



# Mini Briefing

November 2008



This Briefing is being written on Veterans Day, but won't arrive in your email or mail boxes or on the SUAA website until after, much depending on the mode of contact. Hopefully, everyone thanked a veteran sometime during this day, but if you didn't please take the time to acknowledge gratitude whenever you see someone who is either serving or has served our country. Why send this reminder? We are all human and we all tend to forget.



The financial events of the past few months have turned our lives upside down nationally, internationally and in Illinois. However, the election of a new president has been extremely electrifying regardless of ones individual political commitments or beliefs. With this comes a change, a freshness, a discovery and of course a much needed hope.

**Happenings in Illinois!** The State Universities Retirement System will be seeing a new executive director in 2009. Dan Slack will be leaving SURS to become the Chief Executive Officer of the Colorado Fire and Police Pension Association, located in Greenwood Village, Colorado. Those of us who have had the opportunity to work with Dan know of his unwavering dedication to SURS. He will definitely be missed. An interim director will be appointed.

The State Universities Retirement System Members Advisory Committee met on October 4. SURS-MAC, for those of you who are unfamiliar, is an advisory committee to the Board of Trustees of SURS. It includes representatives of all institutions covered by the System, plus SUAA. Probably the most important information to be presented in this meeting was the "Investment Update and Outlook" session (Financial information as of FY ended as of June, 2008).

Dan Allen walked the audience through how the recent financial upheaval affected SURS. Dan started with "some perspective" showing that FY 2008 was the worst fiscal year since 2002 and the fifth worst fiscal year in SURS history.

Year	Return
FY 1974	-15.3%
FY 2001	- 8.8%
FY 2002	- 6.1%
FY 1984	- 5.1%
FY 2008	- 4.5%

June 2008 was the 6th worst month in SURS history.

Month	Return
Oct - 87	-10.4%
Aug - 98	-10.3%
Sep - 02	- 6.1%
Aug - 90	- 6.0%
Sep - 01	- 5.5%
Jun - 08	- 5.5%

Long term returns remain strong

- Five Year Return = 10.3%

What happened? There has been a continued sub-prime distress, record high oil prices, rising inflation and a slowing economy.

SURS continued . . .

SURS has a new asset allocation structure that will result in an increasingly complex portfolio. The changes include shifting to alternative assets and when fully committed, approximately 1/5 of the portfolio will be invested in alternative assets.

### Target Asset Allocations

	SURS (Old)	SURS (New)	Large Public Fund
U. S. Equity	39.5%	32.0%	31.8%
Non - U.S. Equity	18.5%	18.0%	16.1%
Global Equity	5.0%	10.0%	3.7%
Private Equity	5.0%	6.0%	6.5%
Fixed Income	26.0%	22.0%	31.5%
Real Estate	6.0%	10.0%	6.2%
Other	0.0%	2.0%	4.3%
Total	100.0%	100.0%	100.0%

### Fiscal Year 2008 Results

	Portfolio	Benchmark
Total Fund	- 4.5%	- 5.0%
U. S. Equity	-13.4%	-12.5%
Non – U.S. Equity	- 7.9%	- 6.6%
Global Equity	- 8.7%	-10.7%
Private Equity	16.4%	-0.8%
Fixed Income	7.4%	7.1%
TIPS	16.3%	15.1%
REITS	-15.7%	-16.9%
Direct Real Estate	10.6%	12.0%
Opportunity Fund	10.7%	- 6.8%

#### Challenges:

Cash shortfall continues to be an issue  
 -pay benefits of nearly \$110 million monthly  
 -3% annual increases  
 Implementation of Sudan & Iran legislation  
 Estimated Funding Ration below 60% at fiscal year end

#### Plan Choices:

Traditional . . . . . 15%  
 Portable . . . . . 22%  
 Self-Managed Plan. 12%  
 Default . . . . . 51%

*The official definition of “a **recession** is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales. A recession begins just after the economy reaches a peak of activity and ends as the economy reaches its trough.”*

Edward H. Boss, Jr., Chief Economist  
 Commission on Government Forecasting and Accountability  
 October 2008

**PENSIONS\***  
**FY 2008 Monthly Net Investment Returns**

Dan Hankiewicz, Pension Manager

Table 1 below recaps the monthly investment returns for each of the five State-funded retirement systems (the assets for the State Employees' Retirement System, Judges' Retirement System, and General Assembly Retirement System are managed under the auspices of the Illinois State Board of Investment). The shaded months reflect net investment returns in Fy2009, which, under current law, will not impact the state's contribution to the retirement systems in FY 2010.

