

Money Purchase Factor Changes

Effective 07/02/2025



What Will Be Changing and When Will The Change Occur?

- Actuarial factors used in calculating the Money Purchase Formula
- New factors will be used in all Money Purchase calculations done July 2, 2025, or later

Background Information

- All eligible formula calculations are performed at retirement
- Annuity is based on the calculation that provides the highest benefit
- General Formula vs. Money Purchase
- Calculations applicable to members in the Traditional or Portable Plans only
- Money Purchase calculation is not available to members who became participants on or after July 1, 2005

How are the Money Purchase Factors Used?

General Formula is based on:

- Member's age
- Years of service
- Earnings average

Money Purchase calculation is based on:

- Normal retirement contributions
- Accrued interest
- Actuarial factors

Members Not Impacted by this Change

- Current Annuitants
- Survivor benefit recipients
- Members in the Retirement Savings Plan
- Members who first became participants on or after July 1, 2005
- Members whose benefit calculation is highest under the General Formula calculation

Who May be Impacted?

Traditional and Portable Plan members with the following:

- An annuity calculation highest under the Money Purchase Formula **AND**
- A Retirement Date July 2, 2025, or later

Money Purchase Formula Facts

Money Purchase factors are an actuarial representation of the member's life expectancy

Current factors are effective 7/2/22 – 7/1/25

New Money Purchase factors effective 7/2/25

- Changes to the factors are a result of the 2024 Actuarial Experience Study

Why Do The Money Purchase Factors Change?

- State Actuary requires annual review of the economic assumptions (State Actuary was designated in 2012)
- PA99-232 (effective 08/03/15) requires SURS to conduct an experience study at least every three years
- Both the economic assumption review and the experience study can result in a change to the Money Purchase actuarial factors
- Based on results of these studies, Money Purchase factors may be modified to better reflect economic conditions, demographics, and life expectancies
- Provides better estimates of future liability and asset growth for the System

What Will Be The Effect of This Change?

Members retiring under the age of 62 will likely not see a reduction due to this factor change.

Members retiring between the ages of 62 and 70 will likely see a slight reduction in their monthly benefit of less than 1%.

Members retiring over age 70 will likely see a benefit reduction of approximately 1% - 3%.

Members who are affected by this change can offset the adjustment by delaying their retirement a couple of months.

Money Purchase Formula Calculation – Tier I Only

The combination of the following

Normal retirement
contributions

The interest from
those contributions

Employer (State)
Match



Divided by actuarial age factor

Money Purchase Calculation Example

Money Purchase Calculation: Member Age 62	Current Factors Effective 07/02/22 – 07/01/2025	vs	New Factors Effective 07/02/2025
Normal Retirement Contributions & Interest*	\$153,950		\$153,950
State Employer Match (\$153,950 x 2.4) +	<u>\$215,531</u>		<u>\$215,531</u>
TOTAL Normal Contributions & Interest* at Retirement =	\$369,481		\$369,481
Actuarial Age Factor ÷	146.966		146.985
MONTHLY RETIREMENT BENEFIT =	\$2,510		\$2,510
*Interest is based on the Illinois State Comptroller rate			

General Formula

Traditional & Portable Plans

1. $2.2\% \times \text{years of service} = \text{percentage}$
2. Percentage \times final average earnings (FAE)
3. Less age reduction, if applicable

Note:

80% maximum benefit = 36.364 years of service

General Formula Example

- 28 years service credit
- Final Average Earnings = \$48,350

Calculation of Benefit:

