**A** **BILL**

TO AMEND SECTION 9‑16‑335, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE ASSUMED RATE OF RETURN FOR RETIREMENT SYSTEM FUNDS, SO AS TO PROVIDE THAT THE ASSUMED RATE OF RETURN EXPIRES EVERY FOUR YEARS UNLESS ACTION IS TAKEN BY THE GENERAL ASSEMBLY, AND IF NOT, THE RATE IS SET BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY; AND TO AMEND SECTION 9‑1‑1085, RELATING TO EMPLOYER AND EMPLOYEE CONTRIBUTION RATES FOR PURPOSES OF THE RETIREMENT SYSTEM, SO AS TO REDUCE THE AMORTIZATION SCHEDULE FROM THIRTY YEARS TO TWENTY YEARS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 9‑16‑335 of the 1976 Code, as added by Act 278 of 2012, is amended to read:

“Section 9‑16‑335. (A) For all purposes of this title, the assumed annual rate of return on the investments of the Retirement System must be established by the General Assembly pursuant to this section. Effective July 1, 2012, the assumed annual rate of return on retirement system investments is seven and one‑half percent.

(B) The assumed rate of return established in subsection (A) expires on July 1, 2016, and every four years thereafter unless, at any time during that four year period, the General Assembly, by joint resolution, amends the assumed rate of return for the remainder of the current four year period.

(C) No later than January first of each year in which the assumed rate of return is due to expire, the board shall submit a proposed assumed rate of return for the corresponding four years to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the State Fiscal Accountability Authority. The proposed assumed rate of return must be developed in consultation with the board’s actuary. Along with the proposed rate, the board shall submit an actuarially based explanation for the rate proposed.

(D) If the General Assembly does not continue or amend the assumed rate of return prior to expiration, the assumed rate of return must be set by vote of the State Fiscal Accountability Authority.”

SECTION 2. Section 9‑1‑1085(C) and (D) of the 1976 Code, as added by Act 278 of 2012, is amended to read:

“(C) If the scheduled employer and employee contributions provided in subsection (A), or the rates last adopted by the board pursuant to subsection (B), are insufficient to maintain a ~~thirty~~ twenty year amortization schedule for the unfunded liabilities of the system, then the board shall increase the contribution rate as provided in subsection (A) or as last adopted by the board in equal percentage amounts for employer and employee contributions as necessary to maintain an amortization schedule of no more than ~~thirty~~ the greater of (i) twenty years or (ii) the amortization schedule set forth in the system’s actuarial valuation for the prior fiscal year. Such adjustments may be made without regard to the annual limit increase of one‑half percent of earnable compensation provided pursuant to subsection (B), but the differential in the employer and employee contribution rates provided in subsection (A) or subsection (B), as applicable, of this section must be maintained at the rate provided in the schedule for the applicable fiscal year.

(D)(1) After June 30, 2015, if the most recent annual actuarial valuation of the system shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 percent differential between employer and employee contribution rates provided pursuant to subsection (B) of this section.

(2) If contribution rates are decreased pursuant to item (1) of this subsection and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates as provided pursuant to subsection (B) of this section until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than ninety percent.

(3) The General Assembly may appropriate funds in any fiscal year for the purpose of shortening the amortization schedule. If the funds are appropriated it is in addition to any lessening of the amortization schedule allowed by the provisions of subsection (C)(ii).”

SECTION 3. This act takes effect upon approval by the Governor.

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