

**PEBA**<sup>SM</sup>  
SC Retirement Systems  
and State Health Plan

Serving those who serve South Carolina

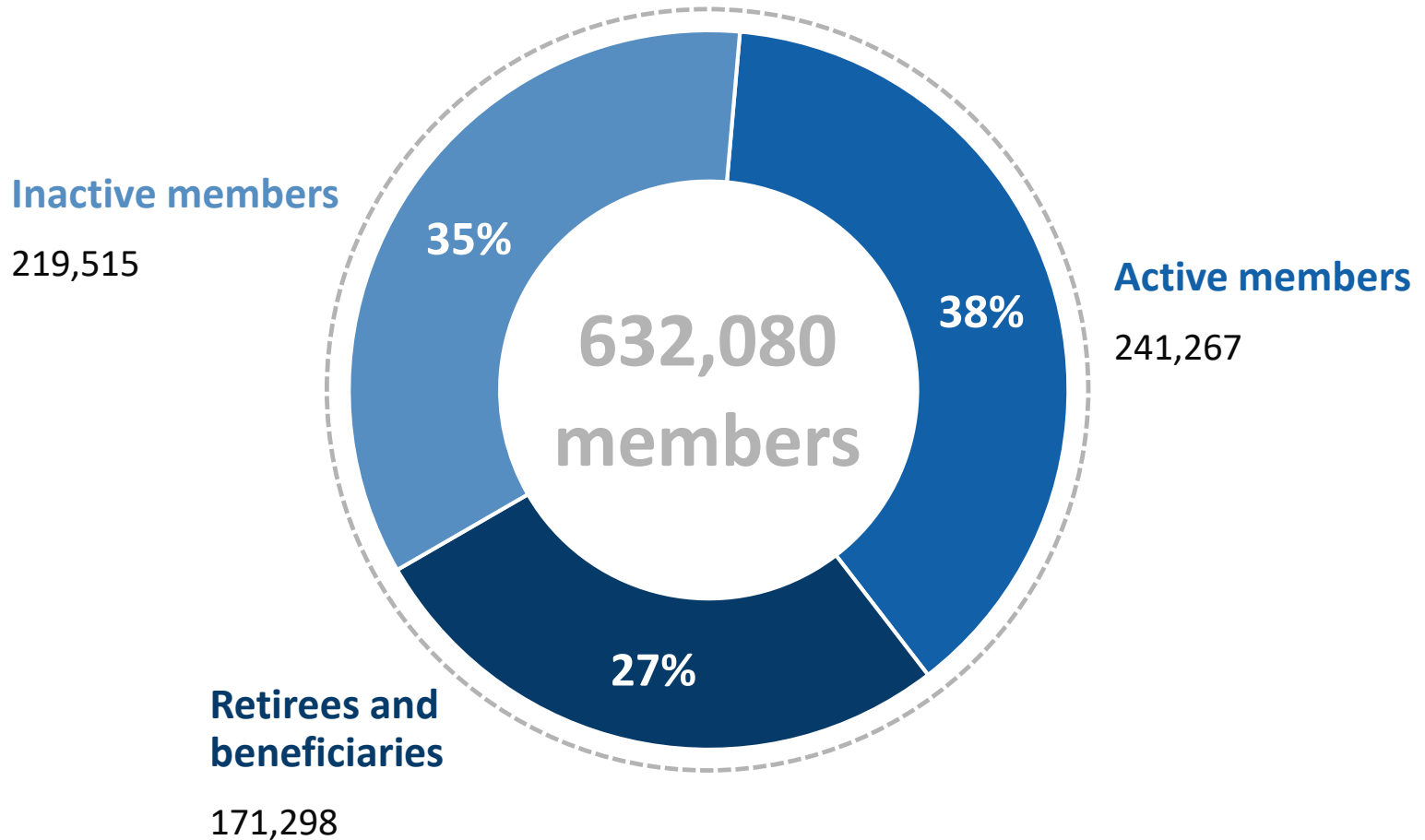
# Retirement Systems update

Senate Finance Retirement Systems Standing  
Subcommittee

