TUA NEWS RELEASE

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FOR IMMEDIATE RELEASE
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Illinois' SURS Schooling Taxpayers

CHICAGO—**Taxpayers United of America (TUA)** today released the results of their updated analysis of Illinois' State Universities Retirement System (SURS).

"SURS is in dire need of significant pension reform, much like the other Illinois state pension funds. But since individual SURS retirees are some of the highest paid employees, and therefore biggest pensioners in Illinois, the need for reform is all the more serious for both beneficiaries and taxpayers," said Jared Labell, TUA's director of operations.

"Last August, SURS Chief Investment Officer Daniel L. Allen sounded the alarm about the pension fund's long-term solvency in a memo regarding their 2016 investment plan, writing, 'SURS faces the real risk that the assets could be depleted in less than 10 years,' adding, 'Investment policy alone cannot close the SURS plan deficit. The deficit is too large.' Although the narrative from government employees, union bosses, and likeminded politicians relies heavily on calls for more taxpayer funding due to skipped or decreased payments from the state, Mr. Allen points out that this is not so in this case, noting, 'that since (fiscal year) 2011, SURS has received the full annual statutory contribution from the state of Illinois.' So what's wrong with SURS? It relies heavily on a defined benefit system that is costly for taxpayers and detrimental to Illinois' overall financial health," said Labell.

- Total number of 2016 SURS pension beneficiaries is approximately 62,792.
- 3,955 collect pensions in excess of $100,000.
- 15,628 collect pensions in excess of $50,000.
- The average 2016 annual SURS pension is $35,751.
- The average amount that employees paid into their own pension fund is $48,764, or 5% of their estimated lifetime pension payout.
- The average estimated lifetime payout is $947,211.
- The average age at retirement is 61.
- The average years of employment are 18.
- The net return on investment for SURS in fiscal year 2015 was only 2.9%, or $593,600,000.
- In fiscal year 2015, taxpayers were forced to pay $1,590,900,000 into the government pension fund.
- In fiscal year 2015, SURS government employees paid $340,000,000 into their own pension fund.
- At the end of fiscal year 2015, SURS had a 42.37% funded ratio with a $22.4 billion unfunded liability.

"Taxpayers were forced to pay 467% more into the SURS pension fund than the multi-millionaire SURS retirees paid into their own government pensions. That means that for every dollar that an SURS government employee contributed to their own retirement, taxpayers were forced to match them with a subsidy of $4.67."

"For nearly two decades, Illinois has offered state university employees a self-managed retirement plan (SMP), similar to a 401(k), alongside the standard defined benefit plan controlled by politicians. The SMP gives government employees more power over their own retirement savings funds, makes retirement costs more sustainable over time, and protects taxpayers from budgetary uncertainty from year to year. The SMP active membership totals of 11,928 are far lower than the 69,381 active members in the old defined benefit plan, but if

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the SMP option was given to all current state employees and mandatory for all new hires, this one reform would go a long way in improving Illinois' unfunded government pension liabilities."

"As funding shortfalls accrue for SURS and the other government pension funds, Illinois' political caste will be to blame for the bankruptcy of their constituents and the eventual reduced benefits for pensioners. Continuing the defined benefit pension system in Illinois guarantees that a constitutional crisis will ultimately erupt between the state constitution's pension protection clause and the insolvency of the pension funds. The unions, bureaucrats, and politicians will argue for expanding the tax burden of Illinois residents to fund their pensions, but tax hikes and cutting of services will not solve this problem, only systemic reform will," said Labell.

"**Leslie Heffez DMD, MS, FRCD**, a retired Professor of Oral & Maxillofacial Surgery from the University of Illinois – Chicago, collects an incredible ***$564,298 annual pension***. Retiring at only 55 years old, his total accumulated pension payout will be ***more than $22.3 million***. Dr. Heffez tops our list for both the largest annual pension and estimated lifetime pension payout of our study. Over a normal lifetime, Dr. Heffez will collect almost double the estimated lifetime pension payout of the runner-up on our list, **Clarence Bowman**, former President of Illinois State University, whose estimated lifetime pension payout is nearly ***$12 million***."

"**Tapas Das Gupta, MD**, Professor and Head of the Department of Surgical Oncology at University of Illinois – Chicago, no longer tops our list with the top annual pension. However, Dr. Das Gupta is number one in our study for having collected the largest pension to date, **totaling nearly $4.8 millio**n. Dr. Das Gupta was only briefly retired years ago, however, as the university rehired him after waiting the required 60 days. Taxpayers now pay for his nearly half a million dollar pension while he collects a salary and remains employed by the government."

- **Click here to see the Top 200 list of SURS pensioners***

"Without systemic reforms, the problem of government pensions will only get worse over time. This is due to numerous factors, including the pressure from government sector unions to maintain the system for their own benefit, at the expense of the majority of taxpayers; the legal precedents that have been codified into law to uphold this unsustainable system; and the legislators who find it politically expedient to preserve the status quo."

"What many in the political class don't seem to understand is that there is a breaking point, and eventually ever-higher tax increases will cause taxpayers to leave their city, county, or state for areas that are more economically friendly – commonly referred to as 'voting with your feet.' We know this to be the case by looking at recent history, as former Gov. Quinn's 67% state income tax hike in 2011 encouraged taxpayers to flee Illinois in droves to neighboring states like Indiana and Wisconsin, as well as Texas and Florida, according to U.S. Census Bureau data. And data released last week shows the Chicago area decreased in population last year for the first time since at least 1990, which is a horrible indicator of what's to come for Chicago in the future, and Illinois in general, if the financial situation and government pension crisis is not dealt with soon," concluded Labell.

*Lifetime estimated pension payout includes 3% COLA (simple interest) and assumes life expectancy of 85 (IRS Form 590).