

Summary History of Investment Authority  
for the Funds of the South Carolina Retirement Systems

<b>Date/Governing Law</b>	<b>Governing Entity(ies)</b>	<b>Investment Authority</b>	<b>Allowed Investments</b>
<p><b>1945-1997</b></p> <p>Section 9-1-1310 of the 1976 Code (and its predecessors and similar provisions for PORs, GARS, and JSRS)</p> <p>Section 11-9-610 et seq. (and its predecessors relating to the investment of the State's sinking fund)</p>	<p>State Budget and Control Board as trustee of the systems.</p> <p>State Treasurer as custodian of retirement funds.</p>	<p>Pursuant to Section 9-1-1310, the Board may invest and reinvest retirement funds, subject to all the terms, conditions, limitations and restrictions imposed by Article 7 of Chapter 9 of Title 11, upon the investment of sinking funds of the State, and, subject to like terms, conditions, limitations and restrictions, may hold, purchase, sell, assign, transfer and dispose of any of the securities and investments in which any of the retirement funds shall have been invested, as well as the proceeds of such investments and any moneys belonging to the retirement funds.</p> <p>(However, as a matter of practice, it appears that the investment of the retirement systems funds was generally delegated to the State Treasurer as custodian of those funds and in conjunction with his responsibilities with respect to the State's sinking fund.)</p>	<p>As of 1997, pursuant to Section 11-9-660, the State's sinking fund could be invested in the following investments, which are generally considered fixed-income vehicles:</p> <p>(1) obligations of the United States, its agencies and instrumentalities;</p> <p>(2) obligations of this State or any of its political subdivisions;</p> <p>(3) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;</p> <p>(4) obligations of any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services;</p> <p>(5) certificates of deposit where the certificates are collaterally secured by securities of the type described in items (1) and (2) of this section and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; but this</p>

			<p>collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government; and</p> <p>(6) repurchase agreements when collateralized by securities of the type described in items (1) and (2) of this section and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest.</p> <p>Section 11-9-665 also allowed investment of the sinking fund in real estate.</p>
<p><b>1997</b></p> <p>Act No. 77 of 1997, ratifying an amendment to S.C. Const. art. X, § 16, approved by voters in the 1996 general election</p>	<p>Calls for creation of State Retirement Systems Investment Panel</p>	<p>Calls for creation of State Retirement Systems Investment Panel</p>	<p>Amends Article X, Section 16 of the State Constitution to allow investment of retirement funds in certain domestic equities as follows:</p> <p>Notwithstanding the provisions of Section 11 of this article, the funds of the various state-operated retirement systems may be invested and reinvested in equity securities of any corporation within the United States that is registered on a national securities exchange as provided in the Securities Exchange Act of 1934 or any successor act or quoted through the National Association of Securities</p>

			<p>Dealers Automatic Quotations System or similar service.</p> <p>(S.C. Const. art. X, § 11, provides, in relevant part, that: The credit of neither the State nor of any of its political subdivisions shall be pledged or loaned for the benefit of any individual, company, association, corporation, or any religious or other private education institution except as permitted by Section 3, Article XI of this Constitution. Neither the State nor any of its political subdivisions shall become a joint owner of or stockholder in any company, association, or corporation.)</p>
<p><b>1998</b></p> <p>Act No. 371 of 1998, adding Chapter 16 to Title 9 and amending Section 9-1-1310</p>	<p>State Budget and Control Board as trustee.</p> <p>State Treasurer serves as the agent of the Board with respect to investments made pursuant to Article 7, Chapter 9, Title 11. State Treasurer also remains custodian of retirement funds.</p> <p>State Retirement Systems Investment Panel of five members, one appointed by each member of the Budget and Control Board, to advise</p>	<p>Under Section 9-16-340:</p> <p>The State Budget and Control Board, as trustee of the retirement system, shall invest and reinvest the assets of the retirement systems as provided in Section 9-1-1310. The State Treasurer shall serve as the agent of the board with respect to investments made pursuant to Article 7, Chapter 9, Title 11. Investments allowed by law in equities may be made by the Board in the manner it shall determine, consistent with Section 9-16-330 and consistent with its fiduciary duties with respect to the</p>	<p>Section 9-1-1310 is amended to add the following permitted investments to the existing language (i.e., the sinking fund language):</p> <p>Additionally, and without regard to the limitations imposed pursuant to Article 7, Chapter 9, Title 11, the board may invest and reinvest the funds of the system in equity securities of a corporation within the United States that is registered on a national securities exchange as provided in the Securities Exchange Act, 1934, or a</p>