28 years x 2.2% = 61.6%

Annual Benefit: 61.6% X \$48,350 = \$29,783

Monthly Benefit: \$29,783/12 = \$2,480*

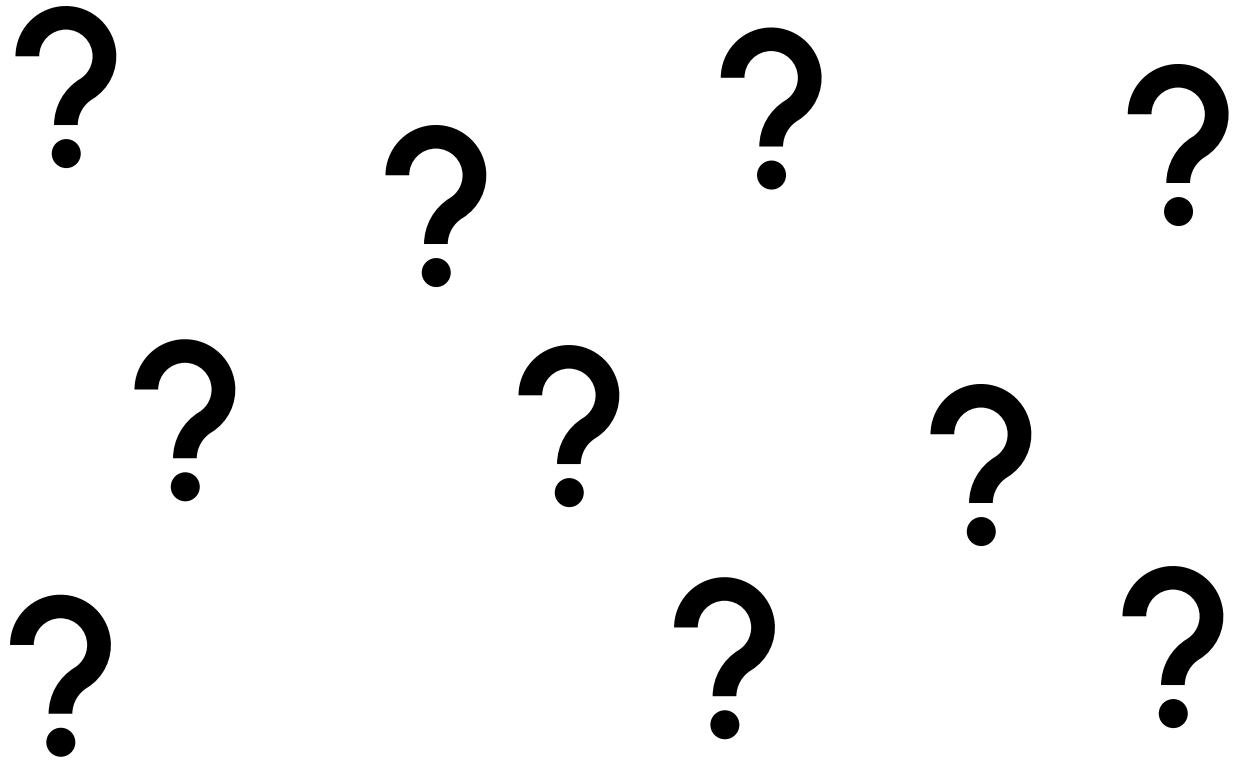
*Assumes no age reduction applicable

Calculation Results – Example

- General Formula \$2,480
- Money Purchase \$2,510
 - Based on current Money Purchase factors in effect through 07/01/2025
- Money Purchase \$2,510
 - Based on new Money Purchase factors effective 07/02/2025

SURS calculates all applicable formulas and pays the highest benefit to the member

Should I Retire?



What Is My Retirement Plan Choice?



Retirement Savings Plan

Money Purchase factor changes **do not** affect you.



Traditional or Portable Plans

Money Purchase factor changes **may** affect you.

When Did My SURS Participation Begin?



On or after July 1,
2005

Money Purchase
factor changes do
not affect you.



Prior to July 1, 2005

Money Purchase
factor changes may
affect you.

Am I Eligible To Retire Within The Next Three Years?

- Not eligible to retire within the next three years
 - Money Purchase factor changes **do not** affect you
- Eligible to retire within the next three years
 - Money Purchase factor changes **may** affect you
 - SURS encourages you to learn more about how the Money Purchase factor changes could affect your benefit
 - Benefit Estimator
 - Counseling Appointment
 - Written Estimate

Which Calculation is My Highest Benefit?

