	(560)	-2.5%	-2.6%	7.4%

(5). The Funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

(6) and (7). The ratio of Retiree liabilities to total accrued liabilities gives an indication of the maturity of the system. As the ratio increases, cash flow needs increase, and the liquidity needs of the portfolio change. A ratio on the order of 50% indicates a maturing system.

(8) and (9). The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have ratios between 500% and 700%. Ratios significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.



Summary of the Actuarial Valuation

- (10) and (11). The portfolio standard deviation measures the volatility of investment return. When multiplied by the ratio of assets to payroll it gives the effect of a one standard deviation asset move as a percent of payroll. This figure helps users understand the difficulty of dealing with investment volatility and the challenges volatility brings to sustainability. This ratio is likely to increase as the plan approaches full funding which is expected to lead to increasing volatility of contribution rates.
- (12). The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A ratio above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.
- (13) and (14). The ratio of Non-Investment Cash Flow to assets is an important measure of sustainability. A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.
- (15) and (16). Investment return is probably the largest single risk that most systems face. The year-by-year return and the 5-year geometric average both give an indication of the reasonableness of the system's assumed return. Of course, past performance is not a guarantee of future results. Market rate shown is based on actuarial estimation methods and differs modestly from figures reported by SURS.

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APPENDICES

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APPENDIX A

ASSET INFORMATION

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Table 1
Statement of Plan Net Position
as of June 30, 2021 and June 30, 2022

	Defined Benefit Plan	
	2021	2022
Assets		
Cash and short-term investments	\$ 1,709,596,995	\$ 1,061,281,304
Receivables		
Members	10,614,296	10,644,490
Non-employer contributing entity		
Federal, trust funds, and other	7,179,061	7,211,794
Pending investment sales	78,168,602	28,824,661
Interest and dividends	59,913,180	61,534,785
Total receivables	155,875,139	108,215,730
Prepaid expenses	140,576	248,928
Investments, at fair value		
Equity investments	9,997,064,955	7,827,589,172
Fixed income investments	6,316,264,651	5,206,442,580
Real estate investments	1,550,843,437	2,052,052,058
Alternative investments	4,198,134,475	6,399,602,261
Total investments	22,062,307,518	21,485,686,071
Securities lending collateral	2,128,804,290	197,357,829
Capital assets, at cost, net of accum deprec	11,092,315	15,259,838
Total assets	26,067,816,833	22,868,049,700
Liabilities		
Benefits payable	17,463,444	18,257,707
Refunds payable	5,318,074	7,567,132
Securities lending collateral	2,128,207,416	197,007,705
Payable to brokers for unsettled trades	127,159,288	29,640,079
Reverse repurchase agreements	619,964	-
Investment expenses payable	14,918,233	9,398,926
Administrative expenses payable	5,817,154	5,174,703
Total liabilities	2,299,503,573	267,046,252
Plan Net Position	\$ 23,768,313,260	\$ 22,601,003,448



Table 2
Statement of Changes in Plan Net Position
for Years Ended June 30, 2021 and June 30, 2022

	Defined Benefit Plan	
	2021	2022
Additions		
Contributions		
Employer	\$ 57,001,310	\$ 57,906,329
Non-employer contributing entity	1,921,742,123	2,078,152,813
Member	288,476,321	289,062,243
Total Contributions	<u>2,267,219,754</u>	<u>2,425,121,385</u>
Investment Income		
Net appreciation		
in fair value of investments	4,458,726,101	(915,841,941)
Interest	198,062,417	180,013,643
Dividends	186,062,862	233,320,598
Securities lending	6,300,112	6,357,724
Gross Investment Income	<u>4,849,151,492</u>	<u>(496,149,976)</u>
Less investment expense		
Asset management expense	85,614,897	111,022,617
Securities lending expense	567,010	571,909
Net investment income	<u>4,762,969,585</u>	<u>(607,744,502)</u>
Total additions	<u>7,030,189,339</u>	<u>1,817,376,883</u>
Deductions		
Benefits	2,780,374,481	2,879,643,912
Refunds of contributions	79,128,037	82,458,931
Administrative expense	19,389,167	22,583,852
Total deductions	<u>2,878,891,685</u>	<u>2,984,686,695</u>
Net increase (decrease)	4,151,297,654	(1,167,309,812)
Plan Net Position		
Beginning of year	<u>19,617,015,606</u>	<u>23,768,313,260</u>
Plan Net Position		
End of year	<u>\$ 23,768,313,260</u>	<u>\$ 22,601,003,448</u>

APPENDIX B

MEMBERSHIP DATA

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Table 3A

Summary of Data Characteristics – Active, Inactive, Retired

(\$ in Millions)

	June 30, 2021		June 30, 2022	
	Number	Earnings	Number	Earnings
Active Members				
Full time				
Traditional SURS	40,399	\$2,292.1	40,304	\$2,310.2
Portable SURS	17,198	1,217.8	17,094	1,235.4
RSP	12,669	1,103.0	12,645	1,143.0
Total Full Time ¹	70,266	\$4,612.9	70,043	\$4,688.6
Part time				
Traditional SURS	2,385	\$ 18.6	2,367	\$ 17.3
Portable SURS	415	3.8	516	4.6
RSP	377	3.8	381	4.2
Total Part Time	3,177	\$ 26.2	3,264	\$ 26.1
Total	73,443	\$4,639.1	73,307	\$4,714.7
Inactive Members				
Traditional SURS	72,539		73,697	
Portable SURS	13,596		14,132	
RSP	10,618		10,722	
Total ²	96,753		98,551	

¹ Includes 669 police officers and firefighters (including RSP) as of June 30, 2021, and 659 as of June 30, 2022.

² Based on SURS plus reciprocal service 23,323 defined benefit members are vested as of June 30, 2021, and 22,882 as of June 30, 2022.

	June 30, 2021		June 30, 2022	
	Number	Annual Benefits	Number	Annual Benefits
Benefit Recipients				
Retirement				
Traditional SURS	51,860	\$ 2,226.3	52,509	\$ 2,294.1
Portable SURS	8,012	302.2	8,601	336.8
Total Retirement	59,872	\$ 2,528.5	61,110	\$ 2,630.9
Survivor				
Traditional SURS	9,022	\$ 201.4	9,102	\$ 210.1
Portable SURS	310	6.6	358	7.8
Total Survivor	9,332	\$ 208.0	9,460	\$ 217.9
Disability				
Traditional SURS	734	\$ 16.8	707	\$ 16.7
Portable SURS	173	4.9	181	5.4
Total Disability	907	\$ 21.7	888	\$ 22.1
Total	70,111	\$ 2,758.2	71,458	\$ 2,871.0
Total Participants				
Total Traditional SURS	176,939		178,686	
Total Portable SURS	39,704		40,882	
Total RSP	23,664		23,748	
Total	240,307		243,316	

Values may not add due to rounding.



Table 3B

Summary of Data Characteristics – Full Time Active

(\$ in Millions)

	June 30, 2021		June 30, 2022	
	Number	Earnings	Number	Earnings
Active Members				
Full time				
Continuing Full Time Actives and Full Time Actives from Inactive and Part Time status - Tier 1				
Traditional SURS	22,274	\$ 1,488.5	20,598	\$ 1,426.2
Portable SURS	8,689	727.8	8,040	698.0
RSP	4,916	455.9	4,555	445.8
Total	35,879	\$ 2,672.2	33,193	\$ 2,570.0
Continuing Full Time Actives and Full Time Actives from Inactive and Part Time status - Tier 2				
Traditional SURS	15,462	\$ 735.7	15,545	\$ 783.8
Portable SURS	7,408	449.3	7,687	490.0
RSP	6,903	595.7	7,078	644.8
Total	29,773	\$ 1,780.7	30,310	\$ 1,918.5
New Actives - Tier 1				
Traditional SURS	216	\$ 6.3	361	\$ 9.7
Portable SURS	63	2.5	81	2.7
RSP	26	1.1	40	1.4
Total	305	\$ 9.9	482	\$ 13.8
New Actives - Tier 2				
Traditional SURS	2,447	\$ 61.5	3,800	\$ 90.6
Portable SURS	1,038	38.3	1,286	44.7
RSP	824	50.3	972	51.1
Total	4,309	\$ 150.1	6,058	\$ 186.3
Total Actives - Tier 1				
Traditional SURS	22,490	\$ 1,494.8	20,959	\$ 1,435.8
Portable SURS	8,752	730.3	8,121	700.7
RSP	4,942	457.0	4,595	447.2
Total	36,184	\$ 2,682.1	33,675	\$ 2,583.7
Total Actives - Tier 2				
Traditional SURS	17,909	\$ 797.2	19,345	\$ 874.3
Portable SURS	8,446	487.6	8,973	534.6
RSP	7,727	646.0	8,050	695.8
Total	34,082	\$ 1,930.8	36,368	\$ 2,104.8
Total Actives - Tier 1 and Tier 2				
Traditional SURS	40,399	\$ 2,292.1	40,304	\$ 2,310.2
Portable SURS	17,198	1,217.8	17,094	1,235.4
RSP	12,669	1,103.0	12,645	1,143.0
Total	70,266	\$ 4,612.9	70,043	\$ 4,688.6

Values may not add due to rounding.



Table 3C

Summary of Data Characteristics – Part Time Active/Inactive

(\$ in Millions)

	June 30, 2021		June 30, 2022	
	Number	Earnings	Number	Earnings
Active Members				
Part time				
Total Actives - Tier 1				
Traditional SURS	563	\$ 3.9	593	\$ 3.8
Portable SURS	106	0.8	139	1.1
RSP	56	0.4	62	0.6
Total	725	\$ 5.1	794	\$ 5.4
Total Actives - Tier 2				
Traditional SURS	1,822	\$ 14.7	1,774	\$ 13.5
Portable SURS	309	3.0	377	3.5
RSP	321	3.3	319	3.6
Total	2,452	\$ 21.0	2,470	\$ 20.7
Total Actives - Tier 1 and Tier 2				
Traditional SURS	2,385	\$ 18.6	2,367	\$ 17.3
Portable SURS	415	3.8	516	4.6
RSP	377	3.8	381	4.2
Total	3,177	\$ 26.2	3,264	\$ 26.1
Inactive Members				
Total Inactives - Tier 1				
Traditional SURS	54,500		53,171	
Portable SURS	8,991		8,766	
RSP	6,879		6,547	
Total	70,370		68,484	
Total Inactives - Tier 2				
Traditional SURS	18,039		20,526	
Portable SURS	4,605		5,366	
RSP	3,739		4,175	
Total	26,383		30,067	
Total Inactives - Tier 1 and Tier 2				
Traditional SURS	72,539		73,697	
Portable SURS	13,596		14,132	
RSP	10,618		10,722	
Total	96,753		98,551	

Values may not add due to rounding.



Table 3D

Summary of Data Characteristics – Academic/Non-Academic

(\$ in Millions)

	June 30, 2021				June 30, 2022			
	Academic		Non-Academic		Academic		Non-Academic	
	Number	Earnings	Number	Earnings	Number	Earnings	Number	Earnings
Full time								
Traditional SURS	13,489	\$ 850.0	26,910	\$ 1,441.3	13,356	\$ 850.0	26,948	\$ 1,460.1
Portable SURS	6,012	517.1	11,186	695.6	5,886	517.1	11,208	718.3
RSP	5,455	590.5	7,214	529.1	5,407	590.5	7,238	552.6
Total	24,956	\$ 1,957.6	45,310	\$ 2,666.0	24,649	\$ 1,957.6	45,394	\$ 2,730.9
Part time								
Traditional SURS	1,901	\$ 850.0	484	\$ 4.1	1,853	\$ 13.5	514	\$ 3.8
Portable SURS	340	517.1	75	0.7	408	3.6	108	1.0
RSP	328	590.5	49	0.5	331	3.3	50	0.8
Total	2,569	\$ 1,957.6	608	\$ 5.3	2,592	\$ 20.5	672	\$ 5.7
Inactive								
Traditional SURS	38,355		34,184		38,175		35,522	
Portable SURS	6,288		7,308		6,281		7,851	
RSP	5,837		4,781		5,681		5,041	
Total	50,480		46,273		50,137		48,414	
DRAFT								
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit
Benefit Recipients								
Traditional SURS	27,659	\$ 1,326.0	33,957	\$ 1,118.5	27,873	\$ 1,354.4	34,445	\$ 1,166.6
Portable SURS	3,662	155.1	4,833	158.6	3,919	173.1	5,221	176.9
Total	31,321	1,481.1	38,790	1,277.1	31,792	1,527.5	39,666	1,343.5
Total Participants								
Total Traditional SURS	81,404		95,535		81,257		97,429	
Total Portable SURS	16,302		23,402		16,494		24,388	
Total RSP	11,620		12,044		11,419		12,329	
Total	109,326		130,981		109,170		134,146	

Values may not add due to rounding.



Table 3E
Summary of Data Characteristics –
Actives by Tier and Academic/Non-Academic
(\$ in Millions)

	June 30, 2021				June 30, 2022			
	Academic		Non-Academic		Academic		Non-Academic	
	Number	Earnings	Number	Earnings	Number	Earnings	Number	Earnings
Full time - Tier 1								
Traditional SURS	9,000	\$ 646.0	13,490	\$ 848.9	8,535	\$ 625.3	12,424	\$ 810.5
Portable SURS	3,853	378.7	4,899	351.5	3,609	363.9	4,512	336.8
RSP	2,717	286.6	2,225	170.4	2,556	282.9	2,039	164.2
Total	15,570	\$ 1,311.3	20,614	\$ 1,370.8	14,700	\$ 1,272.2	18,975	\$ 1,311.6
Full time - Tier 2								
Traditional SURS	4,489	\$ 204.8	13,420	\$ 592.4	4,821	\$ 224.7	14,524	\$ 649.6
Portable SURS	2,159	143.4	6,287	344.1	2,277	153.2	6,696	381.5
RSP	2,738	287.3	4,989	358.7	2,851	307.5	5,199	388.3
Total	9,386	\$ 635.6	24,696	\$ 1,295.2	9,949	\$ 685.4	26,419	\$ 1,419.4
Full time - Total								
Traditional SURS	13,489	\$ 850.8	26,910	\$ 1,441.3	13,356	\$ 850.0	26,948	\$ 1,460.1
Portable SURS	6,012	522.2	11,186	695.6	5,886	517.1	11,208	718.3
RSP	5,455	573.9	7,214	529.1	5,407	590.5	7,238	552.6
Total	24,956	\$ 1,946.9	45,310	\$ 2,666.0	24,649	\$ 1,957.6	45,394	\$ 2,730.9
Part time - Tier 1								
Traditional SURS	477	\$ 3.3	86	\$ 0.6	493	\$ 3.1	100	\$ 0.6
Portable SURS	96	0.7	10	0.1	113	0.9	26	0.2
RSP	47	0.4	9	0.1	54	0.4	8	0.1
Total	620	\$ 4.4	105	\$ 0.8	660	\$ 4.5	134	\$ 1.0
Part time - Tier 2								
Traditional SURS	1,424	\$ 11.2	398	\$ 3.5	1,360	\$ 10.4	414	\$ 3.2
Portable SURS	244	2.4	65	0.6	295	2.7	82	0.8
RSP	281	2.9	40	0.4	277	2.9	42	0.7
Total	1,949	\$ 16.5	503	\$ 4.5	1,932	\$ 16.0	538	\$ 4.7
Part time - Total								
Traditional SURS	1,901	\$ 14.5	484	\$ 4.1	1,853	\$ 13.5	514	\$ 3.8
Portable SURS	340	3.1	75	0.7	408	3.6	108	1.0
RSP	328	3.3	49	0.5	331	3.3	50	0.8
Total	2,569	\$ 20.9	608	\$ 5.3	2,592	\$ 20.5	672	\$ 5.7

Values may not add due to rounding.



Table 4
Distribution of Full-Time Active Members by Age and Years of Service
as of June 30, 2022

Age	Years of Service									Totals
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30 & Over		
Under 20	22	11	-	-	-	-	-	-	-	33
	\$ 128,859	\$ 211,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,101
20-24	515	763	6	-	-	-	-	-	-	1,284
	\$ 5,404,627	\$ 24,802,771	\$ 221,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,429,084
25-29	757	3,157	504	4	-	-	-	-	-	4,422
	\$ 10,248,693	\$ 144,570,779	\$ 23,763,360	\$ 157,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,740,782
30-34	668	4,054	2,051	350	8	-	-	-	-	7,131
	\$ 10,901,524	\$ 233,662,702	\$ 118,150,876	\$ 20,327,225	\$ 423,208	\$ -	\$ -	\$ -	\$ -	\$ 383,465,535
35-39	434	3,236	2,772	1,581	438	14	-	-	-	8,475
	\$ 8,351,620	\$ 208,974,897	\$ 188,244,285	\$ 109,265,200	\$ 29,533,944	\$ 871,630	\$ -	\$ -	\$ -	\$ 545,241,576
40-44	406	2,512	2,636	1,997	1,395	460	7	-	-	9,413
	\$ 7,743,909	\$ 155,522,967	\$ 181,030,207	\$ 153,241,342	\$ 111,756,305	\$ 34,912,922	\$ 516,191	\$ -	\$ -	\$ 644,723,842
45-49	315	1,862	1,983	1,730	1,730	1,257	296	9	-	9,182
	\$ 5,785,369	\$ 116,290,281	\$ 130,063,716	\$ 139,857,029	\$ 154,110,829	\$ 107,669,633	\$ 24,071,427	\$ 654,861	\$ -	\$ 678,503,143
50-54	257	1,658	1,761	1,564	1,784	1,599	912	173	-	9,708
	\$ 5,527,256	\$ 95,066,259	\$ 107,753,059	\$ 114,592,612	\$ 155,548,207	\$ 146,614,558	\$ 80,667,175	\$ 14,761,362	\$ -	\$ 720,530,488
55-59	172	1,263	1,466	1,383	1,460	1,513	878	403	-	8,538
	\$ 2,807,282	\$ 72,913,563	\$ 87,861,205	\$ 92,230,214	\$ 120,704,385	\$ 142,182,120	\$ 88,929,562	\$ 41,065,293	\$ -	\$ 648,693,623
60-64	104	863	1,188	1,063	1,128	1,096	688	460	-	6,590
	\$ 2,146,297	\$ 48,220,261	\$ 66,309,646	\$ 67,356,989	\$ 84,457,124	\$ 93,544,504	\$ 71,167,163	\$ 58,218,147	\$ -	\$ 491,420,132
65 & Over	54	555	922	856	955	836	496	593	-	5,267
	\$ 899,035	\$ 26,673,688	\$ 41,731,873	\$ 47,392,866	\$ 64,515,617	\$ 68,582,499	\$ 44,440,496	\$ 72,230,472	\$ -	\$ 366,466,545
Total Count	3,704	19,934	15,289	10,528	8,898	6,775	3,277	1,638	-	70,043
Total Payroll	\$ 59,944,471	\$ 1,126,909,409	\$ 945,129,914	\$ 744,421,425	\$ 721,049,618	\$ 594,377,865	\$ 309,792,014	\$ 186,930,135	\$ -	\$ 4,688,554,852

Includes the use of capped payroll for defined benefit plan members hired on or after January 1, 2011. Includes RSP.



Table 5
Distribution of Benefit Recipients by Age
as of June 30, 2022

Age	Number	Annual Benefit
Retirees and Survivors		
Under 50	407	\$ 3,479,212
50-54	377	14,761,036
55-59	3,057	107,722,277
60-64	7,778	289,176,202
65-69	13,427	512,524,788
70-74	15,772	624,219,806
75-79	12,964	569,833,728
80-84	8,436	388,717,010
85-89	5,071	216,986,865
90 & Over	3,281	121,410,072
Total	70,570	\$ 2,848,830,996
Disabilitants		
Under 50	113	\$ 3,174,188
50-54	110	3,009,154
55-59	161	4,287,605
60-64	189	4,568,811
65-69	171	4,254,000
70-74	80	1,610,731
75-79	28	482,529
80-84	23	537,962
85-89	8	92,409
90 & Over	5	102,773
Total	888	\$ 22,120,162

Excludes RSP.