March 16, 2021

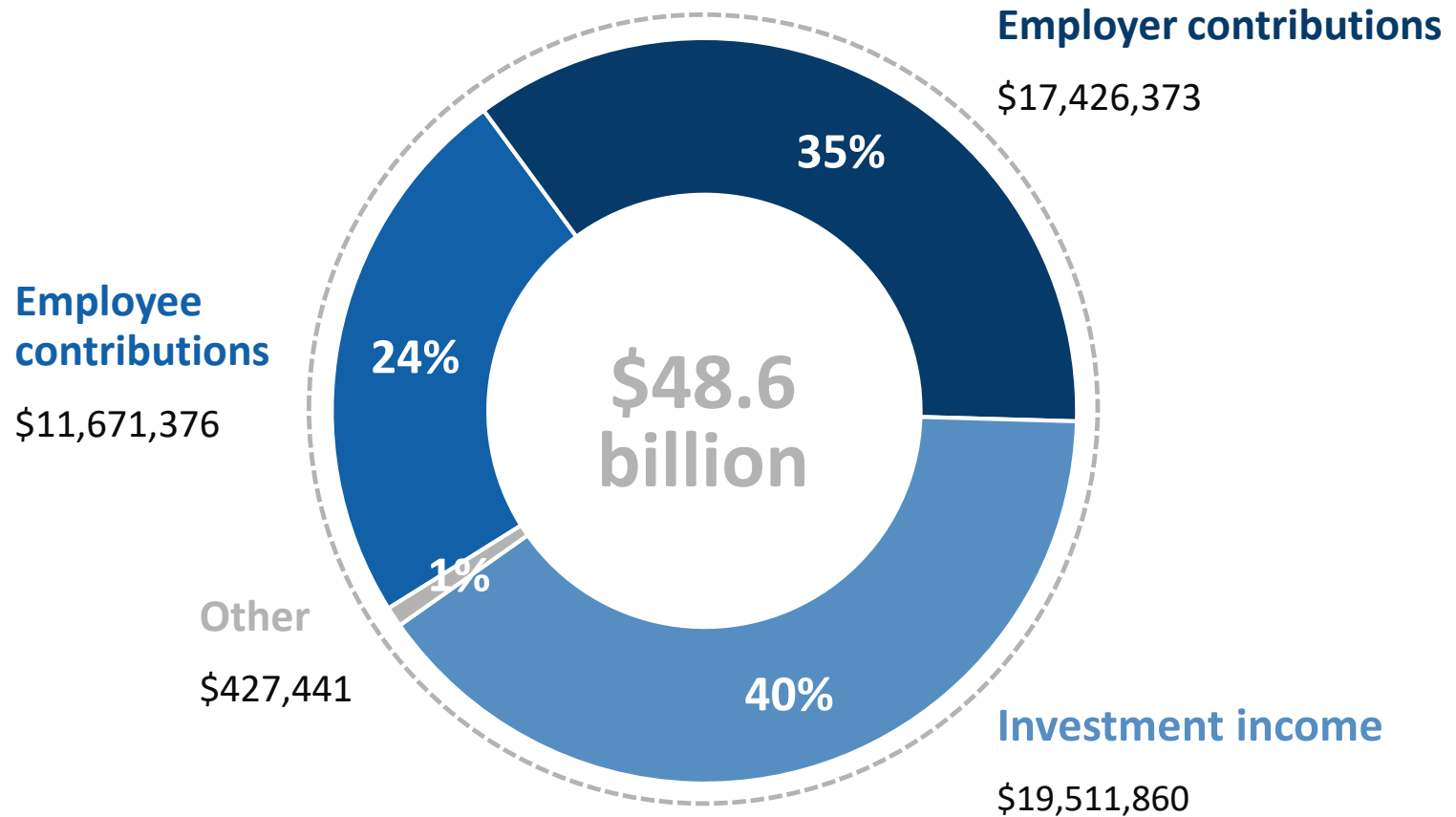
# Membership as of July 1, 2020

*Includes SCRS, PORS, GARS, JSRS and SCNG*



# Additions to pension trust funds | 2006-2020

Includes SCRS, PORS, GARS, JSRS and SCNG  