Benefit
highest using
Money
Purchase

- The benefit calculation **may be impacted** by the Money Purchase Factor changes.

Benefit
highest using
another
formula

- The benefit calculation **will not be impacted** by the Money Purchase Factor changes.

If I Decide To Retire, What Date Should I Use?

If impacted by the change to Money Purchase factors, you may want to consider an Annuity Begin Date of 7/1/25 or before

The Annuity Begin Date is typically the first of the month

- SURS does not pay retirement benefits for partial months
- Health insurance benefits (if applicable) become effective on the annuity begin date
- Consider retirement on the first of the month to provide a full month's benefit and immediate health insurance benefits (if applicable)

Determining a Retirement Date



Termination Date

Last day of employment

Typically, the last day of the month



Retirement Date

Must be at least one day after the termination date



Annuity Begin Date

Typically, the first of the month following the termination date

Retirement Date Examples

Example 1:	
Termination Date:	May 15, 2025*
Retirement Date:	May 16, 2025
Annuity & Insurance Begin Date:	June 1, 2025
Example 2:	
Termination Date:	June 30, 2025
Retirement Date:	July 1, 2025
Annuity & Insurance Begin Date:	July 1, 2025
*If your termination date is mid-month, contact your current employer for insurance information	

SURS Website



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2025 Medicare Advantage Open Enrollment Period

State of Illinois TRAIL Medicare Advantage Prescription Drug (MAPD) open enrollment is Oct. 15 -Nov. 15, 2024.

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SURS Website Login



Member Website Log on

Welcome to the State Universities Retirement System Member Website

Latest News

In order to provide an additional layer of account security, SURS has implemented Multi-Factor Authentication (MFA) on the Member Website. Please note, if you have not registered for MFA, you will be required to do so on your next visit to the site.

If this is your first visit to this site, you must click on the "Registration Process" button. This process will register you to use this website. To register you must have a SURS Member ID number. SURS will issue a Member ID number after receiving an Employment Certificate from your employer.

If you have already registered, enter your User Name and the Password, and then click the "Log on" button.

If you have forgotten your user name or your password and would like to reset your login credentials, you can click the "Registration Process" button to do this.

User Name

Password

Main Office
1-800-275-7877

[Log on](#)

[SURS Home Page
http://www.surs.org](http://www.surs.org)

[Registration Process](#)



[View Registration Video](#)

SURS Website Multi-Factor Authentication



Member Website

Log Off

Messages:

- MFA Email address on file: LKE.....URS.ORG
- MFA cell phone on file: 2.....6650

Multi-Factor Authentication

The **SEND EMAIL**, **SEND TEXT**, and/or **SEND VOICE** options are displayed based on your MFA email address, cell phone, and/or voice information on file and service availability.

Click the **SEND EMAIL** button to send a verification code to your MFA email address on file.
Click the **SEND TEXT** button to send a verification code via SMS text message to your MFA cell phone on file.
Please click an option to receive a verification code.

SEND EMAIL

SEND TEXT

SURS Website Benefit Estimator



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**** ATTENTION ****

- **The method in which service credit is granted changed effective September 1, 2024. For more information, go to the Service Credit & Earnings screen under the My SURS or My Account tab.**
- **Do you have a SURS RSP or DCP account? Please read notice regarding additional security measures.**