APPENDIX C

ACTUARIAL DETERMINATIONS

DRAFT

Table 6
Summary of Actuarial Values
as of June 30, 2022
(\$ in Millions)

	Actuarial Present Value of Projected Benefits (APV)	Projected Unit Credit Values		Gross NC % of Pay ¹
		Actuarial Accrued Liability (AAL)	Gross Normal Cost (NC) ¹	
1. Active Members				
a. Retirement	\$16,012.9	\$ 10,623.5	\$578.9	15.49%
b. Death	237.9	149.9	10.1	0.27%
c. Disability	261.2	148.8	16.5	0.44%
d. Termination	1,891.0	1,137.8	133.9	3.58%
Total - Active Members	\$18,403.0	\$ 12,060.1	\$739.4	19.79%
2. Benefit Recipients				
a. Retirement	\$32,377.8	\$32,377.8	\$ 0.0	
b. Survivor	1,976.4	1,976.4	0.0	
c. Disability	278.6	278.6	0.0	
Total - Benefit Recipients	\$34,632.8	\$34,632.8	\$ 0.0	
3. Other Inactive	\$ 3,177.1	\$ 3,177.1		
4. Grand Total	\$56,212.9	\$49,869.9	\$739.4	19.79%
5. Operating Expense			\$ 28.1	0.75%
6. Fiscal Year 2023 Total Normal Cost²			\$767.5	20.54%
7. Expected Pay During Fiscal Year 2023 for Defined Benefit Plans¹				\$ 3,737.0
8. Present Value of Future Salaries (PVFS)¹				\$ 30,933.5

¹ For members currently active as of June 30, 2022, in the Traditional and Portable defined benefit plans and includes the use of capped payroll for members hired on or after January 1, 2011.

² The normal cost as a percent of capped pay is 11.90% for Tier 2 members and 26.87% of payroll for Tier 1 members.

Excludes RSP.

Values may not add due to rounding.



Table 7
Defined Benefit Plan Development of the Actuarial Value of Assets
for the Year Ending June 30, 2022

	2021	2022	2023	2024	2025	2026
Beginning of Year:						
(1) Market Value of Assets	\$ 19,617,015,606	\$ 23,768,313,260				
(2) Actuarial Value of Assets	20,091,674,784	21,484,798,600				
End of Year:						
(3) Market Value of Assets	23,768,313,260	22,601,003,448				
(4) Net of Contributions and Disbursements	(611,671,931)	(559,565,310)				
(5) Total Investment Return						
= (3)-(1)-(4)	4,762,969,585	(607,744,502)				
(6) Projected Rate of Return	6.75%	6.50%				
(7) Projected Investment Return						
= (1)x(6)+[(1+(6))^5-1]x(4)	1,303,841,708	1,527,040,779				
(8) Investment Return in Excess of Projected Return	3,459,127,877	(2,134,785,281)				
(9) Excess Investment Return Recognized						
This Year (5 year recognition)						
(9a) From This Year	691,825,575	(426,957,056)				
(9b) From One Year Ago	(153,482,516)	691,825,575	\$ (426,957,056)			
(9c) From Two Years Ago	(30,001,418)	(153,482,516)	691,825,575	\$ (426,957,056)		
(9d) From Three Years Ago	36,662,742	(30,001,418)	(153,482,516)	691,825,575	\$ (426,957,056)	
(9e) From Four Years Ago	155,949,656	36,662,744	(30,001,419)	(153,482,517)	691,825,577	\$ (426,957,057)
(9f) Total Phased-In Return	700,954,039	118,047,329	81,384,584	111,386,002	264,868,521	(426,957,057)
(10) Change in Actuarial Value of Assets						
= (4)+(7)+(9f)	1,393,123,816	1,085,522,798				
End of Year:						
(3) Market Value of Assets	23,768,313,260	22,601,003,448				
(11) Final Actuarial Value of Assets	21,484,798,600	22,570,321,398				
(12) Difference Between Market & Actuarial Values	2,283,514,660	30,682,050				
(13) Actuarial Value Rate of Return	10.13 %	7.76 %				
(14) Estimated Market Value Rate of Return	24.66 %	(2.59)%				
(15) Ratio of Actuarial Value to Market Value	90 %	100 %				
(16) SURS Reported Market Value Rate of Return	23.75 %	(1.36)%				

Excludes RSP.



Table 8
Analysis of Change in
Actuarial Accrued Liability and Actuarial Value of Assets
for the Year Ending June 30, 2022
(\$ in Millions)

1. Actuarial (Gain)/Loss on Actuarial Accrued Liability ("AAL")		
(a) AAL 6/30/2021		\$ 48,898.5
(b) Normal Cost FY 2022	\$ 765.3	
(c) Benefits and Admin Expenses Paid FY 2022	(2,984.7)	
(d) Interest on (a), (b), and (c) at 6.50%	3,107.4	
(e) Expected AAL 6/30/2022 (a+b+c+d)		49,786.5
(f) Actual AAL 6/30/2022 Before Assumption and Method Changes		49,869.9
(g) Actuarial (Gain)/Loss on AAL (f-e)		<u>\$ 83.4</u>
(h) Impact of Benefit Changes		0.0
(i) Impact of Change in Actuarial Assumptions and Methods		0.0
(j) Actual AAL After Changes (f+h+i)		<u>\$ 49,869.9</u>
2. Actuarial (Gain)/Loss on Assets		
(a) Actuarial Value of Assets 6/30/2021		\$ 21,484.8
(b) Contributions FY 2022	2,425.1	
(c) Benefits and Administrative Expenses	(2,984.7)	
(d) Interest on (a), (b), and (c) at 6.50%	1,378.6	
(e) Expected Assets 6/30/2022 (a+b+c+d)		\$ 22,303.8
(f) Actual Actuarial Value of Assets 6/30/2022		22,570.3
(g) Actuarial (Gain)/Loss on Assets (e-f)		<u>\$ (266.5)</u>
3. Total Actuarial (Gain)/Loss		
(a) (Gain)/Loss on AAL		\$ 83.4
(b) (Gain)/Loss on Assets		(266.5)
(c) Net (Gain)/Loss (a+b)		<u>\$ (183.1)</u>

Excludes RSP.

Values may not add due to rounding.



Table 9
Analysis of Change in
Unfunded Actuarial Accrued Liability
for the Year Ending June 30, 2022
(\$ in Millions)

1. Unfunded Actuarial Accrued Liability (UAAL) at 06/30/2021	\$	27,413.7
2. Contributions		
a. Contributions equal to normal cost plus interest on UAAL		
i Interest on 1)	\$	1,781.9
ii Member contributions		289.1
iii Employer/State normal cost		476.2
iv Interest on ii and iii		24.5
v Total due	\$	2,571.7
b. Contributions paid based on funding policy		
i Member contributions	\$	289.1
ii Employer/State contributions		2,136.1
iii Interest on i and ii		77.6
iv Total paid	\$	2,502.7
c. Expected increase in UAAL (2a.v-2b.iv)		69.0
3. Expected UAAL at 06/30/2022 (1+2c)		27,482.7
4. (Gains)/Losses		
a. Investment income	\$	(266.5)
b. Salary increases		22.9
c. Demographic and other		60.5
d. Total	\$	(183.1)
5. Plan Provision Changes		-
6. Assumption Changes		-
7. Total Change in UAAL (2c + 4d + 5 + 6)		(114.1)
8. UAAL at 06/30/2022 (1 + 7)	\$	27,299.6

Excludes RSP.

Values may not add due to rounding.



Table 10

Analysis of Actuarial (Gains) and Losses

(\$ in Millions)

	Amount of (Gain) or Loss			
	FY 2019	FY 2020	FY 2021	FY 2022
Investment Return ¹	\$ 234.1	\$ 233.5	\$ (668.9)	\$ (266.5)
Salary Increase	(55.2)	5.4	(88.5)	22.9
Age and Service Retirement	53.4	6.0	9.6	15.2
General Employment Termination	29.3	22.3	28.8	0.1
Disability Incidence	4.5	(1.7)	(2.0)	3.4
In Service Mortality	(5.5)	1.2	3.8	1.5
Benefit Recipient ²	41.8	13.3	(61.8)	(7.4)
Other ³	51.2	56.0	62.8	47.7
Total Actuarial (Gain)/Loss	\$ 353.6	\$ 336.0	\$ (716.2)	\$ (183.1)
BOY Actuarial Accrued Liability (AAL)	\$ 45,258.8	\$ 46,443.9	\$ 47,580.5	\$ 48,898.5
(Gain)/Loss as a % of BOY AAL	0.8%	0.7%	(1.5)%	(0.4)%
Total Non-Investment (Gain)/Loss	\$ 119.5	\$ 102.5	\$ (47.3)	\$ 83.4
(Gain)/Loss as a % of BOY AAL	0.3%	0.2%	(0.1)%	0.2%

Excludes RSP.

¹ Gain/Loss is based on actuarial value of assets.

² Benefit recipient (gain)/loss includes mortality gains and losses as well as gains and losses due to unexpected changes in benefit amounts from year to year. Unexpected changes may occur when benefits that are initially paid as preliminary estimates are finalized. Mortality gains and losses include deviations in the assumed demographics of future beneficiaries compared to the actual demographics of new beneficiaries.

There is an additional load of 5% on the liabilities of retirees who are currently receiving benefits as a preliminary estimate for whom Staff provided a best formula benefit and a 10% load on the liabilities of retirees who are currently receiving benefits as a preliminary estimate for whom Staff has not provided a best formula benefit.

³ Includes other experience such as deviations between actual and expected benefit payments and refunds that were not easily attributable to one of the categories above.



Table 11

Funded Ratio and Illustrative Contributions under Funding Policy of Net Normal Cost Plus Level Percentage of Payroll Amortization of Unfunded Liability
 (\$ in Millions)

Fiscal Year	DB Payroll ¹	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Total Normal Cost	Member Contributions ²	Amortization of UAAL (30-year open) ³	Net State Contribution (30-year open) ³	Amortization of UAAL (30-year closed) ⁴	Net State Contribution (30-year closed) ⁴	Net State 30-year closed with 1 year Interest Adjustment ⁴
2015	\$3,606.537	\$17,104.607	\$39,520.687	\$22,416.080	43.28 %	\$730.020	\$267.682	\$1,160.318	\$1,622.656			
2016	3,513.108	17,701.646	40,923.301	23,221.655	43.26	739.549	278.884	1,205.004	1,665.669	\$1,350.394	\$1,811.060	\$1,942.361
2017	3,458.320	18,594.326	41,853.348	23,259.022	44.43	719.225	278.643	1,248.309	1,688.891	1,424.261	1,864.843	2,000.044
2018	3,470.226	19,347.886	45,258.751	25,910.865	42.75	701.871	282.726	1,250.317	1,669.462	1,442.888	1,862.033	1,997.030
2019	3,506.650	19,661.891	46,443.937	26,782.046	42.33	730.265	280.018	1,392.034	1,842.281	1,789.119	2,239.366	2,390.524
2020	3,642.617	20,091.675	47,580.470	27,488.795	42.23	729.332	282.367	1,414.304	1,861.269	1,852.066	2,299.031	2,454.215
2021	3,638.244	21,484.799	48,898.480	27,413.681	43.94	739.676	288.476	1,451.626	1,902.826	1,852.066	2,303.266	2,458.736
2022	3,613.278	22,570.321	49,869.932	27,299.611	45.26	765.300	289.062	1,449.109	1,925.347	1,901.545	2,377.783	2,532.339
2023						767.538	303.620	1,443.079	1,906.997	1,903.860	2,367.778	2,521.684

¹ Defined benefit payroll for Fiscal Year 2022 is based on the employee contributions in the financial statements for fiscal year 2022 and an employee contribution rate of 8.00%. Defined Benefit Plan payroll prior to Fiscal Year 2022 is rolled forward with one year of salary scale at 3.00% (3.25% from 2018 through 2020, 3.75% prior to fiscal year 2018) and uses capped payroll for members hired on and after January 1, 2011.

² Projected for Fiscal Year 2023 and actual for years prior to Fiscal Year 2023.

³ A 30-year open period amortization policy is not a funding policy recommended by GRS. This illustrative contribution was included at the request of the Governor's Office. The amortization payment was calculated as a level percentage of total uncapped payroll (assumed to increase by 3.00% each year, 3.25% for fiscal years 2018 through 2021 and 3.75% for years prior to Fiscal Year 2019).

⁴ GRS recommends the development of and adherence to a funding policy that funds the normal cost of the plan as well as an amortization payment that would seek to pay off the total unfunded accrued liability by 2045 or sooner if possible, which is a 22-year closed amortization period for Fiscal Year 2023. (The statutory contribution would apply to Fiscal Year 2024; therefore, a one year interest adjustment was applied). The amortization payment was calculated as a level percentage of defined benefit plan pensionable (capped) payroll.

APPENDIX D

ACTUARIAL PROJECTIONS

DRAFT

Table 12
Baseline Projections – Actuarial Valuation June 30, 2022
Assumes Contributions Based on Table 14 & Investment Return of 6.50% Each Year
(\$ in Millions)

Fiscal Year Ending	Total Payroll ¹	RSP Payroll	DB Payroll ¹	SURS Contributions ²	Member Contributions		Assets		Funding		Debt Service	Maximum Contribution ³	SURS Contribution % of Total Payroll	
					Benefits	Expenses	EOY	AAL	Ratio	UAAL				
2022	\$ 4,714.667	\$ 1,147.187	\$ 3,567.480	\$ 2,136.059	\$ 289.062	\$ 2,962.103	\$ 22.584	\$ 22,570.321	\$ 49,869.932	45.26 %	\$ 27,299.611	\$ 146.736	\$ 2,053.863	45.31 %
2023	5,051.508	1,260.995	3,790.513	2,071.091	303.620	3,139.190	28.118	23,302.820	50,634.943	46.02	27,332.123	153.373	2,083.612	41.00
2024	5,174.795	1,334.337	3,840.458	2,087.630	307.621	3,227.454	28.962	24,036.882	51,350.480	46.81	27,313.598	164.417	2,100.724	40.34
2025	5,309.313	1,412.674	3,896.639	2,130.619	312.121	3,334.248	29.830	24,902.801	51,994.349	47.90	27,091.548	174.604	2,136.987	40.13
2026	5,450.648	1,490.449	3,960.200	2,173.651	317.212	3,433.697	30.725	25,062.072	52,570.302	47.67	27,508.230	179.149	2,179.522	39.88
2027	5,598.054	1,567.866	4,030.188	2,207.343	322.818	3,529.092	31.647	25,627.562	53,079.222	48.28	27,451.660	183.195	2,214.115	39.43
2028	5,747.489	1,644.846	4,102.643	2,302.898	328.622	3,624.414	32.596	26,235.059	53,518.339	49.02	27,283.280	191.634	2,302.898	40.07
2029	5,898.284	1,722.401	4,175.883	2,360.655	334.488	3,717.561	33.574	26,850.566	53,886.150	49.83	27,035.584	199.325	2,360.655	40.02
2030	6,053.083	1,801.305	4,251.779	2,416.007	340.567	3,810.257	34.582	27,472.777	54,178.872	50.71	26,706.095	211.160	2,416.007	39.91
2031	6,210.016	1,882.214	4,327.801	2,473.282	346.657	3,901.287	35.619	28,105.810	54,393.523	51.67	26,287.713	221.997	2,473.282	39.83
2032	6,369.770	1,965.341	4,404.429	2,537.672	352.795	3,989.139	36.688	28,761.010	54,528.690	52.74	25,767.680	226.944	2,537.672	39.84
2033	6,534.404	2,051.234	4,483.171	2,609.822	359.102	4,062.400	37.788	29,463.024	54,595.051	53.97	25,132.027	226.249	2,609.822	39.94
2034	6,704.474	2,140.007	4,564.466	2,690.251	365.614	4,127.612	38.922	30,231.922	54,597.540	55.37	24,365.618	NA	2,909.884	40.13
2035	6,876.602	2,231.114	4,645.488	2,759.319	372.104	4,189.512	40.090	31,063.690	54,535.582	56.96	23,471.892	NA	2,984.592	40.13
2036	7,049.991	2,323.482	4,726.510	2,828.894	378.593	4,245.921	41.292	31,968.564	54,410.613	58.75	22,442.049	NA	3,059.846	40.13
2037	7,225.721	2,418.256	4,807.466	2,899.408	385.078	4,295.374	42.531	32,959.404	54,225.657	60.78	21,266.253	NA	3,136.117	40.13
2038	7,405.643	2,515.754	4,889.890	2,971.603	391.680	4,254.800	43.807	34,136.523	54,070.115	63.13	19,933.592	NA	3,214.207	40.13
2039	7,589.758	2,614.931	4,974.827	3,045.482	398.484	4,285.029	45.121	35,440.865	53,873.943	65.78	18,433.078	NA	3,294.116	40.13
2040	7,777.922	2,717.279	5,060.643	3,120.985	405.358	4,308.710	46.475	36,889.165	53,642.641	68.77	16,753.476	NA	3,375.784	40.13
2041	7,971.764	2,820.944	5,150.821	3,198.766	412.581	4,320.411	47.869	38,505.815	53,388.480	72.12	14,882.665	NA	3,459.915	40.13
2042	8,170.122	2,926.156	5,243.966	3,278.360	420.042	4,321.145	49.305	40,315.146	53,123.974	75.89	12,808.828	NA	3,546.007	40.13
2043	8,372.398	3,032.854	5,339.544	3,359.525	427.697	4,312.605	50.784	42,341.034	52,860.196	80.10	10,519.162	NA	3,633.799	40.13
2044	8,577.249	3,141.557	5,435.692	3,441.724	435.399	4,296.331	52.308	44,606.603	52,606.880	84.79	8,000.277	NA	3,722.709	40.13
2045	8,784.839	3,252.428	5,532.411	3,525.022	443.146	4,272.699	53.877	47,136.160	52,373.511	90.00	5,237.351	NA	3,812.807	40.13

Projections are based on 55% of academic and 75% of non-academic new hires electing Tier 2 and 45% of academic and 25% of non-academic new hires electing RSP and 73,307 total active members (70,043 full time and 3,264 part time) in each future year.

- ¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in Tier 2 participating in the Traditional and Portable plans.
- ² Excludes RSP contributions. Includes employer contributions.
- ³ Maximum contribution after the impact of debt service. Maximum contribution is equal to the SURS contribution shown on Table 17 (before the impact of the bonds issued in 2004) minus the debt service.