In November monthly revenue briefing, commission staff will publish the FY 2010 certified contribution for all five State-funded retirement systems, and a recap of the financial condition of the systems as of June 30, 2008.

\*Copied from the Commission on Government Forecasting and Accountability' October 2008 *Monthly Briefing*

**Monthly Net Investment Returns**  
**All State Retirement Systems**  
**(Percentage Returns)**

Month	TRS	SERS	SURS	JRS	GARS
Sep 2008	-8.16	-6.80	-8.10	-6.80	-6.80
Aug 2008	-0.56	0.05	-0.20	0.05	0.05
Jul 2008	-1.62	-1.36	-1.20	-1.36	-1.36
Jun 2008	-4.75	-5.49	-5.40	-5.49	5.49
May 2008	1.49	1.18	1.10	1.18	1.18
Apr 2008	3.31	3.11	3.40	3.11	3.11
Mar 2008	-1.23	0.05	-0.70	0.05	0.05
Feb 2008	-0.67	-1.27	-0.70	-1.27	-1.27
Jan 2008	-4.49	-3.72	-3.90	-3.72	-3.72
Dec 2007	-0.22	0.52	-0.70	0.52	0.52
Nov 2007	-2.72	-2.83	-2.70	-2.83	-2.83
Oct 2007	2.38	1.48	2.30	1.48	1.48
Sep 2007	3.29	2.61	3.90	2.61	2.61
Aug 2007	0.25	0.44	0.50	0.44	0.44
Jul 2007	-1.29	-2.12	-1.30	-2.12	-2.12

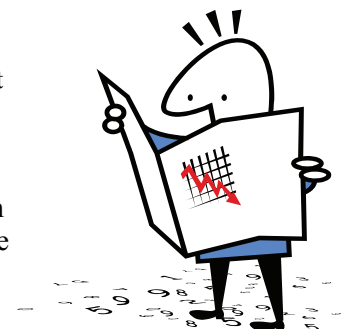
**SURS Long-Term Historical Returns**  
**As of June 30, 2008\***

\*Numbers and text provided by SURS

	<b>10 Year</b>	<b>20 Year</b>	<b>30 Year</b>	<b>Since 1972</b>
SURS Total Fund	6.2%	9.4%	9.8%	9.0%

Note: 1972 is chosen as a reference point since it represents the point in time where SURS investment program began investing in equity securities in a meaningful allocation (greater than 40%).

Participants as well as retirees must keep in mind that SURS is a long-term investor. The average SURS participant retires with 22 years of service. The investment portfolio has been structured to effectively endure market declines and maximize long-term growth. Despite the recent market events, SURS remains stable and the benefits are reliable.



**SURS Historical Fiscal Year Returns (FY 1972 - FY 2008)**

Fiscal Year Ending	Rate of Return
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All Years as of June 30

2008	-4.5%
2007	18.3%
2006	11.7%
2005	10.4%
2004	17.0%
2003	2.9%
2002	-6.1%
2001	-8.8%
2000	14.0%
1999	11.5%
1998	17.8%
1997	21.4%
1996	18.5%
1995	16.5%
1994	0.7%
1993	11.2%
1992	10.2%
1991	5.4%
1990	9.6%
1989	17.0%
1988	2.2%
1987	16.1%
1986	26.7%
1985	25.3%
1984	-5.1%
1983	41.9%
1982	0.9%
1981	1.2%
1980	1.3%
1979	5.9%
1978	5.1%
1977	3.8%
1976	17.8%
1975	16.8%
1974	-15.3%
1973	0.1%