Benefit Estimator Options Traditional



Benefit Estimator Website

Estimator Options		Estimated Benefit Results		Printable Results	
Estimator Options	Future Assumed Earnings				
Benefit Estimator Assumptions					
Position:	<input type="radio"/> Academic	<input checked="" type="radio"/> Staff/Academic Professional			
Last Date of Employment (MM/DD/YYYY):	<input type="text" value="06/07/2018"/>				
Retirement Date (MM/DD/YYYY):	<input type="text" value="06/07/2018"/>				
Earnings Assumption					
Estimated Current Academic Year (09/01/2017 to 08/31/2018):	<input type="text" value="\$ 50001.12"/>				
Salary Increase Percent:	<input type="text"/>	%			
Vacation Days:	<input type="text"/>				
Unpaid Sick Leave Days:	<input type="text"/>				
Assumed Future Interest Rate:	<input type="text" value="6.75"/>	%			
Continue to Calculate					
Ms. SURS Traditional					
Tier: Tier I					
Last Employment: 06/07/2018					
Retirement Date: 06/07/2018					
Age at Retirement:					
0 years 0 months					
Certification Date: 11/19/1990					
Position: Staff					
Plan Choice: Traditional					
Available Purchase Included:					
<input checked="" type="checkbox"/> N					
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Eligibility Requirements					
IRS 401(a)17 Limits					

Estimator Options



Benefit Estimator Website

Estimator Options

Estimated Benefit Results

Printable Results

Estimator Options

Future Assumed Earnings

System Messages:

Annual Earnings were derived based on the Salary Percent Increase entered with the Estimate Options.

Future Assumed Earnings

Date	Annual Earnings	Service Credit
09/01/2017	\$ 50,001.12	1.0000
09/01/2018	\$ 50,501.13	1.0000

Calculate

Ms. SURS Traditional

Tier: Tier I

Last Employment: 07/31/2019

Retirement Date: 08/01/2019

Age at Retirement:

57 years 7 months

Certification Date: 11/19/1990

Position: Staff

Plan Choice: Traditional

Available Purchase Included:

N

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Estimated Benefit Results

Traditional

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[Final Average Earnings](#)

Calculation Details

Calculation and Service Credit:

General Formula Monthly Retirement Annuity	\$ 2,060.00	Best
Money Purchase Monthly Retirement Annuity	\$ 1,850.00	
Service Credit	25.7500 years	

Projected Earnings:

Projected Earnings shown are based on assumptions entered before any limits are applied.

Future Date	Projected Earnings
09/01/2017 to 08/31/2018	\$ 50,001.12
09/01/2018 to 07/31/2019	\$ 46,292.73
Vacation Earnings:	\$ 3,884.70
Total Earnings for Final Year	\$ 50,177.43

Ms. SURS Traditional

Tier: Tier I

Last Employment: 07/31/2019

Retirement Date: 08/01/2019

Age at Retirement:

57 years 7 months

Certification Date: 11/19/1990

Position: Staff

Plan Choice: Traditional

Available Purchase Included:

N

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Final Average Earnings (FAE)

Estimator Options **Estimated Benefit Results** Printable Results

Estimated Benefits Calculation Details **Final Average Earnings**

System Messages: ×
If applicable, you may alter the earnings below, then hit "Recalculate" to see the results.

Final Average Earnings

Annual Average: \$51,086.86 Monthly Average: \$4,257.23 Recalculate

Start Date	End Date	Num Months	Earnings
08/01/2015	08/31/2015	01	\$4,166.76
09/01/2015	08/31/2016	12	\$50,001.12
09/01/2016	08/31/2017	12	\$50,001.12
09/01/2017	08/31/2018	12	<input type="text" value="\$50,001.12"/>
09/01/2018	07/31/2019	11	<input type="text" value="\$50,177.32"/>

Disclaimer:
Please keep in mind that any benefit you receive from SURS will be determined pursuant to the laws governing this system. Use of this program does not replace a SURS counseling appointment. If you are within four years of retirement, we recommend that you contact SURS for an estimate rather than relying on this estimator in making your retirement decisions.

