



SURS LIFETIME INCOME STRATEGY

OVERVIEW

RETIREMENT PLANNING COMES WITH MANY QUESTIONS:

- Will I outlive my income? (Without the benefit of Social Security)
- What will I do if the market performs poorly?
- Can I still grow my money in retirement?

To help you answer these questions and achieve better retirement outcomes (as well as help you take advantage of retiree health benefits provided by the state), SURS has made the important decision to offer the SURS Lifetime Income Strategy (LIS) as the default investment option in the Retirement Savings Plan (and also offer LIS as an investment option in the SURS Deferred Compensation Plan [DCP]).

WHAT IS THE SURS LIFETIME INCOME STRATEGY?

The SURS LIS is a professionally managed, flexible investment option that helps build retirement wealth during your working years—as well as an opportunity to generate guaranteed retirement income for life when you retire.

Think of it as a carefully designed, target-date portfolio that adjusts its investments over time to become more conservative. And, as you approach retirement, you have the option to start regularly allocating a portion of your retirement savings to a secured income portfolio that will provide lifetime retirement income—and it all happens automatically.

Most target-date funds do a great job of building retirement assets. They offer diversification and professional investment management, but a difficult period in the financial markets could leave you with less savings at retirement. For example, at retirement, if you were converting the lump sum of your account to an annuity, you would be locking in an interest rate at a very specific point in time—that's called point-in-time risk. That's where the SURS LIS can provide an advantage. It includes an optional lifetime income feature that

systematically transitions some or all of your retirement savings to the Secure Income Portfolio which also helps protect against short-term market volatility.

DEFAULT SETTINGS AND QUALIFICATIONS

You have been defaulted into the SURS LIS at a retirement age of 65 (you can adjust to an age between 50 and 70)* and a secure income level (SIL) of 100% (the SIL can be adjusted to any percentage between 0 and 100%). At any point you have the ability to adjust your retirement age and your secure income level. The secure income level is the target percentage of the SURS LIS account that you want allocated over time to the Secure Income Portfolio and is used to fund your guaranteed income withdrawal amount. If you wish to use the SURS LIS as a target-date portfolio, you would simply set your secure income level to 0%.

If you don't make any changes, 100% of your account balance will be on the path to generate guaranteed monthly income in retirement. You would not start securing income until the later of 15 years (at the earliest age 45) before your target retirement age and the time at which you become vested.

DEFAULT RETIREMENT AGE

65



DEFAULT SECURE INCOME LEVEL

100%



Understanding the Cost

During your early working years, only investment management and administrative fees apply. Later, when your account begins transferring money to the secure income portfolio, the cost slowly increases to cover the insurance cost of “securing the income.”

One can think of the insurance companies’ role in SURS LIS as similar to the role they play in other types of insurance protection. Homeowner’s insurance protects a customer from damage to their home in the event of a fire, while auto insurance protects them in the event their car is damaged in an accident. The guaranteed income portion of the SURS LIS is covered by multiple insurance companies—and that insurance guarantees the lifetime income.

What is the Secure Income Portfolio?

It’s an insured portfolio used to fund guaranteed lifetime income. The money in the secured portfolio is invested in a passive, index-managed fund composed of 50% stocks and 50% bonds. In retirement, the secured monthly income that is generated by the secure income portfolio is protected by multiple group insurance contracts and will never run out—even if a downturn affects the market value of the account or if the member outlives the money in their account. The monthly income amount can also increase (and remain at that level) if markets rise, and increase the value of the secure income portfolio.

One of the most attractive features of the SURS LIS is that it gives you the ability to maintain access to retiree health benefits (if eligible) without giving up access to your entire account balance. In other words, you can convert a portion of your account balance at retirement to monthly lifetime income and qualify for retiree health benefits. Both the money allocated to lifetime income (secured balance) and the non-secured account balance remain invested in the market. You have complete control over the non-secured portion of our account. For more information about the investments inside the SURS LIS, please refer to the SURS LIS fact sheets.

WHAT MAKES THE SURS LIS UNIQUE?



A place to save and grow your money (even in retirement)



Guaranteed lifetime income that provides income protection against declines in the financial markets and against the possibility of outliving your money



An investment vehicle where you retain control of your money



The flexibility to customize your account to fit your individual retirement needs

IMPORTANT NOTE:

In order to take advantage of the retiree healthcare benefits offered through the state upon retirement, at least 50% of the SURS Lifetime Income Strategy account balance must be converted to “secured income” in the Secure Income Portfolio.

*Members retiring before age 60 will not have access to the secured portion of their account until age 60, but they can begin systematic withdrawals of the non-secure portion prior to that date to retain their retiree health care benefit.

For more information about the SURS LIS including: how a member can activate the secure income portion of the portfolio, survivor and death benefits, and other product features, please contact the SURS Benefits team.

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