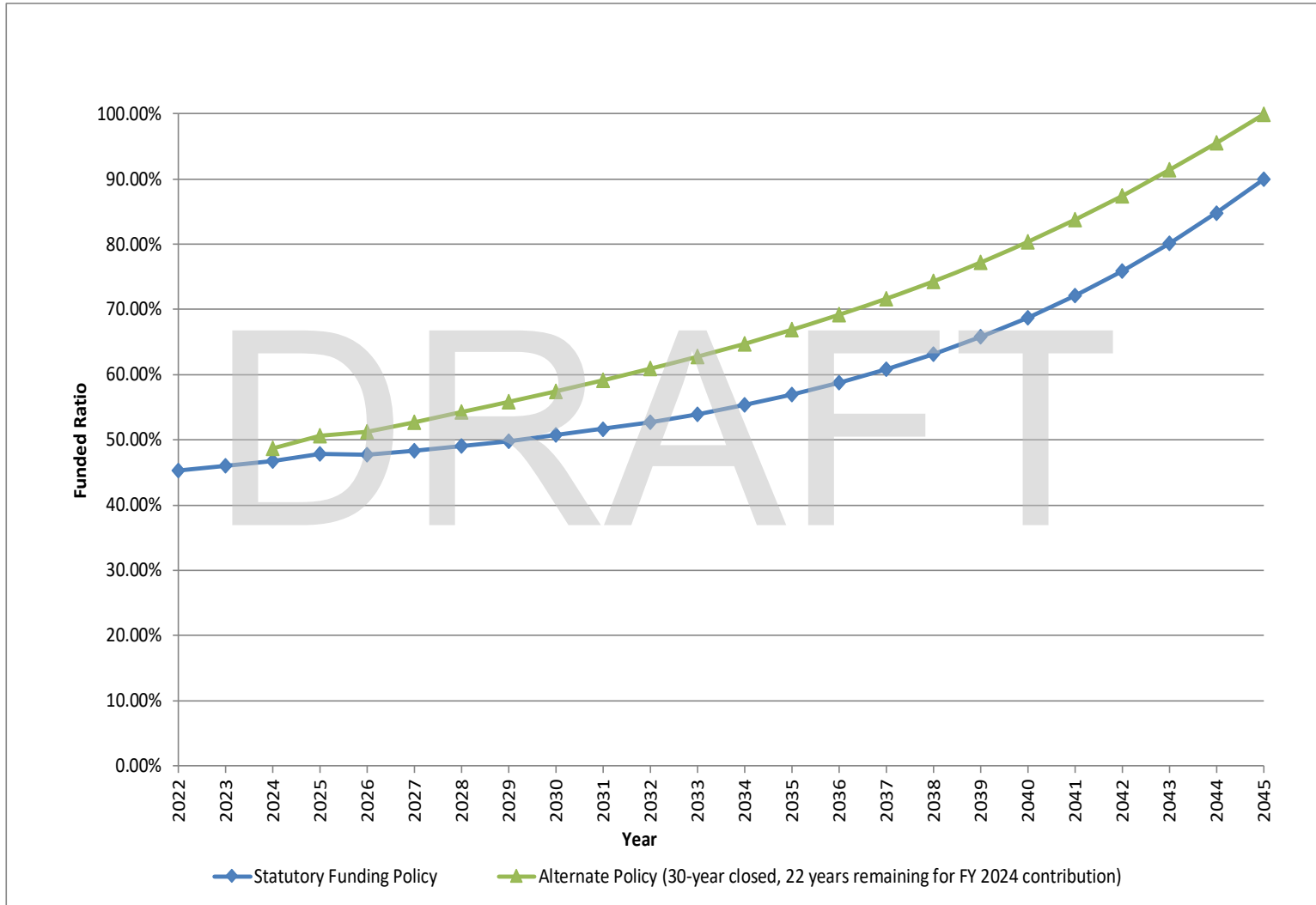


Graph 1

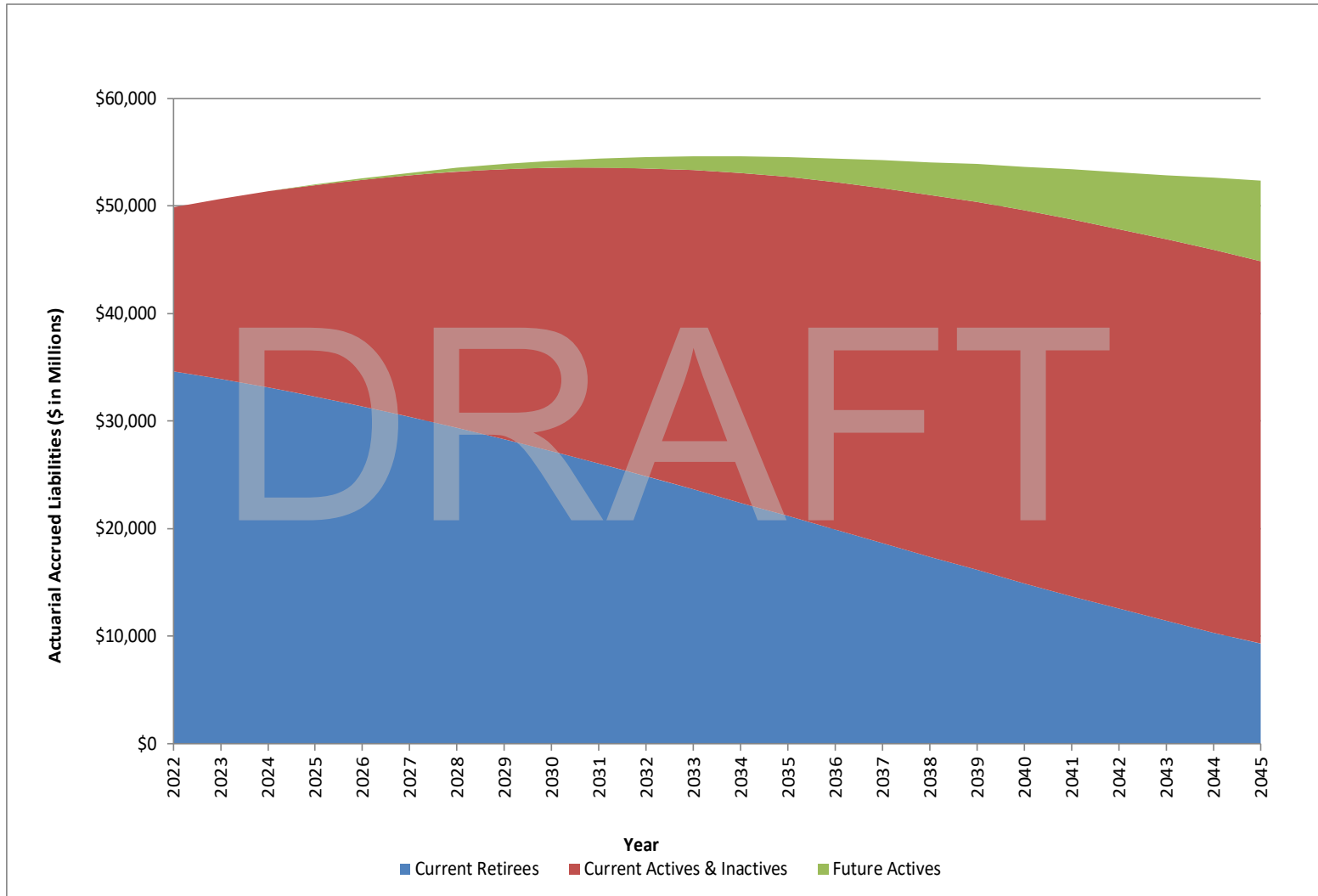
Projected Funded Ratio Based on Statutory Contributions

Actuarial Valuation as of June 30, 2022

(\$ in Millions)



Graph 2
Projected Actuarial Accrued Liabilities
Actuarial Valuation as of June 30, 2022
(\$ in Millions)



Graph 3 Projected Benefit Payments Actuarial Valuation as of June 30, 2022 (\$ in Millions)

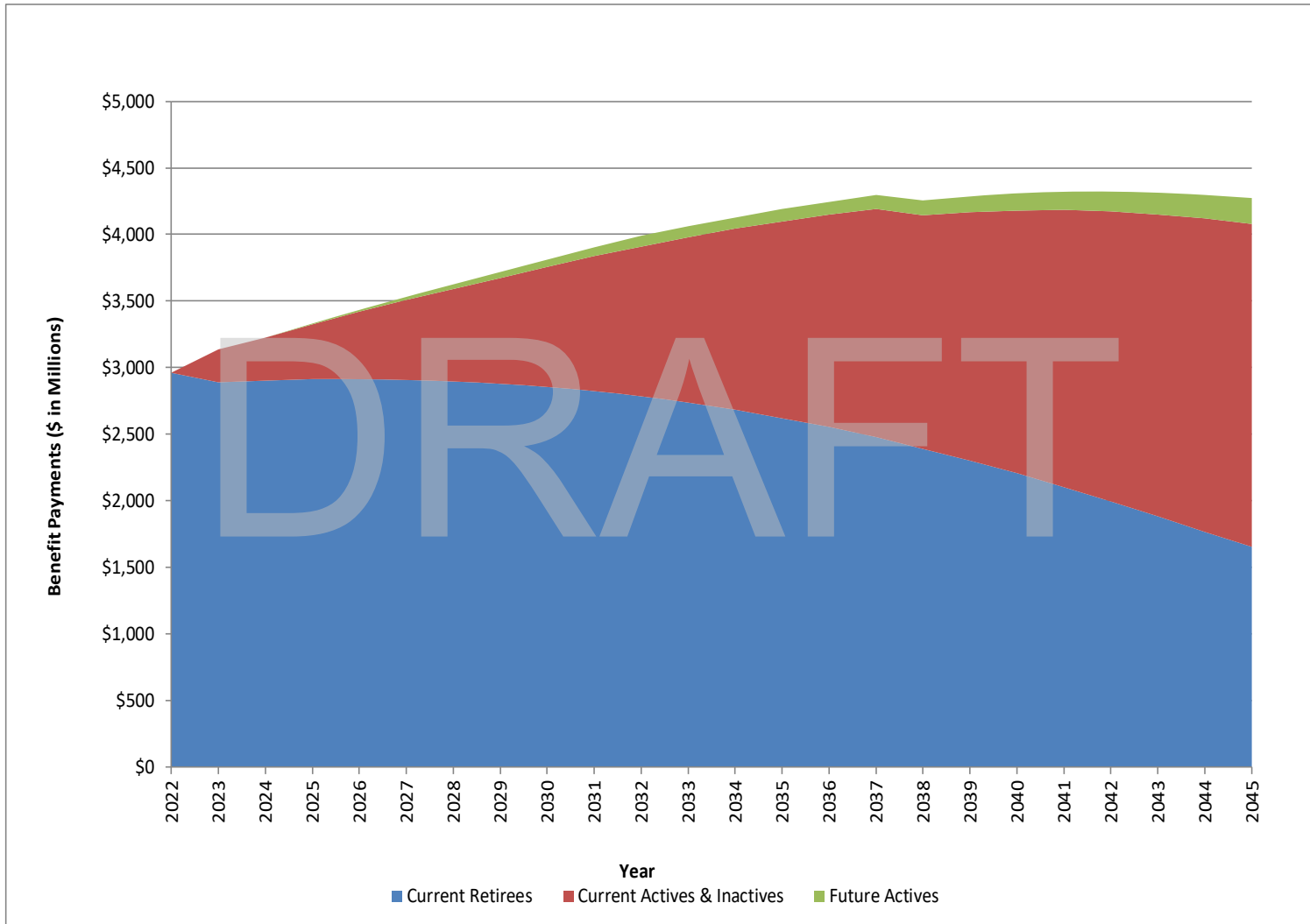


Table 13
Projected Statutory Contributions for the Actuarial Valuation as of June 30, 2022
Before Impact of Bonds Issued in 2004
(\$ in Millions)

FYE	SURS Cont. ¹	RSP Cont. ¹	Combined State and Employer Contribution	
			\$	% of Pay ²
2023	\$ 2,236.985	\$ 89.783	\$ 2,326.768	46.06 %
2024	2,265.141	94.172	2,359.313	45.59
2025	2,311.591	100.413	2,412.004	45.43
2026	2,358.671	105.913	2,464.584	45.22
2027	2,397.309	111.390	2,508.699	44.81
2028	2,494.533	116.837	2,611.370	45.43
2029	2,559.981	122.325	2,682.306	45.48
2030	2,627.167	127.909	2,755.076	45.52
2031	2,695.279	133.635	2,828.914	45.55
2032	2,764.616	139.519	2,904.135	45.59
2033	2,836.071	145.598	2,981.669	45.63
2034	2,909.884	151.880	3,061.764	45.67
2035	2,984.592	158.328	3,142.920	45.70
2036	3,059.846	164.866	3,224.712	45.74
2037	3,136.117	171.574	3,307.691	45.78
2038	3,214.207	178.476	3,392.683	45.81
2039	3,294.116	185.496	3,479.612	45.85
2040	3,375.784	192.741	3,568.525	45.88
2041	3,459.915	200.081	3,659.996	45.91
2042	3,546.007	207.530	3,753.537	45.94
2043	3,633.799	215.086	3,848.885	45.97
2044	3,722.709	222.784	3,945.493	46.00
2045	3,812.807	230.636	4,043.443	46.03
Total	\$67,697.127	\$3,566.972	\$71,264.099	

¹ Assumes 75 percent of new hires elect Tier 2 and 25 percent elect to participate in the Retirement Savings Plan (RSP) for the Non-Academic members and 55 percent of new hires elect Tier 2 and 45 percent elect to participate in the Retirement Savings Plan (RSP) for the Academic members.

² Percent of pay amounts are calculated based on pensionable pay. Pensionable pay does not include amounts in excess of the pay caps applicable to members in Tier 2 participating in the Traditional and Portable plans.

Table 14
Projected Statutory Contributions for the Actuarial Valuation as of June 30, 2022
Including Impact of Bonds Issued in 2004
(\$ in Millions)

FYE	SURS Cont. ¹	RSP Cont. ¹	Combined State and Employer Contribution		Debt Service		SURS Alternate Policy Contribution ³		Projected % of Alternate Policy Contributed ⁴	Employer Contributions	Federal/Trust Fund Contributions ⁵	Qualified Plan State Contribution
			\$	% of Pay ²	\$	% of Pay ²	SURS Cont.	Total (w/RSP)				
2023	\$ 2,071.091	\$ 89.783	\$ 2,160.874	42.78 %	\$ 153.373	3.04 %	\$ 2,532.339	\$ 2,622.122	82.41 %	\$ 5.048	\$ 62.000	\$ 2,093.826
2024	2,087.630	94.172	2,181.802	42.16	164.417	3.18	2,521.684	2,615.856	83.41	4.993	65.500	2,111.309
2025	2,130.619	100.413	2,231.032	42.02	174.604	3.29	2,530.036	2,630.449	84.82	5.303	65.500	2,160.229
2026	2,173.651	105.913	2,279.564	41.82	179.149	3.29	2,535.819	2,641.732	86.29	4.829	65.500	2,209.235
2027	2,207.343	111.390	2,318.733	41.42	183.195	3.27	2,528.538	2,639.928	87.83	4.511	65.500	2,248.722
2028	2,302.898	116.837	2,419.735	42.10	191.634	3.33	2,585.844	2,702.681	89.53	4.193	65.500	2,350.042
2029	2,360.655	122.325	2,482.980	42.10	199.325	3.38	2,603.696	2,726.021	91.08	3.934	65.500	2,413.546
2030	2,416.007	127.909	2,543.916	42.03	211.160	3.49	2,622.044	2,749.953	92.51	3.690	65.500	2,540.226
2031	2,473.282	133.635	2,606.917	41.98	221.997	3.57	2,640.469	2,774.104	93.97	3.439	65.500	2,603.478
2032	2,537.672	139.519	2,677.191	42.03	226.944	3.56	2,658.885	2,798.404	95.67	3.193	65.500	2,673.998
2033	2,609.822	145.598	2,755.420	42.17	226.249	3.46	2,677.355	2,822.953	97.61	2.937	65.500	2,752.483
2034	2,690.251	151.880	2,842.131	42.39			2,696.038	2,847.918	99.80	2.710	65.500	2,839.421
2035	2,759.319	158.328	2,917.647	42.43			2,715.048	2,873.376	101.54	2.497	65.500	2,915.150
2036	2,828.894	164.866	2,993.760	42.46			2,733.441	2,898.307	103.29	2.293	65.500	2,991.467
2037	2,899.408	171.574	3,070.982	42.50			2,750.682	2,922.256	105.09	2.086	65.500	3,068.896
2038	2,971.603	178.476	3,150.079	42.54			2,766.358	2,944.834	106.97	1.883	65.500	3,148.196
2039	3,045.482	185.496	3,230.978	42.57			2,780.225	2,965.721	108.94	1.683	65.500	3,229.295
2040	3,120.985	192.741	3,313.726	42.60			2,792.087	2,984.828	111.02	1.495	65.500	3,312.231
2041	3,198.766	200.081	3,398.847	42.64			2,801.018	3,001.099	113.25	1.324	65.500	3,397.523
2042	3,278.360	207.530	3,485.890	42.67			2,805.780	3,013.310	115.68	1.162	65.500	3,484.728
2043	3,359.525	215.086	3,574.611	42.70			2,801.592	3,016.678	118.49	1.021	65.500	3,573.590
2044	3,441.724	222.784	3,664.508	42.72			2,776.294	2,999.078	122.19	0.891	65.500	3,663.617
2045	3,525.022	230.636	3,755.658	42.75			2,683.385	2,914.021	128.88	0.780	65.500	3,754.878
Total	\$ 62,490.009	\$ 3,566.972	\$ 66,056.981		\$ 2,132.046		\$ 61,538.657	\$ 65,105.629		\$ 65.894	\$ 1,503.000	\$ 65,536.087

¹ Assumes 75 percent of new hires elect Tier 2 and 25 percent elect to participate in the Retirement Savings Plan (RSP) for the Non-Academic members and 55 percent of new hires elect Tier 2 and 45 percent elect to participate in the Retirement Savings Plan (RSP) for the Academic members.

² Percent of pay amounts are calculated based on pensionable pay. Pensionable pay does not include amounts in excess of the pay caps applicable to members in Tier 2 participating in the Traditional and Portable plans.

³ Alternate funding policy of normal cost plus 30-year closed period amortization of the unfunded liability as a level percentage of defined benefit plan capped payroll beginning in FY 2016 with 22 years remaining as of FY 2024.

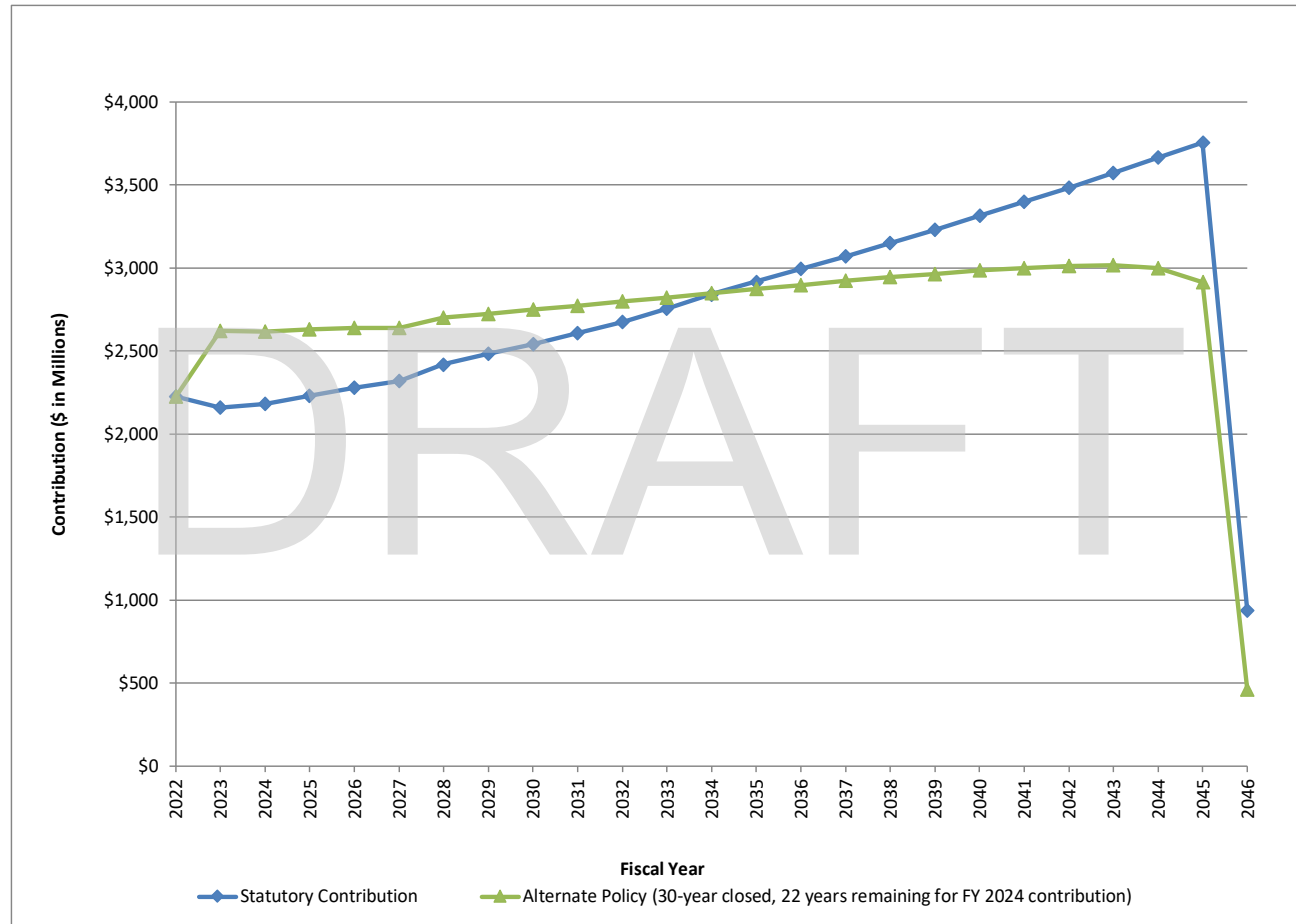
⁴ Compares the SURS Statutory contribution (targets a funded ratio of 90% in 2045) against an alternate funding policy (targets a funded ratio of 100% in 2045).

⁵ Federal/Trust fund contributions for fiscal years 2023 and 2024 were provided by SURS staff. Projected amounts for fiscal years 2025 and after are assumed to remain the same as the fiscal year 2024 amount.



Graph 4

Projected Statutory Contributions vs. Contributions under Alternate Policy (Net Normal Cost Plus Closed Period Level Percent of Pay Amortization) (22 years remaining in Amortization Period for FY 2024 Contribution) (\$ in Millions)



Alternate funding policy of net normal cost plus closed period amortization of the unfunded liability as a level percentage of defined benefit plan capped payroll that would seek to pay off the total unfunded accrued liability by 2045 or sooner if possible (22 years remaining for the FY 2024 contribution). Alternate funding policy contributions based on actual assets as of the current valuation and the alternate policy contribution being made.