**Newly Elected State Legislators**  
beginning in January 2009 with the Ninety-fifth  
General Assembly of Illinois

**House of Representatives**

Michael Zalewski (D-21) replaces Robert Molaro (D)  
 Will Burns (D-26) replaces Elga Jeffries (D)  
 Andre Thapedi (D-32) replaces Milton Patterson (D)  
 Debra Mell (D-40) replaces Richard Bradley (D)  
 Keith Farnam (D-43) replaces Ruth Munson (R)  
 Michael Connelley (R-48) replaces James Meyer (R)  
 Kay Hatcher (R-50) replaces Patricia Lindner (R)  
 Mark Walker (D-66) replaces Carolyn Krause (R)  
 Emily Klunk-McAsey (D-85) replaces Brent Hassert (R)  
 Jehan Gordon (D-92) replaces Aaron Schock (R)  
 Darlene Senger (R-96) replaces Joe Dunn (R)  
 John Cavaletto (R-107) replaces Kurt Granberg (D)

**State Senate**

Emil Jones III (D-14) replaces Emil Jones, Jr. (D)  
 Dan Duffy (R-26) replaces William Peterson (R)

Note: District offices, Springfield offices, for these newly-elected legislators will not be known until at least the middle of January.

**United States Representatives**

Debbie Halvorson (D-11) replaces Jerry Weller (R)  
 Bill Foster (D-14) replaces Dennis Hastert (R)  
 Aaron Schock (R-18) replaces Ray LaHood (R)

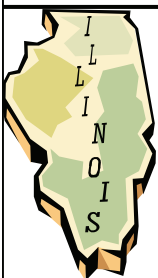
More changes will be taking place in order to fill vacancies created by the Election.

**December Watch**

The State Senate leadership will be changing due to the retirement of Senate President Emil Jones. Plus, Senator Frank Watson will not be seeking another term as the Republican Leader. There will be much focus as the new leaders of the State Senate are selected.

Governor signed SB 790 (fund sweeps); no action on companion appropriations bill SB 1103; Governor is reviewing SB 1103 which authorizes the spending.

Numbers provided by SURS



is one of only 3 income tax states that fully exempt private pension income, and one of only 8 states that fully exempt public employee pensions.

COGFA reports that Federal resources fell \$239 million in October. Other declines: \$22M in interest income; \$15M in inheritance tax; \$10M in sales tax; \$84M due to last year's transfer activity related to the hospital assessment program; and, riverboat transfer revenues were down \$25M in October.

