



May 31, 2024

Ms. Tara Myers
Chief Financial Officer
State Universities Retirement System
1901 Fox Drive
Champaign, Illinois 61820-7333

Re: Review of RSP Disability Experience

Dear Ms. Myers:

The results of the comprehensive review of the disability experience through June 30, 2023, of the participants of the Retirement Savings Plan (“RSP”) sponsored by the State Universities Retirement System (“SURS”) of Illinois are presented in this report. This is an update to the study dated March 2, 2021, that included experience through June 30, 2020.

This report was prepared at the request of Staff and the Board of SURS and is intended for use by SURS and those designated or approved by Staff or the Board. This report may be provided to other parties only in its entirety and only with the permission of Staff or the Board.

The purpose of the review is to review the methodology for valuing the disability benefits provided to RSP participants, and to recommend changes as needed.

The review of disability experience was based upon information furnished by SURS Staff, concerning financial transactions and data related to disability benefits provided to participants of the RSP. We checked for reasonableness, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by SURS Staff.

Background and Plan Description

The RSP (formerly the SMP), which was established in 1998, is a defined contribution plan (“DC”) that, in addition to providing retirement and termination benefits based on the DC account balance, provides disability benefits. SURS members who were participating in the Traditional Plan prior to 1998 were given the option to transfer to the SMP upon inception. New members must elect a retirement plan within six months of employment.

Monthly disability benefits are provided by SURS and are based on the greater of:

- 50% of basic compensation on the date the disability occurred; or
- 50% of average earnings during the 24 months immediately preceding the disability.

Benefits are offset by employer paid insurance benefits and workers' compensation benefits. Disability benefits are provided to participants who satisfy the following eligibility requirements:

- Unable to perform the duties of assigned position for a period of more than 60 days; and
- Completed two years of service (unless disability is a result of an accident).

Disability benefits are paid until:

- Disability ceases; or
- September 1 following 70th birthday; or
- If disability commences after age 65, then benefits are paid for a five-year period; or
- Total benefits exceed 50% of employee's total earnings.

History of RSP Disability Contribution Rates

For members of the RSP, a separate fund has been established to provide disability benefits. Since the inception of the RSP through fiscal year 2008, the contribution rate to provide disability benefits to RSP members was set at the maximum of 1% of earnings. The 1% contribution rate was set prior to having credible disability experience, but with the anticipation that it would be a conservative assumption, and would also be a stable contribution rate for the first 10 years of the fund.

RSP disability and forfeiture assets are commingled with SURS defined benefit (DB) plan investments. These assets are allocated investment income/loss based upon the annual DB plan return, net of fees.

GRS recommended contribution rate decreases from the following reviews:

1. 2008 review (for experience from fiscal year 1999 through fiscal year 2007)
2. 2012 review (for experience through fiscal year 2011)
3. 2015 review (for experience through fiscal year 2014)
4. 2018 review (for experience through fiscal year 2017)
5. 2021 review (for experience through fiscal year 2020)



Following is a summary of the RSP employer contribution rates since the inception of the RSP (shown separately for the portion to fund RSP disability benefits and the portion that funds members' RSP accounts):

Fiscal Year Ending June 30	RSP Disability Contribution Rate	RSP Contribution Rate to Member Accounts
1999-2008	1.00%	6.60%
2009-2012	0.50%	7.10%
2013-2015	0.40%	7.20%
2016-2018	0.30%	7.30%
2019-2021	0.25%	7.35%
2022 and after	0.00%	7.60%

Review of Experience

Exhibit I summarizes the annual RSP disability experience for FY 1999 through FY 2023. Over the 25-year history of the RSP plan, through June 30, 2023, there have been 499 incidences of disability. The incidence rate has varied from year to year and has been higher in certain years, particularly in fiscal years 2012 and 2015, in which the rate was around 0.30% and in fiscal year 2018 in which the rate was 0.27%.