APPENDIX E

ADDITIONAL PROJECTION DETAILS

DRAFT

Table 15

**Projections – Does Not Reflect Recognition of Deferred Asset Gains and Losses in Projected Actuarial Value of Assets (Impact of Bonds Issued in 2004 Included)
Assumes Investment Return of 6.50% Each Year on Actuarial Value of Assets
(\$ in Millions)**

Fiscal Year Ending	Total Payroll ¹	RSP Payroll	DB Payroll ¹	SURS Contributions ²	Member Contributions	Benefits	Expenses	Assets EOY	AAL	Funding Ratio	UAAL	Debt Service	Maximum Contribution ³	SURS Contribution % of Total Payroll
2022	\$ 4,714.667	\$ 1,147.187	\$ 3,567.480	\$ 2,136.059	\$ 289.062	\$ 2,962.103	\$ 22.584	\$ 22,570.321	\$ 49,869.932	45.26 %	\$ 27,299.611	\$ 146.736	\$ 2,053.863	45.31 %
2023	5,051.508	1,260.995	3,790.513	2,071.091	303.620	3,139.190	28.118	23,219.441	50,634.943	45.86	27,415.502	153.373	2,083.612	41.00
2024	5,174.795	1,334.337	3,840.458	2,087.630	307.621	3,227.454	28.962	23,839.993	51,350.480	46.43	27,510.487	164.417	2,100.724	40.34
2025	5,309.313	1,412.674	3,896.639	2,137.119	312.121	3,334.248	29.830	24,445.489	51,994.349	47.02	27,548.860	174.604	2,142.518	40.25
2026	5,450.648	1,490.449	3,960.200	2,189.104	317.212	3,433.697	30.725	25,045.692	52,570.302	47.64	27,524.610	179.149	2,192.569	40.16
2027	5,598.054	1,567.866	4,030.188	2,244.387	322.818	3,529.092	31.647	25,648.346	53,079.222	48.32	27,430.876	183.195	2,245.385	40.09
2028	5,747.489	1,644.846	4,102.643	2,301.775	328.622	3,624.414	32.596	26,256.035	53,518.339	49.06	27,262.304	191.634	2,301.775	40.05
2029	5,898.284	1,722.401	4,175.883	2,359.502	334.488	3,717.561	33.574	26,871.716	53,886.150	49.87	27,014.434	199.325	2,359.502	40.00
2030	6,053.083	1,801.305	4,251.779	2,414.823	340.567	3,810.257	34.582	27,494.080	54,178.872	50.75	26,684.792	211.160	2,414.823	39.89
2031	6,210.016	1,882.214	4,327.801	2,472.068	346.657	3,901.287	35.619	28,127.245	54,393.523	51.71	26,266.278	221.997	2,472.068	39.81
2032	6,369.770	1,965.341	4,404.429	2,536.427	352.795	3,989.139	36.688	28,782.553	54,528.690	52.78	25,746.137	226.944	2,536.427	39.82
2033	6,534.404	2,051.234	4,483.171	2,608.544	359.102	4,062.400	37.788	29,484.650	54,595.051	54.01	25,110.401	226.249	2,608.544	39.92
2034	6,704.474	2,140.007	4,564.466	2,687.976	365.614	4,127.612	38.922	30,252.606	54,597.540	55.41	24,344.934	NA	2,908.574	40.09
2035	6,876.602	2,231.114	4,645.488	2,756.986	372.104	4,189.512	40.090	31,083.309	54,535.582	57.00	23,452.273	NA	2,983.247	40.09
2036	7,049.991	2,323.482	4,726.510	2,826.501	378.593	4,245.921	41.292	31,986.990	54,410.613	58.79	22,423.623	NA	3,058.468	40.09
2037	7,225.721	2,418.256	4,807.466	2,896.956	385.078	4,295.374	42.531	32,976.498	54,225.657	60.81	21,249.159	NA	3,134.704	40.09
2038	7,405.643	2,515.754	4,889.890	2,969.090	391.680	4,254.800	43.807	34,152.134	54,070.115	63.16	19,917.981	NA	3,212.759	40.09
2039	7,589.758	2,614.931	4,974.827	3,042.906	398.484	4,285.029	45.121	35,454.832	53,873.943	65.81	18,419.111	NA	3,292.633	40.09
2040	7,777.922	2,717.279	5,060.643	3,118.345	405.358	4,308.710	46.475	36,901.317	53,642.641	68.79	16,741.324	NA	3,374.263	40.09
2041	7,971.764	2,820.944	5,150.821	3,196.061	412.581	4,320.411	47.869	38,515.964	53,388.480	72.14	14,872.516	NA	3,458.357	40.09
2042	8,170.122	2,926.156	5,243.966	3,275.587	420.042	4,321.145	49.305	40,323.094	53,123.974	75.90	12,800.880	NA	3,544.410	40.09
2043	8,372.398	3,032.854	5,339.544	3,356.684	427.697	4,312.605	50.784	42,346.567	52,860.196	80.11	10,513.629	NA	3,632.162	40.09
2044	8,577.249	3,141.557	5,435.692	3,438.814	435.399	4,296.331	52.308	44,609.492	52,606.880	84.80	7,997.388	NA	3,721.032	40.09
2045	8,784.839	3,252.428	5,532.411	3,522.041	443.146	4,272.699	53.877	47,136.160	52,373.511	90.00	5,237.351	NA	3,811.090	40.09

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in Tier 2 participating in the Traditional and Portable plans.

² Excludes RSP contributions. Includes employer contributions.

³ Maximum contribution after impact of debt service.



Table 16
Development of Market and Actuarial Value of Assets as of June 30, 2022
after Bonds (Valuation Basis) and before Bonds (Hypothetical Basis)

		After Bonds (Valuation Basis)	Before Bonds (Hypothetical)
1	Market Value at 6/30/2021	\$23,768,313,260	\$21,050,477,648
2a	Employer and Non-Employer Contributing Entity Contributions ¹	2,136,059,142	2,200,598,566
2b	Member Contributions	289,062,243	289,062,243
2c	Benefits and Expenses	2,984,686,695	2,984,686,695
2d	Net Non-Investment Cash Flow	(559,565,310)	(495,025,886)
3	Investment Return (Based on Estimated Rate of -2.59%)	(607,744,502)	(538,215,941)
4	Expected Return (Based on Estimated Rate of 6.50%)	1,527,040,779	1,352,445,975
5	Market Value at 6/30/2022 (1+2d+3)	22,601,003,448	20,017,235,821
6	Expected Market Value at 6/30/2022 (1+2d+4)	24,735,788,729	21,907,897,737
7a	Actuarial Gain/(Loss) Current Year	(2,134,785,281)	(1,890,661,916)
7b	Actuarial Gain/(Loss) 1 Year Prior	3,459,127,877	3,062,643,460
7c	Actuarial Gain/(Loss) 2 Years Prior	(767,412,581)	(676,460,110)
7d	Actuarial Gain/(Loss) 3 Years Prior	(150,007,091)	(131,557,100)
7e	Actuarial Gain/(Loss) 4 Years Prior	183,313,712	161,071,013
8	Actuarial Value at 6/30/2021	21,484,798,600	19,026,647,563
9	Actuarial Value at 6/30/2022 (8+2d+4+.2*(7a+7b+7c+7d+7e))	22,570,321,398	19,989,074,721

¹Hypothetical contributions (before bonds) are equal to the total contributions of \$2,292,529,000 minus actual fiscal year 2022 RSP contributions of \$91,930,434.

Table 17

Hypothetical Assets to Determine Maximum Contribution

**Projections – Reflects Recognition of Deferred Asset Gains and Losses in Projected Actuarial Value of Assets (Before Impact of Bonds Issued in 2004)
(\$ in Millions)**

Fiscal Year Ending	Total Payroll ¹	RSP Payroll	DB Payroll ¹	SURS Contributions ²	Member Contributions	Benefits	Expenses	Assets EOY	AAL	Funding Ratio	UAAL	Debt Service	SURS Contribution % of Total Payroll
2022	\$ 4,714.667	\$ 1,147.187	\$ 3,567.480	\$ 2,200.599	\$ 289.062	\$ 2,962.103	\$ 22.584	\$ 19,989.075	\$ 49,869.932	40.08 %	\$ 29,880.857	NA	46.68 %
2023	5,051.508	1,260.995	3,790.513	2,236.985	303.620	3,139.190	28.118	20,716.238	50,634.943	40.91	29,918.705	NA	44.28
2024	5,174.795	1,334.337	3,840.458	2,265.141	307.621	3,227.454	28.962	21,453.474	51,350.480	41.78	29,897.006	NA	43.77
2025	5,309.313	1,412.674	3,896.639	2,311.591	312.121	3,334.248	29.830	22,308.953	51,994.349	42.91	29,685.396	NA	43.54
2026	5,450.648	1,490.449	3,960.200	2,358.671	317.212	3,433.697	30.725	22,542.561	52,570.302	42.88	30,027.741	NA	43.27
2027	5,598.054	1,567.866	4,030.188	2,397.309	322.818	3,529.092	31.647	23,140.326	53,079.222	43.60	29,938.896	NA	42.82
2028	5,747.489	1,644.846	4,102.643	2,494.533	328.622	3,624.414	32.596	23,783.918	53,518.339	44.44	29,734.421	NA	43.40
2029	5,898.284	1,722.401	4,175.883	2,559.981	334.488	3,717.561	33.574	24,445.802	53,886.150	45.37	29,440.348	NA	43.40
2030	6,053.083	1,801.305	4,251.779	2,627.167	340.567	3,810.257	34.582	25,129.618	54,178.872	46.38	29,049.254	NA	43.40
2031	6,210.016	1,882.214	4,327.801	2,695.279	346.657	3,901.287	35.619	25,839.444	54,393.523	47.50	28,554.079	NA	43.40
2032	6,369.770	1,965.341	4,404.429	2,764.616	352.795	3,989.139	36.688	26,581.533	54,528.690	48.75	27,947.157	NA	43.40
2033	6,534.404	2,051.234	4,483.171	2,836.071	359.102	4,062.400	37.788	27,375.368	54,595.051	50.14	27,219.683	NA	43.40
2034	6,704.474	2,140.007	4,564.466	2,909.884	365.614	4,127.612	38.922	28,235.228	54,597.540	51.72	26,362.312	NA	43.40
2035	6,876.602	2,231.114	4,645.488	2,984.592	372.104	4,189.512	40.090	29,169.688	54,535.582	53.49	25,365.894	NA	43.40
2036	7,049.991	2,323.482	4,726.510	3,059.846	378.593	4,245.921	41.292	30,189.793	54,410.613	55.49	24,220.820	NA	43.40
2037	7,225.721	2,418.256	4,807.466	3,136.117	385.078	4,295.374	42.531	31,309.294	54,225.657	57.74	22,916.363	NA	43.40
2038	7,405.643	2,515.754	4,889.890	3,214.207	391.680	4,254.800	43.807	32,629.519	54,070.115	60.35	21,440.596	NA	43.40
2039	7,589.758	2,614.931	4,974.827	3,294.116	398.484	4,285.029	45.121	34,092.494	53,873.943	63.28	19,781.449	NA	43.40
2040	7,777.922	2,717.279	5,060.643	3,375.784	405.358	4,308.710	46.475	35,716.099	53,642.641	66.58	17,926.542	NA	43.40
2041	7,971.764	2,820.944	5,150.821	3,459.915	412.581	4,320.411	47.869	37,526.002	53,388.480	70.29	15,862.478	NA	43.40
2042	8,170.122	2,926.156	5,243.966	3,546.007	420.042	4,321.145	49.305	39,547.855	53,123.974	74.44	13,576.119	NA	43.40
2043	8,372.398	3,032.854	5,339.544	3,633.799	427.697	4,312.605	50.784	41,806.915	52,860.196	79.09	11,053.281	NA	43.40
2044	8,577.249	3,141.557	5,435.692	3,722.709	435.399	4,296.331	52.308	44,327.739	52,606.880	84.26	8,279.141	NA	43.40
2045	8,784.839	3,252.428	5,532.411	3,812.807	443.146	4,272.699	53.877	47,136.160	52,373.511	90.00	5,237.351	NA	43.40

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in Tier 2 participating in the Traditional and Portable plans.

² Excludes RSP contributions. Includes employer contributions.



Table 18

Hypothetical Assets to Determine Maximum Contribution

**Projections – Does Not Reflect Recognition of Deferred Asset Gains and Losses in Projected Actuarial Value of Assets
(Before Impact of Bonds Issued in 2004)**

**Assumes Investment Return of 6.50% Each Year on Actuarial Value of Assets
(\$ in Millions)**

Fiscal Year Ending	Total Payroll ¹	RSP Payroll	DB Payroll ¹	SURS Contributions ²	Member Contributions	Benefits	Expenses	Assets EOY	AAL	Funding Ratio	UAAL	Debt Service	SURS Contribution % of Total Payroll
2022	\$ 4,714.667	\$ 1,147.187	\$ 3,567.480	\$ 2,200.599	\$ 289.062	\$ 2,962.103	\$ 22.584	\$ 19,989.075	\$ 49,869.932	40.08 %	\$ 29,880.857	NA	46.68 %
2023	5,051.508	1,260.995	3,790.513	2,236.985	303.620	3,139.190	28.118	20,641.614	50,634.943	40.77	29,993.329	NA	44.28
2024	5,174.795	1,334.337	3,840.458	2,265.141	307.621	3,227.454	28.962	21,277.797	51,350.480	41.44	30,072.683	NA	43.77
2025	5,309.313	1,412.674	3,896.639	2,317.121	312.121	3,334.248	29.830	21,902.511	51,994.349	42.12	30,091.838	NA	43.64
2026	5,450.648	1,490.449	3,960.200	2,371.718	317.212	3,433.697	30.725	22,525.875	52,570.302	42.85	30,044.427	NA	43.51
2027	5,598.054	1,567.866	4,030.188	2,428.580	322.818	3,529.092	31.647	23,154.827	53,079.222	43.62	29,924.395	NA	43.38
2028	5,747.489	1,644.846	4,102.643	2,493.409	328.622	3,624.414	32.596	23,798.201	53,518.339	44.47	29,720.138	NA	43.38
2029	5,898.284	1,722.401	4,175.883	2,558.828	334.488	3,717.561	33.574	24,459.825	53,886.150	45.39	29,426.325	NA	43.38
2030	6,053.083	1,801.305	4,251.779	2,625.984	340.567	3,810.257	34.582	25,143.331	54,178.872	46.41	29,035.541	NA	43.38
2031	6,210.016	1,882.214	4,327.801	2,694.065	346.657	3,901.287	35.619	25,852.796	54,393.523	47.53	28,540.727	NA	43.38
2032	6,369.770	1,965.341	4,404.429	2,763.370	352.795	3,989.139	36.688	26,594.468	54,528.690	48.77	27,934.222	NA	43.38
2033	6,534.404	2,051.234	4,483.171	2,834.793	359.102	4,062.400	37.788	27,387.825	54,595.051	50.17	27,207.226	NA	43.38
2034	6,704.474	2,140.007	4,564.466	2,908.574	365.614	4,127.612	38.922	28,247.142	54,597.540	51.74	26,350.398	NA	43.38
2035	6,876.602	2,231.114	4,645.488	2,983.247	372.104	4,189.512	40.090	29,180.990	54,535.582	53.51	25,354.592	NA	43.38
2036	7,049.991	2,323.482	4,726.510	3,058.468	378.593	4,245.921	41.292	30,200.407	54,410.613	55.50	24,210.206	NA	43.38
2037	7,225.721	2,418.256	4,807.466	3,134.704	385.078	4,295.374	42.531	31,319.140	54,225.657	57.76	22,906.517	NA	43.38
2038	7,405.643	2,515.754	4,889.890	3,212.759	391.680	4,254.800	43.807	32,638.512	54,070.115	60.36	21,431.603	NA	43.38
2039	7,589.758	2,614.931	4,974.827	3,292.633	398.484	4,285.029	45.121	34,100.539	53,873.943	63.30	19,773.404	NA	43.38
2040	7,777.922	2,717.279	5,060.643	3,374.263	405.358	4,308.710	46.475	35,723.099	53,642.641	66.59	17,919.542	NA	43.38
2041	7,971.764	2,820.944	5,150.821	3,458.357	412.581	4,320.411	47.869	37,531.849	53,388.480	70.30	15,856.631	NA	43.38
2042	8,170.122	2,926.156	5,243.966	3,544.410	420.042	4,321.145	49.305	39,552.433	53,123.974	74.45	13,571.541	NA	43.38
2043	8,372.398	3,032.854	5,339.544	3,632.162	427.697	4,312.605	50.784	41,810.102	52,860.196	79.10	11,050.094	NA	43.38
2044	8,577.249	3,141.557	5,435.692	3,721.032	435.399	4,296.331	52.308	44,329.403	52,606.880	84.27	8,277.477	NA	43.38
2045	8,784.839	3,252.428	5,532.411	3,811.090	443.146	4,272.699	53.877	47,136.160	52,373.511	90.00	5,237.351	NA	43.38

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in Tier 2 participating in the Traditional and Portable plans.

² Excludes RSP contributions. Includes employer contributions.



Table 19
Additional Details – Total Normal Cost Dollars
(\$ in Millions)

Fiscal Year Ending	Total Normal Cost ¹				Admin Expense				Normal Cost with Admin Expense			
	Tier 2				Tier 2				Tier 2			
	Tier 1	Current	Future	Total	Tier 1	Current	Future	Total	Tier 1	Current	Future	Total
2023	\$ 563.095	\$ 176.325	\$ 0.000	\$ 739.420	\$ 16.220	\$ 11.898	\$ 0.000	\$ 28.118	\$ 579.314	\$ 188.223	\$ 0.000	\$ 767.538
2024	533.309	170.699	27.551	731.559	15.483	11.421	2.057	28.962	548.793	182.120	29.608	760.521
2025	504.338	165.702	53.798	723.838	14.743	10.962	4.125	29.830	519.082	176.664	57.923	753.669
2026	476.036	161.821	79.066	716.923	13.983	10.578	6.165	30.725	490.019	172.399	85.230	747.648
2027	448.781	159.085	103.218	711.084	13.234	10.302	8.110	31.647	462.015	169.388	111.329	742.732
2028	422.500	157.130	127.084	706.714	12.495	10.095	10.006	32.596	434.995	167.226	137.090	739.311
2029	396.534	155.668	150.905	703.107	11.759	9.925	11.891	33.574	408.293	165.593	162.796	736.682
2030	370.342	154.543	174.991	699.876	11.009	9.774	13.798	34.582	381.351	164.318	188.789	734.458
2031	343.951	153.681	199.185	696.817	10.257	9.646	15.716	35.619	354.208	163.327	214.901	732.436
2032	317.482	152.944	223.703	694.129	9.506	9.532	17.650	36.688	326.988	162.476	241.352	730.816
2033	291.634	152.377	248.193	692.204	8.771	9.427	19.590	37.788	300.405	161.804	267.783	729.992
2034	266.598	152.129	272.616	691.343	8.050	9.328	21.544	38.922	274.648	161.457	294.160	730.265
2035	241.702	152.139	296.798	690.639	7.340	9.240	23.510	40.090	249.041	161.379	320.308	730.728
2036	216.617	152.216	321.057	689.890	6.631	9.153	25.509	41.292	223.248	161.369	346.566	731.183
2037	191.406	152.235	345.448	689.089	5.925	9.058	27.548	42.531	197.330	161.293	372.996	731.619
2038	166.405	152.191	370.069	688.665	5.226	8.953	29.627	43.807	171.631	161.144	399.697	732.472
2039	142.403	152.142	394.776	689.321	4.554	8.840	31.727	45.121	146.956	160.982	426.502	734.440
2040	119.966	151.854	419.497	691.317	3.921	8.712	33.841	46.475	123.887	160.567	453.338	737.792
2041	99.982	151.200	444.254	695.436	3.348	8.563	35.959	47.869	103.329	159.763	480.213	743.305
2042	82.968	150.251	468.934	702.153	2.846	8.395	38.065	49.305	85.814	158.645	506.999	751.458
2043	68.503	148.953	493.522	710.978	2.408	8.210	40.166	50.784	70.911	157.163	533.688	761.762
2044	56.276	147.055	518.125	721.456	2.028	8.000	42.280	52.308	58.304	155.056	560.404	773.764
2045	45.924	144.349	542.835	733.108	1.698	7.758	44.421	53.877	47.622	152.108	587.256	786.986
2046	37.191	140.929	567.664	745.784	1.411	7.489	46.593	55.493	38.602	148.418	614.257	801.277

¹ Normal Cost excludes expense portion.

Values may not add due to rounding.



