

## **NAGDCA 2025 LEADERSHIP RECOGNITION AWARD**

### **State Universities Retirement System**

#### **Adding Automatic Contribution Escalation to the Deferred Compensation Plan**

##### **Plan Profile**

The SURS Deferred Compensation Plan (DCP) is a voluntary 457(b) plan created in accordance with Illinois Public Act 100-769. The plan provides members an avenue to save more and generate additional income in retirement. Most active SURS members employed by a state university, community college or other government entity can participate.

The DCP was made available on March 1, 2021, to 58 eligible employers who had to adopt the plan before members began participation. All eligible employers were required to adopt the SURS DCP. The last eligible employer was added on April 1, 2023.

The SURS DCP has been carefully designed to provide lifetime monthly income in retirement that can fill the gap and supplement the monthly income members will receive from their SURS 401(a) pension. The default investment option is a target date fund with a Guaranteed Lifetime Withdrawal Benefit option, differentiating the DCP from other supplemental savings options.

As of 12/31/24, there were 15,016 members with a DCP balance, with assets over \$94 million. The recordkeeping responsibilities of the SURS DCP are contracted to a third party, Voya Financial®, who works in partnership with SURS staff to administer the plan.

##### **Background Information**

When members start their careers with a SURS-covered employer, they are required to participate in one of the core qualified 401(a) retirement plans: the SURS Traditional Pension Plan, SURS Portable Pension Plan or SURS Retirement Savings Plan.

These plans provide valuable benefits for retirement readiness however, some members may need additional savings to supplement those benefits to maintain a comfortable lifestyle in retirement. SURS members do not contribute to Social Security.

On July 1, 2024, automatic contribution escalation was added existing automatic enrollment program. In addition, those who had been automatically enrolled since the DCP added automatic enrollment on July 1, 2023, would be retroactively enrolled in automatic contribution escalation, effective July 1, 2024.

Members didn't need to take any action to keep their automatic enrollment settings. By default, 3% of their pay was deducted before taxes and contributed to their account. This amount was automatically increased by 1% each year until it reaches a maximum of 10%. Their money was invested in the SURS Lifetime Income Strategy (LIS), a professionally managed target date portfolio designed to help them grow their retirement savings while working and provide guaranteed income for life in retirement. As they near retirement, part of their savings can be moved into a Secure Income Portfolio (SIP), which ensures a steady monthly income they won't outlive. This transition happens automatically. Members could also choose their own contribution rate and investment options or opt out of the automatic settings within 30 days.

##### **Goals**

The goal in adding automatic contribution escalation to the DCP's existing automatic enrollment program is to put our members on a better path to retirement security by giving them the opportunity to increase their retirement income with their DCP savings. SURS designed the DCP to make saving easy and to make sound investment decisions without spending significant time weighing and/or revisiting their choices.

##### **Commentary**

The SURS DCP was carefully designed to help our retirees meet their income needs in retirement. Most SURS members do not qualify for Social Security. In addition, our Tier II structure provides a less substantial benefit than Tier I and requires members to work longer. Getting new members started by automatically enrolling them, increasing their contributions annually and defaulting them into a target date fund with a Guaranteed Lifetime Withdrawal Benefit allows them to generate additional guaranteed income in retirement that can supplement the income generated from their core SURS retirement plan. We are pleased with the results achieved during the initial rollout of automatic contribution escalation during the second half of 2024 and look forward to continuing to grow and evolve the plan to meet the needs of our membership.

- Suzanne Mayer, Executive Director, State Universities Retirement System

## **NAGDCA 2025 LEADERSHIP RECOGNITION AWARD**

### **State Universities Retirement System**

#### **Adding Automatic Contribution Escalation to the Deferred Compensation Plan**

##### **Project Description**

Effective July 1, 2024, members who were automatically enrolled in the DCP between July 1, 2023 and December 31, 2023, and who were still contributing at the default rate of 3%, experienced an increase in their annual pre-tax deferral amount to 4%. This population of members will continue to see an increase of 1% each year up to a maximum of 10%. Advance notification was needed to inform members of the changes. Also effective July 1, 2024, new members eligible for automatic enrollment will also be eligible for automatic annual contribution escalation.

