



## MINUTES

**Quarterly Meeting of the Legal & Legislative Committee  
of the Board of Trustees of the  
State Universities Retirement System  
Friday, June 7, 2024, 9:00 a.m.  
Northern Trust – 50 S. LaSalle St. – Chicago, IL  
Global Conference Center  
\*Optional Remote Connection for Members of the Public\***

This meeting was held in-person at Northern Trust, 50 S. LaSalle St., Chicago, IL.

The following trustees were present: Dr. Andriy Bodnaruk, Dr. Fred Giertz (via Zoom), Mr. Scott Hendrie, Ms. Jamie Clare-Flaherty (via Zoom); Mr. John Lyons, Dr. Steven Rock, Mr. Pranav Kothari, Mr. Antonio Vasquez (via Zoom), Mr. Collin Van Meter and Mr. Mitch Vogel.

Others present: Ms. Suzanne Mayer, Executive Director; Mr. Michael Schlachter, Chief Investment Officer (CIO); Ms. Bianca Green, General Counsel; Ms. Nichole Hemming, Chief Human Resources Officer; Ms. Tara Myers, Chief Financial Officer; Ms. Jackie Hohn, Chief Internal Auditor; Mr. Jefferey Saiger, Chief Technology Officer; Mr. Albert Lee, Associate General Counsel; Ms. Heather Kimmons, Associate Legal Counsel; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Kelly Carson, Ms. Chelsea McCarty, and Ms. Annette Ackerman, Executive Assistants; and Mr. Michael Calabrese of Foley.

Legal & Legislative Committee roll call attendance was taken. Trustee Bodnaruk, present; Trustee Lyons, present; and Trustee Rock, present.

### **MOTION TO ALLOW TRUSTEES TO PARTICIPATE VIA ELECTRONIC MEANS**

Trustee Rock opened the meeting by asking for a motion to allow specific trustees to participate remotely.

Trustee Lyons made the following motion:

- That Trustee Giertz be allowed to participate via video or conference call for the Legal & Legislative Committee Meeting on June 7, 2024, pursuant to Section 7(a) of the Open Meetings Act.

Trustee Bodnaruk seconded the motion which passed via all trustees present voting in favor of the same.

Roll call attendance for trustees participating via electronic means: Trustee Giertz, present.

## **APPROVAL OF MINUTES**

Trustee Rock presented the minutes from the Legal & Legislative Committee meeting of the February 29, 2024.

Trustee Bodnaruk made the following motion:

- That the minutes from the February 29, 2024 Legal & Legislative Committee meeting be approved as presented.

Trustee Lyons seconded the motion which passed via all committee members present voting in favor of the same.

## **CHAIRPERSON'S REPORT**

Trustee Rock did not have a chairperson's report.

## **LEGISLATIVE UPDATE**

Ms. Kristen Houch provided the legislative update. This included a review of information relating to the final sessions of the House and Senate for fiscal year 2024. Ms. Houch provided an overview of the fiscal year 2025 budget recently passed by the General Assembly. Ms. Houch also provided an overview of several Tier II, Divestment and Deferred Compensation bills.

A copy of the report titled "103<sup>rd</sup> General Assembly - 2024" is incorporated as part of these minutes as [Exhibit 1](#). A memo titled "Fitch Ratings comments on Illinois Tier II" is incorporated as part of these minutes as [Exhibit 2](#). A copy of the report titled "Fitch Wire May 16, 2024, news report" is incorporated as part of these minutes as [Exhibit 3](#).

## **RULEMAKING COMPLIANCE UPDATE**

### **Status of Pending Rules**

Mr. Albert Lee presented an overview of current and proposed changes to various SURS administrative rules. This included a summary of the final adoption of the Candidate Information Communication rule that allows SURS to provide one email communication per election cycle for each board election candidate, if requested. Mr. Lee also provided an overview of the First Notice filing status rules that were approved by the board during the March 2024 quarterly meeting. Those rules were filed with JCAR as a pre-draft review after the March 2024 meeting. SURS is currently seeking first notice for these rules with the Office of the Secretary of State.

### **Compliance Stop Light Report**

Ms. Bianca Green reviewed and discussed the current compliance stop light report which reflects SURS' compliance with its reporting requirements. Ms. Green discussed the updated format of the report.

A copy of the memo “Legal & Legislative Committee Rulemaking Update” is incorporated as part of these minutes as [Exhibit 4](#). A copy of the report titled “May 2024 Spotlight Report” is incorporated as part of these minutes as [Exhibit 5](#).

### **PROPOSED JULY 2024 REGULATORY AGENDA**

Ms. Green presented the proposed July 2024 Regulatory Agenda. She noted that twice each year, in January and July, a regulatory agenda must be filed with the Illinois Secretary of State’s Office. Ms. Green explained that the proposed July 1 Regulatory Agenda is exactly the same as the Regulatory Agenda approved by the board for January of 2024.

Trustee Bodnaruk made the following motion:

- That the proposed July 2024 Regulatory Agenda be approved as presented and be filed substantially in the form presented.

Trustee Lyons seconded the motion which passed via all trustees present voting in favor.

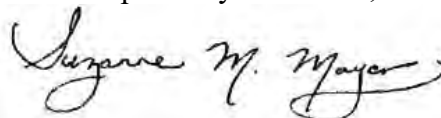
A copy of the report titled “July 2024 – Proposed SURS Regulatory Agenda” is incorporated as part of these minutes as [Exhibit 6](#).

### **PUBLIC COMMENT**

There were no public comments presented to the Legal & Legislative Committee.


There was no further business brought before the committee and Trustee Lyons moved to adjourn the meeting. The motion was seconded by Trustee Bodnaruk, and it passed via all committee members voting in favor of the same.


Respectfully submitted,




Ms. Suzanne M. Mayer  
Executive Director and Secretary, Board of Trustees

SMM:aa

Contact: Office of Legislative Affairs				Last Updated 5/28/24	
<b>103RD GENERAL ASSEMBLY - 2024</b>					
<b>Legislation amending the Illinois Pension Code is highlighted in yellow</b>					
<b>Recent Legislative Activity</b>					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
<a href="#">HB 3765</a> <a href="#">(ENGR)</a>	Rep. Kifowit (Sen. Cunningham)	Public Safety Pension Omnibus	Amends the General Provisions Article of the Illinois Pension Code to require downstate police, downstate firefighters, Chicago police, Chicago firefighters, IMRF, Cook County, SERS, and SURS to implement deferred retirement option plans (DROP) for public safety employees by January 1, 2026. Requires the following amounts to be credited to a DROP member's account: the monthly retirement annuity (including automatic annual increases), employee contributions, and interest based on the actual rate of return on investment experienced by the applicable pension fund or retirement system (but not less than zero). Requires the account balance to be paid to the DROP member as a lump sum. Amends the downstate police, downstate firefighters, Chicago police, and Chicago firefighters pension fund articles of the Illinois Pension Code to adopt the Retirement Systems Reciprocal Act. Makes other changes.	Nearly Identical to HA #2 to HB 3765 (Rep. Kifowit) but includes interest on DROP accounts	Senate Referred to Assignments Committee on 5/22/24; Passed the House (109-0-0) on 5/22/24
<a href="#">HB 4508</a> <a href="#">(ENGR)</a>	Rep. Kifowit (Sen. Martwick)	Downstate Police Reciprocity and SURS Tier II Police Retire at Age 55	Amends the SURS article of the Illinois Pension Code to allow a Tier II police officer with at least 20 years of service to retire at age 55. (Currently, Tier II police officers with at least 20 years of service can retire at age 60.)	Similar to SB 3453 (Sen. Martwick)	Senate Referred to Assignments Committee on 4/19/24; Passed the House (101-11-0) on 4/18/24
<a href="#">HB 4959</a> <a href="#">(ENRL)</a>	Rep. Gabel (Sen. Sims)	FY 2025 Budget Implementation Act	Creates the FY 2025 Budget Implementation Act. Makes changes in State programs that are necessary to implement the State budget for FY 2025. Amends the State Finance Act and the Revised Uniform Unclaimed Property Act to make changes to pay a portion of the annual required State contribution to SURS for FY 2025 from the State Pensions Fund. Allows the Travel Regulation Council to provide, by rule, for alternative methods of determining the appropriate reimbursement rate for a traveler's subsistence expenses based upon the length of travel, as well as the embarkation point and destination. Amends the GARS, SERS, SURS, TRS, and GRS articles of the Illinois Pension Code to require the applicable Board, at the request of the State Comptroller, to submit multiple monthly payments for advance payment of State contributions due to the System, beginning in FY 2025. Makes other changes.	Similar to HA #2 to SB 2665 (Rep. Gordon-Booth)	Passed Both Houses on 5/29/24 (House: 62-46-0; Senate: 41-18-0)
<a href="#">HB 5450</a> <a href="#">(ENRL)</a>	Rep. Ford (Sen. Halpin)	Repeal IBHE Sick Leave Report	Amends the SURS article of the Illinois Pension Code to make the following requirements inoperative on and after December 31, 2026: (1) that the Illinois Board of Higher Education and Governor's Office of Management and Budget prepare an annual report showing the amount by which costs associated with compensable sick leave have been reduced as a result of the termination of compensable sick leave accrual on and after January 1, 1998 by employees of higher education institutions who are participants in SURS; (2) that the report is disseminated to SURS, COGFA, IBHE, and the Governor; and (3) that the report must be taken into account by COGFA in making any recommendation to extend by legislation beyond December 31, 2002 the provision that allows a SURS participant to retire at any age with 30 or more years of service. Makes other changes.		Passed Both Houses on 5/24/24 (House: 115-0-0; Senate: 59-0-0)

