

SURS Posts Solid FY 13 Investment Results

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The State Universities Retirement System earned a strong 12.5% investment return (net of investment fees) for Fiscal Year 2013 (ending June 30, 2013), increasing plan assets to \$15.0 billion. Estimated assets at the end of September 2013 were in excess of \$15.6 billion.

Investment income and net appreciation totaled \$1.7 billion for the 2013 Fiscal Year. As of June 30, 2013, SURS portfolio earned an average return of 7.7% for the last ten years, 8.5% since 1988, and 9.2% over the past 30-year period. The fund's assumed rate of investment return is 7.75%.

“The 2013 investment gains were achieved amid challenging economic conditions,” said Executive Director William Mabe. “We can attribute a large part of our performance to the broad diversification of our asset allocation, which helps mitigate some of the continued market volatility we experienced during the year. We continue to evaluate our portfolio to identify and better diversify risk across the total fund. Our focus remains on enhancing risk systems to help us determine the most appropriate risk/return decisions for the total fund.”

The plan continues to be underfunded (43.7% funded using market value of assets, as of June 30, 2013) because of shortfalls in prior year contributions from the state; however, SURS received its full state contributions of \$980.5 million in FY 2012, and \$1.4 billion in FY 2013.

SURS estimated liabilities as of June 30, 2013, stood at \$34.4 billion, of which \$19.3 billion are unfunded liabilities. Liabilities for the period ending June 30, 2012, were \$33.2 billion. Assets increased over the past year to \$15.0 billion as of June 30, 2013, from \$13.7 billion as of June 30, 2012. SURS will pay approximately \$2.1 billion in benefits during Fiscal Year 2014.

“The good news is the state is moving in the right direction as far as meeting its funding obligations,” said SURS Executive Director Bill Mabe. “For the past two years, SURS has received the full state appropriation and we fully anticipate FY 2014 to be the same.”

Last month, the SURS Board of Trustees, acting on the recommendation of the system's actuary Gabriel Roeder & Smith (GRS), certified \$1.54 billion as the proposed net state contribution for FY 2015 (beginning July 1, 2014). The request represents a slight increase

over the certified FY 2014 amount of \$1.51 billion. Per state statute, the proposed certified contribution was filed with the Governor's Office, the State Actuary, and the General Assembly.

With full state funding and strong investment returns that meet or exceed our assumed rate of return, we will continue to improve the financial health of the fund," said Mabe. "I am extremely proud of the exceptional service the SURS staff provides to our members. The Board of Trustees and staff have a clear fiduciary responsibility and a customer service-driven focus. We strive every day to secure and deliver the benefits promised to our members."

In addition to the defined benefit plan, SURS is the only state public pension system to offer a defined contribution plan – the Self-Managed Plan (SMP) – to its members. The plan has continued to increase in size over its 15-year history and now has member assets in excess of \$1.3 billion as of September 30, 2013.

The State Universities Retirement System of Illinois serves over 220,000 members and sixty-five employers.

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