

## Chronology of Events Affecting the Unfunded Actuarial Accrued Liability (UAAL) of the South Carolina Retirement System (SCRS) from 1999 – 2010

*Dollar amounts are expressed in millions.*

Valuation Year	Experience Results		Special Event		COLA		UAAL	
	Dollars	Years	Dollars	Years	Dollars	Years	Dollars	Years
06/30/1999	(\$372)		<i>Assumption Changes</i> (\$638) (8)		<i>As of 07/01/2000 – 2.7%</i> \$182		\$178	2
07/01/2000 <sup>1</sup>	\$141	1	<i>28-Year Retirement &amp; TERI</i> \$1,810 13		<i>Timing change regarding actuarial recognition of COLAs</i> \$0 0		\$2,129	16
07/01/2001	\$193	(1)			<i>As of 07/01/2001 – 3.4%</i> \$353 3		\$2,675	18
07/01/2002	\$324	2+			<i>As of 07/01/2002 – 1.3%</i> \$149 1		\$3,148	21
07/01/2003 <sup>2,3</sup>	\$376	3	\$399	(2)	<i>As of 07/01/2003 – 2.4%</i> \$278 3		\$4,201	25
07/01/2004 <sup>4</sup>	\$15	(0.4)	\$690	0.6	<i>As of 07/01/2004 – 1.6%</i> \$209 1.7		\$5,115	27
07/01/2005 <sup>5,6</sup>	\$588	(0.7)	\$257	1.8	<i>As of 07/01/2005 – 2.4% Ad hoc</i> \$396 2.4 <i>Automatic 1% COLA</i> \$2,236 - 0 -		\$8,592	30
07/01/2006 <sup>7</sup>	\$852	1.5	(\$176)	(5.7)	<i>As of 07/01/2006 – 2.5% Ad hoc</i> \$457 3.8		\$9,725	30
07/01/2007 <sup>8</sup>	\$233	(1.1)	- 0 -	(1.3)	<i>As of 07/01/2007 – 1.4% Ad hoc</i> \$267 1.3		\$10,225	29
<b><i>Subtotal of Ad Hoc COLAs Since 2001</i></b>					<b>\$2,314</b>	<b>17.1</b>		
07/01/2008 <sup>9</sup>	\$560	0.6	<i>Assumption Changes</i> (\$2,663) (14.5)		<i>As of 07/01/2008 – 1% Ad hoc (COLA in excess of automatic 1%)</i> \$205 0.9 <i>Automatic 2% COLA (additional 1% passed in 2008)</i> \$2,637 12.6		\$10,964	29
07/01/2009 <sup>10</sup>	\$1,415	5.5	- 0 -	(2.1)	(\$412)	(1.9)	\$11,967	30
07/01/2010 <sup>11</sup>	\$1,332	7.6	\$75	(7.6)	-0-	-0-	\$13,374	30

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## Footnotes

<sup>1</sup>Teacher and Employee Retention Incentive (TERI) program and 28-year retirement eligibility.

<sup>2</sup>Employer contribution rate for local government employers increased from 6.7 percent to 7.55 percent of payroll effective July 1, 2005.

<sup>3</sup>The 2003 experience study recommended adjustments to the actuarial assumptions to ensure proper continued funding of the system. The revised assumptions were adopted by the SC Budget and Control Board at its March 18, 2004, meeting.

<sup>4</sup>Milliman Consultants and Actuaries was awarded the contract for the Retirement Systems' actuarial services and as part of that contract performed a parallel valuation of each system for FY 2003. The parallel valuation resulted in changes being implemented with the June 30, 2004, valuation report.

<sup>5</sup>The fiscal impact of the provisions of Act 153. Also, the Board changed the rate at which members' accounts accrue annual interest from 6 percent to 4 percent effective July 1, 2005.

<sup>6</sup>Act 153 provided for an automatic annual cost-of-living adjustment (COLA) of up to 1 percent. With the 2.4 percent ad hoc COLA, the total retiree COLA granted for July 1, 2005, was 3.4 percent.

<sup>7</sup>Actuarial assumption changes for TERI participation and rate of service retirement. At its May 16, 2006, meeting, the Board increased the employer contribution by 0.51 percent effective July 1, 2007, to fund an additional 2.5 percent ad hoc COLA and in consideration of the potential impact of the South Carolina Supreme Court ruling in the case of *Layman et al v. The South Carolina Retirement System and the State of South Carolina*. The total COLA for July 1, 2006, was 3.5 percent.

<sup>8</sup>At its May 15, 2007, meeting, the Board increased the employer contribution by 0.18 percent effective July 1, 2008, to fund a 1.4 percent ad hoc COLA effective July 1, 2007, and maintain a 30-year funding period. The total COLA for July 1, 2007, was 2.4 percent.

<sup>9</sup>At its June 17, 2008, meeting, the Board adopted assumption changes recommended in the 2007 experience study. Additionally, House Bill 4876 passed in 2008 provided for an automatic annual COLA of up to 2 percent if the Board changed the assumed rate of investment return to 8 percent. The Board did so at its June 17, 2008, meeting. The COLA in excess of the automatic 1 percent was calculated because the July 1, 2007, valuation only assumed the automatic 1 percent COLA in accordance with the law prior to enactment of House Bill 4876 in 2008. The cost of the 2 percent automatic annual COLA for subsequent years is included in the almost \$2.7 billion.

<sup>10</sup>At its June 30, 2010, meeting, the Board approved contribution rate increases for employers participating in SCRS. Effective July 1, 2011, the SCRS employer contribution rate will increase 0.145 percent. Effective July 1, 2012, the SCRS employer contribution rate will increase another 0.145 percent.

<sup>11</sup>Pending Board approval of 0.92 percent employer contribution increase.