

RETIREMENT LAWS COMMITTEE

Study Assignment

A continuing study of the pension, annuity, and benefit laws relating to employees and officers in public service.

Summary of Interim

The investment fund remains in good condition, despite the unfavorable market. Investment Officer Steve Myers reported that the plan had a positive return slightly above 8%, with a few weeks remaining in the fiscal year.

The SDRS staff reported the number of current members in the South Dakota Retirement System is above 65,000. There were over 17,000 retirees or benefit recipients who had received over \$200 million in benefit payments during fiscal year 2004. The total number of new benefits was 959, an increase of 2 percent, although staff expected the numbers to be significantly higher by the end of June.

The SDRS actuary reported that the system had an actuarial value funded ratio of 97 percent and a market value funded ratio of 99 percent, compared to the national survey average of 85 percent and 75 percent, respectively. SDRS ranked second nationally on a market value ratio basis, behind only the California UC System.

The actuary was asked to do an actuarial experience analysis at the December 2003 board meeting and reported that few assumptions needed further study. Melon and Associates reviewed economic, demographic, and "other" assumptions. They suggested further review in the areas of long term inflation rate assumptions; graded annual rates for retirement ages; and the age of benefit commencement for terminated vested members.

The FY2004 budget for the administration of the South Dakota Retirement System is proposed to grow by 1 percent over the previous fiscal year. The budget was submitted to the Governor for his approval and then will be proposed to the Legislature in January 2005.

Listing of Legislation Adopted

Even though the committee will not propose legislation, the SDRS notified members of possible legislation which would allow certain SDRS members who have been called to active duty in the military a chance to purchase service at the current reduced rate for a short period of time once they return from active duty.

Summary of Meeting Date & Place and Listing of Committee Members

The committee met one time jointly with the Board of Trustees of the South Dakota Retirement System, in Pierre at the Ramkota River Centre. The meeting was held on June 10, 2004.

Committee members were: Senator Kenneth D. Albers (Chair); Representative Matthew Michels (Vice Chair); Senators William Earley, Clarence Kooistra, Dan Sutton, and Paul Symens and Representatives Burt Elliott, Mel Olson, Tim Rounds, and Lou Sebert.

Staff members were Annie Mehlhaff, Principal Fiscal Analyst, and Reta Rodman, Legislative Secretary.