

## **SURS Approves FY 2018 State Contribution**

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**Champaign, IL** - The State Universities Retirement System (SURS) Board of Trustees on Friday certified the state contribution to the System of \$1.75 billion for fiscal year 2018; a 5 percent increase over fiscal year 2017.

The state contribution is based on yearly independent actuarial studies that evaluate the experience of the System and determine the required state contribution under the formula outlined in Illinois law (40 ILCS 5/15-155). The formula requires the state to make a contribution to SURS each year necessary for the System to reach a funded status of 90 percent by the end of fiscal year 2045.

Of the total statutory contribution for FY 2018, \$497.9 million is estimated to pay the normal costs of pension benefits and \$1.302 billion is the portion of the contribution related to the System's unfunded liability. As of June 30, 2016, SURS was 43.3 percent funded (actuarial value of assets). For FY 2017, approximately 30 percent of the total statutory contribution will go towards the System's normal cost of paying benefits and 70 percent will be used to reduce the unfunded liability.

In other business:

- The board approved a 6.5 percent effective rate of interest for fiscal year 2018; reducing it from the current 7.0 percent. The SURS effective rate of interest is set by the board and used in calculating service credit purchases, refunds of survivor and excess contributions, Traditional and Portable retirement plan refunds and lump-sum Portable retirements.

The board also sets the assumed rate of interest used to calculate long-term investment income and the required state contribution. As of June 2014, SURS assumed rate of interest is 7.25 percent.

In January, the state Comptroller will set the fiscal year effective rate of interest that is used in the Money Purchase benefit calculation for annuitants. That rate is currently 6.75 percent.

- CBRE Clarion was terminated as an active global REIT manager. Assets of \$270 million will be reallocated to the passive BlackRock BTC Global REIT Fund.
- A commitment of \$20 million was made to the Crow Holding Realty Partners Fund VIII LP.
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The 2017 Investment Policies for SURS defined benefit plan and defined contribution plan (Self-Managed Plan) were approved and posted to the SURS website - <http://surs.org/investment-policies> [1].

- The 2017 US Proxy Voting Guidelines prepared by Glass Lewis were approved and posted to the SURS website - <http://surs.org/corporate-governance> [2].
- SURS Executive Director Martin Noven was appointed to the Illinois Investment Policy Board. The board works to identify all Iran- and Sudan-restricted companies and companies that boycott Israel. Members include four appointees of the governor and three members appointed by each of the boards of the State Universities Retirement System, Teachers Retirement System and Illinois State Board of Investments.

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