The actual average incidence rate (the rate of disablement each year) over the 25-year period is approximately 0.21% per year. That means for every 10,000 members in the population, 21 would become disabled in that year. An average disability incidence rate of 0.21% for the RSP compares to the age 48 rate of about 0.12% for male non-academic employees and 0.14% for female non-academic employees recommended in the most recent experience study of the SURS defined benefit plan covering the period June 30, 2020 through June 30, 2023. The average age of full-time RSP active members in the actuarial valuation as of June 30, 2023, was about 48 years old. Following is a summary of the disability incidence rates over different periods of time (based on full-time RSP members) through June 30, 2023:

Fiscal Years	Disability Incidence Rates
2019-2023	0.22%
2014-2023	0.23%
2009-2023	0.23%
2004-2023	0.22%

The number of RSP members and the percentage of total RSP members receiving RSP disability benefits during the fiscal year has been increasing and is currently 0.82% of the total number of RSP full-time members. Although the number of members receiving RSP disability benefits has been increasing, there has not been a significant increase in the RSP benefit payments as a percentage of RSP payroll. In addition, the data still indicates that the disabilities are mainly short term in nature (with an average actual duration of receiving benefits of less than two years) and as there are new disability recipients, former disability recipients are ceasing benefits.



Duration of the Disability Payments

Exhibit II summarizes information on the duration of disability payments made to RSP participants for FY 2008 through FY 2023. We have reviewed the average duration that members receive disability benefits for:

1. Members that are no longer receiving disability payments, and therefore the period for which they received benefits is known; and
2. Members that are still receiving disability benefits, and therefore the actual period for which they will receive benefits is not yet known.

For disabilities which occurred during fiscal years 2008 through 2020 (for which a majority of the disability benefit payments have ceased and the actual duration of disability benefit payments is known), members whose period of receiving disability benefits has ended received benefits for an average of about two years, compared with an average maximum duration of about five years. This means that most disabilities cease before members reach the maximum age or the benefit limitation that is based on total SURS earnings. The average duration of disability payments by fiscal year and in total is shown in Exhibit II.

Exhibit III has a distribution of disability incidences from fiscal year 2008 through 2023 by age at disablement and duration of disability payments and Exhibit IV has a distribution of disability incidences from fiscal year 2008 through 2023 by service at disablement and duration of disability payments.

RSP Disability Account Balance

The current contribution for the RSP disability benefit is 0% of payroll. As shown in Exhibit V, the current account balance for the RSP disability reserve is approximately \$150 million and annual benefits were about \$2.5 million for fiscal year 2023. The current RSP disability reserve is sufficient to pay about 60 years of payments based on the level of benefits paid in fiscal year 2023 (\$2.5 million) and no future contributions or investment income. Based on a previous legal opinion, the RSP disability reserve balance may only be reduced through RSP disability benefit payments. Therefore, it is reasonable to maintain the RSP disability contribution rate of 0%.

RSP Membership Data

Exhibits VI and VII summarize the membership statistics of active members in the RSP.

Summary and Conclusion

In summary, the RSP disability plan has experienced favorable actuarial experience, and based upon that favorable experience and the current disability account reserve, is in a position to maintain a 0% contribution rate. The findings in this report are based on data and experience through June 30, 2023. Future experience may differ significantly from past experience presented in this report.



Amy Williams and Kevin Noelke are Members of the American Academy of Actuaries (“MAAA”) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the disability experience of members participating in the RSP of SURS through June 30, 2023. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Amy Williams, ASA, EA, FCA, MAAA
Senior Consultant



