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SURS Deferred Compensation Plan (DCP)

1. Why is SURS adding the new supplemental plan?

State law (Public Act 100-769) requires SURS to offer a voluntary defined contribution plan to its active membership. Supplemental savings play a critical role in retirement readiness, especially for Tier II participants and participants whose SURS contributions are limited by pensionable earnings caps. Defined benefit and Retirement Savings Plan members who want to save and invest to create more income for their future can take advantage of this new opportunity.

2. What type of plan is the SURS DCP?

The SURS DCP is a 457(b) defined contribution plan. Participation is voluntary.

3. What is a 457(b) plan?

A 457(b) plan is an employer-sponsored, tax-favored retirement savings account. Unlike other retirement plans, a 457(b) plan allows you to withdraw funds without a penalty before the age of 59½ as long as you either leave employment or have a qualifying hardship. You can also withdraw funds while still employed after you reach age 59 ½.

4. Who is the new plan recordkeeper?

Voya Financial is the recordkeeper of the SURS DCP.

5. How are funds invested in the DCP?

The choice of how to invest is up to you. You can leave the investing decisions to the professionals and take a hands-off approach by investing in the SURS Lifetime Income Strategy (LIS). Or you can take an active role in building your own investment portfolio by choosing from among the other 15 best-in-class options in the SURS core fund lineup. The funds in the lineup have been white-labeled and include options across multiple asset classes. The investment options in the SURS DCP are the same options available to members in the SURS Retirement Savings Plan (RSP). For more information on the investment options, please see the Investment Lineup and the Investment Options Guide.

6. What is the SURS Lifetime Income Strategy (LIS)?

The SURS Lifetime Income Strategy (LIS) option is designed to help SURS members meet basic income needs in retirement. It is a flexible, target date portfolio that automatically adjusts its asset allocation based on your age, target retirement date, and selected secure income level. As you near retirement, you have the option to secure guaranteed retirement income that you can't outlive.

If you invest in the SURS LIS and do nothing, you will automatically be on the path to receive guaranteed monthly income for life in retirement that will increase with market gains and not decrease with market declines. To learn more about the SURS LIS, see the LIS specific FAQs beginning on Page 5.

7. What advantages does the SURS DCP offer that other plans may not?

The SURS DCP offers:

- A default investment option designed to fill income gaps in retirement (SURS LIS).
- Best-in-class core investment options closely monitored by SURS trusted fiduciaries.
- Competitive fees.
- A plan that SURS representatives may confidently promote to members as a way to increase retirement readiness alongside their SURS core defined benefit plan or Retirement Savings Plan.

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8. Why is it so important to save supplementally?

It is estimated that approximately 70-80% of your pre-retirement income is needed in retirement to maintain your standard of living. Few members will retire with 70-80% of their pre-retirement income with their SURS core plan alone. SURS members do not contribute to Social Security. Supplemental savings plays a critical role in retirement readiness. This is especially true for Tier II members who have longer vesting requirements, older normal retirement age, lower pensionable earnings limits, and a cost-of-living increase at retirement that will not keep up with inflation. Contributing to a supplemental savings plan such as the SURS DCP can help you reach your retirement income goals.

9. What is the annual 457(b) contribution limit?

Employees are permitted to contribute up to the annual 457(b) limits as set by the IRS for a calendar year. The maximum amount that a participant under the age of 50 can contribute to the DCP in 2021 is $19,500, including any employer contributions. Employees who are 50 years old or older may be eligible to contribute more through the Age 50+ Catch-Up or the Special 457 Three-Year Catch-Up contributions. See below for more information on these catch-up provisions.

10. Age 50+ Catch-Up

If you are at least 50 years old, you are eligible to contribute up to an additional $6,500 over the $19,500 annual contribution limit to the DCP in 2021. The additional age 50+ catch-up contribution limit is adjusted by the IRS every year. No form is required to contribute the additional $6,500. If you meet the age requirement, additional contributions can be deferred online at surs.org (click on view/manage my DCP account), or by calling the SURS Defined Contribution Contact Center at 800-613-9543.

11. Special 457 Three-Year Catch-Up

If you have not made the maximum contribution to your account in prior years, you may be eligible for the Special 457 Three-Year Catch-Up option. This option allows you to contribute up to twice the annual contribution limit to the DCP for three calendar years prior to the year in which you reach your core retirement plan's (Traditional Pension Plan, Portable Pension Plan or SURS RSP) definition of Normal Retirement Age.

If you would like to take advantage of this catch-up option, please call the SURS Defined Contribution Contact Center at 800-613-9543 to request the required form and for help calculating the additional contribution amount available under this option. The Catch-Up Contribution Application is available on the DCP website. To access the site, go to surs.org, click the gold Member Website Login button in the upper right-hand corner of the homepage, then follow the prompts to select View/Manage My DCP Account, Plan Information, Forms. Under Plan Info tab, click on Forms. You might also consider talking with your tax advisor about whether this option is appropriate for your situation.

