

Chronology of Events Affecting the Unfunded Actuarial Accrued Liability (UAAL) of the South Carolina Police Officers Retirement System (PORS) 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
6/30/1999							\$53.7	5.0
07/01/2000	\$33.7	1.9					\$87.4	6.9
					<i>Timing change regarding actuarial recognition of COLAs</i>			
07/01/2001	\$6.8				7/01/2001 – 3.4%		\$126.3	9.9
07/01/2002	\$37.8	4.0			7/01/2002 – 1.3%		\$176.8	14.9
07/01/2003 ¹	(\$39.9)	(4.0)	\$69.3	(2.0)	7/01/2003 – 2.4%		\$233.5	10.9
07/01/2004 ²	\$88.4	2.6	\$25.6	1.3	7/01/2004 – 1.6%		\$367.7	16.0
07/01/2005 ³	(\$17.7)	(2.0)	(\$1.0)	(1.0)	7/01/2005 – 3.4%		\$399.3	15.0
07/01/2006	\$73.7				7/01/2006 – 3.5%		\$530.4	17.6
07/01/2007 ⁴	(\$3.0)	(1.3)	<i>Employer contribution increase</i>		7/01/2007 – 2.4%		\$570.3	16.3
Subtotal for Ad Hoc COLAs Since 2001					\$242.9	13.6		
07/01/2008 ⁵	\$48.8	(0.3)	<i>Employer contribution increase</i>		<i>Annual automatic COLA of up to 2% effective 7/01/08</i>		\$955.8	29.9
07/01/2009 ⁶	\$174.4	7.4	- 0 -	(4.9)			\$1,081.9	30.0
07/01/2010 ⁷	\$155.9	5.1	- 0 -	(5.1)			\$1,237.7	30.0

¹ Effective July 1, 2003, actuarial assumptions were changed as a result of a five-year experience study. The rates of salary increase assumption, the assumed retirement rates, disability incidence assumptions and withdrawal rate assumptions were revised for PORS. The assumed mortality rates for active and disabled members of PORS were revised as well as a result of the experience study.

² 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 June 30, 2004, valuation report.

³ The Board changed the rate at which member's accounts accrue annual interest from 6 percent to 4 percent effective July 1, 2005, and legislation was enacted to require employee contributions from re-employed retirees.

⁴ At its May 15, 2007, meeting, the Board approved a 2.4 percent COLA effective July 1, 2007. In order to maintain the current funded status of the plan, the Board approved a 0.35 percent increase in the employer contribution rate effective July 1, 2008.

⁵ At its June 17, 2008, meeting, the Board adopted assumption changes recommended in the 2007 Experience Study which included an 8 percent investment return. Additionally, the asset smoothing period was prospectively increased to 10 years. Also, House Bill 4876, which took effect June 4, 2008, provided for an annual automatic COLA of up to 2 percent. The net result of these changes was a change in the unfunded actuarial accrued liability and the funding period and a 0.48 percent increase to the employer rate.

⁶ At its June 30, 2010, meeting, the Board approved contribution rate increases for employers participating in PORS. Effective July 1, 2011, the PORS employer contribution rate will increase 0.2325 percent. Effective July 1, 2012, the PORS employer contribution rate will increase another 0.2325 percent.

⁷ Reflects changes dictated by amendment to death benefits as a result of Act 176 of 2010 and pending Board approval of 0.305 percent employer contribution increase.