

State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)

Report on Allocation of Special Funding Situation
As of and For the Year Ended June 30, 2025

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois

**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Report on the Allocation of the Special Funding Situation
Year Ended June 30, 2025**

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**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Report on the Allocation of the Special Funding Situation
Year Ended June 30, 2025**

System Officials

Executive Director	Ms. Suzanne Mayer
Chief Financial Officer	Ms. Tara Myers
Chief Investment Officer	Mr. Michael Schlachter
General Counsel	Ms. Bianca Green
Chief Internal Auditor	Ms. Jacqueline Hohn

Board Officers/Trustees

Chairperson	Mr. John Lyons
Vice Chairman	Mr. Colin Van Meter
Treasurer	Mr. Scott Hendrie

Board Trustees

Appointed Trustee	Mr. Pranav Kothari
Appointed Trustee	Mr. Richard Figueroa
Appointed Trustee (06/30/24 – 04/27/25)	Vacant
Appointed Trustee (04/28/25 – Present)	Mrs. Jeanine Jiganti
Elected Active Trustee	Mr. Andriy Bodnaruk
Elected Active Trustee	Mr. Colin Van Meter
Elected Active Trustee	Mr. Antonio Vasquez
Elected Active Trustee (07/01/22 – 07/14/24)	Mr. Steven Rock
Elected Active Trustee (07/15/24 – Present)	Mr. Herbert Pitman
Elected Annuitant Trustee	Mr. J. Fred Giertz
Elected Annuitant Trustee (07/01/22 – 07/14/24)	Mr. Mitchell Vogel
Elected Annuitant Trustee (07/15/24 – Present)	Mr. Steven Rock

Office Location

1901 Fox Drive
Champaign, Illinois 61820

**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Report on the Allocation of the Special Funding Situation
Year Ended June 30, 2025**

Summary

The audit of the accompanying Schedule of the Special Funding Situation Allocation (Schedule) of the State of Illinois, State Universities Retirement System (System) was performed by RSM US LLP.

Based on their audit, the auditors expressed an unmodified opinion on the System's Schedule.

The System waived an exit conference in an email correspondence from Tara Myers, Chief Financial Officer, on April 23, 2026.

Independent Auditor's Report

RSM US LLP

Honorable Frank J. Mautino
Auditor General, State of Illinois

Board of Trustees
State Universities Retirement System of Illinois

Opinion

As Special Assistant Auditors for the Auditor General, we have audited the Schedule of the Special Funding Situation Allocation (Schedule) including the employer allocations and the columns titled net pension liability allocation, total defined benefit special funding situation allocation and total defined contribution special funding situation allocation (specified column totals) included in the Schedule, of the State Universities Retirement System of Illinois (the System), a component unit of the State of Illinois, as of and for the year ended June 30, 2025, and the related notes.

In our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the employer allocations and the net pension liability allocation, total defined benefit special funding situation allocation and total defined contribution special funding situation allocation for the total of all participating entities for the System as of and for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the employer allocations and specified column totals included in the Schedule are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the employer allocations and specified column totals included in the Schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule of the Special Funding Situation Allocation, including the employer allocations and the specified column totals included in the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the Schedule of the Special Funding Situation Allocation, including the employer allocations and the specified column totals included in the Schedule and the related disclosures.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule of the Special Funding Situation Allocation, including the employer allocations and the specified column totals included in the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the System as of and for the year ended June 30, 2025, and our report thereon, dated December 16, 2025, expressed an unmodified opinion on those financial statements.

In addition, as Special Assistant Auditors for the Auditor General, we have audited, in accordance with auditing standards generally accepted in the United States of America, the Schedule of Allocation of the State Universities Retirement System of Illinois, a component unit of the State of Illinois, as of and for the year ended June 30, 2025, and the related notes to the schedule. We have also audited the total for all entities of the columns titled ending net pension liability, total deferred outflows of resources, total deferred inflows of resources and total pension expense subject to allocation included in the Schedule of Pension Amounts of the System as of and for the year ended June 30, 2025, and the related notes, and our report thereon, dated February 18, 2026, expressed an unmodified opinion on those schedules.

