



South Carolina Retirement System

Actuarial Valuation as of June 30, 2011

Joe Newton
April 17, 2012



Gabriel Roeder Smith & Company
Consultants & Actuaries
www.gabrielroeder.com



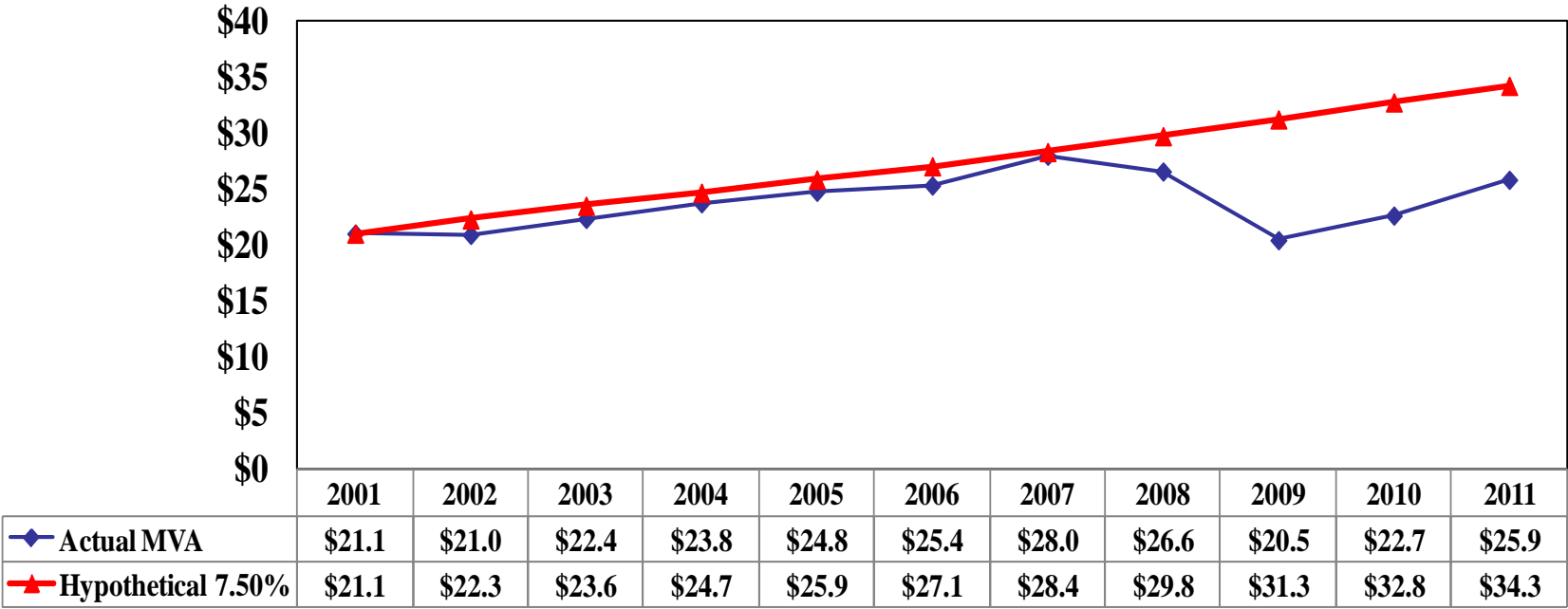
Valuation Summary

- ◆ The results of the July 1, 2011 valuation are based on the new assumptions adopted by the Budget and Control Board in November 2011
 - ▶ Includes the use of a 7.50% valuation interest rate
 - ▶ 1% retiree benefit adjustment for SCRS and 0% for PORS
- ◆ Continued recognition of 2008 and 2009 investment losses in the smoothing mechanism
- ◆ Payroll growth continues to be suppressed, which increases the rate of payroll which needs to be collected to amortize the UAAL



