

# REFORMING SURS: The Six Steps

**The Six-Point Plan**, as published by the Institute for Government & Public Affairs (UIUC) resolves the pension crisis for the State Universities Retirement System (SURS), saves the state billions of dollars, is fiscally responsible, actuarially sound and has broad support in the higher education community. The plan has been unanimously endorsed by the presidents and chancellors of all Illinois public universities because it provides a long-term solution—reasonable and responsible—that will enable them to recruit and retain the best faculty and staff. Compared to other options, the Six-Point Plan remains the most desirable long-term solution. It achieves cost savings comparable to the House Amendment to SB 1.

## **Key features of the Six-Point pension stabilization plan:**

- Phases in a 2% increase in contributions by Tier I employees to their retirement;
- Protects annuitants against inflation with annual COLA increase of one-half of CPI;
- Creates a new Defined Benefit/Defined Contribution plan for new employees, without additional cost to the state
- Gradually phases in employer funding of full normal pension costs
- Provides for operational efficiencies to restrain any impact on tuition and property taxes
- Results in 100% funding ratio for SURS by 2044
- Contains enforcement measures to ensure state and employer funding and
- Will allow public universities and colleges the flexibility to adopt a pension system that best fit their human resource needs

## **Key outcomes of the Six-Point pension stabilization plan:**

- Cost savings match those of the House Amendment to SB 1. Specifically it:
  - ❑ Reduces SURS' unfunded pension liability by 28%, from \$20.2 billion to \$14.6 billion
  - ❑ Reduces total state pension contributions through 2045 by 47.3%, from \$76.1 billion to \$40.1 billion
  - ❑ Requires universities and community colleges to contribute \$8.1 billion through 2045
  - ❑ Achieves 100% funding ratio by 2044 and
  - ❑ Reduces total normal cost payments through 2045 by 25.4%, from \$11.013 billion to \$8.213 billion.
- Cost shift phases in the transition of normal pension costs from the state to universities and community colleges at rate of 0.5% per year; and
- Optimizes procurement, inventory controls, and hiring processes specific to the unique operational and employment environments of public universities.