Table 20
Additional Details – Normal Cost Rates
(\$ in Millions)

Fiscal Year Ending	Expected Defined Benefit Plan Pay ¹				Total Normal Cost Rate ¹					Employer Normal Cost Rate		
	Tier 1	Tier 2		Total	Tier 1	Tier 2		Total	Combined Tier 2	Tier 1	Tier 2	Total
		Current	Future			Current	Future					
2023	\$ 2,155.700	\$ 1,581.320	\$ 0.000	\$ 3,737.020	26.87%	11.90%		20.54%	11.90%	18.86%	3.89%	12.53%
2024	2,022.962	1,492.227	268.771	3,783.960	27.13%	12.20%	11.02%	20.10%	12.02%	19.12%	4.01%	12.09%
2025	1,895.433	1,409.285	530.327	3,835.045	27.39%	12.54%	10.92%	19.65%	12.09%	19.38%	4.08%	11.64%
2026	1,771.973	1,340.457	781.216	3,893.646	27.65%	12.86%	10.91%	19.20%	12.14%	19.64%	4.13%	11.19%
2027	1,654.859	1,288.234	1,014.163	3,957.256	27.92%	13.15%	10.98%	18.77%	12.19%	19.91%	4.18%	10.76%
2028	1,543.022	1,246.673	1,235.727	4,025.422	28.19%	13.41%	11.09%	18.37%	12.26%	20.18%	4.25%	10.36%
2029	1,434.252	1,210.593	1,450.356	4,095.201	28.47%	13.68%	11.22%	17.99%	12.34%	20.46%	4.33%	9.98%
2030	1,327.146	1,178.326	1,663.455	4,168.927	28.73%	13.94%	11.35%	17.62%	12.43%	20.72%	4.42%	9.61%
2031	1,221.871	1,149.075	1,872.165	4,243.111	28.99%	14.21%	11.48%	17.26%	12.52%	20.98%	4.51%	9.25%
2032	1,118.863	1,121.922	2,077.363	4,318.148	29.23%	14.48%	11.62%	16.92%	12.62%	21.21%	4.61%	8.91%
2033	1,019.903	1,096.223	2,277.974	4,394.100	29.45%	14.76%	11.76%	16.61%	12.73%	21.44%	4.72%	8.60%
2034	925.371	1,072.231	2,476.467	4,474.069	29.68%	15.06%	11.88%	16.32%	12.84%	21.67%	4.83%	8.31%
2035	833.664	1,049.560	2,670.332	4,553.556	29.87%	15.38%	12.00%	16.05%	12.95%	21.86%	4.94%	8.04%
2036	743.980	1,026.984	2,862.212	4,633.176	30.01%	15.71%	12.11%	15.78%	13.06%	22.00%	5.05%	7.77%
2037	656.493	1,003.656	3,052.441	4,712.590	30.06%	16.07%	12.22%	15.52%	13.17%	22.05%	5.16%	7.51%
2038	571.914	979.738	3,242.065	4,793.717	30.01%	16.45%	12.33%	15.28%	13.28%	22.00%	5.27%	7.27%
2039	492.205	955.518	3,429.226	4,876.949	29.86%	16.85%	12.44%	15.06%	13.40%	21.85%	5.39%	7.05%
2040	418.644	930.162	3,612.983	4,961.789	29.59%	17.26%	12.55%	14.87%	13.51%	21.58%	5.50%	6.86%
2041	353.163	903.312	3,793.501	5,049.976	29.26%	17.69%	12.66%	14.72%	13.63%	21.25%	5.62%	6.71%
2042	296.795	875.482	3,969.765	5,142.042	28.91%	18.12%	12.77%	14.61%	13.74%	20.90%	5.73%	6.60%
2043	248.269	846.554	4,141.493	5,236.316	28.56%	18.57%	12.89%	14.55%	13.85%	20.55%	5.84%	6.54%
2044	206.713	815.475	4,309.606	5,331.794	28.21%	19.01%	13.00%	14.51%	13.96%	20.20%	5.95%	6.50%
2045	171.053	781.606	4,475.064	5,427.723	27.84%	19.46%	13.12%	14.50%	14.07%	19.83%	6.06%	6.49%
2046	140.502	745.548	4,638.329	5,524.379	27.47%	19.91%	13.24%	14.50%	14.17%	19.46%	6.16%	6.49%

¹Expected pay for members in the defined benefit plans at June 30. Used to develop normal cost as a percent of pay.

Values may not add due to rounding.



Table 21
Additional Details – Number of Members, Contributions and Payroll
(\$ in Millions)

Fiscal Year Ending	RSP Total Active Members	Number of Defined Benefit Plan Active Members				Defined Benefit Plan Payroll ¹				Member Contributions			
		Tier 2				Tier 2				Tier 2			
		Tier 1	Current	Future	Total	Tier 1	Current	Future	Total	Tier 1	Current	Future	Total
2022	13,026	29,812	30,469	0	60,281	\$ 2,141.438	\$ 1,426.042	\$ 0.000	\$ 3,567.480				\$ 289.062
2023	14,265	26,708	26,823	5,511	59,042	2,043.592	1,487.104	259.818	3,790.514	\$ 163.692	\$ 119.117	\$ 20.811	303.620
2024	15,421	23,905	23,581	10,400	57,886	1,917.903	1,408.818	513.737	3,840.458	153.625	112.846	41.150	307.621
2025	16,513	21,328	20,743	14,723	56,794	1,796.134	1,336.508	763.997	3,896.639	143.871	107.054	61.196	312.121
2026	17,265	19,149	18,828	18,065	56,042	1,679.087	1,281.398	999.715	3,960.200	134.494	102.640	80.077	317.211
2027	17,840	17,234	17,421	20,812	55,467	1,567.556	1,239.277	1,223.355	4,030.188	125.561	99.266	97.991	322.818
2028	18,347	15,494	16,221	23,245	54,960	1,460.544	1,203.321	1,438.778	4,102.643	116.990	96.386	115.246	328.622
2029	18,804	13,884	15,169	25,450	54,503	1,354.690	1,171.213	1,649.980	4,175.883	108.511	93.814	132.163	334.488
2030	19,214	12,395	14,243	27,455	54,093	1,250.823	1,142.353	1,858.603	4,251.779	100.192	91.502	148.874	340.568
2031	19,592	11,011	13,415	29,289	53,715	1,148.247	1,115.537	2,064.018	4,327.802	91.975	89.355	165.328	346.658
2032	19,945	9,744	12,663	30,955	53,362	1,048.723	1,090.369	2,265.337	4,404.429	84.002	87.339	181.453	352.794
2033	20,270	8,591	11,975	32,471	53,037	954.100	1,066.451	2,462.620	4,483.171	76.423	85.423	197.256	359.102
2034	20,572	7,535	11,353	33,847	52,735	863.180	1,044.384	2,656.902	4,564.466	69.141	83.655	212.818	365.614
2035	20,857	6,556	10,773	35,121	52,450	773.990	1,022.832	2,848.666	4,645.488	61.996	81.929	228.178	372.103
2036	21,120	5,651	10,228	36,308	52,187	686.981	1,000.806	3,038.722	4,726.509	55.027	80.165	243.402	378.594
2037	21,366	4,811	9,710	37,420	51,941	602.067	977.907	3,227.491	4,807.465	48.225	78.330	258.522	385.077
2038	21,595	4,046	9,216	38,450	51,712	520.778	954.629	3,414.483	4,889.890	41.714	76.466	273.500	391.680
2039	21,804	3,364	8,746	39,393	51,503	445.486	930.941	3,598.400	4,974.827	35.684	74.568	288.232	398.484
2040	21,999	2,763	8,287	40,258	51,308	376.274	905.218	3,779.150	5,060.642	30.139	72.508	302.710	405.357
2041	22,171	2,264	7,841	41,031	51,136	316.993	878.516	3,955.311	5,150.820	25.392	70.369	316.820	412.581
2042	22,321	1,846	7,412	41,728	50,986	265.638	850.700	4,127.627	5,243.965	21.277	68.141	330.623	420.041
2043	22,455	1,501	6,988	42,363	50,852	221.761	821.680	4,296.103	5,339.544	17.763	65.817	344.118	427.698
2044	22,577	1,213	6,564	42,953	50,730	184.068	789.533	4,462.091	5,435.692	14.743	63.242	357.413	435.398
2045	22,690	975	6,139	43,503	50,617	151.757	754.996	4,625.657	5,532.410	12.156	60.475	370.515	443.146

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in the Tier 2 participating in the Traditional and Portable plans.

Values may not add due to rounding.



Table 22
Additional Details – Present Value of Future Benefits and Benefit Payments
(\$ in Millions)

Fiscal Year Ending	Present Value of Future Benefits						Benefit Payments					
	Current Retirees	Current Inactives	Tier 1 Actives	Tier 2 Actives		Total	Current Retirees	Current Inactives	Tier 1 Actives	Tier 2 Actives		Total
				Current	Future					Current	Future	
2022	\$ 34,632.815	\$ 3,177.067	\$ 15,298.097	\$ 3,104.910	\$ 0.000	\$ 56,212.889						\$ 2,962.103
2023	33,900.853	3,296.739	16,175.484	3,254.044	278.462	56,905.582	\$ 2,890.629	\$ 84.145	\$ 113.363	\$ 51.053	\$ 0.000	3,139.190
2024	33,107.249	3,409.184	17,052.836	3,409.739	579.069	57,558.077	2,904.256	98.687	168.660	54.087	1.764	3,227.454
2025	32,253.965	3,516.700	17,903.129	3,574.646	904.178	58,152.618	2,912.100	110.545	250.140	54.968	6.495	3,334.248
2026	31,343.599	3,617.713	18,726.314	3,752.306	1,251.456	58,691.388	2,913.671	123.618	329.963	52.997	13.448	3,433.697
2027	30,378.910	3,712.742	19,519.212	3,944.165	1,621.596	59,176.625	2,908.969	135.779	411.160	50.428	22.755	3,529.091
2028	29,362.697	3,797.222	20,276.274	4,152.700	2,014.960	59,603.853	2,898.135	151.986	495.826	46.353	32.114	3,624.414
2029	28,298.658	3,868.539	20,993.835	4,379.419	2,431.686	59,972.137	2,880.474	170.063	581.786	41.867	43.371	3,717.561
2030	27,190.805	3,925.889	21,664.800	4,622.548	2,872.054	60,276.096	2,855.910	188.089	672.134	40.246	53.878	3,810.257
2031	26,043.650	3,967.349	22,283.571	4,882.402	3,336.221	60,513.193	2,824.215	207.098	764.971	39.353	65.650	3,901.287
2032	24,862.183	3,993.698	22,844.502	5,156.381	3,823.775	60,680.539	2,785.210	224.352	859.992	42.032	77.553	3,989.139
2033	23,652.032	4,004.922	23,346.969	5,439.927	4,345.697	60,789.547	2,738.590	240.667	951.973	50.019	81.150	4,062.399
2034	22,419.234	3,998.988	23,789.346	5,733.014	4,902.367	60,842.949	2,684.313	258.001	1,041.849	58.633	84.816	4,127.612
2035	21,170.142	3,975.412	24,164.762	6,035.568	5,496.560	60,842.444	2,622.454	274.722	1,134.598	67.919	89.820	4,189.513
2036	19,911.427	3,932.964	24,468.596	6,347.352	6,129.083	60,789.422	2,553.105	291.525	1,227.607	78.032	95.653	4,245.922
2037	18,650.036	3,870.472	24,697.693	6,667.769	6,801.941	60,687.911	2,476.417	308.274	1,319.163	89.304	102.216	4,295.374
2038	17,393.282	3,874.269	24,846.710	6,996.145	7,516.042	60,626.448	2,392.477	240.102	1,411.191	101.773	109.257	4,254.800
2039	16,148.378	3,866.443	24,915.145	7,331.890	8,271.595	60,533.451	2,301.835	251.606	1,498.662	115.315	117.611	4,285.029
2040	14,922.519	3,846.127	24,900.926	7,673.951	9,070.147	60,413.670	2,204.969	263.215	1,583.064	130.342	127.120	4,308.710
2041	13,722.769	3,813.805	24,807.092	8,020.797	9,911.600	60,276.063	2,102.459	273.569	1,659.315	147.250	137.817	4,320.410
2042	12,555.906	3,770.313	24,636.178	8,370.780	10,797.802	60,130.979	1,995.027	282.357	1,728.095	166.057	149.610	4,321.146
2043	11,428.249	3,716.004	24,391.146	8,722.131	11,730.560	59,988.090	1,883.540	290.100	1,789.152	186.775	163.038	4,312.605
2044	10,345.646	3,651.022	24,075.160	9,072.446	12,711.847	59,856.121	1,768.857	297.021	1,842.472	209.909	178.071	4,296.330
2045	9,313.289	3,576.079	23,692.794	9,418.195	13,743.380	59,743.737	1,651.979	302.580	1,886.893	236.398	194.849	4,272.699

Values may not add due to rounding.



Table 23
Additional Details – Actuarial Accrued Liability and Employer Normal Cost Dollars
(\$ in Millions)

Fiscal Year Ending	Actuarial Accrued Liability						Fiscal Year Ending	Employer Normal Cost Dollar		
	Current Retirees	Current Inactives	Tier 1 Actives	Tier 2 Actives		Total		Tier 1	Tier 2	Total
				Current	Future					
2022	\$ 34,632.815	\$ 3,177.067	\$ 11,103.824	\$ 956.226	\$ 0.000	\$ 49,869.932	2023	\$ 415.622	\$ 48.295	\$ 463.917
2023	33,900.853	3,296.739	12,289.691	1,147.660	0.000	50,634.943	2024	395.168	57.732	452.900
2024	33,107.249	3,409.184	13,464.835	1,342.601	26.612	51,350.481	2025	375.211	66.337	441.548
2025	32,253.965	3,516.700	14,602.380	1,544.146	77.158	51,994.349	2026	355.525	74.912	430.437
2026	31,343.599	3,617.713	15,702.280	1,756.821	149.889	52,570.302	2027	336.454	83.460	419.914
2027	30,378.910	3,712.742	16,761.753	1,983.148	242.669	53,079.222	2028	318.005	92.684	410.689
2028	29,362.697	3,797.222	17,775.595	2,226.374	356.451	53,518.339	2029	299.782	102.412	402.194
2029	28,298.658	3,868.539	18,739.830	2,488.529	490.594	53,886.150	2030	281.159	112.731	393.890
2030	27,190.805	3,925.889	19,646.472	2,768.237	647.469	54,178.872	2031	262.233	123.545	385.778
2031	26,043.650	3,967.349	20,489.005	3,066.157	827.361	54,393.522	2032	242.986	135.036	378.022
2032	24,862.183	3,993.698	21,260.926	3,379.917	1,031.965	54,528.689	2033	223.982	146.908	370.890
2033	23,652.032	4,004.922	21,961.426	3,705.243	1,271.429	54,595.052	2034	205.507	159.144	364.651
2034	22,419.234	3,998.988	22,588.868	4,042.571	1,547.879	54,597.540	2035	187.045	171.580	358.625
2035	21,170.142	3,975.412	23,135.687	4,392.252	1,862.090	54,535.583	2036	168.221	184.368	352.589
2036	19,911.427	3,932.964	23,596.175	4,754.306	2,215.740	54,410.612	2037	149.105	197.437	346.542
2037	18,650.036	3,870.472	23,966.094	5,128.279	2,610.776	54,225.657	2038	129.917	210.875	340.792
2038	17,393.282	3,874.269	24,239.285	5,513.647	3,049.632	54,070.115	2039	111.272	224.684	335.956
2039	16,148.378	3,866.443	24,415.195	5,910.038	3,533.889	53,873.943	2040	93.748	238.687	332.435
2040	14,922.519	3,846.127	24,492.282	6,316.391	4,065.321	53,642.640	2041	77.937	252.787	330.724
2041	13,722.769	3,813.805	24,475.068	6,731.032	4,645.806	53,388.480	2042	64.537	266.880	331.417
2042	12,555.906	3,770.313	24,368.195	7,152.238	5,277.323	53,123.975	2043	53.148	280.916	334.064
2043	11,428.249	3,716.004	24,176.437	7,578.101	5,961.405	52,860.196	2044	43.561	294.805	338.366
2044	10,345.646	3,651.022	23,904.572	8,005.813	6,699.827	52,606.880	2045	35.466	308.374	343.840
2045	9,313.289	3,576.079	23,558.512	8,431.198	7,494.433	52,373.511	2046	28.664	321.636	350.300

Values may not add due to rounding.



Table 24

Additional Details – Payroll and Payroll in Excess of Governor’s Pay (\$ in Millions)

Fiscal Year Ending	Defined Benefit Plan Payroll ¹				Defined Benefit Plan Payroll in Excess of Governor's Pay ²		
	Tier 1	Tier 2		Total	Tier 1	Tier 2	
		Current	Future			Current	Total
2022	\$ 2,141.438	\$ 1,426.042	\$ 0.000	\$ 3,567.480	\$ 54.291	\$ 0.000	\$ 54.291
2023	2,043.592	1,487.104	259.818	3,790.514	62.667	0.000	62.667
2024	1,917.903	1,408.818	513.737	3,840.458	59.249	0.000	59.249
2025	1,796.134	1,336.508	763.997	3,896.639	57.585	0.000	57.585
2026	1,679.087	1,281.398	999.715	3,960.200	55.670	0.000	55.670
2027	1,567.556	1,239.277	1,223.355	4,030.188	54.264	0.000	54.264
2028	1,460.544	1,203.321	1,438.778	4,102.643	52.826	0.000	52.826
2029	1,354.690	1,171.213	1,649.980	4,175.883	51.133	0.000	51.133
2030	1,250.823	1,142.353	1,858.603	4,251.779	49.302	0.000	49.302
2031	1,148.247	1,115.537	2,064.018	4,327.802	47.072	0.000	47.072
2032	1,048.723	1,090.369	2,265.337	4,404.429	45.003	0.000	45.003
2033	954.100	1,066.451	2,462.620	4,483.171	42.910	0.000	42.910
2034	863.180	1,044.384	2,656.902	4,564.466	40.753	0.000	40.753
2035	773.990	1,022.832	2,848.666	4,645.488	38.352	0.000	38.352
2036	686.981	1,000.806	3,038.722	4,726.509	35.789	0.000	35.789
2037	602.067	977.907	3,227.491	4,807.465	33.070	0.000	33.070
2038	520.778	954.629	3,414.483	4,889.890	30.297	0.000	30.297
2039	445.486	930.941	3,598.400	4,974.827	27.584	0.000	27.584
2040	376.274	905.218	3,779.150	5,060.642	24.733	0.000	24.733
2041	316.993	878.516	3,955.311	5,150.820	22.087	0.000	22.087
2042	265.638	850.700	4,127.627	5,243.965	19.477	0.000	19.477
2043	221.761	821.680	4,296.103	5,339.544	17.135	0.000	17.135
2044	184.068	789.533	4,462.091	5,435.692	14.973	0.000	14.973
2045	151.757	754.996	4,625.657	5,532.410	12.930	0.000	12.930

¹ Payroll shown is pensionable pay. It does not include amounts in excess of the pay caps applicable to members in Tier 2 participating in the Traditional and Portable plans.

² Governor’s pay is \$190,700 in 2023 and is projected to increase annually by 1.125 percent.

Values may not add due to rounding.