Kevin Noelke, ASA, FCA, MAAA
Consultant

Enclosure

RSP Disability Incidence by Fiscal Year

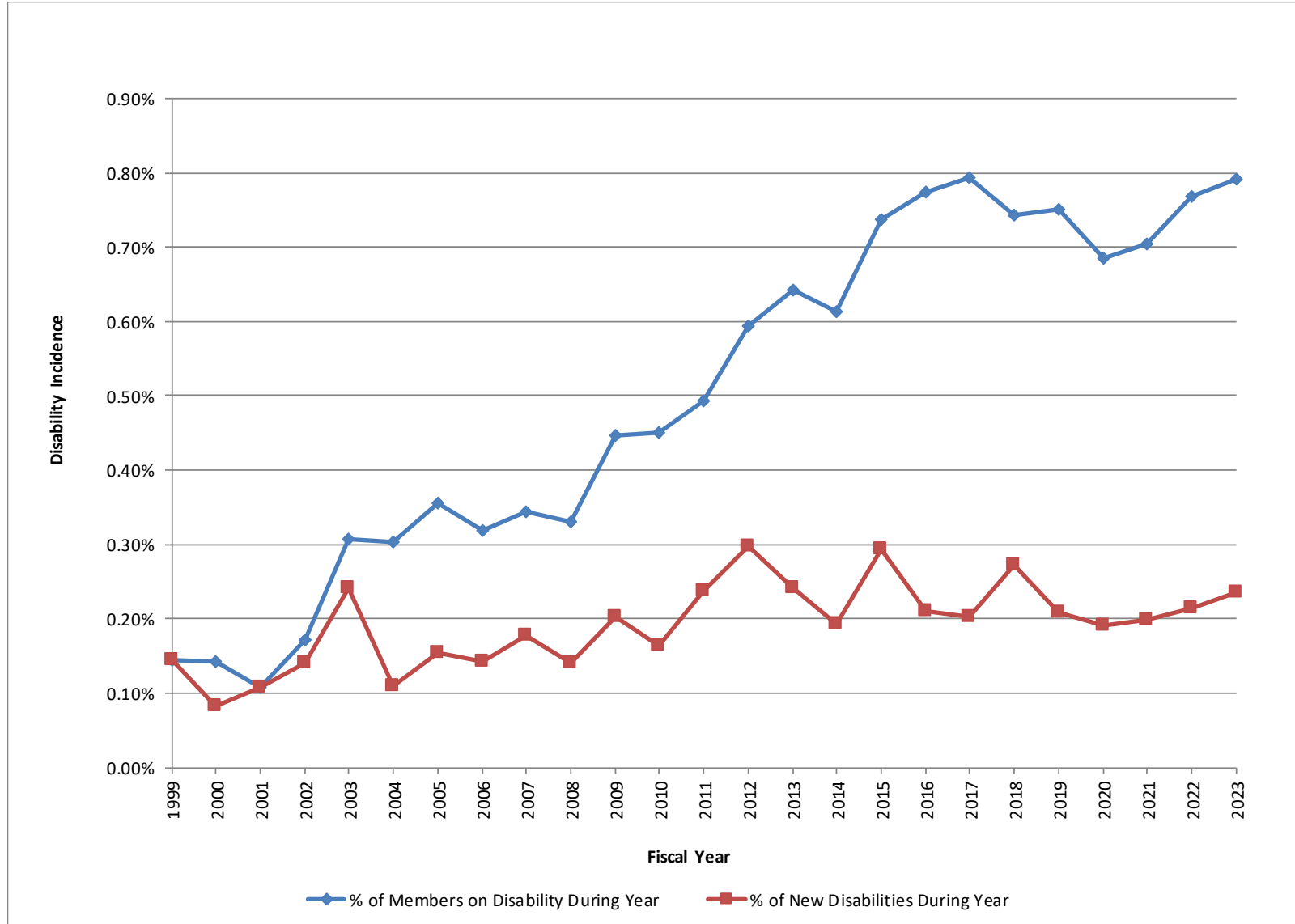
FY	Total Full-time RSP Members Count	Total RSP Members* Count	# Disability Recipients		Based on Full-time RSP		Based on all RSP	
					% of Members		% of Members	
					Receiving Benefits	Incidence Rate	Receiving Benefits	Incidence Rate
			Current Year	New				
1999	3,470	3,470	5	5	0.14%	0.14%	0.14%	0.14%
2000	4,899	4,899	7	4	0.14%	0.08%	0.14%	0.08%
2001	6,550	6,550	7	7	0.11%	0.11%	0.11%	0.11%
2002	6,095	6,384	11	9	0.18%	0.15%	0.17%	0.14%
2003	7,470	7,480	23	18	0.31%	0.24%	0.31%	0.24%
2004	7,623	8,250	25	9	0.33%	0.12%	0.30%	0.11%
2005	7,842	8,440	30	13	0.38%	0.17%	0.36%	0.15%
2006	8,396	9,110	29	13	0.35%	0.15%	0.32%	0.14%
2007	8,880	9,599	33	17	0.37%	0.19%	0.34%	0.18%
2008	9,168	9,988	33	14	0.36%	0.15%	0.33%	0.14%
2009	9,162	9,846	44	20	0.48%	0.22%	0.45%	0.20%
2010	9,146	9,746	44	16	0.48%	0.17%	0.45%	0.16%
2011	9,157	9,723	48	23	0.52%	0.25%	0.49%	0.24%
2012	9,548	10,100	60	30	0.63%	0.31%	0.59%	0.30%
2013	10,252	10,746	69	26	0.67%	0.25%	0.64%	0.24%
2014	10,849	11,409	70	22	0.65%	0.20%	0.61%	0.19%
2015	11,320	11,928	88	35	0.78%	0.31%	0.74%	0.29%
2016	11,348	11,880	92	25	0.81%	0.22%	0.77%	0.21%
2017	11,382	11,852	94	24	0.83%	0.21%	0.79%	0.20%
2018	11,656	12,106	90	33	0.77%	0.28%	0.74%	0.27%
2019	12,118	12,531	94	26	0.78%	0.21%	0.75%	0.21%
2020	12,726	13,129	90	25	0.71%	0.20%	0.69%	0.19%
2021	12,669	13,046	92	26	0.73%	0.21%	0.71%	0.20%
2022	12,645	13,026	100	28	0.79%	0.22%	0.77%	0.21%
2023	12,749	13,136	104	31	0.82%	0.24%	0.79%	0.24%
Total	237,120	248,374		499		0.21%		0.20%
2019-2023	62,907	64,868		136		0.22%		0.21%
2014-2023	119,462	124,043		275		0.23%		0.22%
2009-2023	166,727	174,204		390		0.23%		0.22%
2004-2023	208,636	219,591		456		0.22%		0.21%