Please note: You may not use both the Age 50+ Catch-Up and the Special 457 Three-Year Catch-Up during the same tax year.

12. If I am employed by multiple SURS employers, will I contribute to the SURS DCP through all employers?

Yes, if you enroll in the DCP, keep in mind that the payroll deferral you establish when you enroll in the plan will apply to all payrolls from all employers. For this reason, you might consider setting the deferral amount based on a percentage of pay rather than a flat dollar amount.

13. Who is responsible for monitoring the calendar year contribution limit to the SURS DCP?

Your employer is responsible for having measures in place to monitor the contributions to your SURS DCP account as well as other voluntary 457(b) plans to ensure that you do not contribute over the maximum limit. In addition, the recordkeeper (Voya) will also monitor your total contributions to the SURS DCP, including your contributions through payroll deduction and any employer contributions.

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14. If I contribute to the SURS DCP, what happens if/when I reach the combined $19,500 annual contribution limit?

In the event that you reach the $19,500 annual contribution limit, the recordkeeper will update your DCP deferral amount to $0 or 0%. The updated deferral amount will transmit to the employer(s) and will be effective the beginning of the following month. Depending on timing and payroll frequency, it is possible that another payroll deferral could go through to the DCP after the limit is reached. In addition to regular monitoring, the recordkeeper will also work with all involved recordkeepers to perform an end of the year aggregate limit monitoring test. If necessary, the recordkeeper will return the contribution overages directly to the you as soon as administratively possible but no later than April 15 of the following year. The recordkeeper will also provide the W2 tax form for those earnings for the appropriate tax year.

15. If contributions are deferred in excess of the annual 457(b) contribution limit, in what order will contributions returned to me?

Contributions will be returned in a last in, first out manner.

16. How will I know when my employer has adopted the plan and I am eligible to enroll?

Employers are required to adopt the SURS DCP prior to June 30, 2021. Once your employer completes the steps to adopt the plan, you will receive an email and postcard informing you that you are now eligible to participate in the SURS DCP. The first employers to adopt the plan began enrolling employees in February. Contributions to the plan began March 1. If you have questions about when your employer will offer the plan, call your HR office or check this list.

17. How can I enroll in the SURS DCP?

You can enroll in the DCP by logging into the Member Website at surs.org. Refer to the How to Enroll in the DCP flyer.

Once the plan is live, enrollment in the DCP will initially be offered to members during the SURS plan choice election process on the Member Website. Members who do not enroll during the plan choice process can enroll at any time after that by logging in to the Member Website at surs.org.

If a member wants to enroll in the DCP and have deductions taken with their first payroll, arrangements can be made if the employer representative sends an email to SURSPlanManagement@Voya.com immediately after employment begins.

After you enroll, contributions are deducted from your paycheck, up to the annual maximum limit set by the Internal Revenue Service. You can establish your deferral amount based on a flat dollar contribution or a percentage of earnings per pay period. The plan accepts pre-tax contributions and Roth after-tax contributions. In-plan Roth conversions are permitted.

18. Does the SURS DCP allow roll-ins?

Yes, the SURS DCP will accept a roll-in from another plan. A rollover maintains the tax-favored status of your assets.

- You may roll over balances from your former employer's 457(b) plan, 401(a) plan, 401(k) plan, 403(b) plan or a Traditional IRA.
- You may roll over balances from a Roth 401(k), 403(b), or 457(b) plan into a Roth account in the DCP.
- The plan will not accept a rollover from a Roth IRA. Only pre-tax IRA funds may be rolled into an employer-sponsored plan.

If you are considering a roll-in, ask the current plan administrator whether the funds are allowed to be rolled out of the plan. Most plans do not allow in-service distributions. For example, if you have an account balance in the state of Illinois' 457 plan administered by T. Rowe Price and you are still employed by the SURS-covered employer that you contributed through, you will not be able to roll-over the balance to the SURS DCP. For a rollover into the plan, go to surs.org/dcp to download and complete the Rollover Form (under the Plan Info tab, click on Forms) or call the SURS DC Contact Center at 800-613-9543 for assistance.

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19. When do I get a statement?

Voya statements are made available quarterly. You can access the statement by logging in to your DCP account through the SURS member website. From your online DCP website, click on the Statements & Documents tab, then click on Statements. You should see a list of statements for each quarter. If you are also in the SURS Retirement Savings Plan, you will receive a combined statement for both accounts.

20. How do I access my online SURS account?

Visit www.surs.org and click on the gold Member Website Login button. If you have misplaced your username or password, re-register or call SURS at 800-275-7877. Once you are logged in, click on View/Manage My DCP Account.