Table 25
Additional Details – Statutorily Required Employer Contributions
(\$ in Millions)

Fiscal Year Ending	Applicable Employer Normal Cost Rates		Employer Normal Cost Contributions for Pay in Excess of the Governor's Pay ¹			Total Employer Contributions Required by Statute ²		
	Tier 1	Total	Tier 1	Tier 2	Total	Tier 1	Tier 2	Total
2024	18.86%	12.53%			\$ 4.993	\$ 0.000	\$ 0.000	\$ 4.993
2025	19.12%	12.09%	\$ 5.303	\$ 0.000	5.303	5.303	0.000	5.303
2026	19.38%	11.64%	4.829	0.000	4.829	4.829	0.000	4.829
2027	19.64%	11.19%	4.511	0.000	4.511	4.511	0.000	4.511
2028	19.91%	10.76%	4.193	0.000	4.193	4.193	0.000	4.193
2029	20.18%	10.36%	3.934	0.000	3.934	3.934	0.000	3.934
2030	20.46%	9.98%	3.690	0.000	3.690	3.690	0.000	3.690
2031	20.72%	9.61%	3.439	0.000	3.439	3.439	0.000	3.439
2032	20.98%	9.25%	3.193	0.000	3.193	3.193	0.000	3.193
2033	21.21%	8.91%	2.937	0.000	2.937	2.937	0.000	2.937
2034	21.44%	8.60%	2.710	0.000	2.710	2.710	0.000	2.710
2035	21.67%	8.31%	2.497	0.000	2.497	2.497	0.000	2.497
2036	21.86%	8.04%	2.293	0.000	2.293	2.293	0.000	2.293
2037	22.00%	7.77%	2.086	0.000	2.086	2.086	0.000	2.086
2038	22.05%	7.51%	1.883	0.000	1.883	1.883	0.000	1.883
2039	22.00%	7.27%	1.683	0.000	1.683	1.683	0.000	1.683
2040	21.85%	7.05%	1.495	0.000	1.495	1.495	0.000	1.495
2041	21.58%	6.86%	1.324	0.000	1.324	1.324	0.000	1.324
2042	21.25%	6.71%	1.162	0.000	1.162	1.162	0.000	1.162
2043	20.90%	6.60%	1.021	0.000	1.021	1.021	0.000	1.021
2044	20.55%	6.54%	0.891	0.000	0.891	0.891	0.000	0.891
2045	20.20%	6.50%	0.780	0.000	0.780	0.780	0.000	0.780
2046	19.83%	6.49%	0.680	0.000	0.680	0.680	0.000	0.680
2047	19.46%	6.49%	0.588	0.000	0.588	0.588	0.000	0.588

¹ FY 2024 amount based on excess pay amount as provided by SURS and the total employer normal cost rate. Amounts in FY 2025 and thereafter based on excess pay amount projected by GRS and the total employer normal cost rate. SURS may want to consider having employer normal cost contributions be based on the normal cost rate by tier. 30% of future Tier 1 excess pay employer contributions that would have been calculated are not included because they are already assumed to be part of the federal and trust funds contributions.

² Projected employer contributions do not include 6% employer billing contributions. No additional assumption is made for earnings greater than 6% during the final average salary (FAS) period. The participant's employer is required to make contributions equal to the present value of the increase in benefits attributable to member pay increases in excess of 6% during the FAS period. These contributions are collected when the participant retires.

Values may not add due to rounding.



APPENDIX F

HISTORICAL SCHEDULES

DRAFT

Table 26
Historical Schedule of Funding Status
(\$ in Thousands)

As of June 30	Actuarial Value of Assets	AAL	UAAL	Funded Ratio	Payroll/DB*	UAAL as % of Payroll
2008	\$ 14,586,325	\$ 24,917,678	\$10,331,353	58.54 %	\$3,303,220	312.77 %
2009	11,032,973	26,316,231	15,283,258	41.92	3,463,922	441.21
2009 **	14,281,998	26,316,231	12,034,233	54.27	3,463,922	347.42
2010 ***	13,966,643	30,120,427	16,153,784	46.37	3,491,071	462.72
2011	13,945,680	31,514,336	17,568,656	44.25	3,460,838	507.64
2012	13,949,905	33,170,216	19,220,311	42.06	3,477,166	552.76
2013	14,262,621	34,373,104	20,110,483	41.49	3,533,858	569.08
2014 ***	15,844,714	37,429,515	21,584,801	42.33	3,522,246	612.81
2015	17,104,607	39,520,687	22,416,080	43.28	3,606,537	621.54
2016	17,701,646	40,923,301	23,221,655	43.26	3,513,108	661.00
2017	18,594,326	41,853,348	23,259,022	44.43	3,458,320	672.55
2018 ***	19,347,886	45,258,751	25,910,865	42.75	3,470,226	746.66
2019	19,661,891	46,443,937	26,782,046	42.33	3,506,650	763.75
2020	20,091,675	47,580,470	27,488,795	42.23	3,642,617	754.64
2021 ***	21,484,799	48,898,480	27,413,681	43.94	3,638,244	753.49
2022	22,570,321	49,869,932	27,299,611	45.26	3,613,278	755.54

AAL – Actuarial Accrued Liability.

UAAL – Unfunded Actuarial Accrued Liability.

* Defined benefit payroll as of June 30, 2022 is based on the employee contributions in the financial statements for fiscal year 2022 and an employee contribution rate of 8.00 percent. Payroll prior to June 30, 2022 is rolled forward with salary scale for one year and uses capped payroll for members hired on and after January 1, 2011.

** Assets at Actuarial Value (Market Value through first 2009, then Actuarial Value).

*** Investment rate of return assumption decreased from 8.50 percent to 7.75 percent in plan year 2010, decreased from 7.75 percent to 7.25 percent in plan year 2014, decreased from 7.25 percent to 6.75 percent in plan year 2018, and decreased from 6.75 percent to 6.50 percent in plan year 2021.



Table 27
Historical Comparison of ARC and State Contributions
(\$ in Millions)

Fiscal Year	(1) Total Normal Cost	(2) Amortization of UAAL	(3) (1) + (2) Total ADC	(4) Member Contributions	(5) (3) - (4) Net State ARC*	(6) Actual State Contribution	(7) (6) / (5) State Cont. as Percent of Net ARC
2003			\$ 843.8	\$ 246.3	\$ 597.5	\$ 285.3	47.74 %
2004			934.8	243.8	691.0	1,757.5	254.36
2005			859.7	251.9	607.8	285.4	46.96
2006			914.9	252.9	662.0	180.0	27.19
2007			968.3	262.4	705.9	261.1	36.99
2008			971.6	264.1	707.5	344.9	48.75
2009			1,147.3	273.3	874.0	451.6	51.67
2010 **			1,278.3	275.0	1,003.3	696.6	69.43
2011 ***	\$ 723.798	\$ 795.427	1,519.2	260.2	1,259.0	773.6	61.44
2012	700.972	1,000.612	1,701.584	258.236	1,443.348	985.815	68.30
2013	699.747	1,094.681	1,794.428	245.141	1,549.287	1,401.481	90.46
2014	698.225	1,145.380	1,843.605	283.081	1,560.524	1,502.864	96.31

* ARC - Annual Required Contribution as defined in GASB Statements No. 25 and 27. The ARC is the Actuarially Determined Contribution ("ADC") net of member contributions.

** Assets at Actuarial Value (Market Value through 2009, then Actuarial Value beginning with Fiscal Year 2010).

*** Investment rate of return assumption decreased from 8.50 percent to 7.75 percent in Fiscal Year 2011.

Beginning in Fiscal Year 2011, dollars are shown rounded to three decimal places.

Information beginning with Fiscal Year 2015 can be found in Table 11 of the report.



Table 28
Historical Schedule of Contributions
(\$ in Thousands)

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Estimated Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 1,549,287	\$ 1,401,481	\$ 147,806	\$ 3,533,858	39.66 %
2014	1,560,524	1,502,864	57,660	3,522,246	42.67
2015	1,622,656	1,528,525	94,130	3,606,537	42.38
2016	1,811,060	1,582,295	228,765	3,513,108	45.04
2017	1,864,843	1,650,551	214,292	3,458,320	47.73
2018	1,862,033	1,607,880	254,153	3,470,226	46.33
2019	2,239,366	1,642,054	597,312	3,506,650	46.83
2020	2,299,031	1,838,786	460,245	3,642,617	50.48
2021	2,303,266	1,978,743	324,523	3,638,244	54.39
2022	2,377,783	2,136,059	241,724	3,613,278	59.12

For Fiscal Years 2015 and prior, the Actuarially Determined Contribution is equal to normal cost plus 30-year open period amortization of the unfunded actuarial accrued liability as a level percentage of total payroll.

For Fiscal Years 2016 and after, the Actuarially Determined Contribution is equal to the net normal cost plus closed period amortization of the unfunded actuarial accrued liability as a level percentage of defined benefit plan pensionable (capped) payroll to pay off the total unfunded liability by 2045.

Covered employee payroll as of June 30, 2022 is based on the employee contributions in the financial statements for fiscal year 2022 and an employee contribution rate of 8.00%. Covered employee payroll prior to June 30, 2022 is equal to defined benefit payroll from the actuarial valuation as of the same date and rolled forward with one year of wage inflation.



APPENDIX G

ACTUARIAL METHODS AND ASSUMPTIONS

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Actuarial Methods and Assumptions

Projected Unit Credit Method

The Projected Unit Credit Method is mandated under Section 15-155 of the SURS Article of the Illinois Pension Code as the funding method to be used for SURS.

The concept of this method is that funding of benefits should occur as benefits are accrued (earned) by active members of SURS.

The Normal Cost (“NC”) for a fiscal year under this method is the actuarial present value of all benefits expected to be accrued during the fiscal year adjusted for future expected salary increases. The Actuarial Accrued Liability (“AAL”) under this method is the actuarial present value of all benefits accrued to the valuation date. To the extent that the assets of the fund are insufficient to cover the AAL, an Unfunded Actuarial Accrued Liability (“UAAL”) develops. Under the classical application of this method, the contribution for a year is the NC for that year plus an amount to amortize the UAAL.

Funding Policy to Calculate Statutory Contributions

Under Section 15-155 of the Illinois Pension Code, the employer/State contribution is determined such that the assets of SURS reach 90% of the AAL by the end of FY 2045.

This contribution is determined as a level percentage of pay for all years except that the contribution rates through 2010 shall grade in equal steps to the desired level contribution rate. *We have assumed the contribution would be based on pensionable (capped) payroll for members hired on or after January 1, 2011 (“Tier 2 members”).* Pensionable pay does not include amounts in excess of the pay cap (\$119,892 in fiscal year 2023 for Tier 2, increased by the lesser of 3% and 1/2 of the increase in CPI-U as measured in the preceding 12-month calendar year) that is applicable to members hired on or after January 1, 2011, participating in the defined benefit plans.

Public Act 100-0023 (Effective July 6, 2017) made the following changes to the SURS funding policy:

State Contributions

- Requires the State to make additional contributions to SURS in FY 2018, FY 2019 and FY 2020 equal to 2 percent of the total payroll of each employee who participates in the Optional Hybrid Plan or who participates in the Tier 2 plan in lieu of the Optional Hybrid Plan.
- Requires any change in an actuarial assumption that increases or decreases the required State contribution to be implemented in equal annual amounts over a five-year period beginning in the State fiscal year in which the change first applies to the required State contribution.
 - For changes that first applied in FY 2014, FY 2015, FY 2016 or FY 2017, the impact is calculated based on a five-year period and the applicable portion is recognized during the remaining fiscal years in that five-year period.



Actuarial Methods and Assumptions

Employer Contributions

- Requires employers to contribute the employer normal cost of the portion of an employee's earnings that exceeds the amount of salary set for the governor, for academic years beginning on or after July 1, 2017. (Applicable to Tier 1 and Tier 2 employees.)

Public Act 100-0587 (Effective June 4, 2018) made the following changes to the SURS funding policy:

Employer Contributions

- For academic years beginning on or after July 1, 2018, and for earnings paid under a contract or collective bargaining agreement entered into, amended or renewed on or after the effective date of the amendatory Act (June 5, 2018), if a participant's earnings for any academic year with the same employer as the previous academic year used to determine the final average salary increased by more than 3.00%, then the participant's employer shall pay the System the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 3.00%. Prior to the effective date of Public Act 100-0587, the payment from employers was for pay increases in excess of 6.00%.

PA 101-0010 rescinded the change to 3% from PA 100-0587. Therefore, employers make contributions equal to the present value of the increase in benefit attributable to members who receive pay increases in excess of 6% during the final average salary (FAS) period.

The 6% employer billing rule is assumed to apply to all current and future Tier 1 and Tier 2 members.

Statutory Contributions Related to the Optional Hybrid Plan

SURS is currently not moving forward with the implementation of the Optional Hybrid Plan (OHP) created under PA 100-0023. Additional clarifying legislation is needed for SURS to be able to do so. Therefore, contributions related to the OHP are not included in the actuarial valuation, including contributions for employer normal cost, additional 2 percent of payroll contributions and unfunded liability contributions.

Phase In of the Financial Impact of Assumption Changes

On the following page is a table with the recognition schedule for the phase in of actuarial assumption changes required under Public Act 100-0023. The following actuarial assumption changes were made:

1. Beginning with the June 30, 2018 actuarial valuation, there were changes to the economic and demographic actuarial assumptions.
2. Beginning with the June 30, 2021 actuarial valuation, there were changes to the economic and demographic actuarial assumptions.

Actuarial Methods and Assumptions

Valuation Year Ending 6/30	2021	2022	2023	2024	2025	2026
Applicable Fiscal Year Ending 6/30	2023	2024	2025	2026	2027	2028
\$ in Millions						
After Impact of Bonds						
Contribution Before Assumption Change:						
(1) Contribution Dollar	\$ 2,159.5	\$ 2,181.8				
(2) Contribution Rate	43.41%	42.16%				
Contribution After Assumption Change:						
(3) Contribution Dollar	2,146.5	2,181.8				
(4) Contribution Rate	42.98%	42.16%				
(5) Assumption Impact as Percentage of Payroll						
=(4)-(2)	-0.43%	0.00%				
(6) Assumption Change Impact Recognized						
This Year (5 year recognition)						
(6a) From This Year	-0.09%	0.00%				
(6b) From One Year Ago	0.00%	-0.09%	0.00%			
(6c) From Two Years Ago	0.00%	0.00%	-0.09%	0.00%		
(6d) From Three Years Ago	0.67%	0.00%	0.00%	-0.09%	0.00%	
(6e) From Four Years Ago	0.00%	0.68%	0.00%	0.00%	-0.07%	0.00%
(6f) Total Recognized Assumption Change Impact	0.58%	0.59%	-0.09%	-0.09%	-0.07%	0.00%

Contribution Related to Pay in Excess of Governor's Pay

Following is a table with the estimated contributions required under Public Act 100-0023 to be made by employers for pay in excess of the Governor's pay. (Information calculated and provided by SURS.)

\$ in Millions								
Contribution Year	Governor's Pay		Pay for Preceding Fiscal Year for Affected Members		Employer Normal Cost Rate	Excess Pay * ER NC Rate	Additional Adjustments ¹	Estimated Employer Contributions
	Fiscal Year	Amount	Year of Member Pay	Excess Pay				
2018	2017	\$177,500	2016	\$46,831	12.46%	\$ 5,835	\$ (1,579)	\$ 4,256
2019	2018	177,500	2017	47,193	12.29%	5,800	(1,654)	4,146
2020	2019	177,500	2018	55,726	13.02%	7,256	(2,132)	5,124
2021	2020	177,500	2019	60,295	12.70%	7,657	(2,128)	5,529
2022	2021	181,700	2020	58,515	12.32%	7,209	(1,840)	5,369
2023	2022	184,800	2021	54,838	12.83%	7,036	(1,988)	5,048
2024	2023	190,700	2022	54,291	12.53%	6,803	(1,810)	4,993

¹ Additional adjustments for members with pay in excess of the Governor's pay whose employers' already make normal cost contributions.

Actuarial Methods and Assumptions

Asset Valuation Method

Prior to the actuarial valuation as of June 30, 2009, market value of assets was used. Under Section 15-155(l) of the Illinois Pension Code, beginning with the actuarial valuation as of June 30, 2009, the asset value is the actuarial value of assets which is calculated by recognizing 20% of the investment gain or loss (the difference between the actual investment return and the expected investment return) on the market value of assets for each of the five following fiscal years. This method was not applied retroactively to recognize a portion of investment gains or losses from previous fiscal years.

Following is a table with the investment return assumption used in recent actuarial valuations.

Valuation Date	Investment Return Assumption
Prior to June 30, 2010	8.50%
June 30, 2010 through June 30, 2013	7.75%
June 30, 2014 through June 30, 2017	7.25%
June 30, 2018 through June 30, 2020	6.75%
June 30, 2021	6.50%

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Actuarial Methods and Assumptions

Actuarial Assumptions

(Most Adopted Effective with the June 30, 2021, Actuarial Valuation)

Under Section 15-155(a) of the Illinois Pension Code, the Board adopts the assumptions after consultation with the actuary. All actuarial assumptions are expectations of future experience and are not market measures. The rationale for the actuarial assumptions may be found in the experience study report covering the period June 30, 2017 through June 30, 2021, issued to the Board of Trustees on June 1, 2021.

Rate of Investment Return. For all purposes under the system the rate of investment return is assumed to be 6.50% per annum beginning with the **June 30, 2021** actuarial valuation. This assumption is net of investment expenses.

Price Inflation (Increase in Consumer Price Index “CPI”). The assumed rate is 2.25% per annum.

Effective Rate of Interest. The actuarial valuation assumed rate credited to member accounts is 6.50% per annum, beginning with the June 30, 2021 actuarial valuation.

Cost of Living Adjustment “Automatic Annual Increase (AAI).” The assumed rate is 3.00% per annum based on the benefit provision of 3.00% annual compound increases for members hired before January 1, 2011, who have not elected the AAI buyout and 1.50% simple (non-compound) increases for members who have elected the buyout. The assumed rate is 1.125% for members hired on or after January 1, 2011, based on the benefit provision of increases equal to ½ of the increase in CPI-U with a maximum increase of 3.00%.

Annual Compensation Increases. Each member’s compensation is assumed to increase by 3.00% each year, 2.25% reflecting salary inflation and 0.75% reflecting standard of living increases. That rate is increased for members with less than 35 years of service to reflect merit, longevity and promotion increases. (Compensation is limited by the pay cap for Tier 2 members.) The rates are based on service at the beginning of the year and are as follows:

Service Year	Total Increase	
	Under Age 50	50 and Older
0	12.75%	12.00%
1	12.75%	12.00%
2	9.00%	8.25%
3	7.75%	7.00%
4	6.75%	6.00%
5	6.25%	5.50%
6	6.00%	5.25%
7	5.50%	4.75%
8-10	5.00%	4.25%
11-14	4.50%	3.75%
15-18	4.25%	3.50%
19	4.00%	3.25%
20-33	3.75%	3.25%
34+	3.50%	3.00%



Actuarial Methods and Assumptions

General Wage Inflation. The assumed rate of general wage inflation is 3.00%.

Mortality. The mortality assumptions are as follows:

Members classified as an employee type of academic:

Applicable Group	Base Mortality Table	Male Scaling Factor	Female Scaling Factor
Pre-retirement	Pub-2010 Employee Mortality Table (for Teachers)	101%	97%
Post-retirement (non-disabled)	Pub-2010 Healthy Retiree Mortality Table (for Teachers)	99%	105%
Post-retirement (disabled)	Pub-2010 Disabled Retiree Mortality Table (for Non-Safety Employees)	112%	110%

Members classified as an employee type of non-academic:

Applicable Group	Base Mortality Table	Male Scaling Factor	Female Scaling Factor
Pre-retirement	Pub-2010 Employee Mortality Table (for General Employees)	114%	105%
Post-retirement (non-disabled)	Pub-2010 Healthy Retiree Mortality Table (for General Employees)	99%	107%
Post-retirement (disabled)	Pub-2010 Disabled Retiree Mortality Table (for Non-Safety Employees)	112%	110%

Future mortality improvements are reflected by projecting the base mortality tables from 2010 using the Society of Actuaries (SOA) MP-2020 projection scale. The assumptions are generational mortality tables and include a margin for improvement.