Rates of 0.25% or higher are highlighted in green.

*Includes members classified as full-time or part-time active members in the actuarial valuation.



RSP Disability Incidence by Fiscal Year



Average Duration of RSP Disability Benefit Payments

Fiscal Year	# New Disability Recipients	Avg Duration [^] of Payments Total Disabilities	# Disabilities Ended as of 12/31/2023	Avg Duration of Payments (Years)		% of Total Disabilities Ended	Actual to Maximum Duration	# Disabilities Not Ended as of 12/31/2023*	Avg Duration of Payments (Years)	
				Actual Duration	Maximum Duration*				Duration as of 12/31/2023	Maximum Duration (Yrs)
2008	14	1.4	14	1.4	NA	100%	NA	0	NA	NA
2009	20	2.3	20	2.3	6.1	100%	38%	0	NA	NA
2010	16	3.2	16	3.2	6.5	100%	49%	0	NA	NA
2011	23	1.6	23	1.6	5.8	100%	28%	0	NA	NA
2012	30	2.9	30	2.9	7.0	100%	42%	0	NA	NA
2013	26	2.6	26	2.6	6.1	100%	43%	0	NA	NA
2014	22	2.9	21	2.6	7.1	95%	36%	1	10.0	10.1
2015	35	3.5	32	2.9	5.1	91%	57%	3	9.2	10.0
2016	25	1.8	23	1.2	4.5	92%	25%	2	8.2	9.6
2017	24	1.8	22	1.0	4.8	92%	20%	2	7.3	10.9
2018	33	3.1	27	1.8	4.7	82%	38%	6	6.2	9.1
2019	26	1.7	23	0.8	3.1	88%	26%	3	4.8	8.8
2020	25	2.2	18	0.8	3.4	72%	22%	7	3.9	5.8
2021	26	2.6	20	0.7	4.6	77%	16%	6	2.8	8.8
2022	28	3.6	16	0.7	3.3	57%	20%	12	2.0	7.6
2023	31	4.1	10	0.2	3.3	32%	7%	21	1.1	5.9
Total	404	2.7	341	1.8	5.0	84%	36%	63	3.3	7.5
Total for 2008-2020 (More Than 80% of Disabilities Ended as of 12/31/2023 for All Years Except 2020)										
	319	2.4	295	1.9	5.1	92%	37%	24	6.1	8.4

356 distinct RSP members had 404 separate incidences of disability from fiscal year 2008 through fiscal year 2023. 48 incidences of disability were from 40 RSP members with more than one separate disability claim.

