



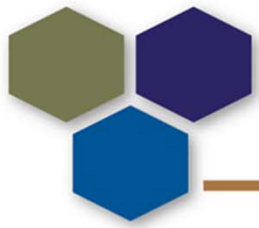
# South Carolina Retirement System

## Growth in UAAL

**GRS**

**Gabriel Roeder Smith & Company**  
Consultants & Actuaries  
[www.gabrielroeder.com](http://www.gabrielroeder.com)

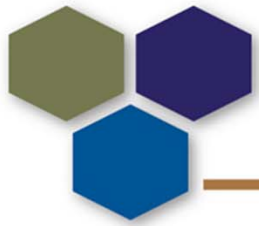
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# Determining the Funding Period

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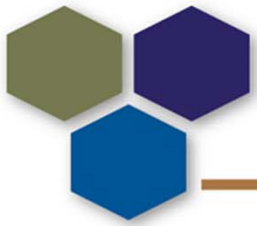
- ◆ The actuarial valuation is attempting to answer the following question:
  - ▶ Given the current contribution policy and benefit policy, and assuming all assumptions are met, when is the current UAAL expected to be fully amortized (reduced to zero)
- ◆ This is defined as the Funding Period



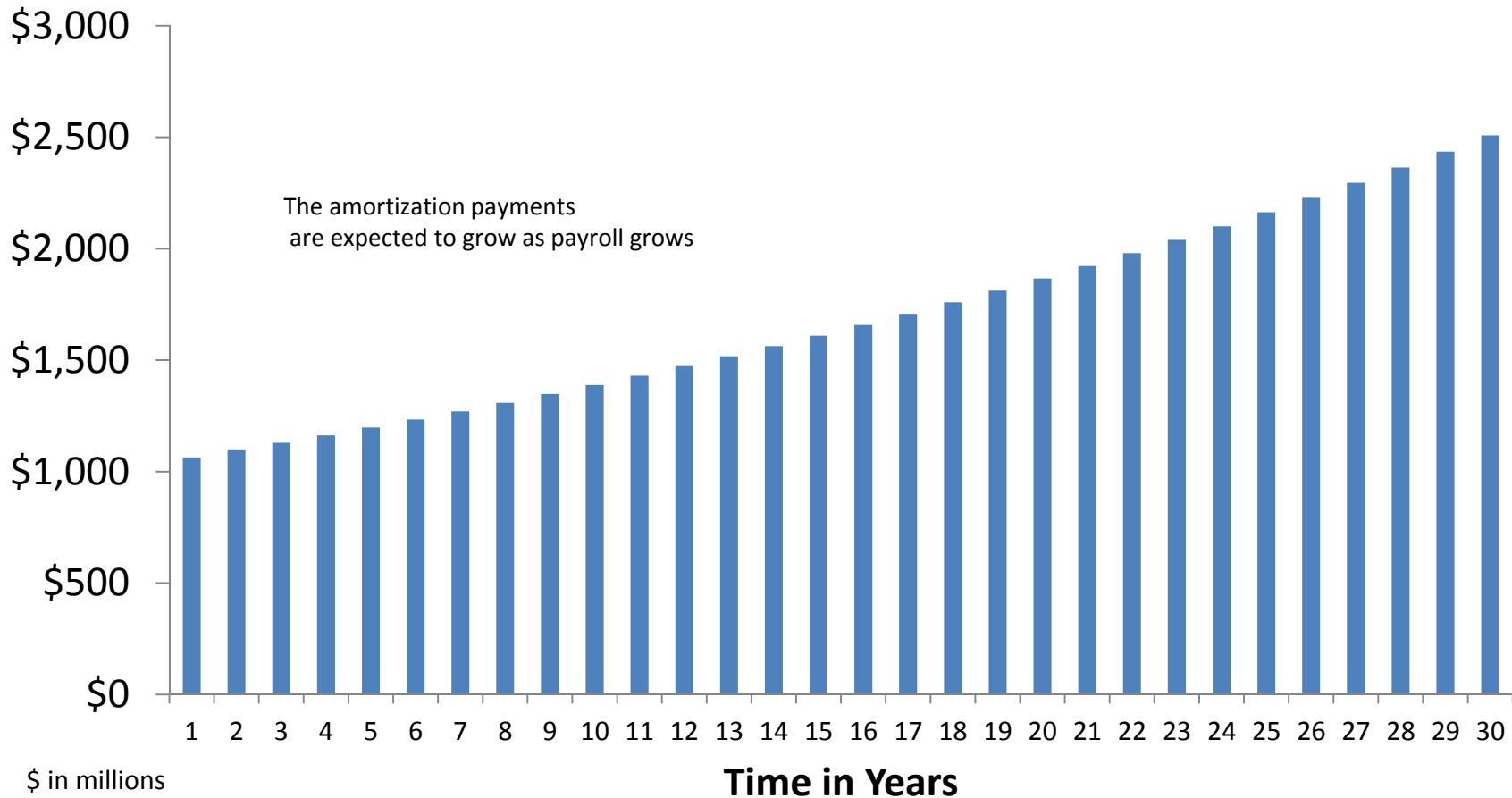
# Determining the Funding Period

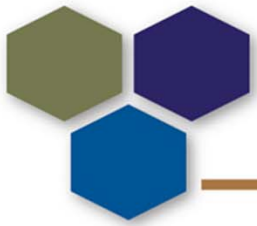
Member Contribution Rate	8.66%
Employer Contribution Rate	<u>11.56%</u>
Total Contribution Rate	20.22%
Normal Cost (New Accruals)	<u>(10.47%)</u>
Contributions Available to Amortize the UAAL	9.75%

- ◆ The valuation will then assume 9.75% of future payrolls will be contributed towards amortizing the UAAL
  - ▶ Total payroll is assumed to grow at 3% per year. This would include wage growth and population growth.