Following are the future life expectancies for post-retirement (non-disabled) mortality:

Age	Future Life Expectancy (years) in 2022				Future Life Expectancy (years) in 2035			
	Academic		Non-Academic		Academic		Non-Academic	
	Male	Female	Male	Female	Male	Female	Male	Female
35	53.50	55.24	51.10	53.42	54.48	56.13	52.30	54.46
40	48.25	49.98	45.83	48.12	49.23	50.88	47.03	49.17
45	43.02	44.74	40.59	42.84	43.99	45.64	41.77	43.88
50	37.81	39.51	35.48	37.67	38.78	40.41	36.63	38.70
55	32.69	34.38	30.59	32.72	33.65	35.27	31.70	33.72
60	27.72	29.44	25.87	27.89	28.65	30.29	26.92	28.84
65	22.96	24.63	21.37	23.20	23.82	25.42	22.32	24.07
70	18.43	19.96	17.12	18.71	19.19	20.67	17.93	19.48
75	14.23	15.54	13.19	14.51	14.87	16.17	13.87	15.17



Actuarial Methods and Assumptions

Disability. A table of disability incidence with rates follows:

Age	Academic		Non-Academic	
	Male	Female	Male	Female
20	0.007410%	0.016400%	0.027170%	0.037720%
21	0.007590%	0.017350%	0.027830%	0.039905%
22	0.007770%	0.018300%	0.028490%	0.042090%
23	0.007950%	0.019250%	0.029150%	0.044275%
24	0.008130%	0.020200%	0.029810%	0.046460%
25	0.008310%	0.021150%	0.030470%	0.048645%
26	0.008490%	0.022100%	0.031130%	0.050830%
27	0.008670%	0.023050%	0.031790%	0.053015%
28	0.008850%	0.024050%	0.032450%	0.055315%
29	0.009000%	0.025000%	0.033000%	0.057500%
30	0.009450%	0.027050%	0.034650%	0.062215%
31	0.009900%	0.029100%	0.036300%	0.066930%
32	0.010350%	0.031150%	0.037950%	0.071645%
33	0.010770%	0.033200%	0.039490%	0.076360%
34	0.011220%	0.035250%	0.041140%	0.081075%
35	0.011850%	0.037250%	0.043450%	0.085675%
36	0.012450%	0.039300%	0.045650%	0.090390%
37	0.013080%	0.041350%	0.047960%	0.095105%
38	0.013710%	0.043400%	0.050270%	0.099820%
39	0.014310%	0.045450%	0.052470%	0.104535%
40	0.016080%	0.047500%	0.058960%	0.109250%
41	0.017850%	0.049550%	0.065450%	0.113965%
42	0.019620%	0.051600%	0.071940%	0.118680%
43	0.021390%	0.053650%	0.078430%	0.123395%
44	0.023160%	0.055700%	0.084920%	0.128110%
45	0.025350%	0.057750%	0.092950%	0.132825%
46	0.027570%	0.059800%	0.101090%	0.137540%
47	0.029790%	0.061850%	0.109230%	0.142255%
48	0.031980%	0.063900%	0.117260%	0.146970%
49	0.034200%	0.065950%	0.125400%	0.151685%
50	0.036420%	0.068000%	0.133540%	0.156400%
51	0.038610%	0.070050%	0.141570%	0.161115%
52	0.040830%	0.072100%	0.149710%	0.165830%
53	0.043050%	0.074150%	0.157850%	0.170545%
54	0.045240%	0.076200%	0.165880%	0.175260%
55 & Older	0.046560%	0.078250%	0.170720%	0.179975%

Disability rates apply during the retirement eligibility period.

Members are assumed to first receive disability benefits (DB) and then receive disability retirement annuity (DRA) benefits.



Actuarial Methods and Assumptions

Retirement. Upon eligibility, active members are assumed to retire as follows:

Age	Tier 1					
	Normal (Unreduced) Retirement				Early (Reduced) Retirement	
	Academic		Non-Academic		Academic	Non-Academic
	Under 40 Years	40+ Years	Under 40 Years	40+ Years		
Under 50	55.0%		55.0%			
50	55.0%		40.0%			
51	40.0%		30.0%			
52	40.0%		30.0%			
53	30.0%		30.0%			
54	30.0%		30.0%			
55	20.0%	30.0%	25.0%	37.5%	7.0%	4.0%
56	20.0%	30.0%	25.0%	37.5%	5.5%	4.0%
57	20.0%	30.0%	25.0%	37.5%	4.0%	4.0%
58	20.0%	30.0%	25.0%	37.5%	5.0%	4.0%
59	20.0%	30.0%	25.0%	37.5%	5.5%	4.0%
60	13.0%	19.5%	20.0%	30.0%		
61	13.0%	19.5%	15.0%	22.5%		
62	13.0%	19.5%	15.0%	22.5%		
63	13.0%	19.5%	15.0%	22.5%		
64	13.0%	19.5%	15.0%	22.5%		
65	17.0%	25.5%	25.0%	37.5%		
66	17.0%	25.5%	25.0%	37.5%		
67	17.0%	25.5%	25.0%	37.5%		
68	17.0%	25.5%	25.0%	37.5%		
69	17.0%	25.5%	25.0%	37.5%		
70	17.0%	25.5%	20.0%	30.0%		
71-79	15.0%	22.5%	20.0%	30.0%		
80+	100.0%	100.0%	100.0%	100.0%		

The Non-Academic retirement rates apply to Police and Firefighters.

Actuarial Methods and Assumptions

Tier 2					
Age	Normal (Unreduced) Retirement			Early (Reduced) Retirement	
	Academic	Non-Academic	Police	Academic	Non-Academic
60			60.0%		
61			25.0%		
62			25.0%	25.0%	35.0%
63			25.0%	10.0%	15.0%
64			25.0%	10.0%	15.0%
65			15.0%	10.0%	15.0%
66			15.0%	10.0%	15.0%
67	35.0%	35.0%	15.0%		
68	17.0%	25.0%	25.0%		
69	17.0%	25.0%	25.0%		
70	17.0%	20.0%	20.0%		
71-79	15.0%	20.0%	20.0%		
80+	100.0%	100.0%	100.0%		

A rate equal to 1.5 times the Tier 2 rate shown is used if the member has 40 or more years of service and is younger than 80 years old. The Tier 2 rates shown above are for members with less than 40 years of service.

Members who retire are assumed to elect the most valuable option on a present value basis – refund of contributions (or portable lump sum retirement, if applicable) or a retirement annuity.

For purposes of the projections in the actuarial valuation, members of the Retirement Savings Plan are assumed to retire in accordance with the Tier 1 and Tier 2 retirement rates (based on hire date).

Actuarial Methods and Assumptions

General Turnover. A table of termination rates based on the most recent experience study period. The assumption is a table of turnover rates by years of service. A sample of these rates follows:

Years of Service	Academic	Non-Academic
0	15.00%	15.00%
1	15.00	15.00
2	12.00	15.00
3	11.00	14.00
4	10.00	12.00
5	9.00	10.00
6	8.00	9.00
7	7.00	8.00
8	6.00	7.00
9	5.00	6.00
10	4.00	5.00
11	4.00	5.00
12	3.00	3.50
13	3.00	3.50
14	3.00	3.50
15	2.50	3.00
16	2.50	3.00
17	2.50	3.00
18	2.50	3.00
19	2.50	3.00
20	2.00	2.00
21	2.00	2.00
22	2.00	2.00
23	2.00	2.00
24	2.00	2.00
25	1.50	1.50
26	1.50	1.50
27	1.50	1.50
28	1.50	1.50
29	1.50	1.50

A termination rate of 100 percent is assumed at three years of service for members classified as part time for valuation purposes.

Members who terminate with at least five years of service (10 years of service for Tier 2 members) are assumed to elect the most valuable option on a present value basis – refund of contributions or a deferred benefit.

Termination rate for 29 years of service used for Tier 2 members until retirement eligibility is met.



Actuarial Methods and Assumptions

Operational Expenses. The amount of operational expenses for administration incurred in the latest fiscal year are supplied by SURS staff and incorporated in the Normal Cost. Estimated administrative expenses for FY 2024 and after are assumed to increase by 3.00%.

Marital Status. Members are assumed to be married in the following proportions:

Age	Males	Females
20-24	10 %	25 %
25-29	35	45
30-34	60	65
35-39	70	70
40-44	75	75
45-49	80	75
50-54	80	75
55-59	80	75
60-64	80	70
65-69	80	70
70-74	80	70
75-79	80	70
80-84	80	70
85-89	80	70

Spouse Age. The female spouse is assumed to be three years younger than the male spouse.

Benefit Commencement Age. Inactive members eligible for a deferred benefit are assumed to commence benefits at their earliest normal retirement age. For Tier 1 members this is age 62 with at least five years of service, age 60 with at least eight years of service or immediately if at least 30 years of service. For Tier 2 members, this is age 67 with 10 or more years of service.

Load on Final Average Salary. No load is assumed to account for higher than assumed pay increases in final years of employment before retirement.

Load on Liabilities for Service Retirees With Non-finalized Benefits. A load of 10% on liabilities for service retirees whose benefits have not been finalized as of the valuation date is assumed to account for finalized benefits that on average are 10% higher than 100% of the preliminary estimated benefit. A load of 5% is used if a “best formula” benefit was provided in the data by Staff.

Valuation of Inactives. An annuity benefit is estimated based on information provided by staff for Tier 1 inactive members with five or more years of service and Tier 2 members with 10 or more years of service.

Assumption for Missing Data. Members with an unknown gender are assumed to be female. Active and inactive members with an unknown date of birth are assumed to be 37 years old at the valuation date. An assumed spouse date of birth is calculated for current service retirees in the traditional plan for



Actuarial Methods and Assumptions

purposes of calculating future survivor benefits. The female spouse is assumed to be three years younger than the male spouse. 70% of current total male retirees and 80% of current total female retirees in the traditional plan who have not elected a survivor refund are assumed to have a spouse at the valuation date.

Reciprocal Service. Reciprocal service is included for current inactive members for purposes of determining vesting eligibility and eligibility age to commence benefits.

The recently updated actuarial assumptions (including retirement and termination rates) were based on SURS service only. Therefore, reciprocal service was not included for current active members.

Projection Assumptions. The number of total active members throughout the projection period will remain the same as the total number of active members in the defined benefit plans and the RSP in the current valuation.

Future new hires are assumed to elect to participate in the offered plans as follows:

- Academic
 - 45% elect to participate in the Retirement Savings Plan
 - 55% elect to participate in the Tier 2 Plan
- Non-Academic
 - 25% elect to participate in the Retirement Savings Plan
 - 75% elect to participate in the Tier 2 Plan

New entrants have an average age of 38.0 and average capped pay of \$48,903 and average uncapped pay of \$50,949 (2022 dollars). These values are based on the average age and average pay of current members. The new entrant data is based on the age at hire and assumed pay at hire (using the actuarial assumptions, inflated to 2022 dollars) of current active members with hire dates between July 1, 2018 and July 1, 2021.

Academic

Summary of New Entrants - Academic									
Age	Number Males	Average Pay		Number Females	Average Pay		Total Number	Average Pay	
		Tier 2 Capped Male	Uncapped Male		Tier 2 Capped Female	Uncapped Female		Tier 2 Capped Total	Uncapped Total
<20	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
20 - 24	47	32,155	32,155	49	30,508	30,508	96	31,314	31,314
25 - 29	234	43,834	44,728	305	42,792	43,265	539	43,244	43,900
30 - 34	440	66,976	73,388	613	54,723	57,981	1,053	59,843	64,419
35 - 39	465	61,015	67,456	511	55,080	58,194	976	57,907	62,607
40 - 44	309	57,961	65,611	354	49,211	52,250	663	53,289	58,477
45 - 49	227	49,920	56,773	263	45,480	49,575	490	47,537	52,909
50 - 54	138	52,182	57,487	180	42,862	44,825	318	46,907	50,320
55 - 59	135	52,585	62,936	132	43,288	50,437	267	47,988	56,757
60 - 64	95	38,475	49,256	81	36,951	40,719	176	37,773	45,327
65 - 69	13	36,770	43,819	6	55,062	79,530	19	42,546	55,096
Total	2,103	\$55,770	\$62,042	2,494	\$49,067	\$52,128	4,597	\$52,133	\$56,663

Actuarial Methods and Assumptions

Non-Academic

Summary of New Entrants - Non-Academic									
Age	Number Males	Average Pay		Number Females	Average Pay		Total Number	Average Pay	
		Tier 2			Tier 2			Tier 2	
		Capped Male	Uncapped Male		Capped Female	Uncapped Female		Capped Total	Uncapped Total
<20	14	\$22,837	\$22,837	21	\$19,503	\$19,503	35	\$20,837	\$20,837
20 - 24	453	35,466	35,466	705	34,135	34,135	1,158	34,656	34,656
25 - 29	1,040	44,798	44,841	1,633	44,284	44,287	2,673	44,484	44,503
30 - 34	967	51,711	53,506	1,382	48,857	49,474	2,349	50,032	51,134
35 - 39	633	56,172	58,066	1,091	48,926	49,439	1,724	51,587	52,608
40 - 44	460	57,646	59,793	856	49,876	51,073	1,316	52,592	54,121
45 - 49	413	55,503	58,590	725	47,944	49,205	1,138	50,687	52,611
50 - 54	357	54,799	58,706	585	46,671	47,962	942	49,751	52,034
55 - 59	282	57,611	63,494	457	44,192	45,475	739	49,313	52,351
60 - 64	147	51,804	58,131	202	44,118	48,430	349	47,356	52,516
65 - 69	7	52,283	52,283	9	38,367	40,377	16	44,455	45,586
Total	4,773	\$50,653	\$52,586	7,666	\$45,904	\$46,632	12,439	\$47,726	\$48,917

RSP Contribution Assumptions. The projected RSP contributions are equal to 7.6% of RSP payroll, plus estimated RSP expenses minus RSP employer forfeitures. Estimated RSP expenses for FY 2023 are \$1,122,835 and actual FY 2022 RSP employer forfeitures used to reduce the certified contributions for FY 2024 are \$8,393,643 (as provided by SURS). Estimated RSP expenses for FY 2024 and after are assumed to increase by 3.00%. Estimated RSP employer forfeitures used to reduce the certified contributions for FY 2025 and after are assumed to be 7.5% of the gross RSP employer contribution.

Pensionable Earnings Greater than 6%. The participant's employer is required to pay the present value of the increase in benefits resulting from the portion of the increase in excess of 6.00% for earnings used in the calculation of the final average salary. The projections include a component paid for by employers for earnings increases greater than 6.00% in the calculation of the final average salary.

Governor's Pay. The governor's pay is \$184,800 as of June 30, 2022, and budgeted as \$190,700 for fiscal year ending June 30, 2023, and is expected to increase each year by the assumed rate of increase in the Tier 2 pay cap (1/2 the increase in CPI or 1.125%).

Actuarial Methods and Assumptions

Buyout Election Assumption. 0% of eligible Tier 1 active members are assumed to elect to receive a reduced and delayed AAI benefit at retirement and an accelerated pension benefit option in accordance with Public Acts 100-0587, 101-0010 and 102-718. 0% of eligible inactive members are assumed to elect to receive an accelerated pension benefit option in lieu of an annuity at retirement in accordance with Public Acts 100-0587 and 101-0010.

	\$ in millions								
	Buyout Activity from Inception Through								
	5/31/2020			6/30/2021			6/30/2022		
	AAI	VIB	Total	AAI	VIB	Total	AAI	VIB	Total
Number Eligible for the buyout*	2,454	23,669	26,123	5,765	23,669	29,434	8,862	23,669	32,531
Buyout applications received	80	59	139	221	94	315	338	120	458
Buyout election forms sent	22	31	53	106	67	173	203	96	299
Buyout election forms approved	14	19	33	72	42	114	136	67	203
Application %	3.3%	0.2%	0.5%	3.8%	0.4%	1.1%	3.8%	0.5%	1.4%
Approved %	0.6%	0.1%	0.1%	1.2%	0.2%	0.4%	1.5%	0.3%	0.6%
Approved buyout amount**	\$1.4	\$3.0	\$4.3	\$6.8	\$17.5	\$24.3	\$13.0	\$21.1	\$34.2
Estimated Approved buyout (non EBA)	1.4	3.0	4.3	6.8	9.1	15.9	13.0	12.7	25.8
Estimated Liability Reduction	2.0	4.9	6.9	9.6	15.2	24.8	18.6	21.2	39.9

* Number eligible for the VIB buyout is the number of vested Tier 1 inactive members included in the actuarial valuation as of June 30, 2019 who are in the Traditional or Portable Plan.

** Includes amounts attributable to benefits that would have been payable from the Excess Benefit Arrangement (EBA). There was one \$11.2 million VIB buyout of which \$8.4 million was payable from the EBA.

Treatment of Benefits in Excess of the Internal Revenue Code Section 415 Limits. The benefit amounts in excess of the IRC Section 415 limits for current retirees are paid through the Excess Benefit Arrangement (EBA) and are not reported in the actuarial valuation data. Therefore, the liabilities and the required contributions for these EBA benefits are not reflected in the actuarial valuation results. The amount of the estimated EBA payments for the upcoming fiscal year are provided by SURS Staff and included in the Statutory contribution requirement. Following are the estimates used in the previous and current valuations:

Valuation Year	Applicable Fiscal Year	Estimated EBA Payments
2018	2020	\$17.065 million
2019	2021	\$18.000 million
2020	2022	\$21.500 million
2021	2023	\$24.200 million
2022	2024	\$17.300 million

Actuarial Methods and Assumptions

Estimated Federal/Trust Fund Employer Contributions. Following are the estimated employer contributions provided by SURS that reduce the estimated State contributions.

Valuation Year	Applicable Fiscal Year	Estimated Federal/Trust Fund Payments
2018	2020	\$52.0 million
2019	2021	\$52.5 million
2020	2022	\$57.0 million
2021	2023	\$62.0 million
2022	2024	\$65.5 million

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APPENDIX H

SUMMARY OF BENEFIT PROVISIONS OF SURS

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Summary of Benefit Provisions of SURS

It should be noted that the purpose of this Appendix is to describe the benefit structures of SURS for which actuarial values have been generated. There is no description of the Retirement Savings Plan (RSP) and many portions of the defined plans are described in a manner which may not be legally complete or precise.

It is not our intent to provide an exhaustive description of all benefits provided under SURS or the policies and procedures utilized by SURS staff. A more precise description of the provisions of SURS is contained in the Member's Guide, published by SURS staff. Of course, the statute is controlling.

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Summary of Benefit Provisions of SURS

Plans

There are two defined benefit plans available under SURS, the Traditional Plan and the Portable Plan, and one defined contribution plan, the Retirement Savings Plan (RSP). A Member must select one of these plans within the first six months of participation. If no choice is made in that time, the Traditional Plan is deemed chosen. Effective September 1, 2020 the Self Managed Plan (SMP) was renamed the Retirement Savings Plan (RSP).

New tiers of benefits have been established for members hired on or after January 1, 2011 (“Tier 2”). Members hired before January 1, 2011, participate in Tier 1. Members in Tiers 1 and 2 are eligible to choose either the Traditional or the Portable Plan. **SURS is currently not moving forward with the implementation of the optional hybrid plan created under PA 100-0023. Additional clarifying legislation is needed for SURS to be able to do so.**

Tier 2 members who participate in the Traditional and Portable Plans are subject to the pay caps established under Public Act 96-0889. The Tier 2 pay cap was \$106,800 in fiscal year 2012 and increases by the lesser of (1) 3% and (2) ½ the increase in the Consumer Price Index-Urban (“CPI-U”) for the 12 months ending with the September proceeding each November 1.

The pay cap history is as follows:

Fiscal Year	CPI-U	½ CPI-U	Tier 2 Pensionable Pay Cap
2012			\$106,800.00
2013	3.90%	1.95%	\$108,882.60
2014	2.00%	1.00%	\$109,971.43
2015	1.20%	0.60%	\$110,631.26
2016	1.70%	0.85%	\$111,571.63
2017	0.00%	0.00%	\$111,571.63
2018	1.50%	0.75%	\$112,408.42
2019	2.20%	1.10%	\$113,644.91
2020	2.30%	1.15%	\$114,951.83
2021	1.70%	0.85%	\$115,928.92
2022	1.40%	0.70%	\$116,740.42
2023	5.40%	2.70%	\$119,892.41

The Tier 2 pay cap is calculated annually by the Illinois Department of Insurance.

The actuarial valuation reflects a projected pay cap of \$123,489.18 for fiscal year 2024 (the maximum increase in the pay cap) based on actual increases in inflation.

The Retirement Savings Plan is a defined contribution plan under which members contribute 8.0% of compensation and the State contributes 7.6% of compensation. A portion of the employer contribution is used to fund disability benefits for RSP participants. Members hired on or after January 1, 2011, who participate in the RSP are not subject to the Tier 2 pay cap.



Summary of Benefit Provisions of SURS

The provisions of the Traditional and Portable defined benefit plans are identical in many areas. The description below is primarily of the Traditional Plan. Where different, the Portable plan provisions will be described in *italics*.

Member Contributions

Most members in Tier 1 and Tier 2 contribute a total of 8% of pensionable compensation. Police officers and firefighters contribute a total of 9.5% of pensionable compensation, with the additional 1.5% allocated to the retirement annuity.

The total contribution is broken down as follows:

	Tier 1 and Tier 2	
	Police/Fire	All Others
Retirement Annuity	8.0%	6.5%
Survivor Benefits	1.0%	1.0%
Annual Increases in Retirement Benefits	0.5%	0.5%
Total Contribution	9.5%	8.0%

Portable Plan members contribute the same percent of compensation, but the breakdown set out above does not apply.

The retirement annuity portion of the total contribution (8.0% of compensation for police officers and firefighters and 6.5% of compensation for all others) is annuitized for the money purchase formula (Rule 2) calculation for Tier 1 members.

Contributions for Tier 2 members are assumed not to be made on pay in excess of the pay cap.

Since January 1, 1981, the member contributions under SURS have been “picked up” for IRS purposes by employers.