Hypothetical Asset Values – Total Trust

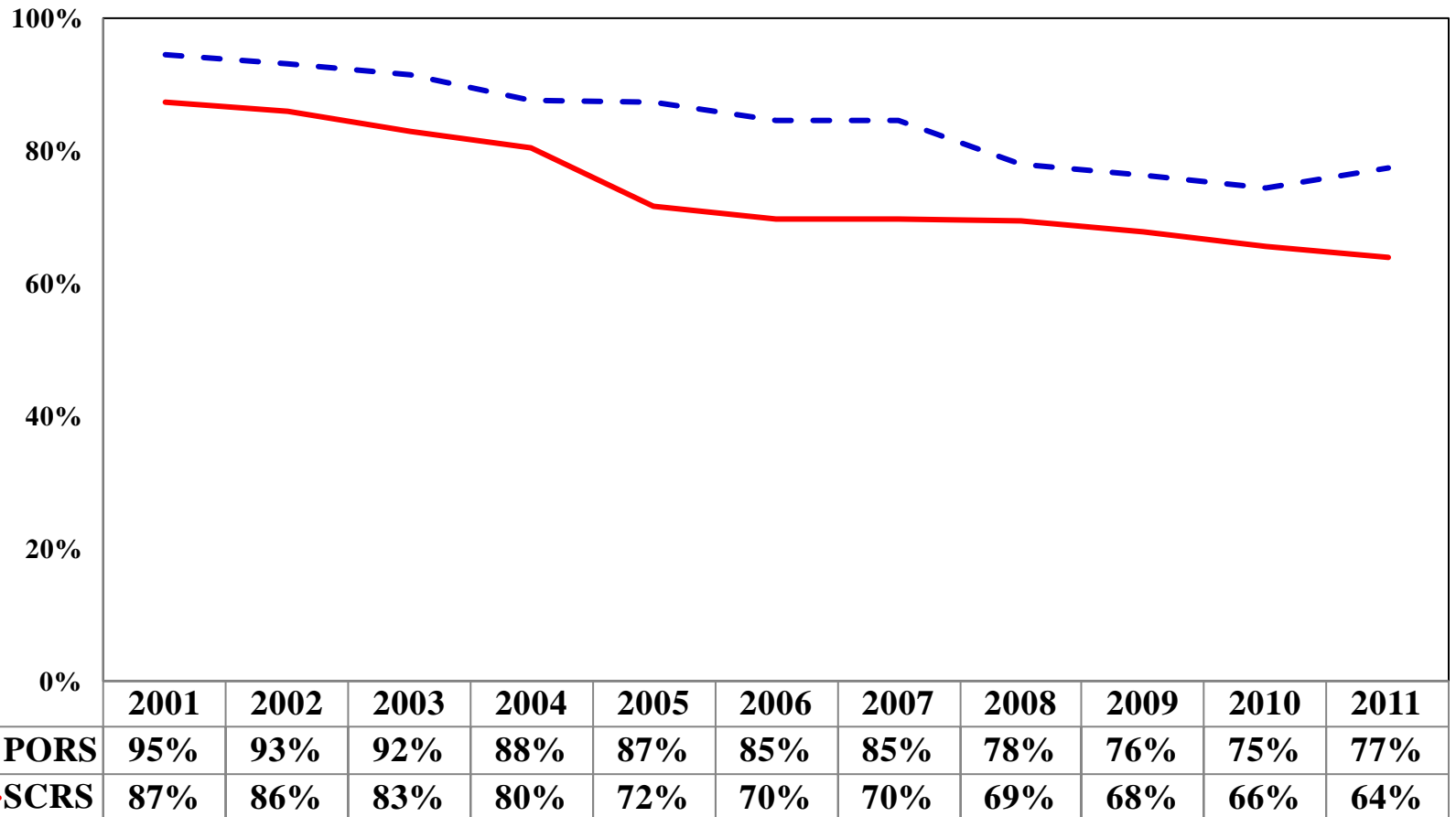
\$ Billions



—◆— Actual MVA —▲— Hypothetical 7.50%

Hypothetical 7.50%: Earnings since 2001 assuming 7.50% return each year 2001-2011

GASB #25 Funded Ratios





Near Term Outlook - SCRS

Valuation as of June 30,	Based on Actuarial Asset Value			
	Contribution Rate	Funding Period (Years)	Funded Ratio	UAAL (\$ in millions)
2011	12.23%	30	64%	\$14,411
2012	13.00%	30	62%	15,679
2013	13.60%	30	60%	17,008
2014	14.10%	30	59%	18,329
2015	14.70%	30	57%	19,726
2016	14.60%	30	57%	20,077
2017	14.50%	30	58%	20,371

Notes:

Projections assume no change to the current benefit provisions

Assumes plan assets earn 7.50% each future year

Contributions become effective 24 months after the valuation date



Near Term Outlook - PORS

Valuation as of June 30,	Based on Actuarial Asset Value			
	Contribution Rate	Funding Period (Years)	Funded Ratio	UAAL (\$ in millions)
2011	12.30%	22	77%	\$1,097
2012	12.30%	26	76%	1,209
2013	12.30%	30	75%	1,336
2014	12.80%	30	73%	1,479
2015	13.30%	30	71%	1,641
2016	13.30%	30	72%	1,675
2017	13.20%	30	73%	1,703