Restriction on Use

Our report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, System management, System Board of Trustees, System Employers and their auditors as of and for the year ended June 30, 2025, and is not intended to be, and should not be, used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
April 29, 2026

**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Schedule of the Special Funding Situation Allocation
As of and for the Year Ended June 30, 2025**

Defined Benefit Plan				
Employer	Employee Contributions	Allocation Percentage	Net Pension Liability Allocation	Special Funding Situation Allocation
Black Hawk College	\$ 1,282,938	0.371735%	\$ 112,224,810	\$ 8,587,815
Carl Sandburg College	742,551	0.215156%	64,954,446	4,970,530
City Colleges of Chicago	18,625,112	5.396675%	1,629,227,337	124,673,885
College of DuPage	8,521,382	2.469093%	745,405,979	57,040,940
College of Lake County	5,506,335	1.595475%	481,665,375	36,858,634
Danville Area Community College	977,283	0.283170%	85,487,509	6,541,788
Elgin Community College	4,169,000	1.207979%	364,682,403	27,906,708
Heartland Community College	1,637,727	0.474536%	143,259,882	10,962,722
Highland Community College	807,128	0.233867%	70,603,197	5,402,791
Illinois Central College	3,011,973	0.872727%	263,471,616	20,161,723
Illinois Eastern Community College	1,435,337	0.415893%	125,555,874	9,607,952
Illinois Valley Community College	1,042,759	0.302142%	91,215,055	6,980,079
John A. Logan College	1,472,776	0.426741%	128,830,827	9,858,563
John Wood Community College	722,154	0.209246%	63,170,249	4,833,997
Joliet Junior College	4,853,498	1.406314%	424,558,680	32,488,640
Kankakee Community College	1,135,778	0.329095%	99,352,021	7,602,747
Kaskaskia College	1,111,974	0.322197%	97,269,552	7,443,389
Kishwaukee College	1,030,688	0.298645%	90,159,329	6,899,291
Lake Land College	1,971,266	0.571179%	172,435,887	13,195,367
Lewis and Clark Community College	1,541,001	0.446509%	134,798,680	10,315,243
Lincoln Land Community College	2,445,007	0.708447%	213,876,363	16,366,529
McHenry College	2,074,968	0.601227%	181,507,218	13,889,535
Moraine Valley Community College	4,376,723	1.268167%	382,852,839	29,297,170
Morton College	1,364,233	0.395290%	119,335,938	9,131,982
Oakton Community College	4,110,230	1.190950%	359,541,439	27,513,305
Parkland College	2,534,908	0.734496%	221,740,416	16,968,313
Prairie State College	1,454,580	0.421468%	127,238,936	9,736,746
Rend Lake College	875,630	0.253716%	76,595,504	5,861,342
Richland Community College	915,917	0.265389%	80,119,521	6,131,012
Rock Valley College	2,137,485	0.619342%	186,976,039	14,308,027
Sauk Valley College	711,588	0.206184%	62,245,848	4,763,259
Shawnee College	518,983	0.150377%	45,398,013	3,474,007
South Suburban College	1,495,492	0.433323%	130,817,898	10,010,620
Southeastern Illinois College	509,619	0.147663%	44,578,670	3,411,308
Southwestern Illinois College	3,053,631	0.884798%	267,115,787	20,440,587
Spoon River College	510,992	0.148061%	44,698,825	3,420,502
Triton College	2,897,478	0.839552%	253,456,261	19,395,315
Waubensee Community College	2,908,525	0.842753%	254,422,626	19,469,264
William Rainey Harper College	4,846,775	1.404366%	423,970,589	32,443,637
Chicago State University	3,189,049	0.924035%	278,961,227	21,347,039
Eastern Illinois University	4,954,336	1.435532%	433,379,438	33,163,633
Governors State University	3,959,989	1.147417%	346,399,059	26,507,606
Illinois State University	14,674,614	4.252008%	1,283,658,488	98,229,809
Northeastern Illinois University	4,859,259	1.407983%	425,062,542	32,527,197
Northern Illinois University	13,008,090	3.769128%	1,137,879,597	87,074,325
Northern Illinois University Foundation	37,068	0.010741%	3,242,650	248,138
Southern Illinois University System	29,845,226	8.647732%	2,610,704,068	199,779,744
University of Illinois Alumni Association	80,506	0.023327%	7,042,297	538,900
University of Illinois Foundation	809,895	0.234669%	70,845,317	5,421,319
University of Illinois System	160,787,680	46.588648%	14,064,863,811	1,076,290,076
Western Illinois University	5,567,282	1.613134%	486,996,532	37,266,592
Board of Examiners	25,603	0.007419%	2,239,756	171,394
Illinois Community College Trustees Association	17,191	0.004981%	1,503,737	115,071
Illinois Federation of Teachers	30,101	0.008722%	2,633,125	201,495
State of Illinois	1,934,694	0.560581%	169,236,409	12,950,532
TOTALS	\$ 345,122,007	100.000000%	\$ 30,189,465,491	\$ 2,310,198,134