Ms. SURS Traditional
Tier: Tier I
Last Employment: 07/31/2019
Retirement Date: 08/01/2019
Age at Retirement:
57 years 7 months
Certification Date: 11/19/1990
Position: Staff
Plan Choice: Traditional
Available Purchase Included:
N

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Benefit Estimator Options Portable



Benefit Estimator Website

Estimator Options	Estimated Benefit Results	Printable Results
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Estimator Options | Future Assumed Earnings

Benefit Estimator Assumptions

Position: Academic Staff/Academic Professional

Last Date of Employment (MM/DD/YYYY):

Retirement Date (MM/DD/YYYY):

Earnings Assumption

Estimated Current Academic Year (09/01/2017 to 08/31/2018):

Salary Increase Percent: %

Vacation Days:

Unpaid Sick Leave Days:

Assumed Future Interest Rate: %

Contingent Annuitant Information

Contingent Annuitant: Name: Bnfcry Four Birth Date:

[Continue to Calculate](#)

Miss Surs Portable

Tier: Tier I
Last Employment: 06/07/2018
Retirement Date: 06/07/2018
[Age at Retirement:](#)
0 years 0 months
Certification Date: 08/03/1998
Position: Staff
Plan Choice: Portable Eligible
Available Purchase Included:
N

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Estimator Benefit Results Portable

Estimator Options
Estimated Benefit Results
Printable Results

Estimated Benefits
Calculation Details
Final Average Earnings

System Messages: ×

The Lump Sum Refund Amount shown assumes that portable eligibility requirements have been met.

Estimated Benefits

Monthly Annuity:

The monthly benefit is one of the following depending on the survivor benefit chosen:

Best Benefit Type:	Money Purchase
According to this estimate, the Money Purchase calculation currently provides the higher benefit. Click on the Calculation Details tab to see the estimated General Formula amount.	
Monthly Retirement Annuity at 08/01/2019 with no survivor annuity	\$ 2,200
Reduced Retirement Annuity with 50% survivor annuity	\$ 1,800
Reduced Retirement Annuity with 75% survivor annuity	\$ 1,650
Reduced Retirement Annuity with 100% survivor annuity	\$ 1,520
Monthly Retirement Annuity as % of Final Average Earnings with no survivor annuity	43%

Lump Sum Refund:

Lump-Sum Refund as of 08/01/2019:	\$ 351,760
<p>By taking a refund, you forfeit all rights and credits in the SURS system, including the ability to receive a lifetime monthly benefit and health insurance, if eligible. Medical expenses are often one of the largest costs in retirement. Please consider your options carefully before making a decision that forfeits your right to health insurance. Tax consequences may also apply depending on your method of distribution.</p>	

Miss Surs Portable

Tier: Tier I
Last Employment: 07/31/2019
Retirement Date: 08/01/2019

Age at Retirement:

57 years 7 months

Certification Date: 08/03/1998
Position: Staff
Plan Choice: Portable Eligible
Available Purchase Included:
N

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What If I Am Reaching The Maximum Benefit?

- If you have a previous estimate that shows that you were reaching maximum benefit under the Money Purchase calculation, you may be eligible for a waiver of excess contributions and interest
- The amount of waiver **will be impacted** by the changed to the Money Purchase factors
- You are encouraged to request a written estimate or a retirement counseling appointment to determine the impact
- The online estimator will not calculate a waiver of excess contributions

Should I request an Estimate or an Appointment?

- If you received a retirement estimate for a retirement date prior to 07/02/25, it is still accurate
- If you received a retirement estimate showing an annuity amount calculated under the General Formula, it is still accurate
- If you are considering retirement and are within ten years of being eligible to retire (and have not had a written estimate or counseling appointment in the last 12 months), you can schedule an appointment online
- Visit the benefit estimator at surs.org to understand the impact of this change, calculate an estimate before and after the 07/02/25 effective date

Contact Us



SURS Contact Center

800-275-7877

Defined Contribution
Contact Center

800-613-9543

SURS Website

www.surs.org

Defined Contribution
Investment Guidance
(RSP & DCP)

sursrsp.timetap.com

Visit our office:
1901 Fox Drive
Champaign, IL 61820



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