[^]Average duration of disability benefit payments for the total number of disabilities is based on the actual duration for recipients whose benefits have ended and the maximum duration for recipients whose benefits have not ended. This is a high-end estimate of the total average duration of payments.

*For some members, the maximum duration is equal to the actual duration because this data was not available.



Average Duration of RSP Disability Benefit Payments by Years of Service For Disability Incidences From Fiscal Year 2008 through 2023

	Duration of Disability										Total	% of Total < 1 Year	% of Total ≥ 5 Years
	< 3 Months	3-6 Months	6-9 Months	9-12 Months	1 Year	2 Years	3 Years	4 Years	5-10 Years	10+Years			
Years of Service	Disabilities Not Ended as of 12/31/2023												
< 5				1	3	1	1		1		7	14%	14%
5-9			1	2	6	1	1	1			12	25%	0%
10-14			3	1	4	4	2	2	8		24	17%	33%
15-19					3	2			3		8	0%	38%
20-24					3	1	2	1	3		10	0%	30%
25+			1			1					2	50%	0%
Total	0	0	5	4	19	10	6	4	15	0	63	14%	24%
Years of Service	Disabilities Ended as of 12/31/2023												
< 5	25	13	8	5	11	9	5	1	2		79	65%	3%
5-9	42	11	9	6	11	3	4	8	22	2	118	58%	20%
10-14	29	14	5	4	4	5	2	2	16		81	64%	20%
15-19	14	10		4	6		2	2	4	2	44	64%	14%
20-24	6	6	1		1	1	1		1		17	76%	6%
25+									2		2	0%	100%
Total	116	54	23	19	33	18	14	13	47	4	341	62%	15%
Years of Service	Total Disabilities												
< 5	25	13	8	6	14	10	6	1	3	0	86	60%	3%
5-9	42	11	10	8	17	4	5	9	22	2	130	55%	18%
10-14	29	14	8	5	8	9	4	4	24	0	105	53%	23%
15-19	14	10	0	4	9	2	2	2	7	2	52	54%	17%
20-24	6	6	1	0	4	2	3	1	4	0	27	48%	15%
25+	0	0	1	0	0	1	0	0	2	0	4	25%	50%
Total	116	54	28	23	52	28	20	17	62	4	404	55%	16%

Average Duration of RSP Disability Benefit Payments by Age at Disablement For Disability Incidences From Fiscal Year 2008 through 2023

Age	Duration of Disability										Total	% of Total < 1 Year	% of Total ≥ 5 Years		
	< 3	3-6	6-9	9-12	1 Year	2 Years	3 Years	4 Years	5-10	10+					
	Months	Months	Months	Months					Years	Years					
Disabilities Not Ended as of 12/31/2023															
25-29												0			
30-34						1	1					2	0%	0%	
35-39					2	1	1		1			5	0%	20%	
40-44				1	4		1		2			8	13%	25%	
45-49				1	1							2	50%	0%	
25+			1				1		6			8	13%	75%	
55-59				1	6	1			6			14	7%	43%	
60-64			2	1	2	6	1	4				16	19%	0%	
65+			2		4	1	1					8	25%	0%	
Total	0	0	5	4	19	10	6	4	15	0	63	14%	24%		
Disabilities Ended as of 12/31/2023															
25-29	1		1									2	100%	0%	
30-34	7			1	1	1	1		1			12	67%	8%	
35-39	8	6	1		5	4		1	2			27	56%	7%	
40-44	7	3	6	2	3	1	1	3	2	1		29	62%	10%	
45-49	12	3	2	4	5	5	3	1	4	2		41	51%	15%	
25+	30	8	4	2	7	2		3	10			66	67%	15%	
55-59	22	17	3	5	4	1	3	2	12	1		70	67%	19%	
60-64	23	10	4	5	5	2	4	1	9			63	67%	14%	
65+	6	7	2		3	2	2	2	7			31	48%	23%	
Total	116	54	23	19	33	18	14	13	47	4	341	62%	15%		
Total Disabilities															
25-29	1	0	1	0	0	0	0	0	0	0		2	100%	0%	
30-34	7	0	0	1	1	2	2	0	1	0		14	57%	7%	
35-39	8	6	1	0	7	5	1	1	3	0		32	47%	9%	
40-44	7	3	6	3	7	1	2	3	4	1		37	51%	14%	
45-49	12	3	2	5	6	5	3	1	4	2		43	51%	14%	
25+	30	8	5	2	7	2	1	3	16	0		74	61%	22%	
55-59	22	17	3	6	10	2	3	2	18	1		84	57%	23%	
60-64	23	10	6	6	7	8	5	5	9	0		79	57%	11%	
65+	6	7	4	0	7	3	3	2	7	0		39	44%	18%	
Total	116	54	28	23	52	28	20	17	62	4	404	55%	16%		