Amounts expressed in thousands



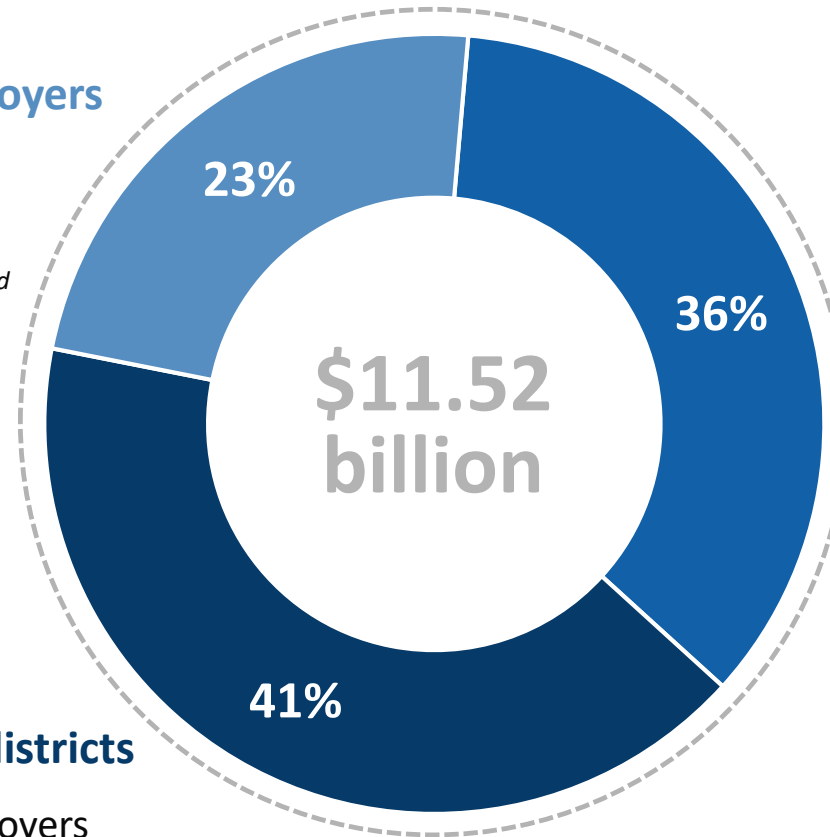
# FY 2020 total annual compensation by employer type for SCRS

Includes active employees, State ORP participants and return-to-work retirees  
Amounts expressed in thousands