**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Schedule of the Special Funding Situation Allocation
As of and for the Year Ended June 30, 2025**

Employer	Defined Contribution Plan			
	Adjusted Net Contributions	Allocation Percentage	Special Funding Situation Allocation	Special Funding Sourced by Forfeitures
Black Hawk College	\$ 344,373	0.312012%	\$ 318,971	\$ 21,297
Carl Sandburg College	102,731	0.093077%	95,153	6,353
City Colleges of Chicago	1,664,639	1.508210%	1,541,848	102,948
College of DuPage	1,585,350	1.436372%	1,468,407	98,045
College of Lake County	1,131,947	1.025576%	1,048,449	70,004
Danville Area Community College	112,583	0.102003%	104,278	6,963
Elgin Community College	725,945	0.657727%	672,396	44,895
Heartland Community College	363,237	0.329103%	336,443	22,464
Highland Community College	164,318	0.148877%	152,197	10,162
Illinois Central College	445,749	0.403861%	412,868	27,567
Illinois Eastern Community College	236,840	0.214584%	219,370	14,647
Illinois Valley Community College	196,577	0.178104%	182,076	12,157
John A. Logan College	184,713	0.167355%	171,088	11,423
John Wood Community College	112,363	0.101804%	104,075	6,949
Joliet Junior College	712,585	0.645622%	660,021	44,069
Kankakee Community College	191,862	0.173832%	177,709	11,866
Kaskaskia College	221,248	0.200457%	204,928	13,683
Kishwaukee College	212,188	0.192248%	196,536	13,123
Lake Land College	307,371	0.278487%	284,698	19,009
Lewis and Clark Community College	370,701	0.335866%	343,357	22,926
Lincoln Land Community College	448,824	0.406647%	415,716	27,757
McHenry College	547,237	0.495812%	506,870	33,843
Moraine Valley Community College	670,357	0.607363%	620,909	41,458
Morton College	141,061	0.127805%	130,655	8,724
Oakton Community College	718,810	0.651262%	665,787	44,454
Parkland College	633,308	0.573795%	586,592	39,166
Prairie State College	270,359	0.244953%	250,416	16,720
Rend Lake College	142,693	0.129284%	132,167	8,825
Richland Community College	165,643	0.150077%	153,424	10,244
Rock Valley College	376,255	0.340898%	348,501	23,269
Sauk Valley College	151,738	0.137479%	140,545	9,384
Shawnee College	83,476	0.075632%	77,319	5,163
South Suburban College	85,251	0.077240%	78,963	5,272
Southeastern Illinois College	27,003	0.024465%	25,011	1,670
Southwestern Illinois College	455,977	0.413128%	422,342	28,200
Spoon River College	69,411	0.062888%	64,291	4,293
Triton College	360,351	0.326488%	333,770	22,286
Waubensee Community College	724,036	0.655997%	670,628	44,777
William Rainey Harper College	1,589,354	1.440000%	1,472,116	98,292
Chicago State University	454,924	0.412174%	421,367	28,134
Eastern Illinois University	1,385,035	1.254881%	1,282,869	85,656
Governors State University	814,550	0.738005%	754,465	50,375
Illinois State University	4,880,427	4.421806%	4,520,425	301,826
Northeastern Illinois University	964,941	0.874264%	893,763	59,676
Northern Illinois University	5,315,441	4.815941%	4,923,351	328,729
Northern Illinois University Foundation	34,576	0.031327%	32,026	2,138
Southern Illinois University System	11,113,847	10.069461%	10,294,040	687,327
University of Illinois Alumni Association	81,650	0.073977%	75,627	5,050
University of Illinois Foundation	576,924	0.522710%	534,368	35,679
University of Illinois System	65,977,427	59.777425%	61,110,641	4,080,320
Western Illinois University	1,421,289	1.287728%	1,316,448	87,898
Board of Examiners	-	0.000000%	-	-
Illinois Community College Trustees Association	-	0.000000%	-	-
Illinois Federation of Teachers	-	0.000000%	-	-
State of Illinois	302,317	0.273911%	280,019	18,699
TOTALS	\$ 110,371,812	100.000000%	\$ 102,230,299	\$ 6,825,854