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<b>103RD GENERAL ASSEMBLY - 2024</b>					
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<b>Recent Legislative Activity</b>					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
<a href="#">HB 5851</a>	Rep. Kifowit	Governor Funding Proposal	Amends the Budget Stabilization Act to require the Comptroller to transfer the following amounts from the General Revenue Fund to the Pension Stabilization Fund: \$175 million in FY 2030; \$250 million annually in FY 2031 through FY 2033; and \$750 million annually in FY 2034 through FY 2040. Amends the GARS, SERS, SURS, TRS, and JRS articles of the Illinois Pension Code to change the funding target from 90% by the end of FY 2045 to 100% by the end of FY 2048. Excludes contributions scheduled to be received in a future state fiscal year under the Budget Stabilization Act from the calculation of the State contribution to the systems. Establishes the State contribution to the system between FY 2026 and FY 2034 as the amount to bring the assets up to 100% of the liabilities by the end of FY 2048, calculated as a level percentage of payroll under the projected unit credit actuarial cost method. Establishes the State contribution between FY 2035 and FY 2048 as: (1) the contribution amount for the upcoming State fiscal year estimated in the previous year's actuarial valuation plus (2) an adjustment for differences in the unfunded liability reported in the current actuarial valuation and the unfunded liability reported in the previous year's actuarial valuation implemented in equal annual amounts over a 20-year period so that the total assets equal 100% of the total actuarial liabilities 20 years after the State fiscal year during which the contribution is made, calculated as a level percentage of payroll under the projected unit credit actuarial cost method. Establishes that the State contribution beginning in FY 2049 as: (1) the contribution amount for the upcoming State fiscal year estimated in the previous year's actuarial valuation plus (2) an adjustment for differences in the unfunded liability reported in the current actuarial valuation and the unfunded liability reported in the previous year's actuarial valuation implemented in equal annual amounts over a 20-year period so that the total assets of the system equal 100% of the total actuarial liabilities of the system 20 years after the State fiscal year during which the contribution is made, calculated under the entry age normal actuarial cost method. Ends the smoothing of the cost of changes in actuarial or investment assumptions beginning in FY 2035. Ends the smoothing of investment gains and losses beginning on and after July 1, 2034.	Identical to SB 3954 (Sen. Martwick)	House Referred to Rules Committee on 5/16/24
<a href="#">HR 596</a>	Rep. Stuart	Adjunct Faculty Fair Treatment	Urges that adjuncts/non-tenure/part-time instructors in institutions of higher education be treated with the same respect, recognition, value, and standards as full-time instructors and no longer be second class citizens within the ranks of higher education professionals as has been the practice within these institutions of higher learning. Affirms that these professionals, who have the same credentials as the full-time instructors, are being underpaid to do the same job. Pledges to seek solutions that include, but are not limited to, legislated salary parity, mandated access to health benefits, and full and fair pension reporting and accountability for all part-time/contingent/adjunct Illinois public teachers, librarians, counselors, and educational support personnel.	Nearly Identical to SR 76 (Sen. Martwick)	House Adopted Resolution on 4/30/24 (106-0-0)
<a href="#">SB 251</a> <a href="#">(ENRL)</a>	Sen. Sims (Rep. Gordon-Booth)	FY 2025 Operating and Capital Budgets	Appropriates the full certified State contribution to SURS for FY 2025 (\$2,212,810,000). (Of this amount, \$1,997,810,000 comes from the General Revenue Fund and \$215 million comes from the State Pensions Fund). Appropriates the full certified State contribution to the College Insurance Program for FY 2025 (\$9,191,049) from the Education Assistance Fund. (CIP provides health insurance benefits for certain community college retirees and their eligible dependents.) Appropriates \$226,800 for the Governor's salary for FY 2025. (40 ILCS 5/15-155(j-5) requires SURS employers to pay the employer normal cost on the portion of an employee's earnings that exceeds the Governor's salary. The Governor's salary is \$216,000 for FY 2024.) Makes other changes.		Passed Both Houses on 5/29/24 (Senate: 38-21-0; House: 65-45-0)
<a href="#">SB 3157</a> <a href="#">(ENGR)</a>	Sen. Johnson (Rep. Mayfield)	Online Investment Reports Due By End of Month	Amends the Accountability for the Investment of Public Funds Act to require certain investment information to be made available online by the end of each month (currently, by the 15th of the month). Makes other changes.	Identical to HB 4908 (Rep. Walker)	House Placed on Calendar Order of 3rd Reading on 5/25/24; Passed the Senate (59-0-0) on 4/10/24

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<b>Recent Legislative Activity</b>					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
<a href="#">SB 3954</a>	Sen. Martwick	Governor Funding Proposal	Amends the Budget Stabilization Act to require the Comptroller to transfer the following amounts from the General Revenue Fund to the Pension Stabilization Fund: \$175 million in FY 2030; \$250 million annually in FY 2031 through FY 2033; and \$750 million annually in FY 2034 through FY 2040. Amends the GARS, SERS, SURS, TRS, and JRS articles of the Illinois Pension Code to change the funding target from 90% by the end of FY 2045 to 100% by the end of FY 2048. Excludes contributions scheduled to be received in a future state fiscal year under the Budget Stabilization Act from the calculation of the State contribution to the systems. Establishes the State contribution between FY 2026 and FY 2034 as the amount to bring the assets up to 100% of the liabilities by the end of FY 2048, calculated as a level percentage of payroll under the projected unit credit actuarial cost method. Establishes the State contribution between FY 2035 and FY 2048 as: (1) the contribution amount for the upcoming State fiscal year estimated in the previous year's actuarial valuation plus (2) an adjustment for differences in the unfunded liability reported in the current actuarial valuation and the unfunded liability reported in the previous year's actuarial valuation implemented in equal annual amounts over a 20-year period so that the total assets equal 100% of the total actuarial liabilities 20 years after the State fiscal year during which the contribution is made, calculated as a level percentage of payroll under the projected unit credit actuarial cost method. Establishes that the State contribution beginning in FY 2049 as: (1) the contribution amount for the upcoming State fiscal year estimated in the previous year's actuarial valuation plus (2) an adjustment for differences in the unfunded liability reported in the current actuarial valuation and the unfunded liability reported in the previous year's actuarial valuation implemented in equal annual amounts over a 20-year period so that the total assets of the system equal 100% of the total actuarial liabilities of the system 20 years after the State fiscal year during which the contribution is made, calculated under the entry age normal actuarial cost method. Ends the smoothing of the cost of changes in actuarial or investment assumptions beginning in FY 2035. Ends the smoothing of investment gains and losses beginning on and after July 1, 2034.	Identical to HB 5851 (Rep. Kifowit)	Senate Referred to Assignments Committee on 5/15/24
<a href="#">SR 1003</a>	Sen. Stoller	State Treasurer Investment Decisions	Resolves that the Senate reaffirms its commitment to oversight and accountability in the management of the State's investments and urges the State Treasurer to prioritize the well-being and prosperity of all residents above political, partisan, or ESG considerations in all investment decisions. Resolves that the Senate demands full transparency from the State Treasurer regarding the rationale behind investment choices to ensure that they are based solely on sound financial principles and the best interests of the people of Illinois. Resolves that the Senate pledges to diligently investigate any instances where investment decisions appear to have been influenced by political motives and to take appropriate action to safeguard the integrity of the State's financial management practices.	Bipartisan Support Removed	Senate Referred to Assignments Committee on 5/20/24