## Optional employers

578 employers  
\$2,682,426

*Includes cities, counties and other local subdivisions of government.*



## State agencies and higher education institutions

119 employers  
\$4,073,832

## School districts

118 employers  
\$4,764,950

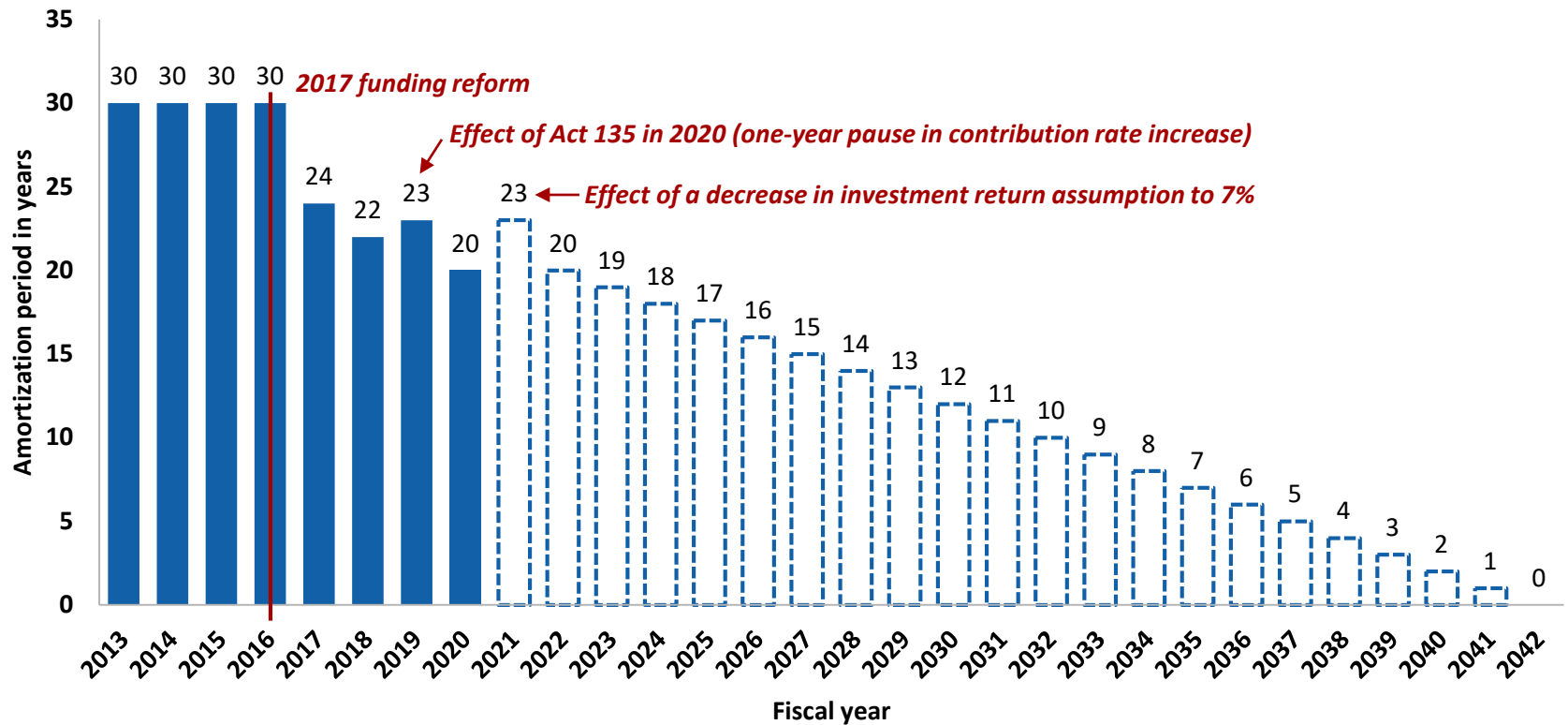
# Summary of July 1, 2020, SCRS and PORS valuation results