**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Schedule of the Special Funding Situation Allocation
As of and for the Year Ended June 30, 2025**

Total Allocation of the Special Funding Situation			
Employer	Defined Benefit	Defined Contribution	Total
Black Hawk College	\$ 8,587,815	\$ 318,971	\$ 8,906,786
Carl Sandburg College	4,970,530	95,153	5,065,683
City Colleges of Chicago	124,673,885	1,541,848	126,215,733
College of DuPage	57,040,940	1,468,407	58,509,347
College of Lake County	36,858,634	1,048,449	37,907,083
Danville Area Community College	6,541,788	104,278	6,646,066
Elgin Community College	27,906,708	672,396	28,579,104
Heartland Community College	10,962,722	336,443	11,299,165
Highland Community College	5,402,791	152,197	5,554,988
Illinois Central College	20,161,723	412,868	20,574,591
Illinois Eastern Community College	9,607,952	219,370	9,827,322
Illinois Valley Community College	6,980,079	182,076	7,162,155
John A. Logan College	9,858,563	171,088	10,029,651
John Wood Community College	4,833,997	104,075	4,938,072
Joliet Junior College	32,488,640	660,021	33,148,661
Kankakee Community College	7,602,747	177,709	7,780,456
Kaskaskia College	7,443,389	204,928	7,648,317
Kishwaukee College	6,899,291	196,536	7,095,827
Lake Land College	13,195,367	284,698	13,480,065
Lewis and Clark Community College	10,315,243	343,357	10,658,600
Lincoln Land Community College	16,366,529	415,716	16,782,245
McHenry College	13,889,535	506,870	14,396,405
Moraine Valley Community College	29,297,170	620,909	29,918,079
Morton College	9,131,982	130,655	9,262,637
Oakton Community College	27,513,305	665,787	28,179,092
Parkland College	16,968,313	586,592	17,554,905
Prairie State College	9,736,746	250,416	9,987,162
Rend Lake College	5,861,342	132,167	5,993,509
Richland Community College	6,131,012	153,424	6,284,436
Rock Valley College	14,308,027	348,501	14,656,528
Sauk Valley College	4,763,259	140,545	4,903,804
Shawnee College	3,474,007	77,319	3,551,326
South Suburban College	10,010,620	78,963	10,089,583
Southeastern Illinois College	3,411,308	25,011	3,436,319
Southwestern Illinois College	20,440,587	422,342	20,862,929
Spoon River College	3,420,502	64,291	3,484,793
Triton College	19,395,315	333,770	19,729,085
Waubensee Community College	19,469,264	670,628	20,139,892
William Rainey Harper College	32,443,637	1,472,116	33,915,753
Chicago State University	21,347,039	421,367	21,768,406
Eastern Illinois University	33,163,633	1,282,869	34,446,502
Governors State University	26,507,606	754,465	27,262,071
Illinois State University	98,229,809	4,520,425	102,750,234
Northeastern Illinois University	32,527,197	893,763	33,420,960
Northern Illinois University	87,074,325	4,923,351	91,997,676
Northern Illinois University Foundation	248,138	32,026	280,164
Southern Illinois University System	199,779,744	10,294,040	210,073,784
University of Illinois Alumni Association	538,900	75,627	614,527
University of Illinois Foundation	5,421,319	534,368	5,955,687
University of Illinois System	1,076,290,076	61,110,641	1,137,400,717
Western Illinois University	37,266,592	1,316,448	38,583,040
Board of Examiners	171,394	-	171,394
Illinois Community College Trustees Association	115,071	-	115,071
Illinois Federation of Teachers	201,495	-	201,495
State of Illinois	12,950,532	280,019	13,230,551
TOTALS	\$ 2,310,198,134	\$ 102,230,299	\$ 2,412,428,433

