

**South Carolina Retirement System**  
**Cost impact of Various Plan Changes under the Recommended Assumptions**

| Plan Change Scenario                                | Proposed Assumptions<br>1% COLA | Eliminate<br>TERI & RTW for<br>Members Not Eligible<br>as of July 1, 2012 | Scenario #1 plus<br>7.50% Member<br>Contribution Rate<br>and Cost Neutral<br>Service Purchase | Scenario #2 plus<br>5-yr Final Avg Comp<br>60&30 Normal Ret<br>8% Early Ret Factor<br>Eliminate Sick and<br>Annual Leave Credits |
|---|---------------------------------|---|---|--|
|   | Current Plan                    | #1  | #2  | #3   |
| 1. Projected Payroll for Next Fiscal Year           | \$ 7,688,659                    | \$ 7,688,659  | \$ 7,688,659  | \$ 7,688,659   |
| 2. Normal Cost                                      |                                 |   |   |  |
| a. Total Normal Cost Rate                           | 10.77%                          | 10.33%  | 10.47%  | 9.50%  |
| b. Member Contribution Rate                         | <u>6.50%</u>                    | <u>6.50%</u>  | <u>7.50%</u>  | <u>7.50%</u>   |
| c. Employer Normal Cost Rate                        | 4.27%                           | 3.83%   | 2.97%   | 2.00%  |
| 3. Actuarial Accrued Liability                      |                                 |   |   |  |
| a. Active Members                                   | \$ 15,791,269                   | \$ 15,084,362   | \$ 15,139,103   | \$ 13,598,018  |
| b. Inactive Members                                 | <u>22,937,401</u>               | <u>22,937,401</u>   | <u>22,937,401</u>   | <u>22,937,401</u>  |
| c. Total Actuarial Accrued Liability                | \$ <u>38,728,670</u>            | \$ <u>38,021,763</u>  | \$ <u>38,076,504</u>  | \$ <u>36,535,419</u>   |
| 4. Actuarial Value of Assets                        | \$ 25,400,331                   | \$ 25,400,331   | \$ 25,400,331   | \$ 25,400,331  |
| 5. Unfunded Actuarial Accrued Liability (3.c. - 4.) | \$ 13,328,339                   | \$ 12,621,432   | \$ 12,676,173   | \$ 11,135,088  |
| 6. Funding Ratio - Actuarial Value Assets Basis     | 65.6%                           | 66.8%   | 66.7%   | 69.5%  |
| 7. Funding Ratio - Market Value of Assets Basis     | 50.8%                           | 51.8%   | 51.7%   | 53.9%  |
| <b>Statutory Contribution Rate Information</b>      |                                 |   |   |  |
| 8. Employer Normal Cost                             | 4.27%                           | 3.83%   | 2.97%   | 2.00%  |
| 9. Amortization of Unfunded Liability               | <u>5.41%</u>                    | <u>5.85%</u>  | <u>6.71%</u>  | <u>7.68%</u>   |
| 10. Total Employer Contribution Rate                | <u>9.68%</u>                    | <u>9.68%</u>  | <u>9.68%</u>  | <u>9.68%</u>   |
| 11. Amortization Period - Current Contribution Rate | 65                              | 52  | 37  | 23   |
| 12. 30-Year Contribution Rate - Actuarial Value     | 11.56%                          | 11.22%  | 10.41%  | 8.54%  |
| 13. 30-Year Contribution Rate - Market Value        | 15.67%                          | 14.86%  | 14.03%  | 12.13%   |

\$ in thousands

Notes and assumptions:

- Projected payroll for fiscal year 2011 (excludes compensation attributable to members in TERI and return to work retirees).
- Plan changes in scenarios #1, #2, and #3 are modeled assuming the changes only apply to members who are not retirement eligible as of July 1, 2012.
- Cost and liabilities are determined using asset and census information as of July 1, 2010 and the recommended assumptions proposed by GRS.