S·U·R·S®
STATE UNIVERSITIES RETIREMENT SYSTEM

INSIGHTS

NEW STRATEGIC PLAN LAUNCHED

The State Universities Retirement System (SURS) has a rich history and is building on that history as we move towards the future. To help us envision our future and create goals and priorities that are in the best interest of our membership and in line with the System's purpose, we recently underwent a strategic planning process to chart our path over the next five years.

Over the last year, SURS Board and staff have worked to craft a new strategic plan. The plan was informed in part by valuable feedback from our members, employers, and stakeholders, who were surveyed as part of this process. Thank you to all members who participated in our strategic planning survey.

Our new plan, "Advancing Our Mission, Empowering Our Future," (https://surs.org/living-our-mission/) is a forward-looking roadmap designed to help us fulfill our mission,

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APPLY THIS FALL TO SERVE AS A SURS TRUSTEE

TRUSTEES TO BE ELECTED
- Two active-member trustees
- One annuitant/retired trustee

SURS is gearing up for trustee elections in the spring of 2027! Members are encouraged to apply to be a candidate starting this fall.

In the spring of 2027, SURS members will elect two active-member trustees and one annuitant trustee. The voting period for the election will be announced this fall. The election will be conducted by the independent firm, YesElections. SURS encourages all eligible members to consider running for a seat on the board.

The SURS board meets quarterly, with additional committee meetings throughout the year. Trustees are required to complete at least eight hours of annual training.

Stay tuned for more information!

SPRING 2026

IMPORTANT NOTICE ABOUT PROTECTING YOUR SURS ACCOUNT

The State Universities Retirement System (SURS) would like to alert members to a rise in sophisticated scam attempts targeting pension systems and financial institutions.

Fraudsters have been using multiple tactics in an attempt to obtain confidential member information, including impersonating members when contacting call centers, sending fake emails and text messages, and embedding malicious links designed to install malware on personal devices.

SURS works diligently to stay one step ahead of these bad actors to safeguard your confidential information. We encourage you to also remain alert and take steps to help protect your information and online accounts.

How You Can Protect Your Information

- Use strong, unique passwords and avoid saving them in your browser. Update passwords regularly and change them immediately if you notice suspicious activity.
- Log in to the SURS secure Member Website often to verify and update your personal information and beneficiary details.
- Never share your personal, financial, or SURS account details with strangers or unverified requestors. Be wary of attempts to impersonate trusted institutions.
- Remember that SURS will never ask for personal or financial information via text or email.
- Review your bank statements frequently and report unauthorized activity as soon as you detect it.
- Delete unexpected texts and emails containing links or attachments. If a message appears legitimate, verify it using a known, trusted phone number or website.
- Keep your devices, apps, and browsers updated. Avoid handling personal or financial information on public Wi-Fi networks.

Members with concerns about the security of their SURS account are encouraged to call SURS immediately at 217-378-8800 or 800-275-7877.

How to Report Suspected Fraud

- Contact SURS directly if you suspect an issue with your account.
- Report incidents to your local police fraud unit.
- Reach the Illinois Attorney General Senior Citizens Consumer Fraud Helpline at 1-800-243-5377 or seniorhelpline@ilag.gov.
- Report to the U.S. Department of Justice's Criminal/Fraud Division at 1-877-FTC-HELP, 1-877-ID-THEFT, or online at ReportFraud.ftc.gov.

LEGISLATIVE UPDATE

Governor's FY 2027 Introduced Budget

On February 18, Governor Pritzker presented his proposed FY 2027 budget before a joint session of the Illinois General Assembly. The Governor's proposed budget appropriates a total of $11.5 billion to the General Assembly Retirement System, State Employees' Retirement System, State Universities Retirement System, Teachers' Retirement System of the State of Illinois, Chicago Teachers' Pension Fund, and Judges' Retirement System of Illinois for the fiscal year beginning July 1, 2026.

In the Governor's proposed budget, SURS receives the full certified State contribution for FY 2027, or $2,366,144,000. Of this amount, $250 million comes from the State Pensions Fund and $2,116,144,999 comes from the General Revenue Fund. The annual certified state contribution is the amount required under Illinois law for SURS to reach a funded status of 90% of assets to liabilities by the end of state fiscal year 2045.