Amounts expressed in millions

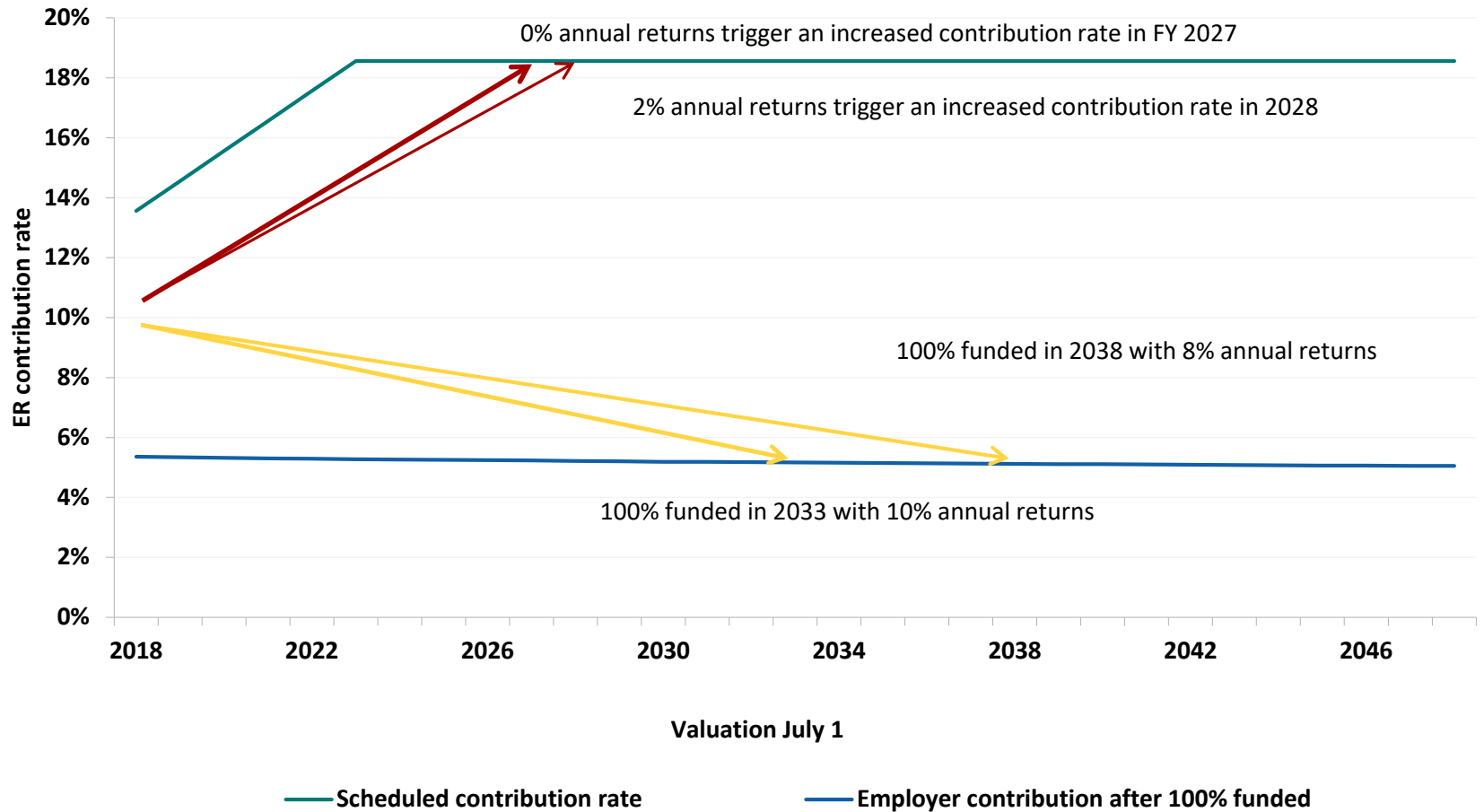
	SCRS		PORS	
	2020	2019	2020	2019
<b>Actuarial accrued liability</b>	\$52,061	\$50,439	\$8,112	\$7,737
<b>Actuarial (smoothed) value assets</b>	<u>\$28,172</u>	<u>\$27,444</u>	<u>\$5,070</u>	<u>\$4,854</u>
<b>Unfunded liability (UAAL)</b>	\$23,889	\$22,995	\$3,042	\$2,885
<b>Funded ratio</b>	54%	54%	63%	63%
<b>Member contribution rate</b>	9.00%	9.00%	9.75%	9.75%
<b>Employer contribution rate next FY</b>	<u>16.56%</u>	<u>15.56%</u>	<u>19.24%</u>	<u>18.24%</u>
<b>Total contribution rate</b>	25.56%	24.56%	28.99%	27.99%
<b>Calculated funding period</b> <i>Based on FY 2022 contribution rates</i>	20 years	23 years	18 years	20 years
<b>Expected contributions (actual for prior year)</b>				
<b>Member</b>	\$924	\$923	\$152	\$152
<b>Employer</b>	\$1,788	\$1,737	\$284	\$276

# Effects of 2017 legislation on SCRS

While the UAAL has continued to rise, the additional contributions required by the 2017 legislation have reduced the funding period. If actuarial assumptions are met, the funding period is expected to shorten over time. The actual reduction in the amortization period will depend upon emerging experience, including investment experience.



# Test comparing multiple outcomes over different time horizons



Slide content from GRS, the Retirement Systems' actuary and assumes the investment return assumption will be 7% on and after 2021.

# SCRS contribution schedule set by Retirement System Funding and Administration Act of 2017

Fiscal year	Scheduled employer contribution	Actual employer contribution	Employee contribution
2017	11.56%	11.56%	8.66%
2018	13.56%	13.56%	9.00%
2019	14.56%	14.56%	9.00%
2020	15.56%	15.56%	9.00%
2021	16.56%	15.56%	9.00%
2022	17.56%		9.00%
2023	18.56%		9.00%

The General Assembly included a provision in its continuing resolution suspending the statutory employer contribution rate increase for all of fiscal year 2021. As such, it is expected that the scheduled time period for employer contribution rate increases will be extended.

Rates include incidental death benefit contributions when applicable.