	<p>the Board on investment matters.</p>	<p>retirement funds.</p> <p>Pursuant to Section 9-16-320, the Investment Panel is responsible for recommending a proposed annual investment plan to the Board and meeting quarterly to review the performance of investments, assess compliance with the annual investment plan, and determine whether to recommend amendments to the plan to the Board.</p>	<p>successor act, or quoted through the National Association of Securities Dealers Automatic Quotations System, or a similar service.</p>
<p><b>2005</b></p> <p>Act No. 153 of 2005, amending Chapter 16 of Title 9 and Section 9-1-1310 to create the South Carolina Retirement System Investment Commission</p>	<p>State Budget and Control Board remains trustee of the retirement systems and State Treasurer remains custodian of retirement funds.</p> <p>South Carolina Retirement System Investment Commission created to make investment decisions. The Commission consists of six members as follows:</p> <ol style="list-style-type: none"> <li>(1) one member appointed by the Governor;</li> <li>(2) the State Treasurer, ex officio;</li> <li>(3) one member appointed by the Comptroller General;</li> <li>(4) one member appointed by the Chairman of the Senate Finance Committee;</li> <li>(5) one member appointed</li> </ol>	<p>Under Section 9-1-1310, the Investment Commission has the authority to invest and reinvest the funds of the retirement systems, subject to all the terms, conditions, limitations, and restrictions imposed by Section 16, Article X of the South Carolina Constitution, subsection (B) of Section 9-1-1310, and Chapter 16 of Title 9.</p> <p>Further, Section 9-16-20 gives the Investment Commission the exclusive authority, subject to Chapter 16 of Title 9 and Section 9-1-1310, to invest and manage the retirement systems' assets; and, Section 9-16-315(G) provides that all of the powers and duties of the State Budget and Control Board as investor in equity securities and the State Treasurer's function of investing in fixed income</p>	<p>Section 9-1-1310 provides that, except where not allowed pursuant to Sections 11 and 16, Article X of the South Carolina Constitution and Chapter 16 of Title 9, the funds of the retirement systems may be invested in, including, but not limited to, the following:</p> <ol style="list-style-type: none"> <li>(1) bonds of this State, other states of the United States, the United States, or any political subdivisions or agencies thereof;</li> <li>(2) banks and savings and loan institutions;</li> <li>(3) top-rated commercial paper;</li> <li>(4) funds of funds;</li> <li>(5) foreign certificates of deposit;</li> <li>(6) short-term debt;</li> <li>(7) investment trust securities;</li> <li>(8) real estate securities;</li> <li>(9) foreign fixed-income obligations;</li> <li>(10) futures and options regulated</li> </ol>

	<p>by the Chairman of the Ways and Means Committee of the House of Representatives;</p> <p>(6) one member who is a retired member of the retirement system who shall serve without voting privileges. This representative member must be appointed by unanimous vote of the voting members of the commission.</p> <p>(The State Treasurer may appoint a member to serve on the Commission in his stead for a term coterminous with the Treasurer's term of office. If the Treasurer appoints a member, the member must meet the same qualifications as the other appointed members of the Commission and may not be removed except as provided for the other appointed members.)</p>	<p>instruments are transferred to and devolved upon the Investment Commission.</p>	<p>by the United States Securities and Exchange Commission;</p> <p>(11) private equity;</p> <p>(12) domestic and foreign group trusts;</p> <p>(13) investment vehicles of Federal Deposit Insurance Corporation approved institutions;</p> <p>(14) bonds of foreign countries designated industrialized by the International Monetary Fund;</p> <p>(15) collateralized mortgage obligations;</p> <p>(16) World Bank bonds;</p> <p>(17) debt of the United States or Canadian corporations;</p> <p>(18) equipment trust debt;</p> <p>(19) purchase money mortgages received for real estate;</p> <p>(20) real estate investment trusts; and</p> <p>(21) investments allowed pursuant to Section 11-9-660 and equity investments as allowed pursuant to Section 16, Article X of the Constitution of this State.</p>
<p><b>2006</b></p> <p>Act No. 264 of 2006</p>	<p>No change.</p>	<p>No change.</p>	<p>Amends Section 9-1-1310 expand the allowed investments under subsection (B)(19) as follows:</p> <p>(19)(a) purchase money mortgages received for real estate;</p> <p>(b) real property;</p> <p>(c) exchange traded funds;</p> <p>(d) American Depository Receipts</p>

<p><b>2007</b></p> <p>Act No. 1 of 2007, ratifying amendment to S.C. Const. art. X, § 16, approved by voters in 2006 general election</p>	<p>Deletes constitutional language regarding the Investment Panel</p>	<p>Deletes constitutional language regarding the Investment Panel</p>	<p>Amends last sentence of Article X, Section 16 of the State Constitution to delete the requirement that equity investments be limited to domestic equities and read as follows:</p> <p>Notwithstanding the provisions of Section 11 of this article, the funds of the various state-operated retirement systems may be invested and reinvested in equity securities.</p>
<p><b>2012</b></p> <p>Act No. 278 of 2012</p>	<p>South Carolina Public Employee Benefit Authority and Budget and Control Board designated as cotrustees of the retirement systems in performing the functions imposed upon them by law in the governance of the retirement systems.</p> <p>State Treasurer remains custodian of retirement systems funds.</p> <p>Investment Commission expanded to seven members, with the addition of the PEBA Executive Director as a non-voting member. The retiree member of the Commission is granted voting</p>	<p>No change, except designation of PEBA as trustees of the systems and the governance changes to the Investment Commission.</p>	<p>No change.</p>

	privileges and the Commission members are awarded an annual salary.  Statute creating Investment Panel is formally repealed.		
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