New, as part of the Governor's proposed budget for FY 2027, is extending the pension buyout programs for an additional two years and using any surplus funds above $150 million in the Income Tax Refund Fund to reduce the unfunded liabilities of the state retirement systems.

As part of the FY 2027 introduced budget, Governor Pritzker reiterated his proposal to fully fund the state retirement systems by the end of Fiscal Year 2048, make additional contributions from retired debt service obligations to reduce the unfunded liabilities of the state retirement systems, and explore a legislative solution for the Tier II Safe Harbor issue.

Tier II Safe Harbor

There are two tiers of members who participate in the defined benefit plan under SURS: Tier I members, or those who first became participants of SURS or certain reciprocal retirement systems prior to January 1, 2011, and Tier II members, or those who first became participants of SURS on or after that date.

Federal law requires employees who do not participate in Social Security to participate in a Social Security Replacement Plan. The SURS Tier I defined benefit plan and the Retirement Savings Plan (RSP) meet the requirements to serve as Social Security Replacement Plans; however, the Tier II defined benefit plan may not serve as a Social Security Replacement Plan for all Tier II members.

To ensure the Tier II defined benefit plan remains a Social Security Replacement Plan for all Tier II members, external legal counsel and actuaries say that a legislative change to index the Tier II limit to at least 90.5% of the Social Security Taxable Wage Base would be necessary. At the time of publication, the Illinois General Assembly has not passed legislation to make such a change.

Session Outlook

Prior to the scheduled adjournment on May 31, the General Assembly will review the Governor's introduced budget and attempt to send a budget to the Governor for the fiscal year beginning July 1. To view pending legislation impacting SURS, please visit: https://surs.org/business/legislation/.

INVESTMENT UPDATE

Market Backdrop

Global growth, for the most part, withstood pressure from the introduction of tariffs in 2025, going against what many economists were predicting for the year. As we move deeper into 2026, there is a general sense of confidence that mild growth will continue, helped by artificial intelligence (AI)-related capital spending and efficiency gains. Following a volatile first quarter, the S&P 500 has rebounded sharply; as of the middle of May, the index is up about 9% year-to-date. Market volatility is on the rise, however, as a combination of some unwinding of the valuations for AI companies led to a mild stock market decline. In addition, the military action in the Middle East will likely lead to more market volatility over the coming weeks.

The latest jobs' report shows a slowing labor market, with 22,000 private sector jobs added in January 2026, while the unemployment rate creeped up to 4.3% (up from 4%). The 22,000 jobs added were well short of the expectations of many economists. After being a point of conversation for a few years, inflation seems to be cooling, at least slightly. The inflation rate for January was 2.4%, still above the Fed's target of 2%, but the lowest seen since May of 2025. After three rate cuts late in 2025 by the Federal Open Market Committee (FOMC), the Fed opted to leave the Federal Funds rate unchanged at its January meeting, leaving it at 3.50%–3.75%. Current sentiment has the FOMC leaving rates unchanged for the first part of 2026, but cutting rates in the second half of the year—although the impacts of higher oil prices from the attacks on Iran may drive commodity inflation higher and impact economic growth rates.

Most of the returns in the SURS portfolio are driven by the high-level allocation to each asset class (stocks, bonds, real estate, diversification, etc.). Last year, the SURS Investment Committee voted to change the asset allocation by reducing equity exposure, increasing fixed income exposure, eliminating Treasury Inflation-Protected Securities (TIPS) exposure, and increasing the allocation to private equity, private credit, and Crisis Risk Offset (CRO).

SURS Performance

For the year ending on December 31, 2025, the SURS portfolio, as a whole, returned 11.4% net of fees, slightly trailing the policy benchmark of 11.7%, but greatly exceeding our actuarial assumed rate of 6.5%. The portfolio continues to outperform the policy benchmark on a medium and long-term basis, as shown in the table below. SURS employs a defensive portfolio, designed to protect the assets in the pension and the overall

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Investment Performance* as of December 31, 2025

	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
SURS	11.40%	9.01%	6.85%	7.93%	7.02%	8.97%
Policy Benchmark	11.72%	10.00%	6.40%	7.90%	6.97%	8.59%
SURS Assumed Rate	6.50%	6.50%	6.60%	6.80%	7.40%	7.80%

**Net of investment management fees*

Join Our Team!