**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Notes to the Schedule of the Special Funding Situation Allocation
Year Ended June 30, 2025**

Note 1. Summary of Plans

The State Universities Retirement System (SURS or the System) is the administrator of a cost-sharing, multiple-employer defined benefit plan (DB Plan) and a cost-sharing, multiple-employer defined contribution plan (DC Plan). SURS was established on July 21, 1941, and provides retirement annuities and other benefits for employees of the state universities, state community colleges, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees.

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, defines special funding situations as circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the nonemployer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a nonemployer contributing entity to the community colleges, the universities, the Board of Examiners, the Illinois Community College Trustees' Association, and the Illinois Federation of Teachers. Additionally, this Schedule aggregates agencies of the State of Illinois together to reflect their participation in the System to fairly allocate activity among the System's employers; however, these agencies' activity within the System is not subject to a special funding situation and is included within the State of Illinois' activity within SURS' Schedules of Allocation and Pension Amounts released under a separate cover.

SURS is included in the State of Illinois' financial reports as a component unit. SURS is governed by Chapter 40, Act 5, Article 15, of the Illinois Compiled Statutes. These statutes assign the authority to establish and amend the benefit provisions of the System's plans to the General Assembly. The statutes also define the scope of SURS reporting entity. Operation of the System and the direction of its policies are the responsibility of the Board of Trustees of the System. There are no statutory provisions for termination of the System. The Illinois Constitution provides that the pension obligation of the state shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.

Benefit Provisions

The traditional defined benefit plan was established in 1941. An alternative defined benefit program, known as the portable benefit package, and a defined contribution plan were established effective January 1, 1998, due to the enactment of Public Act 90-0448. A summary of the benefit provisions can be found in the System's Annual Comprehensive Financial Report (ACFR), specifically within the Notes to the Financial Statements. The System's ACFR can be accessed on its website at www.surs.org.

Note 2. Summary of Significant Accounting Policies

Nature of Schedule

Employers participating in a cost-sharing pension plan under a special funding situation must recognize their proportionate share of the collective pension expense supported by the non-employer contributing entity as pension expense and special funding situation revenue within their financial statements. In addition, these employers must present certain information on their net pension liability (NPL) associated with the special funding situation within their notes to their financial statements and required supplementary information disclosures.

**State of Illinois
State Universities Retirement System
(A Component Unit of the State of Illinois)**

**Notes to the Schedule of the Special Funding Situation Allocation
Year Ended June 30, 2025**

Note 2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 68, paragraph 92, states that in determining the employer's proportion of the collective NPL, the basis should be consistent with the manner in which contributions to the pension plan, excluding those to separately finance specific liabilities of the individual employer to the Plan, are determined, which is consistent with paragraphs 48-51. GASB 68, paragraph 92, further states that in determining the non-employer's proportion of the collective NPL and corresponding pension amounts the Plan should follow the Plan terms to determine the specific relationship of the contribution requirements of the non-employer contributing entity to those of the employer and other contributing entities.