21. How do I name a beneficiary for the SURS DCP?

When you enroll in the SURS DCP through the online enrollment website, you will have the opportunity to electronically name beneficiaries at that time. The beneficiary information is then stored at Voya. You should receive a confirmation letter. If you do not name a beneficiary during the online enrollment process, you can download a Beneficiary Designation Form from your DCP account. Under Plan Info tab, click on Forms, then Beneficiary Designation Form. Complete and sign the form and mail it directly to Voya at the address on the form.

22. Are surviving spouses eligible to utilize the SURS LIS as a death benefit?

If you pass away while actively working, your surviving spouses is not eligible for survivor benefits from the SURS LIS. Instead, a lump sum of your SURS LIS account balance will be payable to your beneficiary. A spouse who is not age 45 on the date of retirement is not eligible to utilize the LIS

23. How can I schedule an appointment with a SURS Defined Contribution Account Representative?

SURS has two full time dedicated Defined Contribution Account Representatives. You may schedule an appointment with them by going to sursrsp.timetap.com.

24. How can I find out when webinars and pre-retirement seminars are scheduled?

Future webinars and seminars are listed on the SURS website homepage under the Seminars and Webinars heading.

25. Does saving in the SURS DCP have the potential to affect my Social Security like my SURS core retirement plan does?

In limited circumstances involving very low pension amounts, there may be Social Security implications under the Windfall Elimination Provision (WEP) or the Governmental Pension Offset (GPO) only when an employer also contributes to the DCP on the member's behalf. If you have questions regarding whether or not your employer will contribute on your behalf, please contact your employer directly.

For more information, please refer to Social Security Administration guidance under GN 02608.400 (Determining Pension Applicability and Pension Amount (GPO)) and RS 00605.364 (Determining Pension Applicability, Eligibility Date, and Monthly Amount (WEP)) for more information.

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LIFETIME INCOME STRATEGY (LIS) SPECIFICS

1. If I enroll in the LIS, what happens by default?

The LIS is designed to help you meet your basic income needs in retirement. The default settings have been carefully considered and if you do nothing after you enroll, you will be on target to receive 100% of your account as guaranteed secured income beginning at age 65.

Here's how. When you enroll in the LIS, you will be placed in a target date portfolio that automatically adjusts as you age to become more conservative. Approximately 15 years prior to the default retirement age of 65, you will automatically start securing guaranteed income for life that you are able to receive when you retire. When you retire, 100% of your account will be secured and will provide you with guaranteed monthly income for life. Your guaranteed income amount can increase with market gains but will not decrease if the market declines. You will maintain control of your account balance and can take ad-hoc distributions at any time. If you pass away, the balance of your account is paid to your beneficiaries.

If you prefer to retire before or after age 65, or if you wish to secure less than 100% of your account, you may change your preferences at any time by logging into your account at surs.org.

The SURS LIS can be a very simple, hands-off approach to meeting your retirement income needs. Like other target date funds, there is a lot of action behind the scenes. For more detailed information about the SURS LIS, continue reading the LIS FAQs below. The DCP LIS Brochure and the LIS Fact Sheets in the Investment Options Guide are also helpful resources.

2. What are the primary components of the SURS LIS?

The SURS LIS is a custom date target fund that is composed of a non-secured income portfolio and a secured income portfolio (SIP). During your early working years, contributions go to the non-secured portfolio. Approximately 15 years prior to your target retirement age, contributions automatically begin transitioning to the secure income portfolio.

3. What is the Secured Income Portfolio (SIP)?

The Secure Income Portfolio is an insured portfolio used to fund the guaranteed monthly income amount you will receive when you retire (the Guaranteed Income Withdrawal Amount). Assets in this portfolio are insured through multiple group insurance contracts. Allocations among the group insurance contracts are unique to each participant. If your Secure Income Level is greater than 0%, assets will be gradually allocated to the Secure Income Portfolio.

4. What is the Secure Income Level (SIL)?

The Secure Income Level is the target percentage of the LIS account – between 0% and 100% - that you want allocated over time to the Secure Income Portfolio.This will be used to fund the guaranteed monthly income amount you will receive when you retire. The higher your Secure Income Level, the more income you are guaranteed to receive in retirement. The default secure income level is 100%.

5. What is the Target Retirement Age?

The Target Retirement Age is the age at which the member plans to retire. The default retirement age is 65, but it can be changed to any age between 50 and 70. The retirement age setting determines your investment horizon and allows the SURS LIS to personalize the member's asset allocation, including the timing and purchases of the Secure Income Portfolio. The allocation of the LIS assets to the Secure Income Portfolio is targeted to reach the Secure Income Level two years before retirement age in most cases. Keep in mind that in the DCP, you must be 60 to begin receiving lifetime income from the SURS LIS.

6. If I want to use the SURS Lifetime Income Strategy (LIS) only as a target date portfolio, how do I turn off the guaranteed income feature?

If you wish to use the SURS LIS as a target-date portfolio only, you can simply set your secure income level to 0%. This may be done via the SURS DCP website. To access the site, go to surs.org, click the gold Member Website Login button in the upper right-hand corner of the homepage, then follow the prompts to select View/Manage My DCP Account, Lifetime Income Strategy, My Account, Change Account Settings, Select Your Secure Income Level Retirement Age.