RSP Disability Benefit Payments as a Percentage of Total RSP Payroll

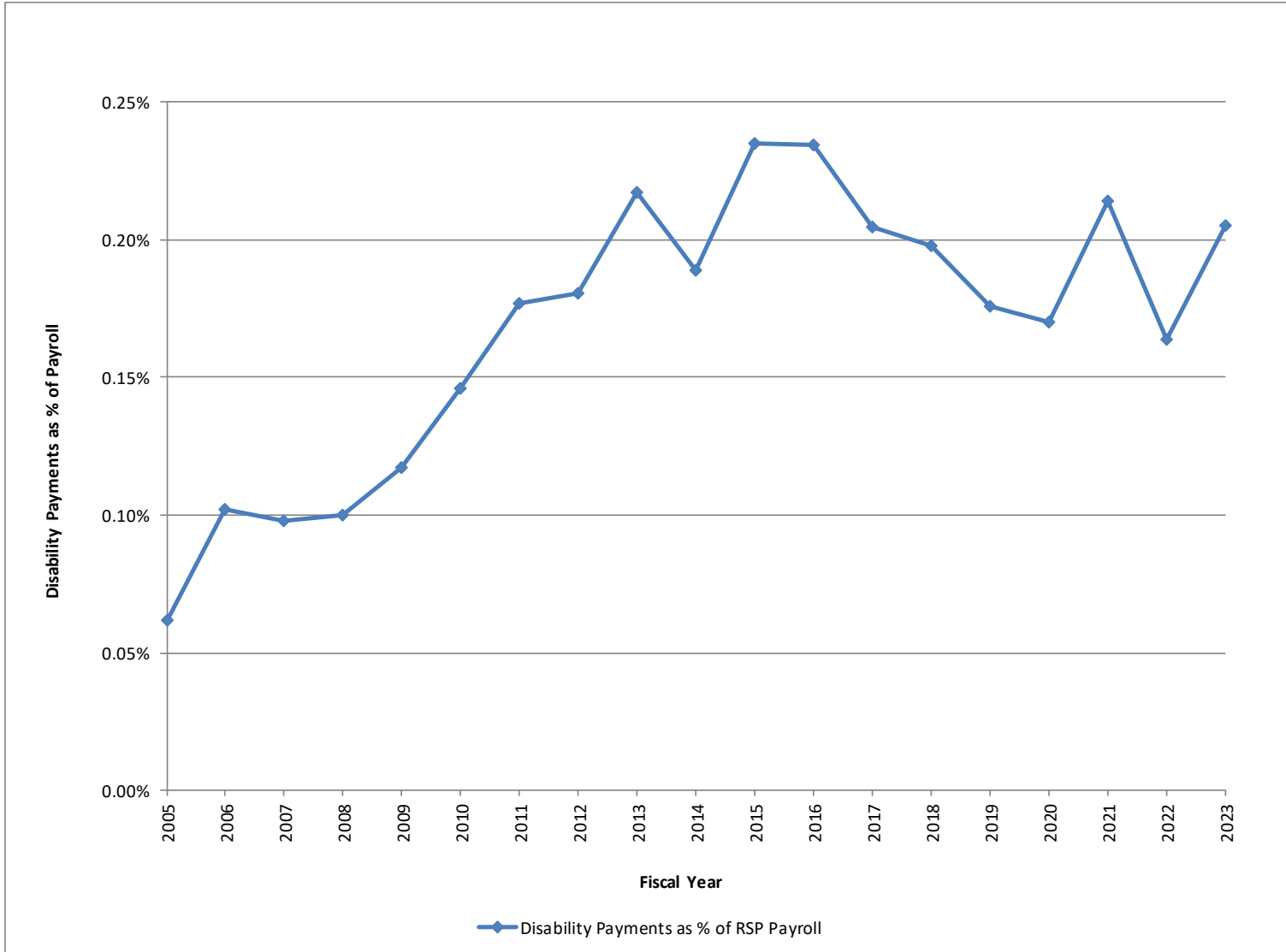
FY	Total RSP Members		RSP Disability Accounting				Benefit Pmts (% of Payroll)	Benefit Pmts (% of Contributions)	Contributions (% of Payroll)	Total RSP Members Remaining Hired on or Before FY
	Count	Payroll*	Contributions	Investment Income	Benefit Pmts	Account Balance				
1999	3,470	\$ 119.1	\$ 834,302	\$ 33,722	\$ -	\$ 876,060	0.00%	0.00%	0.70%	837
2000	4,899	174.7	1,930,685	238,217	-	3,044,962	0.00%	0.00%	1.11%	1,199
2001	6,550	252.4	2,624,632	(366,388)	-	5,303,206	0.00%	0.00%	1.04%	1,485
2002	6,384	273.5	3,449,346	(416,550)	254,887	8,081,115	0.09%	7.39%	1.26%	1,753
2003	7,480	327.8	3,257,769	270,560	266,047	11,343,397	0.08%	8.17%	0.99%	1,909
2004	8,250	350.0	3,716,781	2,213,710	223,805	17,050,083	0.06%	6.02%	1.06%	2,082
2005	8,440	375.8	3,999,078	1,957,512	231,669	22,775,004	0.06%	5.79%	1.06%	2,299
2006	9,110	419.2	4,439,295	2,895,614	428,210	29,681,703	0.10%	9.65%	1.06%	2,608
2007	9,599	469.0	4,955,255	5,823,553	458,378	40,002,133	0.10%	9.25%	1.06%	2,942
2008	9,988	514.8	5,464,252	(1,882,018)	515,789	43,068,578	0.10%	9.44%	1.06%	3,237
2009	9,846	541.1	2,916,698	(8,668,747)	633,478	36,683,052	0.12%	21.72%	0.54%	3,406
2010	9,746	547.6	2,967,649	5,632,681	798,064	44,485,317	0.15%	26.89%	0.54%	3,555