# Projected Amortization Payments

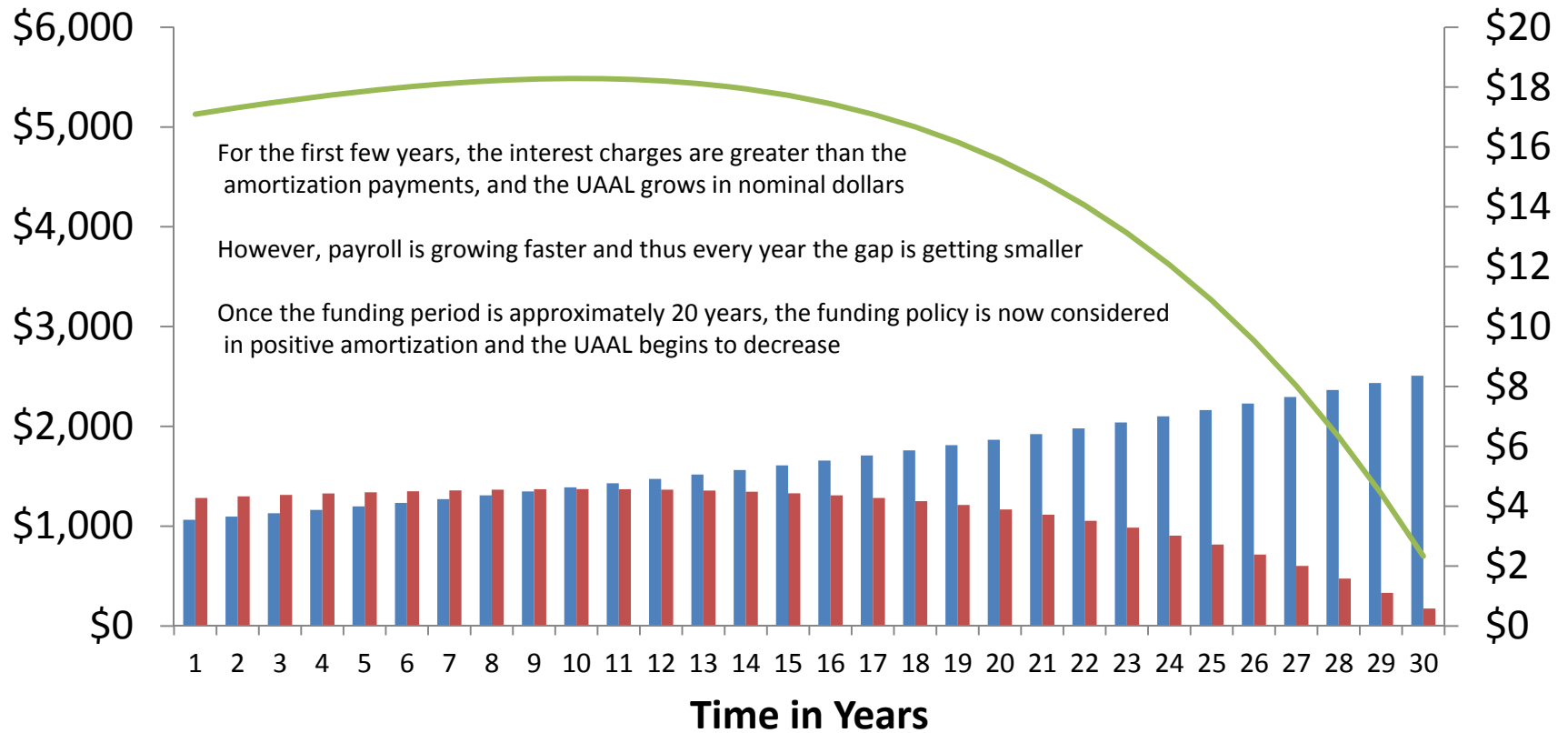




# Projected Amortization Process

Cash Flow \$ in millions

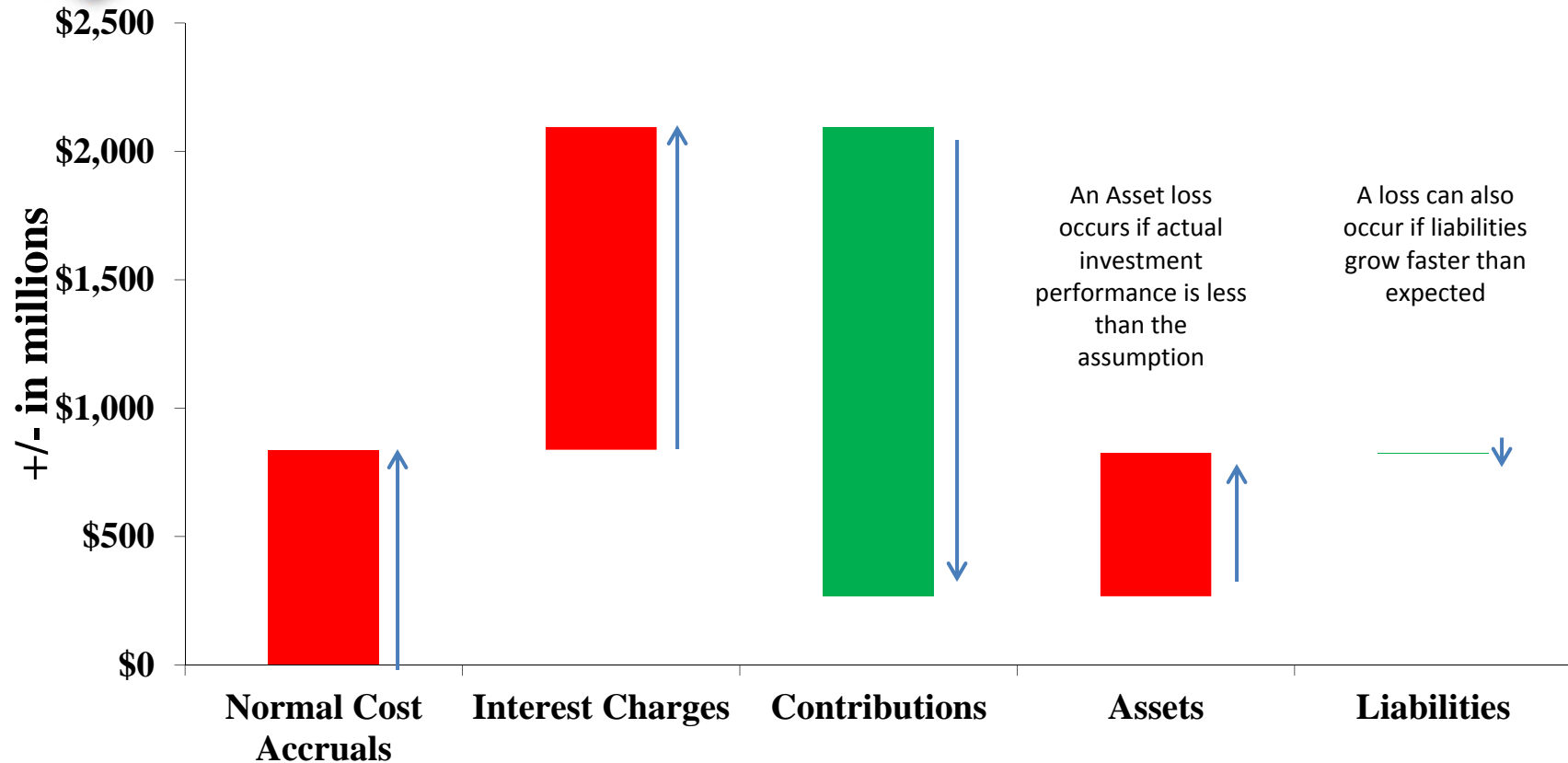
UAAL \$ in billions



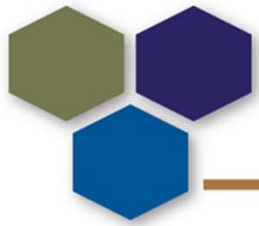
Amortization Payments Interest UAAL



# Change in UAAL: From 2015 Valuation Report



There are other sources of change each year, and if the plan is experiencing net losses large enough to increase the calculated funding period, the process starts over again at 30 based on the current policy. Can also occur if assumptions are changed in a way that increases the UAAL.