Additionally, communications materials and processes were updated to inform new members that contributions escalation would now be part of the automatic enrollment program.

- Created a detailed automatic escalation flyer that was mailed to anyone who was automatically enrolled between July 1, 2023 and December 31, 2023.
- Updated existing materials for automatic escalation including our DCP Brochure, Plan Choice Guides and automatic enrollment flyer.
- Conducted educational webinars, onsite group meetings and one-on-ones about the DCP.

Local representatives were available to conduct onsite and virtual outreach through group meetings and one-on-ones. Emails were sent two weeks in advance of meetings and one-on-ones notifying members of their availability.

Since our automatic enrollment program is only targeted to new hires on or after July 1, 2023, there remains a large segment of our population who are eligible but not participating in the plan. Targeted emails were deployed at strategic points during the year to further promote the plan to this group of employees not subject to automatic enrollment. There were two versions of each email, one of which was targeted to Tier II members and high earners that highlighted how earning limits would serve to cap high earners' pension contributions. In addition, a video was created to promote the DCP which was posted to [surs.org/dcp](https://surs.org/dcp) and included as a link in the targeted enrollment emails. [Watch here](#).

##### **Results**

We are encouraged by the plan-level results that were achieved since automatic enrollment took effect on July 1, 2023:

- Population subject to automatic enrollment – 12,048
- Enrolled by default – 10,198
- Actively enrolled – 454 (39% of those who actively enrolled increased their contribution rate. Only 16% decreased their contribution rate)
- Total enrolled – 10,652 (76.0%)
- Total enrolled who remained in the default investment option, the SURS Lifetime Income Strategy – 10,443 (98.0%)
- Declined enrollment – 1,513 (12.6%)
- After removing those who terminated employment, percentage of members who remain enrolled – 80.0% as of 12/31/24

##### **Targeted emails to members hired prior to July 1, 2023 and not subject to automatic enrollment:**

- 2/28/24 – Targeted enrollment emails – 46.4% open rate, 94 new enrollments
- 4/17/24 – Targeted enrollment emails – 38.5% open rate, 82 new enrollments
- 10/16/24 – Targeted enrollment emails – 49.6% open rate, 124 new enrollments

##### **Outreach**


- Onsite visits – 58
- 1 on 1 appointments – 1,557 (43% increase over 2023)
- Employer locations – 55 (8% increase over 2023)
- Webinars – 19 (27% increase over 2023)
- Webinar attendees – 519 (239% increase over 2023)
- Survey responses – 280 (131% increase over 2023)

##### **Feasibility of Use**

Any recordkeeper should be able to facilitate the addition of automatic contribution escalation, both retroactively and on a go-forward basis and as part of automatic enrollment, as well as assist with communicating the changes to employees.

# Initial outreach

## Automatic escalation flyer



**YOUR SAVINGS RATE WILL GO UP 1% IN JULY**

Your SURS Deferred Compensation Plan (DCP) account is designed with features that make it convenient to save and invest for your future.

You were originally enrolled at a 3% pre-tax contribution rate. Your contribution rate is scheduled to automatically increase 1% on July 1 each year until you reach 10%. You are always in control of your savings rate and investment options and can make changes at any time.

Annual 1% increases can have a significant impact on your account's value over time. Each year's contributions and earnings in your account compound tax-deferred until distributed, typically at retirement. Compounding means earnings from your investments are reinvested to produce more earnings. Each year's gains can build on those of the past, increasing your account's growth potential.

**HOW 1% INCREASES ADD UP**

In this hypothetical scenario, two SURS members hired at the same time are enrolled automatically in the SURS DCP. They both earn \$50,000 a year. In the first year, they make pre-tax contributions of 3% deducted from their paychecks. On July 1, their accounts are set to automatically increase contributions by 1%. One member opts out, never changing from the 3% rate. The other member sticks to the automatic schedule of 1% annual increases until the rate reaches 10% and then keeps contributing at that rate. After 30 years, the member whose contributions increased automatically has an account value of \$337,989, a difference of \$215,582 more for retirement.