Notes:

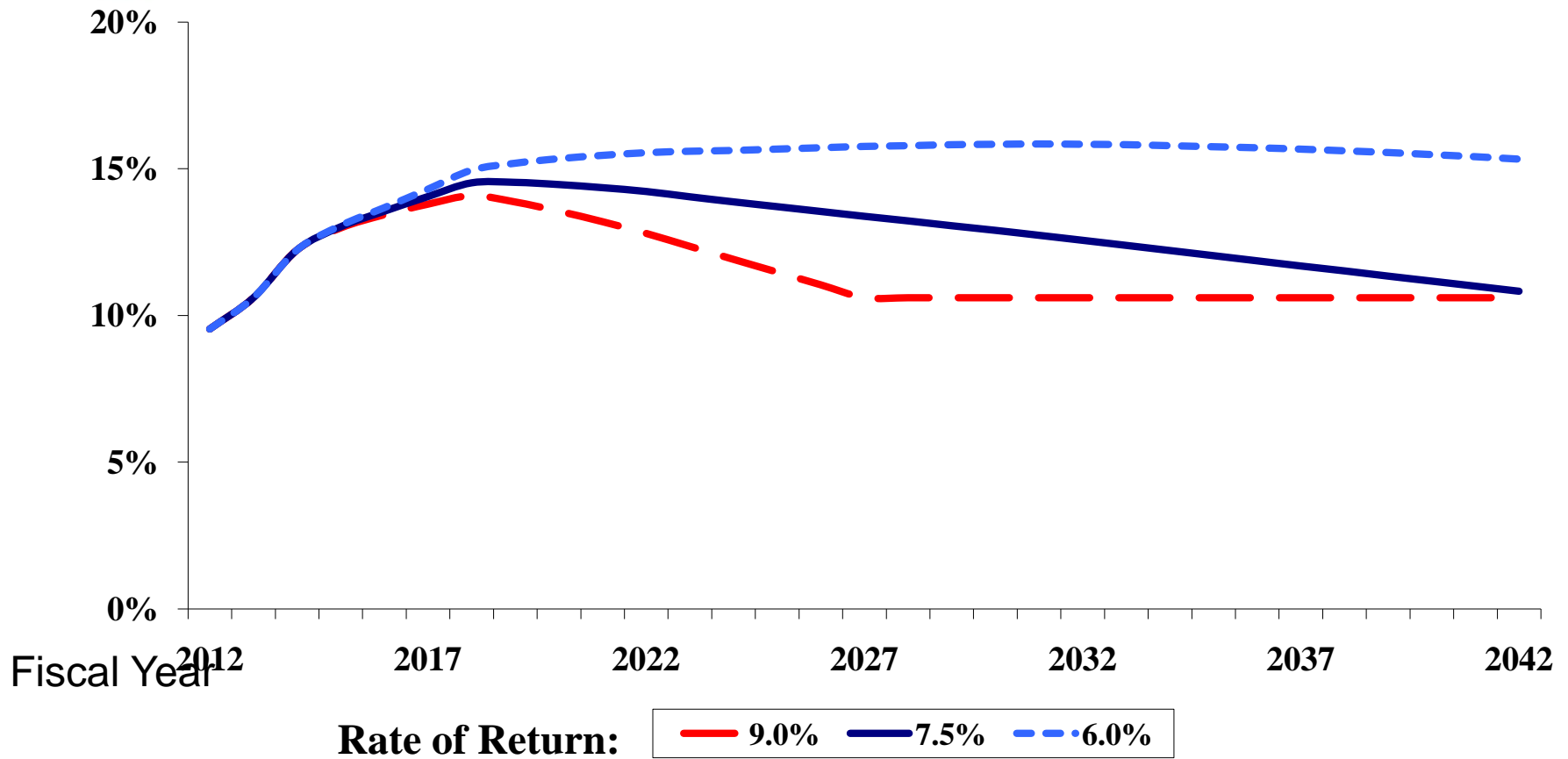
Projections assume no change to the current benefit provisions and *no ad hoc COLAs*

