

South Carolina Retirement System (SCRS)

Exhibit 1. - Projection of the Proposed Plan Changes Under Consideration by the Senate Retirement Subcommittee Based on an Alternative Funding Policy that Steps-Up the Member Rate to 8.00% and Maintains a 2.90% Difference in the Employer / Member Rate Thereafter

| July 1, | Projected Payroll | Employer Contr. Rate | Member Contr. Rate | Total Contr. (3) + (4) | Employer Contributions | Actuarial Accrued Liability | Market Value of Assets | Actuarial Value of Assets | Unfunded Liability | Funded Ratio AVA / AAL | Funding Period (years) |
|---------|-------------------|----------------------|--------------------|------------------------|------------------------|-----------------------------|------------------------|---------------------------|--------------------|------------------------|------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 2011 | \$ 7,688 | 9.5% | 6.5% | 16.0% | \$ 850 | \$ 38,280 | \$ 22,395 | \$ 25,605 | \$ 12,675 | 67% | 30 |
| 2012 | 7,877 | 10.6% | 7.0% | 17.6% | 967 | 39,548 | 23,195 | 25,783 | 13,765 | 65% | 29 |
| 2013 | 8,141 | 10.7% | 7.5% | 18.2% | 1,006 | 40,867 | 24,170 | 26,025 | 14,843 | 64% | 29 |
| 2014 | 8,412 | 10.9% | 8.0% | 18.9% | 1,049 | 42,238 | 25,248 | 26,245 | 15,993 | 62% | 30 |
| 2015 | 8,694 | 10.9% | 8.0% | 18.9% | 1,078 | 43,653 | 26,397 | 26,397 | 17,257 | 60% | 30 |
| 2016 | 8,982 | 11.0% | 8.1% | 19.1% | 1,118 | 45,108 | 27,609 | 27,609 | 17,499 | 61% | 30 |
| 2017 | 9,279 | 11.3% | 8.4% | 19.6% | 1,177 | 46,588 | 28,855 | 28,855 | 17,733 | 62% | 30 |
| 2018 | 9,586 | 11.2% | 8.3% | 19.5% | 1,204 | 48,081 | 30,142 | 30,142 | 17,939 | 63% | 30 |
| 2019 | 9,903 | 11.1% | 8.2% | 19.3% | 1,228 | 49,582 | 31,436 | 31,436 | 18,146 | 63% | 30 |
| 2020 | 10,166 | 11.0% | 8.1% | 19.2% | 1,255 | 51,096 | 32,736 | 32,736 | 18,360 | 64% | 29 |
| 2021 | 10,437 | 10.9% | 8.0% | 19.0% | 1,281 | 52,615 | 34,048 | 34,048 | 18,567 | 65% | 28 |
| 2022 | 10,715 | 10.9% | 8.0% | 18.9% | 1,314 | 54,135 | 35,372 | 35,372 | 18,763 | 65% | 27 |
| 2023 | 11,003 | 10.9% | 8.0% | 18.9% | 1,353 | 55,654 | 36,713 | 36,713 | 18,941 | 66% | 26 |
| 2024 | 11,299 | 10.9% | 8.0% | 18.9% | 1,394 | 57,170 | 38,076 | 38,076 | 19,093 | 67% | 25 |
| 2025 | 11,606 | 10.9% | 8.0% | 18.9% | 1,436 | 58,681 | 39,464 | 39,464 | 19,217 | 67% | 24 |
| 2026 | 11,925 | 10.9% | 8.0% | 18.9% | 1,480 | 60,189 | 40,881 | 40,881 | 19,308 | 68% | 23 |
| 2027 | 12,255 | 10.9% | 8.0% | 18.9% | 1,526 | 61,693 | 42,330 | 42,330 | 19,363 | 69% | 22 |
| 2028 | 12,598 | 10.9% | 8.0% | 18.9% | 1,573 | 63,192 | 43,815 | 43,815 | 19,377 | 69% | 21 |
| 2029 | 12,950 | 10.9% | 8.0% | 18.9% | 1,622 | 64,685 | 45,339 | 45,339 | 19,346 | 70% | 20 |
| 2030 | 13,317 | 10.9% | 8.0% | 18.9% | 1,673 | 66,172 | 46,907 | 46,907 | 19,265 | 71% | 19 |
| 2031 | 13,697 | 10.9% | 8.0% | 18.9% | 1,726 | 67,653 | 48,526 | 48,526 | 19,128 | 72% | 18 |
| 2032 | 14,087 | 10.9% | 8.0% | 18.9% | 1,781 | 69,130 | 50,201 | 50,201 | 18,929 | 73% | 17 |
| 2033 | 14,490 | 10.9% | 8.0% | 18.9% | 1,838 | 70,602 | 51,940 | 51,940 | 18,662 | 74% | 16 |
| 2034 | 14,912 | 10.9% | 8.0% | 18.9% | 1,897 | 72,071 | 53,750 | 53,750 | 18,321 | 75% | 15 |
| 2035 | 15,351 | 10.9% | 8.0% | 18.9% | 1,959 | 73,543 | 55,647 | 55,647 | 17,896 | 76% | 14 |
| 2036 | 15,808 | 10.9% | 8.0% | 18.9% | 2,023 | 75,026 | 57,645 | 57,645 | 17,381 | 77% | 12 |
| 2037 | 16,284 | 10.9% | 8.0% | 18.9% | 2,090 | 76,528 | 59,763 | 59,763 | 16,766 | 78% | 11 |
| 2038 | 16,778 | 10.9% | 8.0% | 18.9% | 2,160 | 78,057 | 62,017 | 62,017 | 16,040 | 79% | 10 |
| 2039 | 17,289 | 10.9% | 8.0% | 18.9% | 2,232 | 79,618 | 64,424 | 64,424 | 15,194 | 81% | 9 |
| 2040 | 17,818 | 10.9% | 8.0% | 18.9% | 2,307 | 81,218 | 67,003 | 67,003 | 14,215 | 82% | 8 |
| 2041 | 18,364 | 10.9% | 8.0% | 18.9% | 2,385 | 82,864 | 69,773 | 69,773 | 13,091 | 84% | 7 |