## NewsRoom

5/21/24 Bond Buyer (No Page)

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Bond Buyer (USA)

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May 21, 2024

Volume 1; Issue 1

### **Fitch Ratings** comments on **Illinois' Tier 2 debate**

Jennifer Shea

**Illinois** needs to address questions surrounding its **Tier 2** pension benefits, and while directly fixing **Tier 2's** alleged failure to meet the IRS's minimum safe harbor standard would be credit neutral, enhancing **Tier 2** benefits more broadly or erasing the distinction between **Tier 1** and **Tier 2** could result in a downgrade, **Fitch Ratings** said Thursday.

"If **Tier 2** does not meet safe harbor requirements, the state risks paying (and requiring employees to pay) FICA taxes, likely at significant expense," **Fitch** said in its **rating** report . "Proposals that simply raise the pensionable earnings cap will likely result in modest increases in the pension liability and budgetary demands."

**Tier 2**, enacted in 2011, was designed to lighten **Illinois'** public pension burden. Applied to workers hired from January 2011 on, it reduced automatic annual benefit hikes and raised the full retirement age to 67 from 60.

Unions have argued that **Tier 2** falls short of the Internal Revenue Service's safe harbor rules. Those rules require that pension plans provide benefits at least equal to those workers would get under Social Security, which most public employees in **Illinois** otherwise do not have to pay into.

But as the Civic Federation of Chicago pointed out , unions weren't the only ones to criticize **Tier 2**; pension experts also voiced concerns. And earlier this year, two judges filed a lawsuit claiming that the 2010 pension reform law was unconstitutional and cheated them out of the pensions they felt they deserved.

"Being in violation of IRS rules is generally never a good place to be, so addressing this potential safe harbor [issue] is something that the state recognizes [it needs to do] — the governor has put a proposal in his legislative budget; the legislature has been talking about this," Eric Kim, head of U.S. state **ratings** at **Fitch**, told The Bond Buyer. "The state and the local governments do need to address the **Tier 2** issue. It's just a question of how they do that."

Kim noted that Cook County confronted the issue last year with House Bill 2352 , which brought the county into alignment with IRS safe harbor provisions.

For the state, "there are a number of different options," Kim said. "Our view is that the most basic option, simply raising the pensionable earnings cap to match the Social Security wage base, seems like it would be the most credit-neutral. Getting rid of Tier 2 entirely does pose some risks from a credit perspective."

The 2011 reform had some "clear benefits," he noted, chief among them the savings to the state on an annual basis and an easing of Illinois' heavy public pension burden.

"Scrapping it entirely, as some of the proposals out there would suggest doing, could be negative from a credit perspective," Kim cautioned. "But ultimately, this is a policy decision on the part of the state and local governments. We're watching pretty closely to see what choice they make."

**Illinois** Gov. J.B. Pritzker does not support scrapping the distinction between **Tier 1** and **Tier 2** entirely, his press secretary Alex Gough told The Bond Buyer. The governor has proposed a review of and, if necessary, an adjustment to the pensionable earnings cap.

Workers in the Teachers' Retirement System and State Universities Retirement System largely do not pay into Social Security, and some State Employees' Retirement System workers are likewise not covered by Social Security, Gough noted. He added, "SURS and TRS would need to weigh in on what specifically needs to be fixed."

"The governor encourages the boards of the affected retirement systems and the legislature to review and adjust, if necessary, the structure of the Tier 2 pensionable earnings cap for employees not coordinated with Social Security to ensure that the systems are and remain compliant with federal law," Gough said. "However, the review should focus on addressing that issue as part of an overall review of the state's pension funding plan."

Fitch's Kim had some laudatory words for one of the governor's other policy proposals regarding pensions: a plan to add three years to the amortization cycle and target 100% funding of the pension liability.

"We think [that] would be potentially a significantly positive move," he said. "We're waiting to evaluate and see, one, is the legislature open to that ... and what does an actuarial analysis look like? But we have consistently said that one of the challenges for Illinois is its significantly large long-term liability burden."

The state was statutorily required to target only 90% funding — "so it was continually underfunding its pensions; therefore, from our view, [there was] a structurally unbalanced budget built into law," Kim said. "Changing that approach ... could be meaningful, because it could indicate that the state would be making material progress in actually reducing that liability and being able to address that rather than have it continue to build up over time, as it is under the current statutory structure."

Fitch is waiting to see what the final version of the 2025 budget offers. "Our expectation is that [they'll continue] the pattern that we've seen in the past few years for the state of having a budget that makes progress toward structural balance, doesn't do things that would be concerning to us — doesn't build in significant one-time items or anything along those lines, and does invest and match recurring needs with recurring spending," Kim said.

Regarding the governor's proposal to aim for 100% funding while adding three years to the amortization cycle, Gough said, "This proposal is a key part of an ongoing effort to fix the state's pension system and we will continue to be engaged in conversation with the General Assembly on the issue."

#### ---- Index References ----

Company: **FITCH RATINGS**, INC.

News Subject: (Economic Policy & Policymakers (1EC69); Economics & Trade (1EC26); Government (1GO80); Public Finance (1PU60); Social Security (1SO06); Taxation (1TA10))



Industry: (Accounting, Consulting & Legal Services (1AC73); Financial Services (1FI37); Investment Management (1IN34); Pension Fund Management (1PE01); Personal & Institutional Investing (1PE62); Retirement Investment (1RE05))

Region: (Americas (1AM92); Illinois (1IL01); North America (1NO39); U.S. Midwest Region (1MI19); USA (1US73))

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**NewsRoom**

**FITCH WIRE****Illinois Tier 2 Pension Basic Policy Option Likely Neutral for State Credit**

Thu 16 May, 2024 - 10:43 AM ET

Fitch Ratings-New York-16 May 2024: Questions around the adequacy of Illinois' Tier 2 pension benefits suggest the state and local governments may need to make changes that increase the long-term pension liability and related contributions, Fitch Rating says. Policies that directly address these core adequacy issues seem unlikely to affect Illinois' credit quality. Other proposals aimed at more broadly enhancing Tier 2 pension benefits, including eliminating the distinction between Tier 1 and Tier 2, could materially increase the state's pension challenges and affect Illinois' credit rating. Local governments in Illinois face similar challenges and have been studying and addressing this issue as well.

In an effort to slow growing pension liabilities and budget pressures, Illinois' legislature established Tier 2 pensions in 2010 for state and local employees hired after Jan. 1, 2011, offering them reduced benefits compared to Tier 1. The legislature's Committee on Government Forecasting and Accountability (CGFA) estimated Tier 2 would save the state \$976.4 million in annual pension contribution costs that year, and ultimately more than \$71 billion by 2045 versus solely maintaining Tier 1.

For many public sector employees in Illinois, their pension serves as a Social Security replacement, meaning they (and their employers) do not pay Social Security taxes (Federal Insurance Contributions Act, FICA, taxes). The IRS establishes a minimum standard of benefits replacement that plans must provide to maintain this FICA exemption. Analysis by CGFA and other organizations suggest Tier 2 is unlikely to meet the safe harbor requirements, primarily because the pensionable earnings cap is lower than the Social

pensionable earnings cap will likely result in modest increases in the pension liability and budgetary demands .