We're hiring. Go to https://surs.org/careers or scan our QR code and review our current job postings. Don't see anything in your field? Check back! We list new positions frequently.

SURS is an inclusive workplace, offering excellent benefits including medical, vision and dental insurance, paid vacation, paid sick leave, 12 paid holidays, paid parental leave, participation in SURS defined benefit or defined contribution plans, a flexible work environment, advancement and continuing educational opportunities, on site parking, a beautiful campus and more.

INVESTMENT UPDATE (CONT.)

funded status when markets and economies decline, such as in 2022 and 2020. Approximately 1/6 of the portfolio is invested in diversifying strategies which help to buffer the entire pension trust against shocks.

SURS, like other public pension plans, benchmarks this portfolio against the blend of all the indexes for all asset classes in which we invest. While most of our investments are performing at or above their respective benchmarks, some of our private investments have been slower to realize gains, resulting in a slight underperformance at the total fund level.

Calling SURS?

We recognize that our members' time is valuable and waiting in a phone queue is not always the best use of that time. To make the experience with SURS even smoother, we have helpful features for our members to use.

Before You Call

When you visit SURS.org, the Before you Call resource page provides answers to the most asked questions of our representatives. You can always locate the page by navigating to it from the banner at the top of our homepage or directly visit the site: https://surs.org/help. This resource is regularly updated with new hot topics.

Let Us Call You Back!

If you find you still need to speak to a SURS representative, there is callback feature that will hold your place in line and the next available representative will call you back.

ANNUAL FINANCIAL REPORT AVAILABLE ON SURS.ORG

The SURS 2025 Annual Comprehensive Financial Report is available for members to review on surs.org. Visit https://surs.org/news-publications/publications/annual-financial-report/ to see the full report. The 108-page report is divided into five sections—Introduction, Financial, Investment, Actuarial and Statistical—to make it easier to find pertinent information.

This report was prepared through the combined effort of the SURS staff under the leadership of the SURS Board of Trustees.

FISCAL YEAR 2026 APPROPRIATION		PREVIOUS YEARS
FY 2026 TOTAL	$2,319,446,000.00	**FY 2025 State Contribution** $2,212,810,000 Fully paid May 5, 2025
DUE TO DATE	$2,124,792,833.41	
RECEIVED TO DATE	$2,124,792,833.41	**FY 2024 Appropriation** $2,133,335,000 Fully paid June 4, 2024
BALANCE OWED	$194,653,166.59	

DEFINED CONTRIBUTION PLAN NEWS

Did you know?

Delays to your retirement benefits and insurance eligibility can be prevented if your SURS RSP Retirement Application is on file at least 60 days prior to your retirement start date.

SURS Retirement Savings Plan (RSP)

The RSP is the core defined contribution plan for SURS. RSP plan assets were $5.3 billion as of December 31, 2025. The average asset allocation was 57% Equities, 30% Balanced Funds and 11% Fixed Income. The remaining 2% was attributable to Real Estate.

SURS Deferred Compensation Plan (DCP)

The SURS DCP is a supplemental retirement savings plan available to most active SURS members that allows members to save additional money toward their retirement.

Because SURS members don't contribute to Social Security, many members need a way to supplement their income. They can do so by contributing to the SURS DCP.

As of December 31, 2025, there were 21,479 members enrolled with a balance in the DCP with plan assets of $175 million. 83% of eligible members have been automatically enrolled and 98% of all eligible members have had their contributions auto-escalated, having not chosen to opt out of these automatic features.

To learn more about the DCP, visit https://surs. org/dcp.

Did you know?

With the SURS DCP, your contribution amount can start as low as $10 or 1% of your paycheck. You can change the con tribution amount at any time, and your contri butions can be pre tax, Roth, or a combination of both through low cost investment options.

Thinking About Returning to Work After You Retire?

If you're considering employment after you retire, it's important to understand the rules and how reemployment could affect your benefits. Before clocking back in, visit https://surs.org/retirees/returning-to-work-after-retirement/ or contact SURS to ensure you're in compliance.