Under the Illinois Compiled Statutes (40 ILCS 5/15-157(a)), employees participating within SURS must contribute 8% of their gross earnings, with certain police officers and firefighters contributing 9.5% of their gross earnings.

Due to the nature of the Schedule, the contributions utilized in the allocation calculation were actual employee contributions received and numbers throughout the Schedule have been rounded. Therefore, the total amounts reported within the Schedule may not agree to the summation of the individual columns.

Timing of Contributions Used for Allocation

The allocation methodologies for the DB Plan and DC Plan differ due to the underlying inputs into the amounts being allocated.

Defined Benefit Plan

The Schedule presents the allocation among the System's employers of the State of Illinois' (1) ending NPL of \$30,189,465,491 as of the measurement date of June 30, 2025, and (2) total defined benefit pension expense of \$2,310,198,134 for the measurement year ended June 30, 2025.

The NPL as of June 30, 2025, and total defined benefit pension expense for the year ended June 30, 2025, are based on a one-year roll-forward of an actuarial valuation performed as of June 30, 2024. For the allocations in the Schedule to be reflective of the employee census underpinning that actuarial valuation, the basis of these allocations is the proportion of each employer's employee contributions to the DB Plan for the year ended June 30, 2024.

Defined Contribution Plan

The Schedule presents the allocation among the System's employers of the State of Illinois' total defined contribution pension expense of \$102,230,299 for the measurement year ended June 30, 2025.

The total defined contribution pension expense for the year ended June 30, 2025, is based on financial statement information for the same year. For the contributions used in the allocations to be reflective of the State of Illinois' pension expense, employee contributions per employer were adjusted to reflect the lower employer contribution rate of 7.6% (compared to 8% for employees) and then reduced by the forfeited contributions specifically attributable to each employer*. These adjusted net contributions per employer are the basis of this allocation. Unlike the DB Plan, there are no underlying actuarial inputs and, therefore, no inherent one-year lag in the employee population driving these contributions. As a result, the adjusted net contributions to the DC Plan used for this allocation are for the year ended June 30, 2025.

*Employees whose SURS-covered employment is terminated before attaining five years of service credit mandatorily forfeit their accumulated employer contributions. Employee contributions are always 100% vested.

**State of Illinois
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**Notes to the Schedule of the Special Funding Situation Allocation
Year Ended June 30, 2025**

Note 2. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The financial transactions are recorded using the economic resources measurement focus and the accrual basis of accounting. Employer and non-employer contributing entity contributions are recognized as revenue when due pursuant to statutory or contractual requirements. The total pension liability valued for this report is based on an actuarial valuation performed as of June 30, 2024, rolled forward to June 30, 2025, the measurement date.

Use of Estimates in the Preparation of the Schedule

The preparation of the Schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, and changes therein, and disclosures. Actual results could differ from those estimates and differences could be material. The System uses an actuary to determine the total pension liability for the defined benefit plan and to calculate the actuarially determined contributions of the State and employers.

Basis of Allocation

In determining the proportionate share of the NPL and corresponding employer pension amounts subject to the special funding situation, the basis should be consistent with the manner in which contributions to the Plan, excluding those to separately finance specific liabilities of an individual employer, are determined. The System's approach to determining which contributions to use as the basis of allocation is explained in *Timing of Contributions Used for Allocation* above. The System has determined that this approach is representative of the non-employer pension expense incurred by the State of Illinois.

The contributions to the System for SURS' employees were not included because the costs for SURS' employees ultimately must be recovered through charges to the nonemployer contributing entity. By excluding these contributions from the denominator, the cost of SURS' employees is recognized by the other employers included in the Schedule.