The governor's proposed budget for fiscal 2025 suggests that Illinois' pension boards and the legislature consider raising the Tier 2 pensionable earnings cap to match the SSWB. A CGFA-commissioned actuarial analysis from June 2023 estimated this would slightly increase the state's unfunded pension liability by \$285 million (less than 1%) and raise the 2045 annual contribution by \$625 million, roughly 3% higher than under current law. Total cumulative annual contributions from 2023 to 2045 would rise \$5.6 billion, or 1.7%, if the state raised the Tier 2 earnings cap to the SSWB. This level of changes would not shift Fitch's perspective on the credit implications of the state's long-term liability burden or high carrying costs.

However, other proposals that would more broadly enhance Tier 2 benefits, potentially to Tier 1 levels, could negatively affect the state's credit rating or limit the potential for future positive rating action. An analysis commissioned by The Civic Federation, the Civic Committee of the Commercial Club of Chicago and the Better Government Association, reportedly indicates that raising Tier 2 benefits to Tier 1 levels would increase the state's annual contribution in 2045 by approximately \$4 billion, or more than six times higher compared to the basic approach of raising the pensionable earnings cap to match the SSWB.

Fitch has not reviewed this analysis; however, benefit enhancements that significantly increase annual contributions to this degree could threaten the state's ability to make progress toward structural balance without resorting to unsustainable fiscal measures.

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The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article can be accessed at [www.fitchratings.com](http://www.fitchratings.com). All opinions expressed are those of Fitch Ratings.

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To: SURS Legal & Legislative Committee  
From: Albert J. Lee, SURS Associate General Counsel  
Date: May 24, 2024  
Re: Rulemaking Update

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## **I. Candidate Informational Communication Rulemaking Status – Final Adoption Effective February 29, 2024**

The amendment to the rule entitled “Candidate Informational Communication” allows SURS to provide one email communication per election cycle for each board election candidate to be sent to eligible voters. The rulemaking was finally adopted and published on March 15, 2024, in Volume 48, Issue 11, Page 4218 of the Illinois Register with an effective date of February 29, 2024 (48 Ill. Reg. 4218).

## **II. First Notice Filing Status – Anticipated Publication in June or July 2024**

At the March 2024 quarterly meeting, the Board approved proposed rulemakings for First Notice publication regarding several administrative topics (*see* Rulemaking Update memorandum dated February 16, 2024), including benefit suspensions, service credit adjustments, the 6% Rule, evidence to establish age, parentage, or marital status, the 20% earnings limitation, *de minimis* amounts that are exempt from overpayment recovery efforts, benefit forfeitures for felony convictions, line-of-duty police officer disability benefits, disability retirement annuity claims procedure, and board candidate petitions. To proactively address any potential issues raised by the Joint Committee on Administrative Rules (the legislative oversight body for agency rulemaking), SURS staff submitted the Board-approved language to JCAR staff for pre-draft review on March 11, 2024. JCAR responded with preliminary feedback on April 26, 2024. After reviewing JCAR’s comments and holding further internal meetings, SURS staff made minor adjustments to the proposed rules in response to JCAR and is currently working with the Secretary of State for First Notice publication. After First Notice publication (anticipated in June or July 2024), SURS will be required to receive public comment on the proposed rules for at least 45 days before proceeding to Second Notice and final adoption.

# MAY COMPLIANCE REPORT (2024)

Report Owner: Compliance Officer		* indicates new requirement/change in requirement			Complete/Next due > 30 days	Due < 30 days	Past Due/Missed	
Department	Report	Filed With	Frequency	Statute/Rule	EOQ= End of Quarter	EOM=End of Month	Status	Notes
					Last Filed	Next Due		
<b>ADMINISTRATION COMPLIANCE ITEMS</b>								
Administration	Travel Exception Report	Illinois Higher Education Travel Control Board	Quarterly - due the 15th of the month after the quarter ends	80 IL 2900.105	4/4/2024	7/15/2024	Complete	This is due by the 15th of the month after the Q ends.
Administration	Drivers License & Insurance Certification - Staff and Trustees	Annual to Executive Director and also to University of Illinois	Annual - certification to be provided between July 1-31 of each year OR within 30 days after new employment begins, whichever is later	625 ILCS 5/7-203, 625 ILCS 5/7-601(c), 625 ILCS 5/10-101(b), JCAR 44 Ill. Adm. Code Sec 5040.500 and 80 Ill. Adm. Code Sec. 3000.300(f)(1)	12/8/2023*	6/30/2024	Due < 30 days	
Administration	Oath of Office - all trustees	Kept electronically at SURS	Ad Hoc	40 ILCS 5/15-159(h)	As needed	As needed	Complete	
Administration	Mandatory 8-hour trustee training for educational hours (ethics and fiduciary topics)	Annual Certification of Completion sent by SURS ED to Public Pension Division of Department of Insurance	Annual training to be completed by 6/30; report to follow	40 ILCS 5/1-113.18	7/6/2023	6/30/2024	Due < 30 days	
Administration	Notice of Regularly Scheduled Board Meetings	Posted in SURS Lobby and SURS website	Annual	5 ILCS 120/2.02(a) Board votes on the schedule in June and schedule is posted by July 1 and again by December 31	Jun-23	Dec-24	Complete	
Administration	Verbatim Audio or Video Recordings of Regular Open or Special Open Meetings (if any)	Post online at SURS.org	Only post these if we actually have them as there is no legal requirement to make audio or video recordings of open meetings	15 ILCS 50/20	As needed	As needed	Complete	
Administration	Verbatim Recordings of Closed Session Meetings	Keep internally for at least 18 months; and then board can vote to discard or keep	Kept after each closed session	5 ILCS 120/2.06	As needed	As needed	Complete	
Administration	Copies of All Approved Board and Committee Minutes - <b>Open Sessions</b>	online - SURS.org (post for at least 60 days)	After finalized and approved for each meeting	5 ILCS 120/2.06 and 40 ILCS 5/15-170	As needed	As needed	Complete	
Administration	Copies of All Approved Board and Committee Minutes - <b>Closed Sessions</b>	Keep electronically at SURS and only posted to SURS website when board votes to open the minutes (then post for at least 60 days)	After finalized and approved for each meeting	5 ILCS 120/2.06 and 40 ILCS 5/15-170	As needed	As needed	Complete	
Administration	Disclosure of Appointed Trustee Interest in State Contracts, Disclosure of Conflicts of Interest and initial Statement of Economic Interest - trustees	Illinois Secretary of State	Ad Hoc - upon appointment	5 ILCS 420/3A-30, 15 ILCS 50/15, and Article 4A of the Governmental Ethics Act	As needed	As needed	Complete	
Administration	Trustee Indemnification Agreements	Keep electronically at SURS	Ad Hoc	40 ILCS 5/1-107 & SURS Board Governance Bylaws	As needed	As needed	Complete	
Administration	IPad User Agreements	Keep electronically at SURS	Ad Hoc	Internal Operational Requirement	As needed	As needed	Complete	
Administration	Performance Systems Report	Governor and posted on SURS website	Quarterly	30 ILCS 25/3-15	TBD	TBD	Due < 30 days	Still determining whether this is a SURS required compliance item separate from the PAR report below. And - are we providing all of the required information?
<b>INTERNAL AUDIT COMPLIANCE ITEMS</b>								
Audit	Deceased Annuitant Reporting	Per internal audit - death matches are still done regularly as required by statute but there is no statutory requirement to report them anywhere and per recent changes, they are no longer being reported to the board.	No actual report required for the board or to any third party.	40 ILCS 5/1-140	No longer reported	No longer reported	Complete	
Audit	Fiscal Year Two Year Audit Plan - Identifying internal audits for the pending fiscal year	Internal - Approved by the SURS Executive Director - then filed internally	Annual - due by 6/30	Fiscal Control & Internal Auditing Act; 30 ILCS 10/2003(a)(1)	Approved by ED 6/15/2023	6/30/2024	Due < 30 days	