Years	3%	3% with 1% increases to 10%
10 years	\$20,408	\$46,189
20 years	\$55,956	\$156,745
30 years	\$122,497	\$337,989

**\$215,582 more after 30 years!**

This is a hypothetical example for illustrative purposes only and does not represent the performance of an actual investment. It assumes an annual salary of \$50,000, pre-tax contributions, 26 pay periods a year, a 6 percent rate of return and reinvestment of earnings. Taxes are generally due upon withdrawal of tax-deferred assets.



**IT'S SO EASY TO MAKE PROGRESS AUTOMATICALLY**

If you want to save a little more at a time on a regular basis, you don't have to do anything. Your SURS DCP account has automatic settings that take care of it for you.

Your contributions are deducted before taxes from your paycheck. When you were hired, you were automatically enrolled in the SURS DCP at a contribution rate of 3%. After that, your contribution rate is set to go up 1% on July 1 until your contribution rate reaches 10%. Pay increases often take place during this time, so the increase to your contribution may not be felt as much.

Your contributions continue to be invested in the SURS Lifetime Income Strategy (LIS) or according to your investment allocations, if you made any changes. The SURS LIS is a target date portfolio managed by professionals and designed to help you:

- build retirement wealth while you are working, and
- generate guaranteed income that you can't outlive.

With the SURS DCP, you can make your own decisions if you prefer. The deadline to opt out of this year's automatic 1% increase is June 28, 2024 before 3 p.m. CT. Log into your account at [surs.org](https://surs.org), then select Contributions & Savings, Manage Contributions. At any time in the future, you can personalize how you save or invest in your account. Log into [surs.org](https://surs.org), click on Member Login to:

- set your own contribution rate, up to the IRS maximum annual limits.
- invest in your choice of other available SURS DCP best-in-class funds.

Information about the SURS DCP and the investment options, including the SURS Lifetime Income Strategy, is available at [surs.org/dcp](https://surs.org/dcp). If you have questions or would like to talk with a SURS Defined Contribution Account Representative, call 800-613-9543 or schedule an appointment at [sursrsp.timetap.com](https://sursrsp.timetap.com).

**Your Road to a Healthy Retirement**

- [surs.org](https://surs.org)
- 800-613-9543 TDD: 800-579-5708
- Voya Retire mobile app

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**ATTEND A SURS DEFERRED COMPENSATION PLAN WEBINAR**

To reach your retirement savings goals, you will likely need savings in addition to your SURS core retirement benefit. Contributing to a supplemental savings plan such as the SURS Deferred Compensation Plan (DCP) can help you reach your retirement goals. Additional savings is even more important considering SURS members don't contribute to Social Security.

This is a live webinar and you'll have an opportunity to ask questions.

### Am I Saving Enough?

Saving additional money for retirement is an essential part of reaching your retirement income goal. Learn how the SURS DCP can help you close any gap between what your SURS core benefit provides and your retirement income needs. This webinar will provide you with information about the SURS DCP, how it can help you save, and the investment options in the plan including a 'hands off' option customized to your retirement goals.

<b>REGISTER TODAY!</b>	Day, Month Date, Time to Time
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<b>REGISTER TODAY!</b>	Day, Month Date, Time to Time

If you have any questions, please call 800-613-9543 to speak with the SURS Defined Contribution Contact Center Monday–Friday from 7 a.m.–7 p.m. CT or visit [surs.org](https://surs.org), where you can access your account. Schedule an appointment with a local representative at [sursrsp.timetap.com](https://sursrsp.timetap.com).

### Your Road to a Healthy Retirement

[surs.org](https://surs.org) 800-613-9543, TDD: 800-579-5708 [Voya Retire mobile app](#)



**SURS 457 Deferred Compensation Plan**

All attendees are muted, if you have a question, please use the question box on your Zoom screen.

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## DCP Webinar and promotional email

## Employer email



As you are aware, as of July 1 all new SURS members will be auto enrolled in the SURS 457 DCP.