7. What is the Guaranteed Income Withdrawal Amount?

It is the amount the member can withdraw monthly from the Secure Income Portfolio during retirement and the amount the participating insurers will pay the member annually for the remainder of their lifetime (or the remainder of the spouse's lifetime, if applicable) if the Secure Income Portfolio account balance is exhausted because the Guaranteed Income Withdrawal Amount depleted the account. This amount is recalculated each year on the member's birthday.

8. How is my Guaranteed Income Withdrawal Amount calculated?

It is calculated according to a formula that considers:

1. The total amount of money allocated to the Secure Income Portfolio (SIP) over time.
2. The growth of that money from rising financial markets.
3. The withdrawal rates provided by insurers at the time your assets are allocated to the SIP.

9. Where can I find lifetime blended withdrawal rates?

You can find your lifetime blended withdrawal rate on the "My Account" page of the SURS LIS website. You can also see the current withdrawal rates on that page.

10. How can I obtain an estimated projection of what my Guaranteed Income Withdrawal Amount will be at retirement?

Go to the SURS LIS website to run a projection of the guaranteed income withdrawal amount at retirement. You can access the SURS LIS website through your SURS Member Website. Go to surs.org and click on the gold Member Website Login button in the upper right-hand corner of the homepage. After you have logged in, click on the blue View/Manage My DCP Account button. Then, from the Account tab, click on Lifetime Income Strategy. You can also run what-if scenarios to see how the income stream will grow if you add money or transferred money into the SURS LIS. An estimate may also be obtained by speaking with a LIS specialist at the SURS Defined Contribution Contact Center at 800-613-9543.

11. The SURS Lifetime Income Strategy sounds good to me. I am comfortable with a target retirement age of 65 and securing 100% of my income so I can receive a monthly benefit for life in retirement. Do I need to do anything?

If you are comfortable with the SURS LIS and the default settings, you don't need to do anything. You will automatically be on the path to enjoy guaranteed lifetime income in retirement beginning at age 65.

12. If I utilize the SURS Lifetime Income Strategy and convert a portion of my account to secure income in retirement, how do I maintain control of my account after retirement?

At retirement, you may choose to convert all or a portion of your account to monthly income through the LIS. Any portion of your account that you convert to monthly income will then be considered "secured" and invested in a Secure Income Portfolio. The assets secured in the Secure Income Portfolio remain in the marketand could increase your monthly income in retirement with market gains but will not decrease your income with market losses.

Any assets you do not convert to income will be considered "non-secured" and will remain in a target-date portfolio that is customized based on your age. After retirement, you have full control over your non-secured assets. You may leave them in the SURS LIS target-date portfolio, take additional withdrawals or move them to any of SURS core funds.

You also may access secured assets. Keep in mind, moving or taking additional withdrawals from secured assets will reduce your guaranteed monthly retirement income.

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13. What is the earliest age at which I can draw a monthly retirement income from the LIS?

In the DCP, you may begin the “activation” process and receive monthly income from the LIS as early as age 60.

14. Why is it beneficial to secure income over a period of time before retirement rather than at retirement?

By investing in the SURS LIS in the years leading up to your retirement, you would systematically purchase secure income over a period of up to 15 years. By doing so, you will benefit from dollar-cost averaging the price of securing income as it fluctuates over time. Purchasing guaranteed income over time also helps protect your assets so that even if markets decrease, you are building guaranteed income for your retirement years that cannot be reduced.

INVESTMENTS

1. What is dollar cost averaging and how does it work?

It is an investment strategy for reducing risk or the volatility in the market. Since most members are paid once or twice a month you are automatically dollar cost averaging in the DCP. The number of shares you can purchase for a fixed amount of money varies inversely with the price of those shares. In other words, if the share price of your selected investment declines, you will purchase a greater number of shares with each payroll. Conversely, if the share price of your selected investment rises, you will purchase a fewer number of shares.

2. What is a Target Date Fund?

A Target Date Fund is a "mutual fund" that automatically resets the mix of stocks, bonds and cash equivalents in its portfolio according to a selected time frame that is age appropriate for an individual investor. Target date funds may carry more or less risk than an individual prefers.

3. How is the investment fund lineup for the SURS DCP designed?

The investment lineup is designed as a tiered structure to help guide you through your investment decision-making and align with your retirement goals.

- **Tier 1: Do-It-For-Me:** The SURS LIS is a hands-off, flexible option designed to help you meet your basic needs in retirement. If you stay invested in the SURS LIS, you will be on the path to securing guaranteed lifetime income that will supplement your SURS Traditional, Portable, or RSP benefit, and maintaining control of your account even in retirement.
- **Tier 2: Do-It-Myself (Core Investment Options):** If you prefer to choose your own investments, you can select among the core funds to create your own portfolio. For your long-term retirement security, you should consider the importance of a well-balanced and diversified investment portfolio, taking into account all of your assets, income and investments.