Effective Rate of Interest

The Effective Rate of Interest (“ERI”) is the interest rate that is applied to member contribution balances. Effective for the 2006 fiscal year, the ERI for the purpose of determining the money purchase benefit is established by the State Comptroller annually. The ERI for other purposes such as the calculation of purchases of service credit, refunds for excess contributions, portable plan refunds and lump sum portable retirements is determined by the SURS Board annually and certified to the Governor. For purposes of the actuarial valuation, the assumed ERI is 6.50% beginning with the actuarial valuation as of June 30, 2021.

For the purposes of withdrawal of contributions at termination or death by Traditional Plan Members, this rate is not greater than 4.5% by statute.



Summary of Benefit Provisions of SURS

Retirement Benefits

Final Average Salary

Final average salary is equal to:

Tier 1	High four consecutive year average compensation or the average of the last 48 consecutive months of employment.
Tier 2	High final eight consecutive year average compensation within the last 10 years or the average of the last 96 consecutive months within the last 120 months.

The Tier 2 pay cap history is shown in a table earlier in this section. We have assumed that the pay cap each year applies to the individual pay amounts that are used to develop the final average compensation.

The present value of the benefits for pay increases in excess of 6% during the final average earnings period immediately preceding retirement will be paid by the employer. The employer will pay this amount in a lump sum to the Retirement System.

Normal Retirement

Eligibility

For police officers and firefighters, separation from service on or after the attainment of the earlier of:

Tier 1	Tier 2
Age 55/20 Years of Service	Age 60/20 Years of Service
Age 50/25 Years of Service	Age 67/10 Years of Service

For all other Tier 1 and Tier 2 members, separation from service on or after attainment of the earlier of:

Tier 1	Tier 2
Age 62/5 Years of Service	Age 67/10 Years of Service
Age 60/8 Years of Service	
Any age/30 Years of Service	

Initial Benefit Amount

There are three alternate formulae. The initial benefit is the largest produced by one of the three:

1. General Formula (Applicable to all Tiers)
2. Money Purchase Formula (Applicable to Tier 1 only, hired before July 1, 2005)
3. Minimum Benefit (Applicable to all Tiers)

Following is a description of the benefits provided under each of the three alternate formulae.



Summary of Benefit Provisions of SURS

1. General Formula (Applicable to all Tiers): The following percentages of final average compensation for each year of service:

Year of Service	Tier 1 and Tier 2	
	General	Police/Fire
1 st 10 Years	2.20 %	2.25 %
Next 10 Years	2.20	2.50
Over 20	2.20	2.75

2. Money Purchase Formula (Applicable to Tier 1 only, hired before July 1, 2005):
- The member contributions for retirement benefits (8.0% of compensation for police officers and firefighters and 6.5% of compensation for all others) accumulated with interest at the ERI, plus
 - An imputed employer contribution match at \$1.40 per dollar of member contribution accumulated with interest at the ERI.
 - The total of the accumulations in (a) and (b) is converted into an annuity using a life annuity factor that takes into account neither the automatic 50% spousal survivor benefit nor the automatic annual increases.

Members hired on or after July 1, 2005 no longer receive the Money Purchase Formula under the plan.

3. Minimum Benefit (Applicable to all Tiers) – A benefit for each year of service, up to 30, based on final annual pay, as follows:

Under 3,500	\$ 8
\$3,500 - \$4,500	9
\$4,500 - \$5,500	10
\$5,500 - \$6,500	11
\$6,500 - \$7,500	12
\$7,500 - \$8,500	13
\$8,500 - \$9,500	14
Over \$9,500	15

Minimum Retirement Annuity – No retiree shall receive a retirement annuity less than \$25 per month for each year of service up to 30. The comparable benefit for survivor benefit recipients is \$17.50 per month for each year of service up to 30.

Maximum Benefit

All Tiers have a maximum benefit equal to 80% of final average compensation.



Summary of Benefit Provisions of SURS

Contribution waivers are applicable to members whose benefits are capped at 80% of final average compensation. Member contributions made once the maximum benefit is achieved are refunded to the member with interest (at the Effective Rate of Interest).

Benefit Duration

The Normal Retirement benefit is payable for the lifetime of the retired member. If the retiree under the Traditional Plan has a spouse at date of retirement and if that spouse survives the retiree, the spouse will receive, upon the death of the retiree, a survivor benefit equal to the following percentage of the monthly benefit being paid to the retiree as of the date of death.

1. The survivor benefit for Tier 1 members is equal to 50% of the monthly benefit being paid to the retiree as of the date of death.
2. The survivor benefit for Tier 2 members is equal to 66 2/3% of the monthly benefit being paid to the retiree as of the date of death.

Such benefit will continue for the lifetime of the surviving spouse.

For retirees under the Portable Plan, the normal form of benefit is a single-life annuity for unmarried participants and a reduced 50% joint and survivor benefit for married participants. With spousal consent, a member may designate a contingent annuitant to receive a joint and survivor annuity or elect a single-life annuity or lump sum distribution. Those receiving a joint and survivor annuity will have their benefit reduced to cover the cost of the option. The available joint and survivor options are 50%, 75% and 100%. A member may elect the 75% or 100% spousal joint and survivor annuity without consent.

Portable Plan members may also elect to receive their retirement benefit as a lump sum equal to member contributions with an equal employer match (if have the required years of service), accumulated with interest (at the Effective Rate of Interest that is certified annually by the SURS Board).

The required years of service is five years for all plans. (Must have 10 years if retirement age.)

Annual Increases

For Tier 1 members who have not elected the Automatic Annual Increase (AAI) buyout, each January 1 subsequent to retirement date, the monthly benefit being paid each retiree shall be increased by 3% (compound COLA). The adjustment for the first January after retirement shall be proportional based on the portion of the year retired. See Accelerated Pension Benefit Options on pages 85 and 86 for a description of the increase for members who have elected the AAI buyout.

For Tier 2 members, each January 1 subsequent to retirement date, the monthly benefit being paid each retiree shall be increased by fifty percent of the Consumer Price Index-Urban ("CPI-U")



Summary of Benefit Provisions of SURS

up to a maximum of 3% applied to the original benefit (simple COLA). The first increase will be granted upon the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

The historical development of the Tier 2 Annual Increase as determined by the Illinois Department of Insurance can be found in the following table.

Calendar Year	CPI-U	½ CPI-U	Annual Increase
2011			3.00%
2012	3.90%	1.95%	1.95%
2013	2.00%	1.00%	1.00%
2014	1.20%	0.60%	0.60%
2015	1.70%	0.85%	0.85%
2016	0.00%	0.00%	0.00%
2017	1.50%	0.75%	0.75%
2018	2.20%	1.10%	1.10%
2019	2.30%	1.15%	1.15%
2020	1.70%	0.85%	0.85%
2021	1.40%	0.70%	0.70%
2022	5.40%	2.70%	2.70%

The actuarial valuation reflects a projected calendar year 2023 annual increase of 3% (the maximum increase in the pay cap) based on actual increases in inflation.

Early Retirement

Eligibility

For Tier 1 members other than police and fire employees, separation from service on or after attainment of age 55 with 8 years of service, but not eligible for Normal Retirement.

For Tier 2 members, separation from service on or after attainment of age 62 with 10 years of service, but not eligible for Normal Retirement.

Benefits

The benefit amounts and all terms of benefit payment are the same as that for Normal Retirement, except that the benefit amounts calculated under the General Formula and the Minimum Formula shall be reduced by .5% for each month by which the retirement date precedes the 60th birthday for Tier 1 members and the 67th birthday for Tier 2 members.



Summary of Benefit Provisions of SURS

Benefits on Death before Retirement

Survivor Benefits

Traditional Plan

Eligibility

Payable to eligible survivor(s) (spouse, child or dependent parent) for the death of an active member with at least 1.5 years of service or a terminated member with at least 10 years of service. For this purpose, service under the State Employees' Retirement System, the Teachers' Retirement System of the State of Illinois and the Public School Teachers' Pension Fund of Chicago is recognized.

Benefits

For Tier 1 members, an annuity to the eligible survivor(s) equal to the greater of:

1. 50% of the benefit accrued to the date of the death of the member, and
2. The lowest applicable benefit from the following list:
 - a) \$400 per month to a single eligible survivor or \$600 per month to two or more eligible survivors.
 - b) 30% (one survivor), or 60% (two survivors), or 80% (three or more survivors) of the member's final rate of earnings.
 - c) If member inactive, 80% of base retirement annuity.

For Tier 2 members, an annuity to the survivor(s) equal to 66 2/3% of the benefit accrued to the date of the death of the member.

Supplemental Minimum Survivor Annuity of \$17.50 per month times number of years of service credit, up to 30 years. No annual increases payable on the supplemental minimum survivor annuity.

Benefit Duration

Surviving spouse

May receive a lifetime benefit commencing at the later of the day following the member's date of death and the spouse's attainment of age 50. May be payable the day following the member's date of death if a dependent child in their care is also receiving benefits.

Dependent child

Payable to unmarried child(ren) under age 18 (over 18 if disabled prior to age 18), and children age 18-22 if a qualified full-time student.

Dependent parent

Payable to a parent of the member who was dependent upon the member at the time of their



Summary of Benefit Provisions of SURS

death. Payable at the later of the day following the member's date of death and the parent's attainment of age 55. The benefit continues until the parent dies.

Annual Increases

For Tier 1 members, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased by 3%. The first increase begins with the first January closest to the first anniversary of the survivor annuity.

For Tier 2 members, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased fifty percent of the Consumer Price Index-Urban ("CPI-U") up to a maximum of 3% of the originally granted survivor annuity (simple COLA). The first increase will be granted upon January 1 following the first anniversary of the commencement of the survivor annuity.

Portable Plan

Eligibility

Payable to an eligible spouse for the death of an active or inactive member with at least 1.5 years of SURS service.

Benefits

An annuity to the eligible spouse equal to 50% of the member's earned retirement benefit after the reductions to pay for the cost of providing the pre-retirement survivor annuity. (Applicable to Tier 1 and Tier 2 members.)

Benefit Duration

Surviving spouse

May receive a lifetime benefit commencing at the member's earliest retirement age.

Annual Increases

For members hired before January 1, 2011 and for all members hired on or after January 1, 2011, each January 1 subsequent to retirement date the monthly benefit being paid each survivor annuity recipient shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

Lump Sum Death Benefit

Eligibility

Death of member prior to retirement.



Summary of Benefit Provisions of SURS

Traditional Plan

Benefit

With Eligible Survivor

- $\frac{7}{8}$ ^{ths} of accumulated member contributions balance (includes all contributions and interest)

Without Eligible Survivor

- Refund of the total accumulated member contribution and interest; and
- An amount up to \$5,000 based on the annual final average earnings amount to a dependent beneficiary or \$2,500 to a non-dependent beneficiary. The additional death benefit is only payable if the member was active at death. If the member was inactive, this additional death benefit is not payable.

Portable Plan

Benefit

With Eligible Spouse

- Refund of total accumulated member contributions at the full Effective Rate of Interest, plus, if the member has at least 1.5 years of service at death, a like amount of imputed employer contributions – less the actuarial equivalent of the Pre-Retirement Survivor Annuity.

Without Eligible Spouse

- Refund of total accumulated member contributions at the full Effective Rate of Interest, plus, if the member has at least 1.5 years of service at death, a like amount of imputed employer contributions.

Benefits on Death after Retirement

In addition to survivor/spouse benefits payable from the System, the following death benefit is payable if a member does not have an eligible survivor/spouse/contingent annuitant:

- The greater of the total accumulated member contributions and interest minus the total retirement annuities paid to the member through the date of their death or \$1,000.

Eligibility

Payable to eligible survivor(s) (spouse, child or dependent parent) as long as the member did not take a refund of their survivor contributions at retirement.



Summary of Benefit Provisions of SURS

Traditional Plan

Benefits

For Tier 1 members, an annuity to the eligible survivor(s) equal to the greater of:

1. 50% of the annuity at the time of the member's death.
2. The lowest applicable benefit from the following list:
 - a) \$400 per month to a single eligible survivor or \$600 per month to two or more eligible survivors.
 - b) 30% (one survivor), or 60% (two survivors), or 80% (three or more survivors) of the member's final rate of earnings.
 - c) 80% of base retirement annuity.

For Tier 2 members, an annuity to the survivor(s) equal to 66 2/3% of retirement annuity at the time of the member's death.

Supplemental Minimum Survivor Annuity of \$17.50 per month times number of years of service credit, up to 30 years. No annual increases payable on the supplemental minimum survivor annuity.

Benefit Duration

Surviving spouse

May receive a lifetime benefit commencing at the later of the day following the member's date of death and the spouse's attainment of age 50. May be payable the day following the members' date of death if a dependent child in their care is also receiving benefits.

Dependent child

Payable to unmarried child(ren) under age 18 (over 18 if disabled prior to age 18), and children age 18-22 if a qualified full-time student.

Dependent parent

Payable to a parent of the member who was dependent upon the member at the time of their death. Payable at the later of the day following the member's date of death and the parent's attainment of age 55. The benefit continues until the parent dies.

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Summary of Benefit Provisions of SURS

Portable Plan

Benefits

A 50%, 75% or 100% Joint and Survivor annuity is payable to the Contingent Annuitant that the member chose at the time of retirement, if any. The member's retirement annuity is reduced to pay for the Joint and Survivor Annuity.

Benefit Duration

Surviving spouse

May receive a lifetime benefit commencing at the member's earliest retirement age.

Annual Increases

For members hired before January 1, 2011, and for all members hired on or after January 1, 2011, each January 1 on or after the survivor annuity shall be increased by 3% compounded. The first AAI begins with the January 1 on or after the commencement of the survivor annuity if retired January 14, 1991 or later. If the member retired prior to January 14, 1991, then January 1 on or closest to the 1st anniversary of the Survivor Annuity shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

Benefits for Disability

Disability Benefit

Eligibility

Disablement after completing two years of service. The service requirement is waived if the disablement is accidental.

Disability definition – inability to perform the duties of “own occupation.”

Pregnancy and childbirth are, by definition, disablement.

Benefit

The greater of 50% of the basic compensation paid at date of disablement or 50% of the average earnings for the 24 months prior to the date of disablement. This base benefit level is offset dollar for dollar by each of the following:

1. Earnings while disabled in excess of the disability benefit.
2. Other disability insurance either fully or partially employer provided.
3. Worker's compensation benefits.



Summary of Benefit Provisions of SURS

Duration of Benefit

Benefits become payable on the later of the termination of salary and sick leave, or the 61st day after disablement and continue to the earlier of the following:

1. Recovery or death.
2. Benefits paid equal 50% of total compensation during the period of SURS service.
3. If disablement occurs prior to age 65, the disability benefit may not continue past the August 31 following 70th birthday.
4. If disablement occurs at or after attainment of age 65, completion of five years in disablement.

Survivor and death benefits are payable if a member dies while receiving disability benefits.

If, at discontinuance of the disability benefit, the member is eligible for a retirement benefit (based on service, which includes the period of disability and may also include time receiving a disability retirement annuity), the member may retire and receive that benefit. The member may commence the retirement benefit once age and service requirements are met. The early retirement reduction does not apply for members who began first participating prior to January 1, 2011 (Tier 1). The benefit is based on the greatest of three formulas (General Formula, Money Purchase and Minimum Benefit), subject to applicable maximums. Contributions are not made during the disability period. However, accumulated contributions continue to accrue interest.

Annual Increases

Each January 1 subsequent to retirement date, the monthly benefit being paid each retiree shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

Disability Retirement Annuity

Eligibility

Continuing disablement after discontinuation of the disability benefit as a result of reaching the "50% of total earnings" limitation. Disability is defined in accordance with the Social Security disability definition.

Benefit

35% of the compensation being earned at disablement.



Summary of Benefit Provisions of SURS

Duration of Benefit

Benefits become payable upon discontinuance of the disability benefit and continue to the earlier of the following:

1. Recovery or death
2. Election to receive a retirement benefit

Survivor and death benefits are payable if a member dies while receiving a disability retirement annuity.

Annual Increases

Each January 1 subsequent to retirement date, the monthly benefit being paid each retiree shall be increased by 3%. The adjustment for the first January after retirement shall be proportional.

For members hired on or after January 1, 2011, if the member converts to a service retirement annuity (item 2 above), each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased fifty percent of the Consumer Price Index ("CPI") up to a maximum of 3% of the originally granted benefit. The first increase will be granted upon the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

Benefits for Deferred Members

Eligibility

For members hired before January 1, 2011, separation from employment with at least five years of service and separation from employment with at least 10 years of service for members hired on or after January 1, 2011.

Benefit

Benefit as defined for normal retirement purposes, but calculated based on final average compensation and service at date of termination.

Commencement of Benefit

Benefits commence when member reaches the age condition for either normal or early retirement.

Annual Increases

For members hired before January 1, 2011, who have not elected the AAI buyout, each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased by 3%. The adjustment for the first January after retirement shall be proportional. See Accelerated



Summary of Benefit Provisions of SURS

Pension Benefit Options on pages 85 and 86 for a description of the increase for members who have elected the AAI buyout.

For members hired on or after January 1, 2011, each January 1 subsequent to retirement date the monthly benefit being paid each retiree shall be increased fifty percent of the Consumer Price Index (“CPI”) up to a maximum of 3% applied to the original benefit. The first increase will be granted upon the later of the attainment of age 67 or the first anniversary of the commencement of the annuity.

Member Refunds

Non-vested terminated members and members who elect a refund in lieu of a vested benefit receive the following amounts.

Traditional Plan

Refund of the total accumulated member contribution at 4.5% interest.

Portable Plan

Refund of total accumulated member contributions at the full Effective Rate of Interest that is certified annually by the SURS Board, plus, if the member has the required years of service, a like amount of imputed employer contributions.

The required years of service is five years for all plans. (Must have 10 years if retirement age.)

Accelerated Pension Benefit Options

Under Public Act (PA) 100-0587 and PA 101-0010, SURS shall offer an accelerated pension benefit payment to eligible members beginning on the implementation date and until June 30, 2024. Public Act 102-718 extended the buyout period through June 30, 2026.

There are two accelerated pension benefit payment options that will be offered:

1. For vested inactive members, a payment equal to 60% of the present value of the member’s pension benefit in lieu of receiving any pension benefit.
2. For members eligible for retirement, a payment equal to 70% of the difference between: (i) the present value of the automatic annual increases (AAI) to a Tier 1 member's retirement and survivor’s annuity under the current AAI provisions and (ii) the present value of the automatic annual increases to the Tier 1 member's retirement annuity under revised AAI provisions:
 - a. The current AAI provisions are an annual 3% increase of the prior year’s benefit (compound COLA) payable as of the January 1 following the annuity start date (first increase is prorated).
 - b. The revised AAI provisions are an annual 1.5% increase of the originally granted benefit



Summary of Benefit Provisions of SURS

(simple COLA). The delayed AAI begins the January 1 following the first anniversary of the retirement date, or the January 1 following age 67, whichever is later. The survivor AAI is first payable 1 year after the survivor annuity commences.

Defined Contribution Plan

Public Act 100-0769, effective August 10, 2018, requires the SURS Board of Trustees, as soon as practicable after the effective date of the legislation, to establish and maintain a defined contribution plan. The defined contribution benefit must be an optional benefit to any member who chooses to participate. SURS has established the Deferred Compensation Plan (DCP).

Projected administrative expenses for this plan are included in the Statutory contribution. Other costs are not reflected in this valuation.

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APPENDIX I

GLOSSARY OF TERMS

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Glossary of Terms

Actuarial Accrued Liability (“AAL”). The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

Actuarial Assumptions. Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the Pension Plan. Demographic, or “people” assumptions, include rates of mortality, retirement and separation. Economic, or “money” assumptions, include expected investment return, inflation and salary increases.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Present Value of Future Plan Benefits (“APV”). The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (“AVA”). Smoothed value of assets that recognizes the difference between the expected investment return using the valuation assumption of 6.5 percent and the actual investment return over a five-year period. Dampens volatility of asset value over time.

Actuarially Determined Contribution (“ADC”). The sum of the gross normal cost (including employee contributions) and amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution (“ARC”). The sum of the normal cost (net of employee contributions) and amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. Was required for accounting purposes by the Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27.

Asset Return. The net investment return for the asset divided by the mean asset value. Example: if \$1.00 is invested and yields \$1.065 after a year, the asset return is 6.50 percent.

Funded Ratio. The actuarial value of assets divided by the actuarial accrued liability. Measures the portion of the actuarial accrued liability that is currently funded.

Market Value of Assets (“MVA”). The value of assets currently held in the trust available to pay for benefits of the Pension Plan. Each of the investments in the trust is valued at market price which is the price at which buyers and sellers trade similar items in the open market.



Glossary of Terms

Normal Cost (“NC”). The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Unfunded Actuarial Accrued Liability (“UAAL”). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

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