As your SURS Deferred Compensation Plan Account Representative, I am available to field questions about the plan and to assist with new employee onboarding presentations or group meetings. As always, we can set up a time to be on campus for one-on-one sessions. Also, virtual appointments are available for members on an ongoing basis.

Please feel free to contact me to schedule on campus group or individual meeting date(s).

If you have internal publications referencing the SURS DCP auto enrollment, please include the link for members to schedule one on one virtual support: [sursrsp.timetap.com](https://sursrsp.timetap.com).

I look forward to hearing from you!



# Supporting communications

## DCP brochure



### THE PLAN'S ADVANTAGES

The SURS Deferred Compensation Plan offers you flexibility as you build supplemental savings for your future. While you will get the complete details by reading this guide, here is a quick overview.

- You decide how much to save, up to the IRS maximum annual limits. You can change your contribution rate at any time.
- You can make before-tax contributions, Roth contributions or a combination of both.
- As you get closer to retirement age, you can make catch-up contributions that allow you to set aside even more savings.
- You can combine other assets you may have in other qualified retirement plans by rolling them over into your plan account if permitted by the distribution rules.

#### What is tax-favored?

The assets in a 457(b) plan account accumulate on a tax-deferred basis, which means that contributions and any earnings from investments are reinvested without being subject to tax while in the account. Taxes are due on withdrawals from a before-tax 457(b) account. Withdrawals from a

### Automatic enrollment for new members

Members hired on or after July 1, 2023\*, will be eligible for automatic enrollment in the DCP in accordance with Illinois state law. You will receive notification if automatic enrollment applies to you.

If you are automatically enrolled, your contribution rate will be 3%, deducted before taxes from your paycheck. After that, your contribution rate is set to go up 1% on July 1 each year until your contribution rate reaches 10%. This increase will begin on the July 1 once you have been in the plan for at least 180 days. Your money will be invested in the SURS Lifetime Income Strategy (LIS). If you wish, you can make your own enrollment decisions ahead of your scheduled enrollment date. Log in to [surs.org](https://surs.org), click on Member Login, then click on the "Enroll in the SURS DCP" link to:

- Set your own contribution rate, from as little as \$10 per paycheck or 1% of your salary, up to the IRS maximum annual limits.
- Create your own portfolio by selecting among the SURS DCP's other available best-in-class funds.
- Opt out of enrolling in the SURS DCP.

\*Members originally certified with a SURS employer on or after July 1, 2023 will be automatically enrolled. Rehires are not subject to automatic enrollment but may enroll voluntarily at any time.

- Set your own contribution rate, from as little as \$10 per paycheck or 1% of your salary, up to the IRS maximum annual limits.
- Create your own portfolio by selecting among the SURS DCP's other available best-in-class funds.
- Opt out of enrolling in the SURS DCP.

\*Members originally certified with a SURS employer on or after July 1, 2023 will be automatically enrolled. Rehires are not subject to automatic enrollment but may enroll voluntarily at any time.

### SURS DCP automatic enrollment gives you options

You don't have to do anything now if you want to stick with the automatic enrollment account settings. Your contribution rate will be 3%, deducted before taxes from your paycheck. After that, your contribution rate is set to go up 1% on July 1 each year until your contribution rate reaches 10%. This increase will begin on the July 1 once you have been in the plan for at least 180 days. Pay increases often take place during this time, so the increase to your contribution may not be felt as much. Your money will be invested in the SURS Lifetime Income Strategy (LIS).

This target date portfolio is managed by professionals and designed to help you:

- Build retirement wealth while you are working, and
- Generate guaranteed income for life when you retire.

If you wish, you can make your own enrollment decisions ahead of your scheduled enrollment date. Log in to [surs.org](https://surs.org), click on Member Login, then click on the "Enroll in the SURS DCP" link to:

- Set your own contribution rate, from as little as \$10 per paycheck or 1% of your salary, up to the IRS maximum annual limits. For the 2025 tax year, if you are age 49 and under, you can make up to \$23,500 in before-tax and/or Roth contributions; at age 50 and up, the maximum is \$31,000. If you are between the ages of 60-63, you may contribute up to a maximum of \$34,750 in 2025.
- Create your own portfolio by selecting among the SURS DCP's other available best-in-class funds.
- Opt out of enrolling in the SURS DCP.