# MAY COMPLIANCE REPORT (2024)

Audit	Fiscal Year Audit Completion Report - Two Year Audit Plan - Detailed Report for how audit plan was carried out for that FY	Internal - Filed with the SURS Executive Director	Annual - due by 9/30	Fiscal Control & Internal Auditing Act; 30 ILCS 10/2003(a)(1)	8/25/2023	9/30/2024	
Audit	FCIAA Internal Control Certification	Office of the IL Auditor General	Annual (filed by 5/1)	Fiscal Control & Internal Auditing Act; 30 ILCS 10/3003	4/19/2024	5/1/2025	
Audit	Submission of System Audit Report completed by Office of Auditor General (due after FY end) -- this is a "sign-off approval" of the financial audit that allows SURS to publish the Annual Comprehensive Financial Report (ACFR)	SURS submits a copy of the audit to the Governor. The Office of the Auditor General submits copies to the Commission, the Governor, the Speaker and minority leader of the House and President and Minority Leader of the Senate	Annual - due as soon as possible after the completion of the audit after the end of each fiscal year	State Auditing Act and 30 ILCS 5/3-14 and 40 ILCS 5/15-174	FY22 - 2/9/2023	FY23	
<b>ACCOUNTING / FINANCE COMPLIANCE ITEMS</b>							
Finance	GAAP Package	Comptroller	Annual (usually by the 3rd week of September - Comptroller sends a letter with the prelim filing date for that year and SURS is to file its final package as quickly as we can after the prelim filing) Statute says due by 10/31	15 ILCS 540/19.5	Prelim filed 9/23/2023 - Final due when final numbers are done - updated filed 10/20/2023	10/31/2024	This is a specific set of reports that we have to file with the Comptroller. This is NOT the ACFR.
Finance	Annual Comprehensive Financial Report (ACFR)	Comptroller - we Post System Annual Comprehensive Financial Report to website (voluntarily send copies to OAG, Comptroller, GOMB) , (Audit sends to Governor)	Annual - by January 7	40 ILCS 5/15-175 and 30 ILCS 105/3(a) and 30 ILCS 105/9.08	FY22 sent Jan. 2023	FY23 - pending	This cannot be released until the OAG releases it.
Finance	Public Accountability Report (PAR report is different from ACFR)	Comptroller	Annual (indicator worksheet by 9/15, final report by 12/15)	Statewide Accounting Management Systems (SAMS) 30 ILCS 25/3-15	12/4/2023	12/15/2024	
Finance	IRS Form 941-Employer Fed Tax Return Form and State of Illinois Form (details of info on W-2 forms)	IRS and State of Illinois	Quarterly	IRS CODE	4/15/2024	7/31/2024	
Finance	IRS Form 945 Annual Return of Withheld Federal Tax (relates to the 1099R forms)	IRS only	Annual	IRS CODE	1/30/2024	1/31/2025	
Finance	Cash Receipts and Disbursement Reports	Comptroller	Quarterly	15 ILCS 405/16	4/29/2024	7/31/2024	
Finance	Agency Fixed Asset Report	Comptroller	Quarterly	15 ILCS 405/16	4/26/2024	7/31/2024	
Finance	Accounts Receivable Report	Comptroller	Quarterly	15 ILCS 405/16	4/19/2024	7/31/2024	
Finance	Illinois State Legislature Package (part of the appropriations process to help prepare for the budget hearings)	This includes request from GA with a narrative with questions to complete, requested spreadsheet with budget numbers for last FY, current FY and est. next FY. Copy of Org chart, ACFR sent. Send to IL Senate and House and to both Republican and Democratic caucuses (include 4 paper copies of the package + 4 copies of the SURS ACFR by email and paper copy)	Annual - Letter sent to SURS and response is due within 48 hours after the Governor's Budget Address	This is not required by statute but the General Assembly expects to have this information from SURS; see the GA list of ISL forms	2/22/2024	Feb. 2025	
Finance	Preliminary Certification of Annual State Contribution (this is done by letter and certification reflecting board approval)	State Actuary, Governor, and General Assembly	Annual (Preliminary due by 11/1)	40 ILCS 5/15-165(a-5)	10/23/2023	11/1/2024	
Finance	Final Certification of Annual State Contribution	State Actuary, Governor, and General Assembly	Annual (final due by 1/15)	40 ILCS 5/15-165(a-5)	12/19/2023	1/15/2025	
Finance	Report on SMP/RSP Participation Rate - Letter done by SURS actuary that SURS provides	COGFA	Annual	40 ILCS 5/15-158.3	10/24/2023	11/15/2024	
Finance	Cert. of State Contribution of Community College Annuitant and survivor health benefits (CIP)	Governor, Director of CMS, and Comptroller	Annual (final by 11/15)	5 ILCS 375/6.10(c)	1/3/2023	11/15/2024	
Finance	Department of Insurance Report (filing fee check in amount of \$8,000 for Annual Compliance Fee to the IL Dept. of Insurance, made payable to IL State Treasurer)	Pension Division of Illinois Dept. of Ins.	Annual - Report due by 12/31	40 ILCS 5/1A-109 & 110 and 40 ILCS 5/1A-113 includes the penalties for a failure to timely files these reports. The \$8,000 filing fee is due by June 30 for the following state FY.	12/15/2023	12/31/2024	
Finance	Department of Insurance - Payment of Annual Compliance Fee (see above)	Pension Division of Illinois Dept. of Ins. - check payable to IL Treasurer	Fee Due by 6/30 for the following state FY (invoiced by the Dept. of Insurance)	40 ILCS 5/1A-112	5/17/2023	6/30/2024	
Finance	IRS Form 1099R - forms sent to members	IRS	Annual by 1/31	IRS CODE	1/31/2024	1/31/2025	

# MAY COMPLIANCE REPORT (2024)

Finance	IRS Form 1099R - NEC (non-employee compensation)	Mailed to recipients (applicable vendors) and e-filed report as proof of filing to IRS; same due date	Annual by 1/31	IRS CODE	1/30/2024	1/31/2025	Is this the same as 30 above?
Finance	IRS Form 1099R (FIRE) (report with details behind the 1099R forms)	IRS	Annual by 4/1 (unless extension given)	IRS CODE	4/2/2024	4/1/2025	
Finance	IRS Form 1099R Tax report (FIRE)	Forms sent to SURS members	Annual - Postmarked by 1/31	IRS CODE	1/31/2024	1/31/2025	
Finance	IRS 1042S Forms: Withholding US income of Foreign Persons - sent to members	IRS	Annual by 3/15	IRS CODE	3/5/2024	3/15/2025	
Finance	IRS 1042 Tax Return	IRS	Annual by 3/15	IRS CODE	3/5/2024	3/15/2025	
Finance	Actuarial Valuation	SURS Board requests this from SURS actuary and includes this with the certified state contribution; send to employers as well	Annual (no set date in statute)	40 ILCS 5/15-173	Prelim to board for approval in October 2023	Prelim to board in October of 2024	This has to be done to go to the GA by 11/1 for the prelim and by 1/15 for the final Submission of System Reports to COGFA
Finance	Actuarial Experience Study	SURS Board requests this from the SURS actuary and uses it to re-evaluate the actuarial assumptions	Every 3 years (no set date in statute)	40 ILCS 5/15-173	Presented to Board in June of 2021 (FY18 - FY22)	June of 2024	
Finance	Fee Imposition Report	SURS sends to Comptroller who sends to Gen. Assembly	Annual - to Comptroller by 7/31; Comptroller to GA by 9/1	15 ILCS 405/16.2	7/31/2022	7/31/2024	
Finance	5 year review of 90% funding target	COGFA	5 years	40 ILCS 1/103.3	10/27/2021	12/31/2026	The ED sends a letter to COGFA on this issue via K. Houch
Finance	Annual review/presentation of MWDB policy goal for the next fiscal year	Presented to the SURS Diversity Committee and approved by the Board	Annual - Investments reports the overall numbers in the SURS report. See below.	40 ILCS 5/1-109.1(6)	September 2023 Board Meeting	September 2024 Board meeting	
Finance	Certification of Overpayments	Internal and Board of Trustees	Determined Internally	80 Ill Adm. Code Sec.1600.450	As needed	As needed	
Finance	IRS W-2 forms to SURS employees and EBA members	Sent to Staff with Report to IRS	Annual by 1/31	IRS CODE	1/31/2024	Jan-25	Finance and HR work together on these. They go out through ADP.
Finance	IRS W-3 Form	IRS	Annual	IRS Code	1/23/2024	1/31/2025	
Finance	Information to COGFA when requested	COGFA	Ad Hoc/At will/as requested	40 ILCS 5/22-803	As requested	As requested	
Finance	Submission of System Information to COGFA	COGFA	Annual by 3/1 (these go out via same prelim and final deadlines of 11/1 and 1/15 for the actuarial valuation and annual certification)	40 ILCS 5/22-1001	Prelim info sent 10/23/2023 and Final info sent 12/19/2023	Prelim to be sent by 11/1/2024 and final due by 1/15/2025	This typically goes out in December/January: valuation, certification, appropriation cert, CIP appropriate amounts and RSP participation info. SURS received a waiver of monthly reporting and as of 8/30/23 we now only have to file an annual report.
Finance	Debt Transparency Report	Comptroller	Now annual (due by 7/31)	30 ILCS 105/9.08	8/1/2023	7/31/2024	