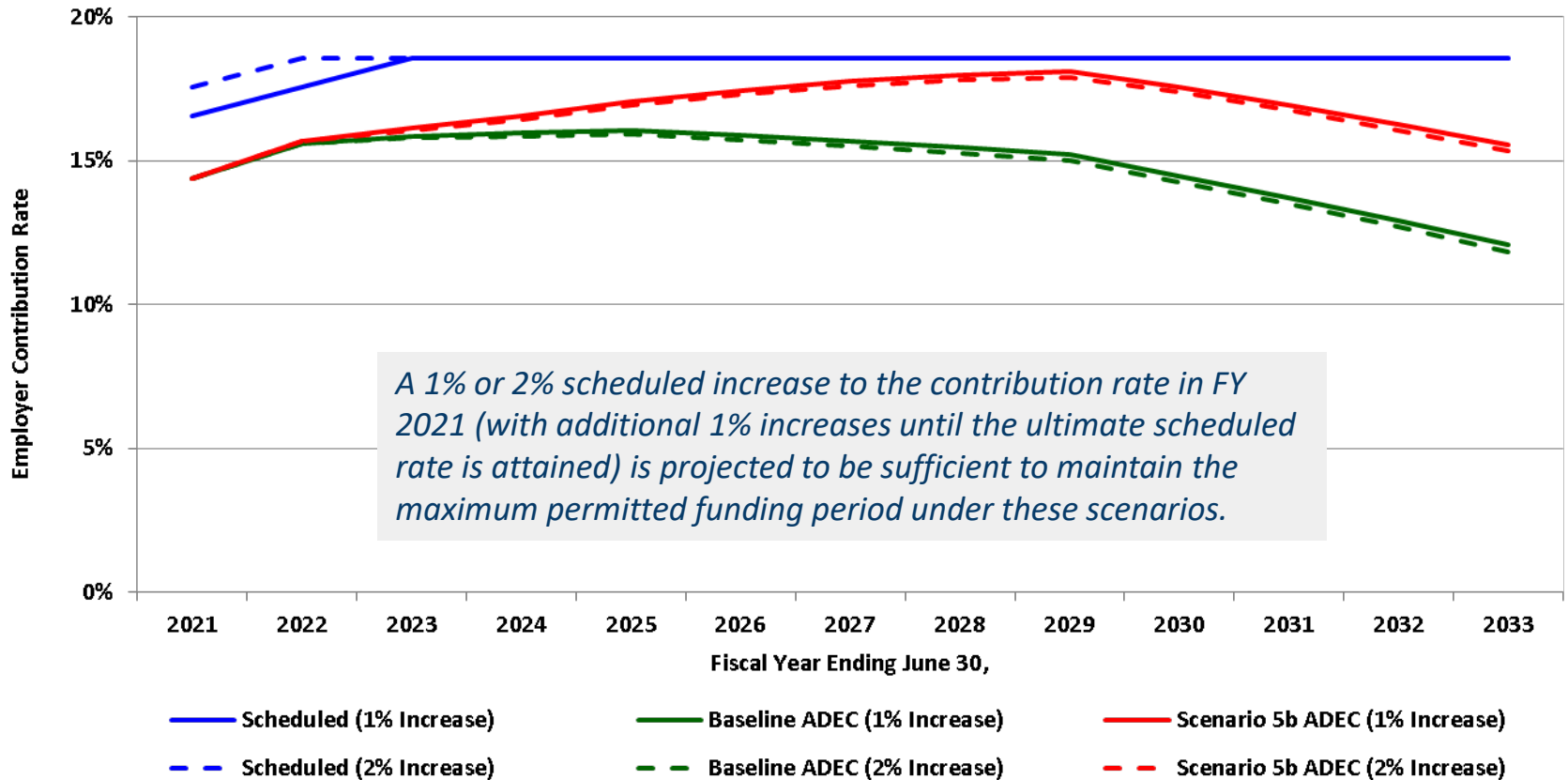
# PORS contribution schedule set by Retirement System Funding and Administration Act of 2017

Fiscal year	Scheduled employer contribution	Actual employer contribution	Employee contribution
2017	14.24%	14.24%	9.24%
2018	16.24%	16.24%	9.75%
2019	17.24%	17.24%	9.75%
2020	18.24%	18.24%	9.75%
2021	19.24%	18.24%	9.75%
2022	20.24%		9.75%
2023	21.24%		9.75%