Your automatic enrollment date and the deadline for declining enrollment are on the notification you received with this flyer. If you change your mind about participating in the SURS DCP, you have 90 days from the date of your first contribution to request a refund.

#### Learn more

Detailed information about the SURS DCP and the investment options, including the SURS Lifetime Income Strategy, is available at [surs.org/dcp](https://surs.org/dcp).

Talk with a SURS Defined Contribution Account Representative at 800-613-9543 or schedule an appointment at [surs.org/timetap](https://surs.org/timetap).

#### Access your SURS DCP account

It's easy to manage your account and get information whenever you want. When you register your account, be sure to name beneficiaries who would receive your plan assets in the event of your death.

Web: Log into your SURS member website at [surs.org](https://surs.org).

Mobile: Manage your account on the go using the Voya Retire app. Search Voya Retire in your favorite app store.<sup>1</sup>

Phone: Call the SURS Defined Contribution Contact Center at 800-613-9543.



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## Auto enroll flyer

**SAVING FOR YOUR FUTURE IS ABOUT TO START AUTOMATICALLY**

Saving and investing for your future is important. Many people need more than one source of retirement income, and SURS members don't contribute to Social Security.

That's why SURS is pleased to offer the SURS Deferred Compensation Plan (DCP), a 457(b) plan that complements your SURS core retirement plan. We've made going the extra mile toward more retirement income as easy as possible by automatically enrolling you in the DCP.\*

As a recently hired member, you will begin saving and investing in the SURS DCP just 30 days after your employer reports you are eligible. Everything is set up for you: your enrollment date, contribution rate and the investment option for your SURS DCP account. At any time before your enrollment date or in the future, you can personalize how you contribute and invest in the SURS DCP, or you can choose to opt out of enrollment in the Plan.

It's never too early or too late to save

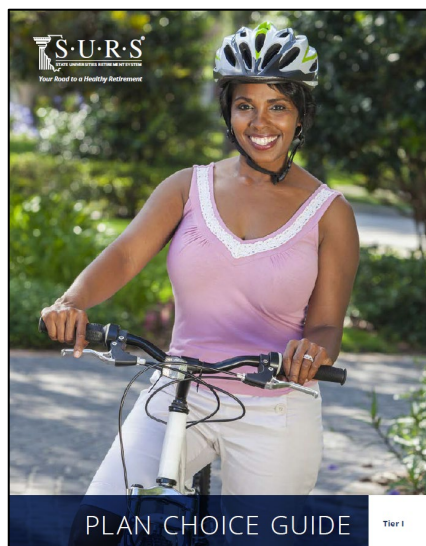
Contributing regularly to the DCP sooner offers the potential to accumulate a larger account balance over time than if you put off enrolling. As you can see, starting early has advantages.

Age Group	Contribution Rate	Balance at Age 65
From age 25-45	I contributed 3% of pay	\$248,936
From age 45-65	I contributed 3% of pay	\$55,178

Assumes annual pay of \$50,000 and 6% interest compounded monthly. This hypothetical illustration is not guaranteed and does not reflect the performance of any specific investment option. If contributions are made on a pre-tax basis, they reduce your current taxable income dollar-for-dollar which may lower the taxes you pay today. Taxes due upon withdrawal.

\*SURS is implementing automatic enrollment in accordance with Illinois state law.

## Plan Choice Guides



### SURS Deferred Compensation Plan Automatic enrollment for new members

In addition to selecting a core SURS 401(a) retirement plan, members hired on or after July 1, 2023, will be eligible for automatic enrollment in the SURS 457(b) Deferred Compensation Plan (DCP) in accordance with Illinois state law. The SURS DCP is a supplemental savings plan designed to complement the SURS core plan you select — the Traditional Pension Plan, Portable Pension Plan or the Retirement Savings Plan. You will receive notification if automatic enrollment into the DCP applies to you. For more information, go to [surs.org/dcp](https://surs.org/dcp).