4. What is the SURS Lifetime Income Strategy and what are the underlying funds?

The SURS Lifetime Income Strategy (LIS) is a professionally managed target-date portfolio that adjusts its investment mix to become more conservative as you age. During your saving years, when you are building your retirement wealth, the SURS LIS invests in four investment portfolios:

- SURS LIS Stock Portfolio
- SURS LIS Bond Portfolio
- SURS LIS Real Asset Portfolio
- SURS LIS Cash Portfolio

The allocation to each portfolio automatically adjusts overtime to maintain an appropriate investment mix, just like a target-date fund. The underlying funds for the Stock, Bond, and Real Asset Portfolios are comprised of low-cost index funds which are also available on the core investment lineup. When you are approximately 15 years away from retirement and if you are vested, you will gradually begin investing a portion of your current and future balances into the Secure Income Portfolio. The assets in the Secure Income Portfolio are invested in a passive, index-managed fund composed of 50% stocks and 50% bonds.

For a general overview of the SURS LIS, please refer to the LIS Brochure and for specifics on the underlying investments of the SURS LIS, please refer to the Investment Options Guide or surs.org/dcp.

5. What are the available investment options offered on the core fund lineup?

The core fund lineup offers funds in the major asset classes that range across the risk and return spectrum. A significant decision if you decide to build your own portfolio is determining the asset allocation and finding the right balance of investments to meet your specific goals. Because the investment options on the core fund lineup can change periodically, it is best to access the most up-to-date information through your DCP online account at surs.org/login. A description of the major asset classes is outlined below:

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Capital Preservation: This conservation option is intended to offer safety of principal and stability of growth in principal and earned interest that does not fluctuate with the stock and bond markets.

- **Fixed Account/Stable Value funds** invest in diversified bond portfolios and use contracts from banks and insurance companies to protect against a decline in yield or loss of capital. These funds are designed to preserve capital and deliver steady returns with volatility similar to that of money market funds or other cash instruments.
- **Money market funds** invest primarily in low-risk, short-term securities that mature in 397 days or less. This includes treasury bills, government securities, certificates of deposit and other highly liquid, safe securities. Money market rates are highly dependent on short-term interest rates.

Bonds: Bonds are basically loans in which the borrower agrees to pay back principal, plus interest (income), by a certain time. The borrower's ability to repay typically impacts the bond's rate. Bonds are closely tied to changes in interest rates – i.e., when rates fall, bond prices rise – and are considered less risky than stocks in general.

- **Intermediate-term core bonds** invest primarily in investment-grade U.S. fixed income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures.
- **Inflation-protected bonds** are fixed income securities whose principal value is periodically adjusted according to the rate of inflation and thus, are designed to protect investors from the decline of their purchasing power.
- **Multisector bonds** seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities.
- **High yield bonds** invest in corporate bonds rated below BBB- from S&P or Baa3 from Moody's to offer higher coupons than government bonds or high-grade corporate bonds and have the potential for price appreciation.

Equity: Stocks represent equity or ownership in a corporation. If an investor owns stock in a company, they own a piece of that company. Stocks have historically produced the highest returns; however, they also carry the most risk, with a tendency towards greater price swings – highs and lows – that makes them more volatile than either fixed accounts or bonds. Equity funds can be categorized by:

- **Market Capitalization** (or the total dollar value of all outstanding shares of a company)
  - **Large-Cap Funds** are representative of the overall U.S. stock market in size, growth rates and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap.
  - **Mid-Cap Funds** invest in stocks of medium-sized companies. The market capitalization range for U.S. mid-caps typically falls between $1 billion and $8 billion and represents 20% of the total capitalization of the U.S. equity market.
  - **Small-Blend Funds** invest in stocks of small companies. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap.
- **Investment Style**
  - **Value** is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value and cash flow).
  - **Blend** is assigned to portfolios where neither growth nor value characteristics predominate.
  - **Growth** is defined based on fast growth (high growth rates for earnings, sales, book value and cash flow) and high valuations (high price ratios and low dividend yields).
- **Specialty funds (**invest primarily in the securities of a particular industry, sector, type ofsecurity or geographic region)
  - **Real Estate Investment Trust (REIT) funds** invest in companies that own or finance income-producing real estate across a range of property sectors.
  - **Environmental, Social and Governance (ESG) funds** are portfolios of equities and/or bonds in which ESG factors have been integrated into the investment process.

- **Target date funds** hold a mix of stocks, bonds, and other investments. Over time, the mix gradually shifts according to the fund's strategy. A typical target-date fund will grow more conservative as it approaches the target retirement age.

6. Does the core fund lineup include both actively- and passively-managed funds?

Yes, the core investment lineup includes a range of both active and passive funds.