Notes and Assumptions:

Projections are based on the preliminary actuarial valuation results as of July 1, 2011 and assume the plan earns 7.50% annually for all future years.

Projected contribution rates shown above are effective at the beginning of the fiscal year. All contribution rates are projected to satisfy the 30-year funding requirement.

The principle benefit changes that apply to all current and future members of SCRS include:

- Cost neutral service purchase
- 5-Year AFC for all employees hired after June 30, 2012.
- Eliminate sick/annual leave credit for members hired after June 30, 2012.
- Retirement eligibility for members hired after June 30, 2012 will be the Rule of 90 or age 65 (with 8 years of service).
- Retirees and beneficiaries will have their retirement allowances increase annually by the lesser of 1.00% and \$500. The increase is not contingent on the plan's actual investment performance.
- Restrictive return-to-work provisions for members retiring after June 30, 2012 under the age of 62 (based on a \$10k earnings limit).
- 8-year vesting for members hired after June 30, 2012.

- Contributions based on a funding policy that increases the member rate over a 3-year period to 8.00% beginning July 1, 2014 and maintains a 2.90% difference in the employer / member rate thereafter.

Police Officers Retirement System (PORS)

Exhibit 1. - Projection of the Proposed Plan Changes Under Consideration by the Senate Subcommittee Based on an Alternative Funding Policy that Steps-Up the Member Rate to 8.00% and Maintains a 5.00% Difference in the Employer / Member Rate Thereafter