2011	9,723	557.6	3,031,125	10,713,522	985,109	57,244,855	0.18%	32.50%	0.54%	3,763
2012	10,100	605.2	3,235,242	290,642	1,091,890	59,678,849	0.18%	33.75%	0.53%	4,130
2013	10,746	672.0	2,854,150	7,440,714	1,459,788	68,513,925	0.22%	51.15%	0.42%	4,639
2014	11,409	736.0	3,129,790	12,466,195	1,606,766	82,503,144	0.19%	51.34%	0.37%	5,231
2015	11,928	804.3	3,437,159	2,346,858	1,887,963	86,399,199	0.23%	54.93%	0.43%	5,818
2016	11,880	832.3	2,701,056	190,047	1,951,214	87,339,088	0.23%	72.24%	0.32%	6,342
2017	11,852	851.1	2,790,130	10,271,377	1,740,018	98,660,577	0.20%	62.36%	0.33%	6,921
2018	12,106	900.3	2,930,605	8,173,330	1,781,401	107,983,112	0.20%	60.79%	0.33%	7,672
2019	12,531	960.3	2,611,330	6,505,868	1,690,469	115,409,841	0.18%	64.74%	0.27%	8,612
2020	13,129	1,055.9	2,811,833	3,051,577	1,797,271	119,475,981	0.17%	63.92%	0.27%	9,695
2021	13,046	1,106.8	2,905,014	28,511,030	2,365,794	148,526,231	0.21%	81.44%	0.26%	10,615
2022	13,026	1,147.2	76,692	(2,008,076)	1,879,966	144,714,881	0.16%	2,451.32%	0.01%	11,843
2023	13,136	1,221.8	-	7,656,284	2,507,156	149,864,009	0.21%	NA	0.00%	13,136
Total	248,374	\$ 15,815.8	\$ 73,069,871	\$ 103,341,233	\$ 26,555,131		0.17%	36.34%	0.46%	125,729
1999-2010	93,762	4,365.0	40,555,743	7,731,865	3,810,327		0.09%	9.40%	0.93%	27,312
2011-2023	154,612	\$ 11,450.8	\$ 32,514,128	\$ 95,609,368	\$ 22,744,804		0.20%	69.95%	0.28%	98,417