**MAY COMPLIANCE REPORT (2024)**

Finance	GRS (actuary) gives SURS a letter that is approved by SURS Board that includes the employer normal cost of the DB plan	Approved letter is published on SURS.org	Annual	<u>statutory reference?</u>	10/19/2023	10/31/2024	Per Tara, normal cost recommendations are taken from GRS to the Board for annual approval in October. Once approved this information is posted to the SURS website for employers.	
Finance	Certification of Prescribed Rate of Interest and Effective Rate of Interest	SURS board approves each year in December and the information is shared with the public via a press release	December (to become effective on the following 7/1)	40 ILCS 5/15-125 and 40 ILCS 5/15-164	12/8/2023	12/31/2024		Per Tara, the SURS board votes on this each December and it is used for everything except money purchase which is determined by the Comptroller. This is a new reporting requirement. Threshold for reporting is \$50,000.
Finance	IRS Form 1098-F (payment of penalties exceeding \$50,000)	Payor and then the IRS	Annual reporting - Form due to payor by Jan. 31 and then file the form with the IRS by 2/28 (if paper) or by 4/1 (if electronic)	IRS Section 6050X	As needed	As needed		
Finance	Participation in Deferred Compensation Plan	Details must be made public and are included in the ACFR	Annual (no set date in statute)	40 ILCS 5/15-202	Same as ACFR publication date - see above	Same as ACFR Publication date - see above		
<b>ACCOUNTING -- FINANCE -- MEMBER SERVICES</b>								
Finance/Mem Serv	Illinois Revised Unclaimed Property Act	IL Treasurer's Office	Annual report due 11/1 reporting period covers 7/1-6/30 of the preceding year	765 ILCS 1026/15-402 (for property held outside the trust) and 403 (due date) and 765 ILCS 1026/15-1505 (for property held in the trust) SURS must retain records for 10 years after date last report was filed unless shorter period is allowed by rule per 765 ILCS 1026/15-404	1/10/2022* partial report filed for 2022 filing period. FY23 RUUPA reports for RMD and death were filed on 8/14/2023. These are the only reports we can provide until the PAS project is done.	Report for FY24 due on 11/1/2024	The Treasurer's Office has confirmed that the reports we have provided at this point will comply with the statute until our PAS project is complete.	
Finance/Mem Serv	Financial Statements to Participants / Service Credit Statements / Annual Benefit Summary Statements	Full ACFR is posted to SURS.org once released. Individual statements are sent members and annuitants from Member Services	Annually for the system when the ACFR is done. Individual reports sent out in mid-November (Statute only requires indiv. Statements to go out if requested by the member.	40 ILCS 5/15-170 and 15-175	Ongoing	Ongoing		
Finance/Mem Serv	Reports to Reciprocal	Sent to Reciprocal Systems	As requested	40 ILCS 5/20-126	Ongoing	ongoing		
Human Resources	Consumer Coverage Disclosure Act - Health Insurance	Health Insurance Information to be provided to employees	At the time of hire and annually thereafter (using CMS generated information) Monthly (w/n 10 days of end of month)	820 ILCS 46/10	Ongoing	Ongoing		
Human Resources	Separation Report	State Universities Civil Service System	Monthly (w/n 10 days of end of month)	Civil Service Rule 250.30	5/2/2024	6/10/2024		
Human Resources	Monthly Wage Report	IDES taxnet Online	Monthly (EXCEPT 1/4/7/10)	305 ILCS 5/11-5.2	5/2/2024	6/30/2024		
Human Resources	Form UI-3	IDES taxnet Online	Quarterly (1/31, 4/30, 7/31, 10/31)	305 ILCS 5/11-5.2	4/1/2024	7/31/2024		
Human Resources	Report of Employee Served (Civil Service Report)	State Universities Civil Service System	Quarterly (w/n 10 days within End of Quarter)	Civil Service Rule 250.30	4/12/2024	7/31/2024		

# MAY COMPLIANCE REPORT (2024)

Human Resources	Exempt Employees Report	State Universities Civil Service System	Quarterly	110 ILCS 70/36(e)	4/12/2024	7/31/2024	SURS must file electronically due to number of employees. This info goes out by ADP with the W-2s. Same as above item.	
Human Resources	Occupational Ethnic and Gender Report	State Universities Civil Service System	Quarterly (w/n 10 days of end of quarter)	Civil Service Rule 240.30	4/12/2024	7/10/2024		
Human Resources	Agency Workforce Report	Secretary of State; Office of Governor	Annual	5 ILCS 410/5, 5 ILCS 410/15 and 5 ILCS 410/20	12/22/2023	12/31/2024		
Human Resources	TA-2 - Headquarters Report	Legislative Audit Commission	Bi-Annually	St. Fin. Act 30 ILCS 105/12-3	12/15/2023	7/31/2024		
Human Resources	I-9 Eligibility	Internal Kept in Employee's Personnel File	Ad Hoc w/n 20 days of hire	Immigration and Reform Act of 1986	At Time of Hire	As needed		
Human Resources	1094C and 1095C Reports	Sent to SURS Staff with W-2s, then Filed with the IRS	Annual by 2/28 (paper form) or 3/31 (electronically)	IRS CODE	Jan-24	1/31/2025		
Human Resources	Earned Income and Tax Credit Information Notice	Sent to SURS staff with W-2 via the ADP System	Annual	820 ILCS 170/15	1/31/2024	1/31/2025		
Human Resources	Civil Service Salary Report	State Universities Civil Service System	Bi-annually due 4/15 and 10/15	110 ILCS 70/36b	4/12/2024	10/15/2024		
Human Resources	Report on State Employees Combined Appeal (SECA) Voluntary Deductions for SURS staff and annuitants	Comptroller	Annual by 3/1	5 ILCS 340/5 (staff) and 8(c) (annuitants)	1/4/2024	3/1/2025		Confirm that we are sending this information in for staff and annuitants
Human Resources	Revolving Door Policy Sign Off and Ongoing List	Provided to staff upon hiring with SURS to maintain internal list. Updated list provided to Governor's office when requested. We do not provide info for electronic portal	As needed / ad hoc	5 ILCS 430/5-45	Time of Hire	Ongoing		
Human Resources	Adverse Judgment / Administrative Ruling Report for EEOC violations	IL Department of Human Rights	Annual Report due 7/1 for the preceding calendar year	775 ILCS 5/2-108	Only required if SURS had an adverse judgment or administrative ruling against it in the preceding year	Ad Hoc		
Human Resources	SSA 1945 - Form Confirming to New Hire that Employer does not Participate in Social Security	Internal In File - for all new SURS employees	Ad Hoc w/n 20 days of hire	Social Security Administration	Time of Hire	Ongoing		
<b>INFORMATION TECHNOLOGY COMPLIANCE ITEMS</b>								
Information Technology	Data Breach Report - Personal Info Protection Act	Notice to member must be sent "in the most expedient time possible and without unreasonable delay." If impacts > 500 residents, the Attorney General's office must be notified	Ad Hoc	815 ILCS 530/10	Eff. 1/1/20	As needed		
<b>INVESTMENTS COMPLIANCE ITEMS</b>								
Investments	Investment Update Report	Online Surs.org	75 days after month end	Internal procedure - monthly	March posted 6/3/2024	April due 6/15/2024	These reports are often delayed - waiting for private equity information	
Investments	Investments Information Report - Monthly Report to Gov. on MWDB Firms / HR / Vendors	Online Surs.org Governor and General Assembly	Monthly (by the 15th) Annual by January 1	30 ILCS 237/10 40 ILCS 5/1-109.1(B)	5/15/2024 12/28/2023	6/15/2024 1/1/2025		
Investments	Investment Transparency Disclosures - Must list total amount of fund, asset allocations, current/historical returns, listing of investment advisers, performance against benchmarks, list of all consultants, list of all contractors, RFP info, names and emails for board members and senior staff, and description of each contract as required under 1-113.14(g)	Posted to SURS.org	Quarterly - this information disclosed in a combination of other compliance items tracked separately. There is no one single report for these items.	40 ILCS 5/1-113.14 and 5/1-113.16	See Investment Compliance Items generally	See Investment Compliance Items generally		
Investments	Consultant Report on MWDB searches*	Consultant must disclose to the SURS Board of Trustees	Annual by January 1	40 ILCS 5/1-113.22	Both - 12/28/23	1/1/2025	*These are filed in the same document with the item below.	

