

Prepared testimony made before the Senate Finance Committee, Special Subcommittee to Review the Investment of State Retirement Funds on Thursday, January 23, 2014.

Thank you for giving the State Retirees Association of SC the opportunity to give comment to your subcommittee this afternoon.

And thank you for serving on this subcommittee and investigating this issue, an issue that our Association is truly concerned about.

My name is Donald Tudor, the President of the Association.

Our Association is a non-profit organization, established by a group of retirees in 1994 to insure our concerns were heard when matters of retirement benefits and health insurance were being considered.

Membership is open to all members of the retirement systems of the State of South Carolina who are either retired or near retirement. This includes State, School District, Municipal/County and other local government employees in South Carolina.

We are a strong and persistent advocate for retirees and the key issues that may affect us. These include: changes to our benefit; monitoring retirement fund investment strategies; and, insuring the stability of our health insurance program.

We advocate for our common interests by carefully monitoring the legislative process and attending key legislative committee meetings as well as meetings of the Investment Commission and the Public Employee Benefit Authority.

The key to any successes we have achieved has been our ability to clearly and effectively communicate with our members and to use our collective voices to educate legislative and agency leaders. Our goal is to achieve for our members what we were promised as employees and retirees. That benefits do not erode. As we have done for the past 20 years, we will speak with a loud voice if we believe actions are occurring that threaten the wellbeing of the retiree's security.

In attending every RSIC meeting since last January, I have developed a great appreciation and confidence in the credentialed RSI Commissioners and believe that their concerns mirror ours and that their actions reflect our best interest. These Commissioners have consistently voted together to move the RSIC forward.

Our confidence is based on:

Our belief that the RSI Commissioners care for the security of our retirement money and the financial future of our retirees.

I have personally thanked Commissioners for their thoughtful deliberation and the extensive amount of time they contribute to evaluating and considering issues before the Commission.

The Commissioners have adopted appropriate procedures, policies and plans that create a structure to guide decision making. These include a Governance Policy Manual, the Performance Incentive Compensation Plan, an investment strategy

(the RSIC Annual Investment Plan and the Statement of Investment Objectives and Policies); these plans and strategies have been thoroughly vetted by the Commission.

The RSIC has highly qualified and caring staff and consultants (HewittEnnisKnupp) that are acting in our best interest. We want a Super Bowl team, and recognize that we must compete internationally to attract and retain these individuals.

The RSIC has established due diligence in its implementation.

The RSIC conducts independent external and external audits and based on the findings of the recent report by the Inspector General.

The RSIC has developed a high level of transparency and is becoming more transparent each month.

The RSIC is making every effort to minimize investment risk and stick to the adopted investment strategy, a strategy legislated by the General Assembly, that is supported by extensive strategic planning and research to implement the target of a 7.5% minimum annual return over each of the next 30 years. A plan that has the goal of reducing the Fund's unfunded liability, which when achieved will open up a wider range of investment options in the future.

Our Concern Include:

That RSIC will continue to experience disruptions in carrying out its adopted procedures and plans

That these disruptions cost the Fund dollars and lost staff productivity.

In short, the RSIC needs to be allowed to do the work they are charged with and skilled to do.

The acrimony will continue between the RSIC and the Treasurer. We encourage, as recommended by the Inspector General, that all RSIC commissioners and staff find ways to work together.

All parties need a break in the constant second guessing, a Media TIME OUT. This does not mean that structured reports, monitoring, oversight, and audits should not continue. (Annual Investment Reports, Performance Reports, and Quarterly Reports)

In the past year I have consistently seen the RSI Commissioners approve investments and strategies with a vote of five out of a possible six; this cohesive voting by the five credentialed Commissioners gives me confidence. Remember you never hear from those five commissioners; what do you think they would have to say? These five continue to work together and move the success of our retirement investment program forward.

I have gain confidence in the fact that four of these five Commissioners are appointees and serve at the pleasure of the Governor, the Comptroller General, the Chairman of Senate Finance, and the Chairman of House Ways and Means, and the fifth is the representative endorsed by our Association.

Thank you for this opportunity to speak to you today.