## County results of the Constitutional Convention vote.

YES %	NO %	County						
25%	75%	Adams	31%	69%	Hardin	24%	76%	Moultrie
			28%	72%	Henderson	24%	76%	Ogle
<b>43%</b>	<b>57%</b>	<b>Alexander</b>	26%	74%	Henry	32%	68%	Peoria
28%	72%	Bond	26%	74%	Iroquois	31%	69%	Perry
25%	75%	Boone	<b>36%</b>	<b>64%</b>	<b>Jackson</b>	24%	76%	Pike
26%	74%	Brown	25%	75%	Jasper	<b>22%</b>	<b>78%</b>	<b>Platt</b>
26%	74%	Bureau	29%	71%	Jefferson	31%	69%	Pope
<b>21%</b>	<b>79%</b>	<b>Calhoun</b>	24%	76%	Jersey	<b>37%</b>	<b>63%</b>	<b>Pulaski</b>
29%	71%	Carroll	30%	70%	Jo Daviess	26%	74%	Putnam
31%	69%	Cass	29%	71%	Johnson	<b>22%</b>	<b>78%</b>	<b>Randolph</b>
31%	69%	Champaign	<b>36%</b>	<b>64%</b>	<b>Kane</b>	29%	71%	Richland
25%	75%	Christian	24%	76%	Kankakee	33%	67%	Rock Island
26%	74%	Clark	29%	71%	Kendall	33%	67%	Saline
29%	71%	Clay	28%	72%	Knox	30%	70%	Sangamon
24%	76%	Clinton	28%	72%	Lake	<b>37%</b>	<b>63%</b>	<b>Schuyler</b>
27%	73%	Coles	23%	77%	LaSalle	28%	72%	Scott
<b>39%</b>	<b>61%</b>	<b>Cook</b>	34%	66%	Lawrence	24%	76%	Shelby
31%	69%	Crawford	33%	67%	Lee	<b>36%</b>	<b>64%</b>	<b>St. Clair</b>
24%	76%	Cumberland	24%	76%	Livingston	24%	76%	Stark
26%	74%	DeKalb	<b>22%</b>	<b>78%</b>	<b>Logan</b>	28%	72%	Stephenson
24%	76%	DeWitt	27%	73%	Macon	27%	73%	Tazewell
<b>22%</b>	<b>78%</b>	<b>Douglas</b>	26%	74%	Macoupin	32%	68%	Union
30%	70%	DuPage	32%	68%	Madison	28%	72%	Vermilion
27%	73%	Edgar	27%	73%	Marion	32%	68%	Wabash
27%	73%	Edwards	<b>22%</b>	<b>78%</b>	<b>Marshall</b>	24%	76%	Warren
27%	73%	Effingham	28%	72%	Mason	<b>21%</b>	<b>79%</b>	<b>Washington</b>
26%	74%	Fayette	<b>36%</b>	<b>64%</b>	<b>Massac</b>	30%	70%	Wayne
<b>20%</b>	<b>80%</b>	<b>Ford</b>	28%	72%	McDonough	<b>35%</b>	<b>65%</b>	<b>White</b>
36%	64%	Franklin	31%	69%	McHenry	28%	72%	Whiteside
30%	70%	Fulton	23%	77%	McLean	27%	73%	Will
<b>35%</b>	<b>65%</b>	<b>Gallatin</b>	<b>22%</b>	<b>78%</b>	<b>Menard</b>	34%	66%	Williamson
28%	72%	Greene	26%	74%	Mercer	30%	70%	Winnebago
<b>20%</b>	<b>80%</b>	<b>Grundy</b>	25%	75%	Monroe	24%	76%	Woodford
27%	73%	Hamilton	26%	74%	Montgomery			
25%	75%	Hancock	32%	68%	Morgan			

In bold  
 No Vote: **Top 10**

In Italics/bold  
 Bottom **10**

### Constitutional Convention Vote for 2008

Approximately 5.5 million citizens voted in the General Election in Illinois

83% voted on the Constitutional Convention

68% voted to oppose the referendum

*Thank you to everyone who helped to defeat this referendum!*



## Membership

*As everyone knows membership organizations cannot survive without members. Therefore, the State Office would like to further acknowledge two SUAA Chapters for their exceptional efforts to grow not only their local campus memberships, but the State Organization as well! At the October Board of Directors Meeting held in Urbana on October 22, 2008, the **Eastern Illinois University Annuitants Chapter** was recognized for adding 12 new members, 8 new and 4 rejoins. By the end of October, **EIU** was able to increase these numbers to 19, 12 new and 7 rejoins. In addition, **Richland Community College** remained number one for increasing their numbers by 21, 15 working staff and 6 rejoins. At the end of October **RCC** was still able to add one more new member, ending with 22. Congratulations to both chapters for their excellent work in membership recruitment during the month of October.*

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\* \* \* \* \*

There are a number of ways to enhance membership recruitment including those who are working staff on the campuses of the community colleges and the universities. If you need ideas, please don't hesitate to call the State Office or any of the State Membership Co-chairs, Jan Cook (309.726.1664); Alan Voelker (815.756.7447 or at [avoelker@niu.edu](mailto:avoelker@niu.edu)); or Ken Gunji (217.352.7977 or [kengunji@hotmail.com](mailto:kengunji@hotmail.com)). Of course you can always contact SUAA Executive Director Linda Brookhart (217.585.2370 or [linda@suaa.org](mailto:linda@suaa.org)).

We need to grow SUAA's membership. Accept the Challenge.  
Find out how you can help! Contact us!

### Check Your Calendars for 2009 & 2010

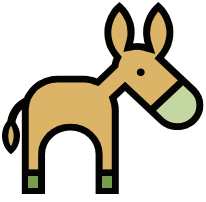
The Annual Meeting of the State Universities Annuitants Association will be held on Tuesday, June 23 and Wednesday, June 24, 2009 at the President Abraham Lincoln Hotel & Conference Center in Springfield.