The professionals who actively manage funds use market analysis, experience and judgment to seek out investment opportunities, aiming to outperform the market benchmark or index. These funds can be beneficial in certain asset classes where managers have the potential to deliver strong net of fee performance over various market cycles.

In contrast, passively managed index funds are constructed to match or track the components of the market index. Index funds provide a low-cost way of getting broad market exposure. Passively managed funds are utilized in highly efficient asset classes where it may be difficult for managers to consistently add value, net of fees. Certain segments of the market, such as U.S. large-cap equities, tend to be more efficient and have produced a lower probability of generating excess returns when compared to less efficient areas such as small- and mid-cap styles.

7. What is a Collective Investment Trust (CIT) and how does it differ from a mutual fund?

Collective Investment Trusts (CITs), also known as commingled funds or collective investment funds, have been around for many years, but are generally less well known than mutual funds. While mutual funds and CITs are both an investment option funded by shareholders that trade in diversified holdings and are professionally managed, there are differences in how CITs are registered and what investors may access them.

CITs are sponsored by a bank or trust company and are only available to certain retirement plan sponsors and their plan participants – retail (public) investment is not permitted. CITs pool assets from multiple retirement plans into a single investment fund, similar to a mutual fund. While mutual funds are regulated by the Securities and Exchange Commission (SEC), CITs are regulated by the Office of the Comptroller of Currency (OCC) as well as the IRS and DOL. As a result of the regulatory difference, mutual funds are required to report and disclose their holdings on a quarterly basis. Mutual funds are typically accompanied by a ticker symbol, so investors are able to search for more information about the security's holdings and other characteristics. Unlike mutual funds, CITs are not publicly traded and are not subject to the reporting and disclosure requirements. As such, public information is generally unavailable for CITs. A comparison chart between mutual funds and CITs is provided below.

	Collective Investment Trust	Mutual Fund
Sponsor	Offered by bank or trust company	Offered directly or through financial intermediaries (asset management, insurance companies, etc.)
Eligible Investors	Qualified retirement plans; not available for investment by the general public	Offered to both institutional and retail (public) investors
Ticker Symbols	Not provided	Provided for each fund including each share class
Fund Information	Available on designated web portals,often established by the plan sponsoror record-keeper	Available online through the fund house and other prominent investment research websites
Fee Structure	May have multiple share classes.Flexible for negotiated pricing.	May have multiple share classes. Fees are typically pre-established.
Oversight and Regulation	Office of the Comptroller of Currency (OCC), IRS, and DOL. Fund trustee can be subject to ERISA standards.	SEC and Investment Company Act of1940. Manager not held to ERISA standards.

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8. What are the benefits of using CITs?

CITs are typically more cost effective than mutual funds, which allows you to benefit directly from the competitive investment fees. This is because CITs generally have lower marketing, administration, distribution and overhead costs as compared to mutual funds. CITs are typically exempt from SEC registration and thus, have lower regulatory costs. Additionally, CITs also have greater fee flexibility than mutual funds, where SURS is able to negotiate investment management fees for more competitive pricing on your behalf. A CIT enables plan sponsors and participants to enjoy economies of scale and, thus, potentially obtain investment for lower fees than they might otherwise be able to obtain on their own.

9. Where can I find more information on the CITs used in the plan?

Because CITs are only available to certain qualified retirement plans, they do not have publicly available fund information and tickers. Additionally, CITs are not available for retail investors and are typically restricted from distributing fund information to the public. Quarterly fact sheets for all investments including the CITs can be obtained online by logging into your Retirement Savings Plan account at surs.org/login. You can also find more information on the CITs used in the plan in the Investment Options Guide at surs.org/dcp.

10. What does white labeled mean?

The investments on the core fund lineup and the investment portfolios of the SURS LIS are white labeled (generically named) and branded as SURS funds to align the fund name with fund's asset class. This allows for a simplified decision framework for members. White labeling is intended to make it easier for members to understand their investment options, focus on their asset allocations and make better investment decisions.

Each of the white-labeled funds is representative of a mutual fund or CIT. The underlying fund information for each offering in the lineup is included in the Investment Options Guide at surs.org/rsp.

11. What are my investment expenses?

An expense ratio is an annual fee charged by the investment manager as a percentage of your investment in the fund. The expense ratio is used to cover a fund's operating or administrative expenses and investment management fees. The fees for the investment options on the core lineup vary by investment but are the same for all members. However, the fees for the SURS LIS are different based on your years until retirement and the percentage of your account that you secure. A fee of 0.09% to 0.18%, which covers the investment management and administrative fees, applies to the money in the non-secured portfolio during your early working years. When you begin transferring money into the Secure Income Portfolio, fees slowly increase to cover the insurance protection on your Guaranteed Income Withdrawal Amount.

To review the expense ratios for the investment lineup, please refer to the SURS Investment Lineup. To see your current and projected fees on the SURS LIS, please refer to the SURS LIS investment section through the Member Website at surs.org/login.