Assumes plan assets earn 7.50% each future year

Contributions become effective 24 months after the valuation date



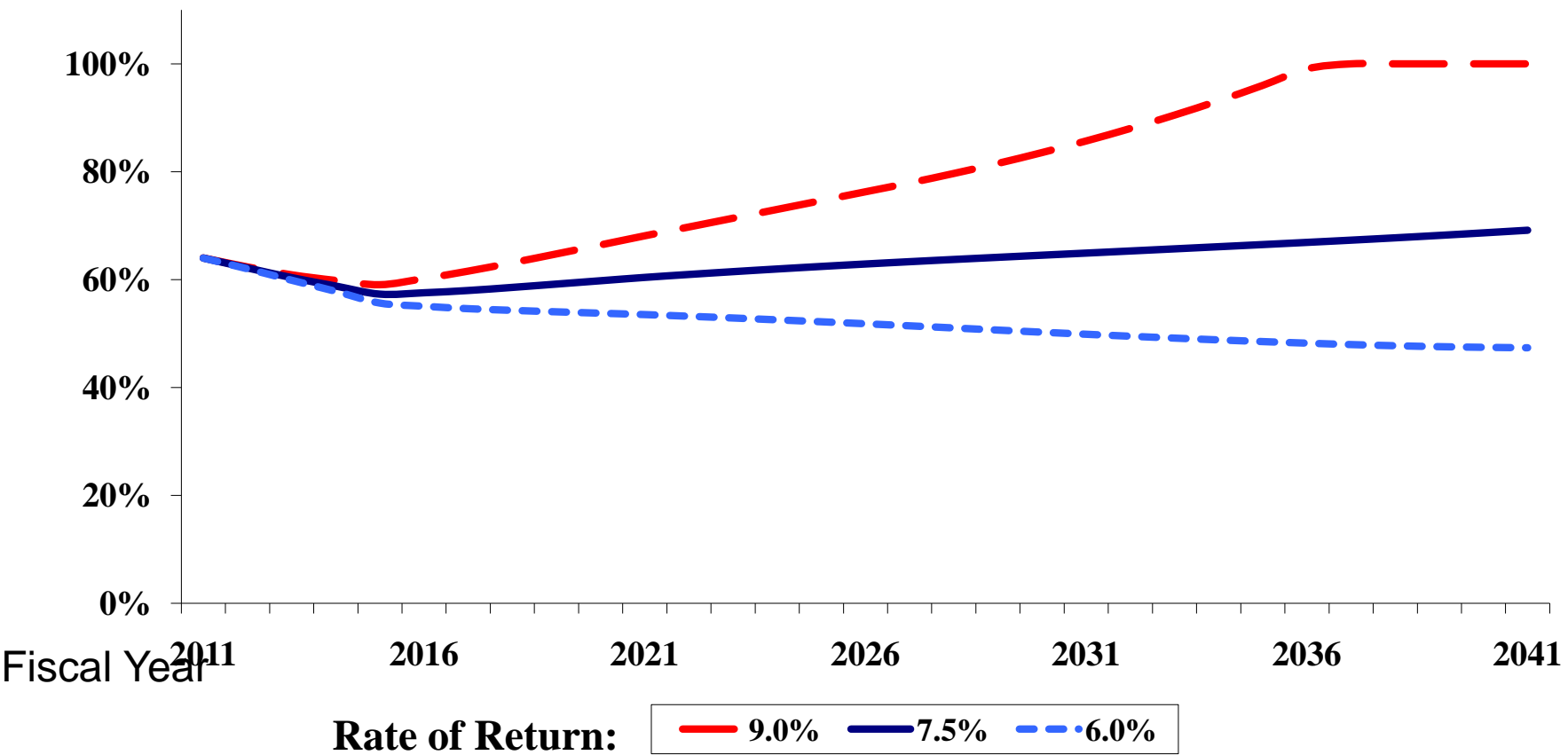
Sensitivity to Investment Return: SCRS Projected Employer Contribution Rate



- Expected ARC for each fiscal year based on stated return during each year
- Assumes continuation of 6.50% Member contribution rate
- Assumes open 30 year amortization with 10.60% floor



Sensitivity to Investment Return: SCRS Projected Funded Ratio



- Expected ARC for each fiscal year based on stated return during each year
- Assumes continuation of 6.50% Member contribution rate
- Assumes open 30 year amortization with 10.60% floor



Closing Comments

- ◆ Projected contribution rates are close to our prior year's projections
- ◆ Absent significant investment gains, the contribution rates will continue to increase as the investment losses from 2008 becomes fully recognized
 - ▶ Will also increase the unfunded liability