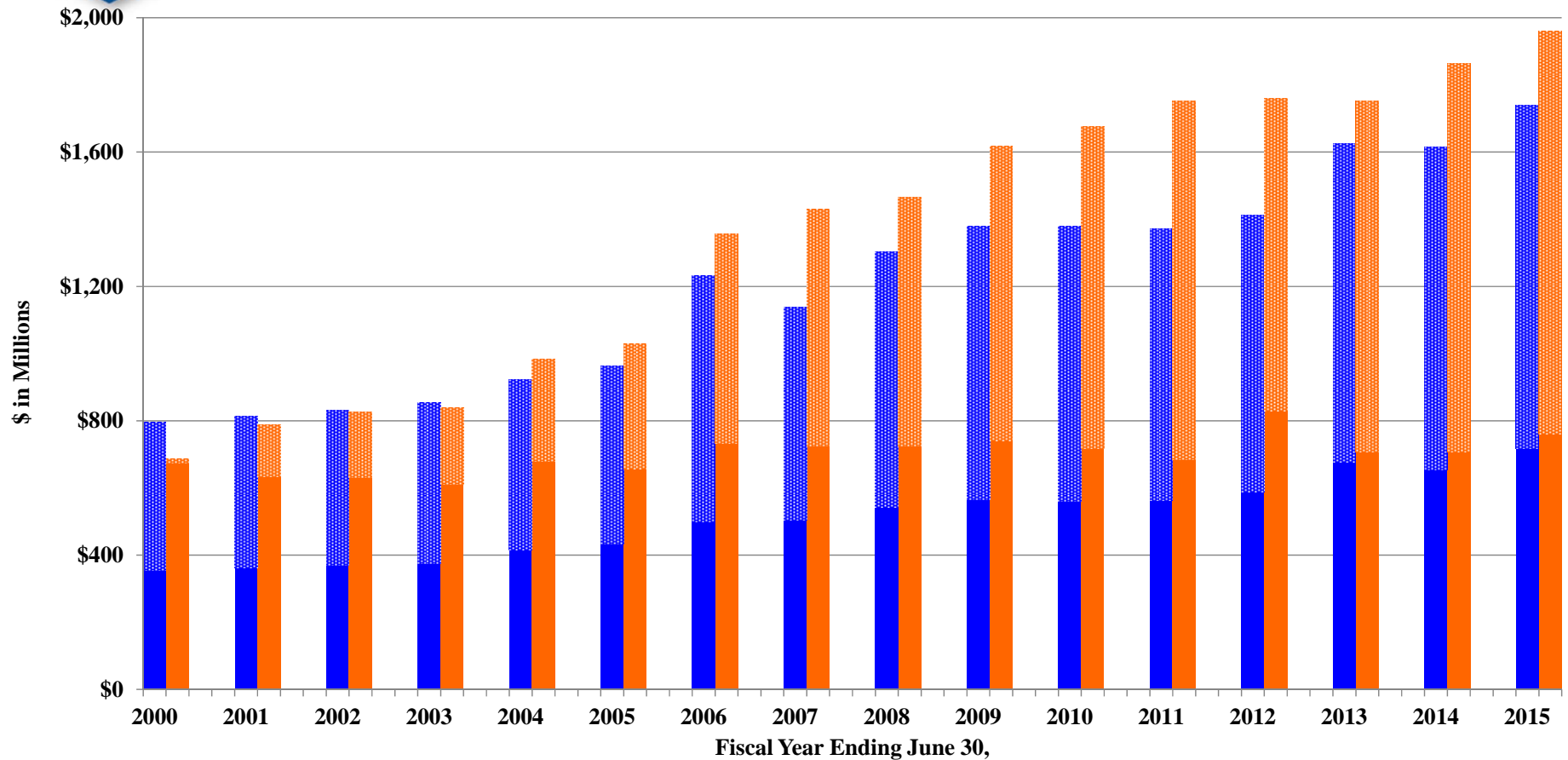


# Average from last few valuations

	2015 Valuation	Average from Last Three Valuations
Beginning of Year UAAL	\$15,979	
- Interest on UAAL	1,198	
- Amortization payment	<u>(979)</u>	
- Interest on UAAL in Excess of Contributions	219	222
- Assumption/method changes	0	131
- Asset experience	559	660
- Liability experience	(4)	18
- Legislative Changes	<u>0</u>	<u>0</u>
End of Year UAAL	\$16,753	



# Historical Contribution Effort



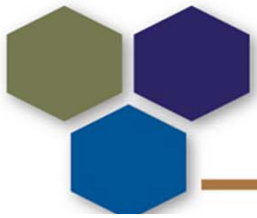
 Employer Contributions

 Interest on Unfunded Liability

 Member Contributions

 Normal Cost





# History of Change by Source

**SCRS**  
Net Unfunded Liability on a Market Value Basis