12. What fees are associated with the DCP?

Members incur certain fees depending upon their choices. A fee that applies to every member is a recordkeeping fee of $30 annually. This fee is charged quarterly. This covers the administration of the plan including tracking contributions, earnings, making distributions, filing all necessary forms with the SEC/DOL, maintaining data on the website, etc.

A second fee is an expense ratio or investment management fee. This is the cost to be invested in each fund. This fee is deducted from your account daily. This type of fee is measured in basis points. For example, let's say you have an account balance of $100,000 and are invested in a fund that charges 10 basis points (bps). The annual cost is $100 (100,000 x .10%).

The final fee some members may incur involves those who choose to utilize the guaranteed income option under the LIS. The additional fee to secure and ensure this income is at most 95 basis points (.95%). This fee is calculated based on the amount invested in the Secure Income Portfolio.

Members are gradually moved into this portfolio over the 15 years prior to their retirement date. Therefore, the full fee does not apply until a member is completely invested in that portfolio immediately prior to retirement. If a member does not choose to secure 100% of their account, the full fee does not apply. In exchange for the fee, members will receive guaranteed income for life that can increase with market gains but will not decrease with market declines. They will also maintain control over their account balance giving them the flexibility to convert all or only a portion to income and to take ad-hoc distributions at any time. Additionally, any balance remaining at death is passed to beneficiaries.

SURS reviews the plan and its fees on a regular basis to ensure only cost-effective, high quality options are provided. For more information on fees, members may consult the DCP materials, the Voya website or contact the SURS Defined Contribution Contact Center at 800-613-9543.

13. What are the risks associated with my investments?

Investing in any securities involves some risk, and there is always the potential of losing money. There is market risk, which is the risk that securities may decline in value due to factors affecting the securities markets, as well as longevity risk, which is the possibility that you may outlive your retirement savings.

SURS recognized these common risks that members face when it comes to their retirement plan and created the SURS LIS. The SURS LIS protects against market downturns and the potential that you may outlive your money by establishing a retirement income plan that is backed by multiple insurance companies. If you deplete the balance in the Secure Income Portfolio while taking monthly guaranteed lifetime withdrawals, each participating insurance company will pay you its portion of your Guaranteed Income Withdrawal Amount for the rest of your lifetime (and for the rest of your spouse's or civil union partner's lifetime, if applicable).

Other risks include inflation risk, which is the risk that securities may decline in value due to fluctuations in interest rates. Inflation risk, or purchasing power risk, is the possibility that your investment income will not be worth as much in the future. Investment behavior risk is the risk that investors are influenced by their emotions and make irrational decisions that can disrupt a long-term investment strategy, such as moving in and out of the market and specific asset classes at the wrong time. Opportunity cost represents the potential benefits an investor foregoes by choosing one alternative over another. This may include a young investor keeping cash holdings in a rising, bull market.

The risks associated with the investment options in the core lineup vary, so it is important to carefully review and compare the investment objectives, strategies, fees and risks in the fund factsheets before making any investment decisions.

14. Does SURS offer help with selecting my investments?

SURS is committed to providing members with informational materials and tools to help members make informed decisions about their retirement plan. This includes providing general plan information and general financial, investment and retirement information. However, SURS is not permitted to give investment advice to members or their beneficiaries and does not offer specific investment recommendations that take into consideration your personal finances, goals and risk tolerances.

15. Who is responsible for the selection, retention and monitoring of the investment options?

The SURS Board of Trustees is responsible for the selection, retention, monitoring, and termination of the investment options, but considers recommendations from the SURS Investment Committee. The SURS Investment Committee has established a prudent process for reviewing and monitoring the plan's investment lineup to ensure it is compliant with the Defined Contribution Investment Policy Statement. The Investment Committee works with an independent external consultant to assist in its responsibilities, review the performance of the plan's investment options and review the administrative and operational elements.

frequently asked questions

16. When can I make changes to my investments?

You can make changes to your investments anytime by logging into your account at surs.org and selecting "View/Manage My DCP Account." (See transfer restrictions below.)

17. Are there transfer/withdrawal restrictions on any funds in the DCP?

In the investment line up there are four funds with withdrawal restrictions. The SURS U.S. Inflation Protected Bond Fund, SURS U.S. REIT Fund and SURS Non-U.S. Growth Equity Fund all have 30-day trading restrictions. This means if you move money out of these funds, you cannot move money back in until 30 days have passed. If you transfer funds out of the SURS LIS (LIS), you cannot transfer funds back into the SURS LIS for 90 days.

Additionally, if you have already begun securing income and you change your target retirement age or secure income level, you cannot transfer additional funds into the SURS LIS for 90 days.