The Fiscal Year 2024 actual employee contributions used as the denominator for the defined benefit allocation calculations in the Schedule can be reconciled to the System's ACFR as follows:

Contributions used as basis of allocation	\$ 345,122,007
Plus: Contributions made by SURS employees for current service	<u>966,543</u>
Total member contributions to SURS for current service	346,088,550
Plus: Member contributions for service credit purchases	5,819,686
Less: Refunds of excess contributions to retiring members	(13,786,221)
Less: Member contributions transferred to DC Plan upon plan election	(2,794,079)
Less: Member contributions transferred to local police pension funds	(73,426)
Plus: Contribution adjustments, timing differences, etc.	<u>164,174</u>
Member contributions per Statement of Changes in Fiduciary Net Position	<u><u>\$ 335,418,684</u></u>

**State of Illinois
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**Notes to the Schedule of the Special Funding Situation Allocation
Year Ended June 30, 2025**

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Allocation (Continued)

The Fiscal Year 2025 adjusted net contributions used as the denominator for the defined contribution allocation calculation in the Schedule can be reconciled to the System's ACFR as follows:

Adjusted net contributions used as basis of allocation, at employer rate	\$ 110,371,812
Plus: Employer matches forfeited	6,967,679
Less: Previously-forfeited employer matches reinstated	<u>(141,825)</u>
Adjusted contributions to SURS for current service, at employer rate	<u>\$ 117,197,666</u>
Apply employee/employer contribution rate ratio of ^{8.0} / _{7.6}	\$ 123,365,964
Plus: Contributions made by SURS employees for current service	<u>250,142</u>
Total member contributions to SURS for current service	123,616,106
Plus: Member contributions for service credit purchases	623,008
Plus: Member contributions transferred from DB Plan upon DC Plan election	2,666,831
Plus: Contribution adjustments, timing differences, etc.	<u>(559)</u>
Member contributions per Combining Statement of Changes in Fiduciary Net Position	<u>\$ 126,905,386</u>

In addition, the various campuses of the Southern Illinois University System and the University of Illinois System were aggregated for the purposes of the Schedule. The contributions associated with each campus were as follows:

	<u>DB Plan</u>	<u>DC Plan</u>
Southern Illinois University Carbondale	\$ 21,077,295	\$ 8,029,046
Southern Illinois University Edwardsville	8,767,931	3,084,801
Total, Southern Illinois University System	<u>\$ 29,845,226</u>	<u>\$ 11,113,847</u>
University of Illinois Chicago	\$ 91,972,869	\$ 33,095,107
University of Illinois Springfield	3,643,036	1,161,658
University of Illinois Urbana-Champaign	65,171,775	31,720,662
Total, University of Illinois System	<u>\$ 160,787,680</u>	<u>\$ 65,977,427</u>

**State of Illinois
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**Notes to the Schedule of the Special Funding Situation Allocation
Year Ended June 30, 2025**

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Allocation (Continued)

Finally, the agencies of the State of Illinois were aggregated for the purposes of the Schedule. The contributions associated with each agency or purpose were as follows:

	DB Plan	DC Plan
State Universities Civil Service System	\$ 45,709	\$ 10,439
Board of Higher Education	284,483	(535)
Department of Innovation and Technology	152,852	40,182
Illinois Community College Board	319,928	23,722
Illinois Mathematics and Science Academy	1,084,216	208,352
Gubernatorial Appointees under the Civil Administrative Code of Illinois Pursuant to Section 15-107(c) of the Illinois Pension Code	47,506	20,157
Total, State of Illinois	\$ 1,934,694	\$ 302,317

Note 3. Pension Expense and Amortization of Pension Expense

Additional information about the System's NPL and pension expense, as well as deferred outflows of resources and deferred inflows of resources, are available within SURS' Annual Comprehensive Financial Report and SURS' Schedules of Allocation and Pension Amounts released under separate covers.

Note 4. Requests for Information

SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org.