If the requirements aren't met, your retirement benefits may be canceled or suspended, and repayment of all retirement benefits may be required.

When thinking about working after retirement, make sure it works for you and find out how to keep your pension intact.

IT'S NEVER TOO EARLY (OR TOO LATE) TO SAVE

See how the SURS Deferred Compensation Plan (DCP) can help supercharge your retirement

Saving for Your Future

All SURS-covered members have access to the **SURS Deferred Compensation Plan (DCP).** The **DCP** is a voluntary savings plan that **complements** your other SURS retirement Plan and allows you to save **additional** money toward your retirement.

Your core SURS retirement plan provides valuable benefits and may be your primary source of income in retirement. However, you are likely to need **additional retirement savings** to maintain your current lifestyle after you retire. The **DCP** is designed to help you build those **additional savings** and to **supplement the benefits you'll receive from your core SURS retirement plan.**

Give Your Retirement Savings Time to Charge

No matter how old you are (25 to 45 or older) or how far you might be from retirement, **right now** is the best time to start building **additional retirement savings** through the **DCP.** The sooner you start, the more time you give your savings to grow (or **charge**) and to take advantage of **compound growth** when the **money you earn on your contributions also earns money.**

Still have questions?

If you'd like more information, visit **surs.org/dcp** or schedule an online or in-person appointment with a SURS Defined Contribution Account Representative at **sursrsp.timetap.com**.

These figures are for informational purposes only. Actual results will vary based on contributions, investment performance, and plan details. Additional Savings illustrations are based on the following assumptions: Age: stated age upon employment; 67 at retirement; Salary: stated annual salary upon employment; Contribution Rate: stated contribution rate beginning 6 months after the employment start date; Average Investment Rate of Return: 6% annually beginning the year after contributions are made up to retirement at age 67.

Plan administration services provided by Voya Institutional Plan Services, LLC. Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax or investment advice. Local Plan Service Representatives are registered representatives of Voya Financial Advisors, Inc. (member SIPC).

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Upcoming Educational Webinars

Deferred Compensation Plan Informational Webinar

Please join a virtual webinar to learn more about the SURS Deferred Compensation Plan (DCP) a voluntary supplemental retirement plan designed to complement your SURS core retirement plan.

Retirement Education Webinar–Retirement Savings Plan (RSP)

This session is designed for all members in the Retirement Savings Plan (RSP), regardless of hire date. Learn about retirement options and benefits.

SURS Retirement Education Webinar – Tier I

These virtual seminars are for Tier I Traditional and Portable Plan members who are close to retirement.

SURS Retirement Education Webinar – Tier II

Whether you're nearing retirement or just starting to plan, this webinar will provide valuable insights to Tier II to help you make informed decisions.

Plan Choice Tier II Webinar

This webinar is for Tier II members who have not yet made their one-time, irrevocable retirement plan choice.

Click here (https://bit.ly/SURS-webinars) to see the full schedule or use the QR code.

NEW SURS STRATEGIC PLAN CONT.

embody our vision, and live our shared values.

Our updated mission statement, "To secure and deliver the benefits promised to and earned by our members," builds on our previous mission and adds “earned by” to highlight that our members have earned the benefits promised to them through their dedication to their SURS-covered employers. This update is a direct reflection of feedback shared by membership.

Our vision serves as a guide for the future we want to help create for our membership, empowering them to retire with confidence, security, and peace of mind.

Our strategic goals focus on four key areas: preserving the long-term health of the plan through sustainable funding; improving the customer service experience for members and employers; advancing technology to deliver secure and seamless support; and strengthening our organization and governance to build resilience and support a high-performing staff.

SURS is well positioned with knowledgeable, dedicated employees who bring the education, experience, and drive to live our values and achieve our mission and goals, serving our members well now and in the future. We are all proud and honored to administer your pension benefits.

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State Universities Retirement System
1901 Fox Drive, Champaign, IL 61820
toll free 800-275-7877
direct 217-378-8800
www.surs.org

Please note that the State Universities Retirement System does not endorse any provider of financial advice. Members seeking financial advice or planning assistance are encouraged to carefully select credentialed professionals.

Communications Manager: Lisa Storm Fink   Graphic Designer/Publications Editor: Daniel Moutray