18. How can I tell what funds I am invested in?

Since you can essentially move your money within your funds every day, SURS does not have the capability of knowing which funds you are invested in. The primary source of this information would be the SURS DCP website. The website provides your fund balances and net asset value (NAV) as of the close of business each day. There is one exception, since the SURS LIS has multiple underlying investment components a NAV is not listed for this option. Please note that each of the investment components that make up the LIS do have NAVs.

19. If a member has committed to purchase income in the Secure Income Portfolio (SIP) and they terminate employment, do they continue to purchase income until they retire or 15 years, whichever comes first?

Members would continue to purchase income via rebalances from the non-secured portfolio to the SIP until they retire and activate the guaranteed income or reach their desired secure income level, whichever comes first.

20. What are the ticker symbols for the investment options?

Available ticker symbols for each mutual fund are given below. Note that funds without ticker symbols are collective investment trusts (CITs). Many of these have underlying mutual funds which can be accessed for information. For more information, please refer to the Investment Options Guide.

21. How can I get information regarding investment funds in the DCP Plan?

Information is available from numerous sources. In addition to the link to the Investment Options Guide and the table in the previous question, the primary sources of information would be the SURS DCP website and the Registered Representatives available at Voya. Neither SURS nor Voya are allowed to provide ANY type of investment advice. Members should utilize any resources available or consult their financial advisors.

22. Where can I find historical returns for the SURS Lifetime Income Strategy (LIS)?

The LIS is a custom target date fund with underlying portfolios. Because of this, historical returns will begin with the inception of this product on September 1, 2020.

23. How can I get copies of investment returns and expense ratios?

Fund returns and expense ratios are provided on the SURS Retirement Savings Plan website. A quarterly performance chart is also available under the Quick Links on the SURS Member Website. For more information you may contact a SURS Defined Contribution Account Representative at 800-613-9543.

Please note, LIS returns will not have any historical figures immediately. Returns began on Sept. 1, 2020, with the inception of the LIS.

SURS Fund Name	Underlying Fund Name	Ticker	Passive /Active	Sub Class	Expense Ratio (%)
SURS Lifetime Income Strategy	Various	*	Passive	Default/ Target Date	0.09-1.17
SURS Fixed Account	Voya Fixed Account Plus III	*		Fixed Account	
SURS US Core Index Bond Fund	State Street US Bond Index	*	Passive	Core Bond	0.02
SURS US Inflation Protected Bond Fund	Vanguard Inflation Protected Securities	VAIPX	Active	Inflation Protected Bond	0.07
SURS Multi-Sector Bond Fund	PIMCO Income	PIMIX	Active	Multi-Sector Bond Fund	1.09
SURS High Yield Bond Fund	PGIM High Yield	PHYQX	Active	High Yield Bond	0.41
SURS US ESG Core Bond Fund	TIAA-CREF Core Impact Bond	TSBIX	Active	Core Bond	0.36
SURS US Large Cap Equity Index Fund	BlackRock Equity Index	*	Passive	US Large Cap Core	0.02
SURS US Small-Mid Cap Equity Index Fund	BlackRock Extended Equity Index Market	**	Passive	US Small and Mid Cap Core	0.03
SURS US Small-Mid Cap Value Equity Fund	Janus Henderson Small-Mid Cap Value	JVSNX	Active	US Small and Mid Cap Value	1.03
SURS US Small-Mid Cap Growth Equity Fund	Delaware Small-Mid Cap Growth	DFZRX	Active	US Small and Mid Cap Growth	0.77
SURS US REIT Index Fund	Vanguard Real Estate Index	VGSLX	Passive	US Real Estate	0.10
SURS Global ESG Equity Fund	BlackRock MSCI ACWI ESG Focus Index	*	Passive	Global Stock	0.09
SURS Non-US Equity Index Fund	State Street Global All Cap Equity ex-US Index	*	Passive	Non-US Core	0.05
SURS Non-US Value Equity Fund	Columbia Overseas Value	*	Active	Non-US Value	0.38
SURS Non-US Equity Growth Fund	Vanguard International Growth	VWILX	Active	Non-US Growth	0.32

* Collective Investment Trust (CIT) – no ticker symbols for these funds. There is a mutual fund or share class managed to the same strategy as the SURS vehicle. May have differing fee and administrative characteristics.

** There is no share class or vehicle of the BlackRock Extended Equity Market Index Fund that is offered as a mutual fund with a publicly available ticker symbol.

frequently asked questions

24. Why is it so difficult to project the future value of the DCP account?

As with any investment account there are no guarantees. Markets move up and down daily, thus your account balance changes daily. The economy, interest rates, inflation, global factors, investment horizons, fund selection, etc. are just a few of the factors that may impact your account balance.

25. Why is the fund selection limited?

Funds were selected for the DCP using the philosophy that they should be appropriate for an individual's primary retirement account. This philosophy will tend to exclude funds that generate highly volatile returns (i.e., precious metal funds) or those that have consistently low rates of return.The intent is to offer funds that have moderate rates of return and moderate volatility levels that cover all six major asset classes as well as allow for both active and passive investing.