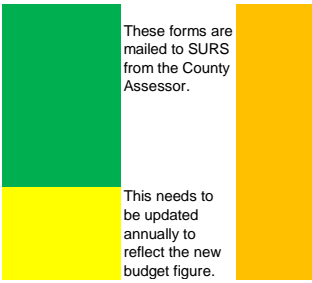
**MAY COMPLIANCE REPORT (2024)**

Investments	Consultant Report on Economic Opportunities*	Consultant must disclose to the SURS Board of Trustees	Annual by January 1	40 ILCS 5/1-113.23	Both - 12/28/23	1/1/2025	<p>*Both statutes, as written, are impossible to meet. Auditors have accepted 1/31 as the due date.</p> <p>*req. threshold for reporting not met for 2017. Next reporting year = 2027 and only if we meet the reporting threshold.</p> <p>*not all managers are required to file by 4/1</p> <p>Regina provides this info.</p> <p>Brian provides this info.</p> <p>This statutory requirement is met by the public disclosure of the DB and DC fee info and by the Fund of Fund Disclosures made by Investments -- all of which are posted to the SURS website.</p>
Investments	Quinquennial Rep. US Owned Foreign Securities**	Federal Reserve Bank	Only upon request 5 years	22 USC Sec 3101	2022 (no report required)	Not due until 2027	
Investments	Restricted Companies Divestiture Reporting*	Illinois Investment Policy Board Formerly to the Dept. of Financial and Professional Regulation - now filed with the Public Pension Division of the Department of Insurance	Annual by April 1	40 ILCS 5/1-110.16(g)	3/27/2024	4/1/2025	
Investments	Illinois Finance Entity/High Risk Home Loan Act Cert.	Governor and General Assembly	Annual	40 ILCS 5/1-110.10	8/23/2023	9/30/2024	
Investments	Invest in Illinois - Report of Economic Opportunity Investments in Illinois	Governor and General Assembly	Annual by September 1	40 ILCS 5/1A-108.5(c)	8/31/2023	9/1/2024	
Investments	Annual SEC ADV's from Financial managers	SEC	Annual-120 days from FY end	US Investment Advisors Act of 1940	Ongoing	Ongoing	
Investments	Investment Manager Fee Disclosure to the Board (DB Plan) and description of investment adviser and consultant contracts posted to SURS website	SURS.org website	Quarterly	40 ILCS 5/1-113.14(e)(f) and (g) and 40 ILCS 5/1-113.16(d)	5/7/2024	9/30/2024	
Investments	Investment Manager and Consultant Fee Disclosure - (DC Plan) Fees and Description of every investment contract	SURS.org website	Quarterly	40 ILCS 5/1-113.14(e) and (g) and 40 ILCS 5/1-113.16(d)	4/25/2024	7/31/2024	
Investments	Written Investment Policies - must include references to sustainability factors used in decision-making under IL Sustainable Investing Act, 30 ILCS 238	Illinois Department of Insurance, Illinois Procurement Policy Board and SURS.org website	Ad Hoc - within 30 days after policy is amended	40 ILCS 5/1-113.14(b) and 40 ILCS 5/1-113.17	As needed	As needed	
Investments	Investment Procurement Policy	Illinois Procurement Policy Board and posted on SURS Website	Ad Hoc - best practice - file updated versions of the policy even though statute is silent on follow-up filings. Any procurement exceptions must be identified on the SURS website. (sole source, emergency, <1 yr. w/ value , 20k and Follow-on-Funds	40 ILCS 5/1-113.14(b)	As needed	As needed	
Investments	General Investment Policy - Initial Filing and Updates	Illinois Department of Insurance	Ad Hoc	40 ILCS 5/1-113.17	As needed	w/30 days of updates to policy	
Investments	Investment Services - Description of all Investment Services Contracts, company, total amount of contract, total fees paid/to be paid and disclosure approved by SURS board describing factors that contributed to the selection of investment advisor or consultant	Posted on the SURS website when services are obtained	Ongoing	40 ILCS 5/1-113.14 (g)	Ongoing	Ongoing	
Investments	Disclosure of Fund of Fund Investments to include description of each contract, total commitment, and disclosure approved by SURS board describing factors that contributed to the selection of investment advisor or consultant	SURS.org website	Ongoing	40 ILCS 5/1-113.15(b)	As needed	As needed	
Investments	Procurement Forms - Uniform RFP Documents	Posted on the SURS website when issued	ongoing	40 ILCS 5/1-113.14(f)	As needed	As needed	
Investments	Managers' Annual Certification of Fiduciary Duty and Compliance with Insurance Requirements	Internal on file	Annual	contract provisions	9/1/2023	9/1/2024	