In order to hold the rate and other expenses associated with the Annual Meeting, a second contract was secured for 2010. Dates will again be during the same week of June, Tuesday the 22nd and Wednesday the 23rd.

January 2009 will be kick off many special events in Springfield celebrating the President Abraham Lincoln Bicentennial 1809 - 2009. Attendees might want to take advantage of their time in Springfield.

SUAA will try hard to keep the membership notified of the City of Springfield's celebratory occasions especially around the dates of the Annual Meeting.

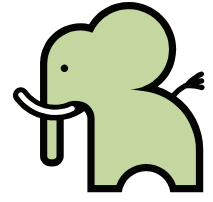




# SUAAAction

## The Political Action Committee of SUAA

### Kick Off for 2009



Let's start by answering the question of what the purpose of a political action committee is. An official definition was found on the website <http://www.opensecrets.org>, a Center for Responsive Politics. It states:

“What is a PAC? A popular term for a political committee organized for the purpose of raising and spending money to elect and defeat candidates. Most PAC’s represent business, labor or ideological interests . . .

While there is a bit more to be included, this statement provides the foundation for the importance of SUAAAction and its purpose which is to provide the opportunity for individuals interested in the future of their pensions, benefits and welfare to contribute to the support of candidates for public office. SUAAAction allows the ability to accept smaller contributions from SUAA members (including affiliated individuals) and accumulate them in order to make larger contributions on behalf of a larger body or as referred to many times, a stronger voice.

January 2009 will kick off another year of political fundraising for SUAAAction. Co-chairs Addison Woodward and Gene Humke are prepared to make the challenge for the new year’s funding goal. All members of the State Universities Annuitants Association are invited to take part in contributing to the political action committee.

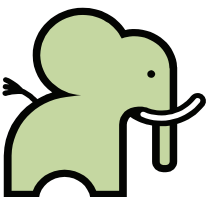
Certain people in the chapters are being identified to assist with this important task of fundraising. Be assured that no SUAA membership money is being spent on this campaign. It is specifically designed so that only SUAAAction volunteers will be contacting you. If your chapter does not have a SUAAAction volunteer(s) then you will receive a letter from the SUAAAction Co-chairs, Addison and Gene. If you are not affiliated with a chapter you are still encouraged to send your contributions. You can start now!

SUAAAction  
 State Universities Annuitants Political Action Committee  
 P.O. Box 11023  
 Springfield, Illinois 62791-1023

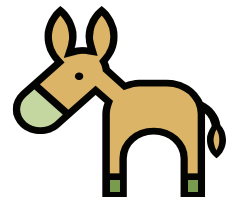
Name: \_\_\_\_\_ SUAA membership number or Campus: \_\_\_\_\_

Address: \_\_\_\_\_ Amount: \$100 \_\_\_\_\_ \$75 \_\_\_\_\_ \$50 \_\_\_\_\_  
 \_\_\_\_\_ \$ 25 \_\_\_\_\_ \$15 \_\_\_\_\_ \$10 \_\_\_\_\_  
 \_\_\_\_\_ Other \$ \_\_\_\_\_ All contributions are needed!

**Please make checks payable to: SUAAAction, P.O. Box 11023, Springfield, Illinois 62791-1023.**  
 Paid for and prepared by SUAAAction. A copy of our report is or will be made available for purchase from the State Board of Elections, 1020 South Spring Street, Springfield, Illinois 62708-2999. State Law requires political action committees to report the name and mailing address of contributors that exceed \$150 in aggregate calendar year. Occupation and employer is required for contributions over \$500. Contributions are not tax deductible.



For more information please call 217.585.2370.



The State Universities Annuitants Association

STAFF

wishes everyone the beginning of enjoyable holidays!

We are grateful for the opportunity to work with you.

Linda, Amanda and Kay



State Universities Annuitants Association  
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217.585.2370 or [suaa@suaa.org](mailto:suaa@suaa.org)