* In millions of dollars.

The RSP disability account balance as of June 30, 2023 is sufficient to pay benefits at the level paid in fiscal year 2023 for about 60 years assuming no future contributions or investment income. The account balance for the RSP disability reserve is about \$148 million as of March 31, 2024.



RSP Disability Benefit Payments as a Percentage of Total RSP Payroll



Summary of RSP Membership Data \$ in Millions

FY	Total Full-time RSP Members			Total Part-time RSP Members		Total RSP Members	
	Count	Avg Age (yrs.)	Payroll	Count	Payroll	Count	Payroll
1999	3,470		\$ 119.1			3,470	\$ 119.1
2000	4,899		174.7			4,899	174.7
2001	6,550		252.4			6,550	252.4
2002	6,095		271.5	289	\$ 2.0	6,384	273.5
2003	7,470		327.8	10	-	7,480	327.8
2004	7,623		346.7	627	3.3	8,250	350.0
2005	7,842		372.5	598	3.3	8,440	375.8
2006	8,396		414.8	714	4.4	9,110	419.2
2007	8,880		464.0	719	5.0	9,599	469.0
2008	9,168		509.2	820	5.6	9,988	514.8
2009	9,162		536.2	684	4.9	9,846	541.1
2010	9,146		543.6	600	4.0	9,746	547.6
2011	9,157		553.9	566	3.7	9,723	557.6
2012	9,548		601.2	552	4.0	10,100	605.2
2013	10,252		668.1	494	3.9	10,746	672.0
2014	10,849		731.2	560	4.8	11,409	736.0
2015	11,320	46.6	798.5	608	5.8	11,928	804.3
2016	11,348	46.8	827.3	532	5.0	11,880	832.3
2017	11,382	47.1	846.8	470	4.3	11,852	851.1
2018	11,656	47.1	898.9	450	1.4	12,106	900.3
2019	12,118	47.2	956.4	413	3.9	12,531	960.3
2020	12,726	47.2	1,052.2	403	3.7	13,129	1,055.9
2021	12,669	47.3	1,103.0	377	3.8	13,046	1,106.8
2022	12,645	47.5	1,143.0	381	4.2	13,026	1,147.2
2023	12,749	47.7	1,217.7	387	4.1	13,136	1,221.8

Full Time RSP Salary by Service (Excludes Part-Time Members)

Service Years	Number of Full-Time Members	Salary
0	468	\$ 13,238,576
1	1,108	87,986,724
2	989	87,169,706
3	906	84,482,856
4	1,114	108,185,715
5	910	79,931,223
6	709	63,939,422
7	510	50,184,592
8	512	54,449,759
9	640	60,278,655
10	535	53,662,536
11	480	47,465,239
12	321	33,716,107
13	176	17,323,562
14	154	15,220,463
15	227	22,725,269
16	303	32,273,478
17	325	35,766,444
18	294	31,562,575
19	180	19,549,399
20	164	19,572,029
21	182	20,590,534
22	267	30,010,116
23	315	36,651,019
24	301	35,661,127
25	226	26,547,836
26	154	18,607,695
27	84	9,437,712
28	77	9,272,011
29	48	5,160,700
30+	70	7,079,992
Total	12,749	\$1,217,703,072