

TO: Chief Financial Officer, VP of Finance, Personnel Directors and Payroll Supervisors
FROM: Tara Myers, Chief Financial Officer
DATE: January 9, 2023
SUBJECT: Fiscal Year 2024 Employer Normal Cost Contribution from Federal/Grant/Trust Funds and Annual Compensation/Contribution Limits

The Board of Trustees of the State Universities Retirement System (SURS) has adopted 12.53% as the employer normal cost for the defined benefit (DB) plan beginning July 1, 2023. This is the employer contribution rate that is to be applied to all SURS covered earnings paid from federal, grant and trust funds and applied to pensionable earnings for each participating member that exceeds the Governor's salary for any pay period ending on or after that date through June 30, 2024. The employer normal cost consists of the following components:

<u>Benefit Type</u>	<u>Employer Normal Cost (DB)</u>
Retirement and Termination Benefits	8.37%
Automatic Annual Increase	3.36%
Death and Survivor Benefits*	(0.29%)
Disability Benefits	0.34%
Administrative Expenses	<u>0.75%</u>
Total Employer Normal Cost DB	12.53%

**Includes normal cost attributable to benefits assumed to be paid to survivors of retired members under the Traditional Plan and survivors of active members. The employee contribution toward death and survivor benefits is calculated as 1.0 percent of total payroll although Portable Plan members do not receive the automatic benefit paid to survivors of retired members.*

<u>Benefit Type</u>	<u>Employer Normal Cost</u>
Retirement Savings Plan (RSP)	7.60%

The annual IRS contribution limit for participants of the defined contribution plan (RSP) will increase to \$66,000 effective January 1, 2023. This limit is calculated on a calendar year basis and includes total employee and employer contributions.

The annual IRS 401(a)17 compensation limit for all SURS participants certified on or after July 1, 1996 will increase to \$330,000 effective for Fiscal Year 2024 (July 1, 2023 – June 30, 2024).

Traditional and Portable members hired on or after January 1, 2011, and who do not have any other eligible Illinois reciprocal system service are considered Tier 2 members and are subject to a compensation cap. The Tier 2 compensation cap increased to \$123,489.18 for Fiscal Year 2024 (July 1, 2023- June 30, 2024). Please refer to the Employer Procedure Manual for further information concerning contribution limits.