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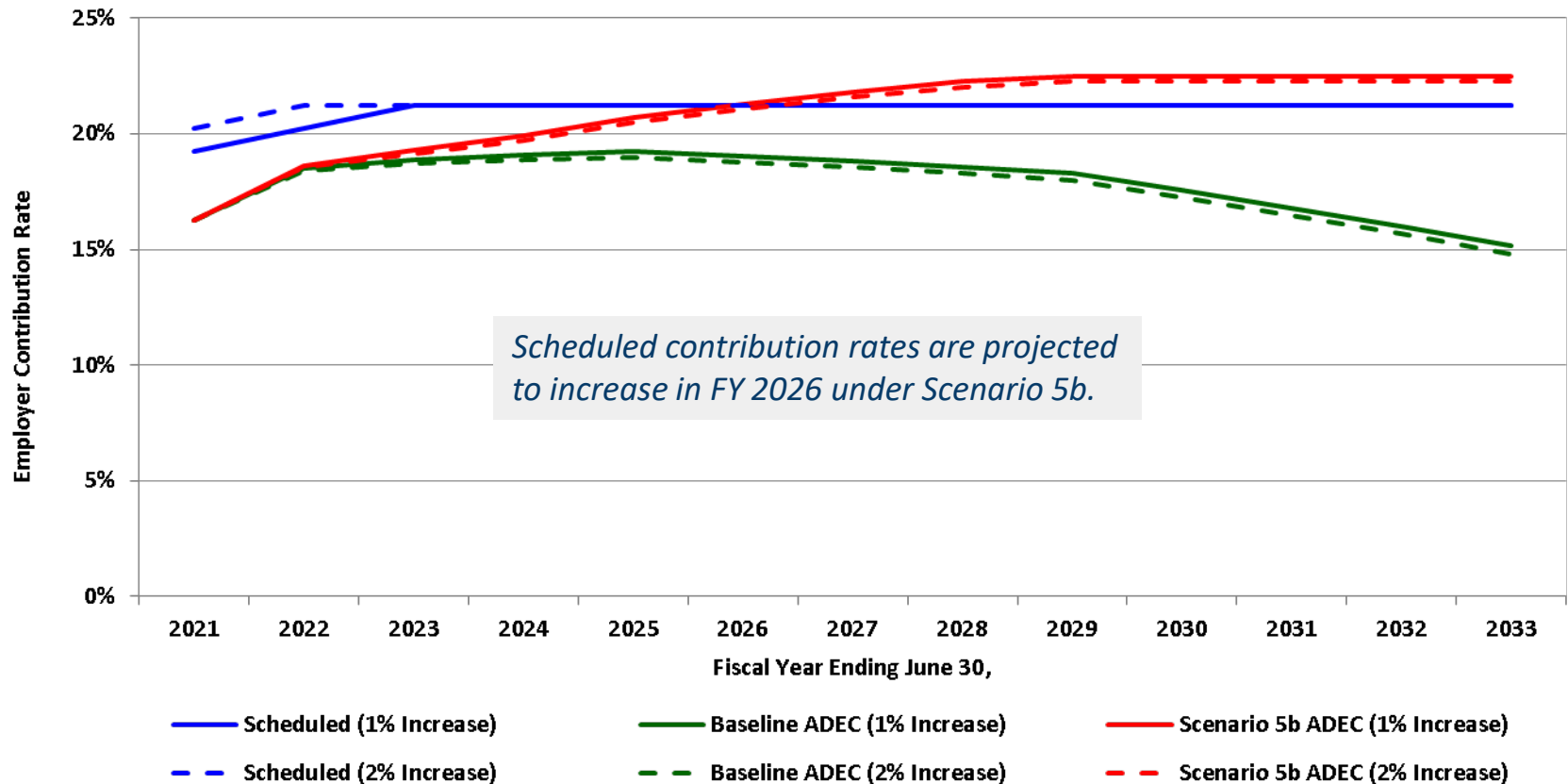
Rates include incidental death benefit and Accidental Death Program contributions when applicable.

# SCRS projected contribution rates for legislative decision making (Scenario 5b)



Projection provides the impact of a 1% versus 2% contribution rate increase in FY 2021 with additional increases until the ultimate scheduled rate is attained. The projection also reflects the recommended demographic and economic assumptions starting in 2021 (including a 7% return assumption). Scenario 5b assumes emerging investment experience is 4% for each of the next five years and 7% each year thereafter.

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