# MAY COMPLIANCE REPORT (2024)

Investments	Fiduciary Report: Proxy Voting Guidelines for Voting Proxy Ballots and detailed report regarding how the board considers sustainability factors in investments	Posted to SURS website	Annual - due by 9/1	40 ILCS 5/15-177.6	9/1/2023	9/1/2024	
Investments	Illinois Sustainable Investing Act - Inv. Policy New Requirements (eff. 1-1-2020)	Illinois Department of Insurance	Ad Hoc	30 ILCS 238/15 and 40 ILCS 5/1-113.17	As needed	w/30 days of update	New statute requires inv. policy to include sustainability factors
<b>LEGAL &amp; ETHICS COMPLIANCE ITEMS</b>							
Legal & Ethics	Ethics Officer Designation Notice	IL Executive Ethics Commission	As Needed/Ad Hoc	5 ILCS 430/20-23	As needed	as needed	
<b>TRAINING REQUIREMENTS</b>							
Legal & Ethics	General Ethics Training Plan for Staff and Trustees	SURS Internal Auditor and OEIG	Annual (no specific date in statute)	5 ILCS 430/5-10	1/16/2024	1/15/2025	This is a line item on the year end training report.
Legal & Ethics	Ethics Orientation for State of Illinois <b>Staff</b> - Paper	OEIG	within 30 days of hire	5 ILCS 430/5-10	As needed	As needed	
Legal & Ethics	Annual Ethics Training <b>Trustees</b> (OneNet)	Regular Annual Ethics Act training certification goes to OEIG	Annual (to be completed by 6/30 - final completion must be done by 12/31*)	5 ILCS 430/5-10 (regular annual)	12/31/2024*	12/31/2025	
Legal & Ethics	Annual Completed Ethics Training <u>Report</u> of Completion - <b>Trustees</b> (OneNet)	Regular Annual Ethics Act training certification goes to OEIG	Annual - report due by 1/15 of the following year	5 ILCS 430/5-10 (regular annual)	1/16/2024	1/15/2025	
Legal & Ethics	Annual Ethics Training <b>Staff</b> (OneNet)	OEIG	Annual by 12/31	5 ILCS 430/5-10	12/31/2024	12/31/2025	
Legal & Ethics	Annual Ethics Training <u>Report</u> of Completion - <b>Staff</b> (OneNet)	Report goes to the OEIG	Annual - report due by 1/15 of the following year	5 ILCS 430/5-10	1/16/2024	1/15/2025	
Legal & Ethics	Anti-Discrimination and Harassment Training for <b>Trustees</b> (OneNet)	OEIG	Annual (to be completed by 6/30 b- final completion must be done by 12/31) AND must be done w/in 30 days of commencing elected or appointed trustee position	5 ILCS 430/5-10.5(a-5)	12/31/2024*	12/31/2025	
Legal & Ethics	Anti-Discrimination and Harassment Training for <b>Trustees</b> - <u>Report</u> of Completion (OneNet)	IL Executive Ethics Commission - OEIG	Annual - report due by 1/15 of following year & w/in 30 days of commencing elected or appointed position/office	5 ILCS 430/5-10.5(a-5)	1/16/2024	1/15/2025	
Legal & Ethics	Anti-Discrimination and Harassment Training for <b>Staff</b> (OneNet)	IL Executive Ethics Commission - OEIG	Annual	5 ILCS 430/5-10.5(a-5)	12/31/2023	12/31/2024	
Legal & Ethics	Anti-Discrimination and Harassment Training for <b>Staff</b> - Report of Completion (OneNet)	IL Executive Ethics Commission - OEIG	Annual - report due by 1/15 of following year	5 ILCS 430/5-10.5(a-5)	1/16/2024	1/15/2025	
Legal & Ethics	Cybersecurity Training for <b>Trustees</b> (OneNet)	IL Dept. of Innovation and Technology	Annual	20 ILCS 450/25 - there is no separate reporting requirement	12/31/2024*	12/31/2025	
Legal & Ethics	Cybersecurity Training for <b>Staff</b> (OneNet)	IL Dept. of Innovation and Technology	Annual	20 ILCS 450/25 -there is no separate reporting requirement	12/31/2024	12/31/2025	
Legal & Ethics	FOIA Officer Training & Annual Certification - <b>Staff</b>	IL Attorney General	Annual	5 ILCS 140/3.5	Dec-24	12/31/2025	
Legal & Ethics	Open Meetings Act - <b>Trustee</b> Training	IL Attorney General - Public Access Counselor	One Time - within 90 days of taking the oath	5 ILCS 120/1.05(b)	As needed	As needed	
Legal & Ethics	OMA Officer Training - designated SURS <b>Staff</b>	IL Attorney General - Public Access Counselor	Annual	5 ILCS 120/1.05(a)	12/31/2024	12/31/2025	
Legal & Ethics	Additional Diversity/Inclusion Training offered by the Governor's Office - staff	Governor's Office	Annual (voluntary)	This is voluntary for SURS per the discretion of the EC as it is only mandated for public agencies by an Executive Order	12/31/2024	12/31/2025*	*if SURS decides to voluntarily take this additional training again
<b>LEGAL &amp; ETHICS MISCELLANEOUS COMPLIANCE ITEMS</b>							
Legal & Ethics	SURS Regulatory Agenda - Administrative Rules	IL Secretary of State	Bi-annual, to be filed by 1/1 and 7/1	5 ILCS 100/5-60	12/21/2023	7/1/2024	
Legal & Ethics	Revolving Door Policy Notifications - Designated SURS Staff	IL Executive Inspector General	As Needed/Ad Hoc	5 ILCS 430/5-5-45	Time of Hire	As needed	
Legal & Ethics	Statement of Economic Interests (Trustees and Designated Staff members)	IL Secretary of State	Annual	5 ILCS 420/4A-101	5/1/2024 - staff 5/1/2024 - trustees	5/1/2025	
Legal & Ethics	Ex Parte Communications Reports	Executive Ethics Commission	As Needed/Ad Hoc	5 ILCS 430/5-50	9/13/2017	As needed	

# MAY COMPLIANCE REPORT (2024)

Legal & Ethics	Certificate of Status of Exempt Property - for 1801 Fox Drive and 1901 Fox Drive	Chief County Assessment Officer (Urbana, IL)	Annual by 4/15	35 ILCS 200/15-10 through 15-20	2/28/2024	4/1/2025	 <p>These forms are mailed to SURS from the County Assessor.</p> <p>This needs to be updated annually to reflect the new budget figure.</p>
Legal & Ethics	Fraud	SURS Board of Trustees and/or Appropriate State's Attorney	As needed	40 ILCS 5/1-135 and 40 ILCS 5/15-186	6/3/2022	As needed	
Legal & Ethics	QILDRO Forms Electronically Available	SURS.org website	Ongoing requirement	40 ILCS 5/1-119	current	as updated	
Legal & Ethics	ARDC Registration - staff attorney law license renewal	IL Supreme Court and ARDC	Annual	Supreme Court Rule 756	12/31/2024	12/31/2025	
Legal & Ethics	Freedom of Information Manual - Public Facing	Posted to SURS.org	Ongoing requirement - to be updated annually	5 ILCS 140/4	6/30/2023	6/30/2024	

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ILLINOIS REGISTER

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STATE UNIVERSITIES RETIREMENT SYSTEM

PROPOSED JULY 2024 REGULATORY AGENDA

a) Part (Heading and Code Citation): Universities Retirement (80 Ill. Adm. Code 1600)

1) Rulemaking:

A) Description: The System anticipates rulemaking affecting the following:

Amend SURS administrative rules to include necessary substantive changes and technical corrections to reflect the impact of new statutory changes.

Amend Section 1600.270 (Employer Contributions for Benefit Increases Resulting from Earnings Increases Exceeding 6%) to add exclusion concerning any earnings increase resulting from overload work performed in an academic year subsequent to an academic year in which the employer was unable to offer or allow to be conducted overload work due to an emergency declaration limiting such activities under (40 ILCS 5/15-155(h-5)).

Amend Section 1600.420 (Making Preliminary Estimated Payments) to include procedures for holding payments when the member has not responded to informational requests, and to suspend the benefit after a period of non-compliance with the request.

Amend Section 1600.450 (Overpayment Recovery) to address *de minimis* revisions to benefit calculations and deductions for overpayments of less than \$100.

Amend Section 1600.460 (Accelerated Pension Benefit Payment In Lieu of Any Pension Benefit) to reflect the extended deadline of June 30, 2026 as referenced in Public Act 102-718, effective May 5, 2022.

Amend Section 1600.461 (Accelerated Pension Benefit Payment for a Reduction and Delay in AAI) to reflect the extended deadline of June 30, 2026 as referenced Public Act 102-718, effective May 5, 2022.

Promulgate rules to establish acceptable documentary evidence for demographic information such as birth dates and marital status.

Promulgate rules to provide specific definitions and procedures to implement 40 ILCS 5/15-168 (concerning information requests necessary for the proper administration of the System and suspensions for non-



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ILLINOIS REGISTER

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STATE UNIVERSITIES RETIREMENT SYSTEM

PROPOSED JULY 2024 REGULATORY AGENDA

compliance by members and penalties for non-compliance by employers).

Promulgate rules to clarify SURS' benefit forfeiture procedures and refund calculation methods arising from work-related felonies under Section 15-187 of the Illinois Pension Code (40 ILCS 5/15-187).

Amend Section 1600.710 (Petitions) to remove any reference to the required or permissive use of the last four digits of the social security numbers of SURS members on nominating petitions for contributing member candidates and annuitant candidates.

- B) Statutory Authority: Article 15 of the Illinois Pension Code, (40 ILCS 5/15-177).
- C) Scheduled meeting/hearing dates: Written comments may be submitted during the 45-day public comment period following publication of the proposed rule in the *Illinois Register*. No public hearings are anticipated.
- D) Date agency anticipates First Notice: Summer 2024 through Winter 2024
- E) Affect on small businesses, small municipalities or not for profit corporations: None
- F) Agency contact person for information:
- Bianca T. Green, General Counsel  
State Universities Retirement System  
1901 Fox Drive  
Champaign, IL 61820
- (217) 378-8825  
Fax: (217) 378-9801  
[bgreen@surs.org](mailto:bgreen@surs.org)
- G) Related rulemakings and other pertinent information: Other Amendments may be necessary based on emergent issues.