# Enrollment emails

February



You deserve to feel good about your future. The things you do today can affect how you spend tomorrow.

If a secure retirement is important to you, consider making it a priority in the new year. Realistically, you are likely to need more income than your SURS core retirement plan will provide, especially since SURS members do not contribute to Social Security.

That's why your employer offers the SURS Deferred Compensation Plan (DCP). You are in control as you build supplemental savings in your SURS DCP account. You choose how much to save, up to the IRS maximum annual limits, and how to invest your money. You can make changes any time.

Saving and investing in the SURS DCP is especially helpful for SURS Tier II members whose salaries exceed the limit on plan contributions. In 2024, the annual limit for SURS Traditional Plan and Portable Plan members is \$123,489.18.

Do something good for yourself early in the new year: enroll in the SURS DCP.

#### Enroll now

Go to [surs.org](https://surs.org) and click on the Member Website Login button.

#### Learn more

Schedule an appointment with a local representative at [surs.org](https://surs.org).



[surs.org](https://surs.org)



800-613-9543, TDD: 800-579-5708

April



#### Do you want to hold on to more of your money?

Save more for your future in the SURS Deferred Compensation Plan (DCP). Less of your income is subject to taxes when your SURS DCP contributions are deducted from your paycheck on a pre-tax basis. As your contributions go up, your tax bill goes down, dollar for dollar.

You control how much to contribute, up to the maximum annual limits set by the IRS. At age 50 and over, you can make catch-up contributions to help boost your account's growth potential even more. The SURS DCP allows you to set aside more of what you earn, building supplemental savings to complement your SURS core retirement plan.

This flexibility is especially important if your SURS core retirement plan is the Traditional Pension Plan or Portable Pension Plan, and your salary will be over the maximum pensionable earnings amount of \$123,489.18 in 2024. The DCP provides an easy way to set aside additional retirement savings.

Consider contributing that amount to the SURS DCP. Start making pre-tax contributions to the SURS DCP next year. Meeting with your financial or tax advisor to ask how a tax-favored 457(b) plan like the SURS DCP can help.

Use your dollars further and make progress toward your goal, enroll or learn more about the SURS DCP this year.

Click on the Member Website Login button.

or schedule an appointment with a local representative at [surs.org](https://surs.org).

800-613-9543, TDD: 800-579-5708

Voya Retire mobile app



October is National Retirement Security Month and now is a great time to think about how important it is to save for retirement.

This month, take two steps closer to saving enough:

1. Watch this brief [video](#) about how to build supplemental savings in the SURS Deferred Compensation Plan (DCP) to complement your SURS core retirement plan, and why it's so important to have both plans.
2. Consider enrolling in the SURS DCP at [surs.org/dcp](https://surs.org/dcp) now. It's a voluntary plan and you're already eligible.

By enrolling in the SURS DCP, you can save more of what you earn. You choose your own savings rate, from as little as 1% of your salary, to as much as \$23,000, the IRS maximum annual limit in 2024. You can change your savings rate at any time.

Saving in the SURS DCP is especially valuable for SURS Tier II members whose salaries are higher than their SURS core retirement plan's annual limit. Earnings above the limit are not included in calculating SURS benefits. In 2024, the earnings limit for the SURS Traditional Plan and Portable Plan is \$123,489.18, and no contributions are made on earnings exceeding the limit. Give yourself the flexibility to contribute more towards retirement by enrolling in the SURS DCP.

To learn more and enroll, visit [surs.org/dcp](https://surs.org/dcp) or call the SURS Defined Contribution Contact Center at 800-613-9543. To talk by phone or in person with a SURS Defined Contribution Account Representative, schedule an appointment at [sursrsp.timetap.com](https://sursrsp.timetap.com).



[surs.org](https://surs.org)

800-613-9543, TDD: 800-579-5708



Voya Retire mobile app

October