| July 1, (1) | Projected Payroll (2) | Employer Contr. Rate (3) | Member Contr. Rate (4) | Total Contr. (3) + (4) (5) | Employer Contributions (6) | Actuarial Accrued Liability (7) | Market Value of Assets (8) | Actuarial Value of Assets (9) | Unfunded Liability (10) | Funded Ratio AVA / AAL (11) | Funding Period (Years) (12) |
|----------------|-----------------------------|--------------------------------|------------------------------|----------------------------------|----------------------------------|---------------------------------------|----------------------------------|-------------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| 2011 | \$ 1,088 | 12.0% | 6.5% | 18.5% | \$ 141 | \$ 5,138 | \$ 3,318 | \$ 3,728 | \$ 1,410 | 73% | 30 |
| 2012 | 1,105 | 12.3% | 7.0% | 19.3% | 146 | 5,401 | 3,520 | 3,851 | 1,550 | 71% | 30 |
| 2013 | 1,141 | 13.5% | 7.5% | 21.0% | 164 | 5,673 | 3,736 | 3,973 | 1,699 | 70% | 30 |
| 2014 | 1,179 | 13.6% | 8.0% | 21.6% | 170 | 5,954 | 3,982 | 4,110 | 1,844 | 69% | 30 |
| 2015 | 1,218 | 13.5% | 8.5% | 22.0% | 173 | 6,244 | 4,241 | 4,241 | 2,002 | 68% | 30 |
| 2016 | 1,259 | 13.7% | 8.7% | 22.4% | 180 | 6,543 | 4,512 | 4,512 | 2,031 | 69% | 30 |
| 2017 | 1,302 | 13.9% | 8.9% | 22.8% | 188 | 6,850 | 4,793 | 4,793 | 2,056 | 70% | 30 |
| 2018 | 1,348 | 13.8% | 8.8% | 22.6% | 192 | 7,163 | 5,085 | 5,085 | 2,078 | 71% | 30 |
| 2019 | 1,395 | 13.7% | 8.7% | 22.3% | 196 | 7,481 | 5,381 | 5,381 | 2,100 | 72% | 30 |
| 2020 | 1,444 | 13.5% | 8.5% | 22.1% | 200 | 7,806 | 5,684 | 5,684 | 2,123 | 73% | 30 |
| 2021 | 1,495 | 13.4% | 8.4% | 21.8% | 205 | 8,138 | 5,992 | 5,992 | 2,146 | 74% | 30 |
| 2022 | 1,542 | 13.3% | 8.3% | 21.6% | 209 | 8,477 | 6,307 | 6,307 | 2,170 | 74% | 30 |
| 2023 | 1,590 | 13.2% | 8.2% | 21.4% | 214 | 8,823 | 6,628 | 6,628 | 2,194 | 75% | 29 |
| 2024 | 1,640 | 13.1% | 8.1% | 21.1% | 219 | 9,173 | 6,956 | 6,956 | 2,218 | 76% | 28 |
| 2025 | 1,691 | 13.0% | 8.0% | 21.0% | 224 | 9,529 | 7,290 | 7,290 | 2,239 | 77% | 27 |
| 2026 | 1,744 | 13.0% | 8.0% | 21.0% | 231 | 9,889 | 7,631 | 7,631 | 2,258 | 77% | 25 |
| 2027 | 1,799 | 13.0% | 8.0% | 21.0% | 239 | 10,252 | 7,980 | 7,980 | 2,272 | 78% | 24 |
| 2028 | 1,856 | 13.0% | 8.0% | 21.0% | 246 | 10,620 | 8,338 | 8,338 | 2,281 | 79% | 23 |
| 2029 | 1,916 | 13.0% | 8.0% | 21.0% | 254 | 10,992 | 8,706 | 8,706 | 2,286 | 79% | 22 |
| 2030 | 1,980 | 13.0% | 8.0% | 21.0% | 263 | 11,369 | 9,085 | 9,085 | 2,284 | 80% | 20 |
| 2031 | 2,045 | 13.0% | 8.0% | 21.0% | 271 | 11,753 | 9,477 | 9,477 | 2,275 | 81% | 19 |
| 2032 | 2,113 | 13.0% | 8.0% | 21.0% | 280 | 12,143 | 9,883 | 9,883 | 2,260 | 81% | 18 |
| 2033 | 2,184 | 13.0% | 8.0% | 21.0% | 290 | 12,540 | 10,304 | 10,304 | 2,236 | 82% | 17 |
| 2034 | 2,258 | 13.0% | 8.0% | 21.0% | 300 | 12,945 | 10,741 | 10,741 | 2,203 | 83% | 16 |
| 2035 | 2,335 | 13.0% | 8.0% | 21.0% | 310 | 13,357 | 11,196 | 11,196 | 2,161 | 84% | 14 |
| 2036 | 2,415 | 13.0% | 8.0% | 21.0% | 320 | 13,778 | 11,670 | 11,670 | 2,108 | 85% | 13 |
| 2037 | 2,499 | 13.0% | 8.0% | 21.0% | 332 | 14,209 | 12,167 | 12,167 | 2,043 | 86% | 12 |
| 2038 | 2,587 | 13.0% | 8.0% | 21.0% | 343 | 14,654 | 12,689 | 12,689 | 1,964 | 87% | 11 |
| 2039 | 2,678 | 13.0% | 8.0% | 21.0% | 355 | 15,113 | 13,241 | 13,241 | 1,872 | 88% | 10 |
| 2040 | 2,771 | 13.0% | 8.0% | 21.0% | 368 | 15,587 | 13,824 | 13,824 | 1,763 | 89% | 9 |
| 2041 | 2,868 | 13.0% | 8.0% | 21.0% | 381 | 16,077 | 14,439 | 14,439 | 1,638 | 90% | 8 |

Notes and Assumptions:

Projections are based on the preliminary actuarial valuation results as of July 1, 2011 and assume the plan earns 7.50% annually for all future years.

Projected contribution rates shown above are effective for the fiscal year. All contribution rates are projected to satisfy the 30-year funding requirement.

The principle benefit changes that apply to all current and future members of PORS include:

- Cost neutral service purchase.
- 5-Year AFC for all employees hired after June 30, 2012.
- Eliminate sick/annual leave credit for members hired after June 30, 2012.
- Members hired after June 30, 2012 must have 8 years of service to be vested and have 27 years of service to be eligible for retirement.
- Retirees and beneficiaries will have their retirement allowances increase annually by the lesser of 1.00% and \$500. The increase is not contingent on the plan's actual investment performance.
- Restrictive return-to-work provisions for members retiring after June 30, 2012 under the age of 57 (based on a \$10k earnings limit).

- Contributions based on a funding policy that increases the member rate over a 3-year period to 8.00% beginning July 1, 2014 and maintains a 5.00% difference in the employer / member rate thereafter.