



South Dakota Retirement System

**2008 Actuarial Valuation
Executive Summary Presentation**

December 3, 2008

explore
excellencesm

buckconsultants
an ACS company 

South Dakota Retirement System

Highlights of 2008 Actuarial Valuation

	2007*	2008
Present Value of All Benefits	\$ 7,375.3M	\$ 8,168.3M
Actuarial Value of Assets	\$ 6,044.9M	\$ 6,784.3M
Market Value of Assets	\$ 8,158.2M	\$ 7,312.1M
Unfunded Actuarial Accrued Liability	\$ 192.2M	\$ 192.5M
Reserve for Funding of Long-Term Benefit Goals	\$ 864.6M	\$ (282.9)M
Normal Cost with Expense Provisions	11.5%	11.5%
Funding Period	20 Years	20 Years
Actuarial Accrued Liability Funded Ratio	96.9%	97.2%
Cushion	\$ 2,113.3M	\$ 527.8M
Cushion as a % of the Actuarial Value of Assets	35.0%	8.0%

* Before Encumbrance

South Dakota Retirement System

Funded Status Comparisons

	06/30/2005		06/30/2006		06/30/2007		06/30/2008	
	<u>SDRS</u>	<u>Survey Averages¹</u>	<u>SDRS</u>	<u>Survey Averages¹</u>	<u>SDRS</u>	<u>Survey Averages²</u>	<u>SDRS</u>	<u>Survey Averages²</u>
Funded Ratio (Actuarial Value of Assets)	97%	80%	97%	84%	97%	84%	97%	85%
Funded Ratio (Market Value of Assets)	111%	80%	117%	86%	121%	97%	105%	77%

¹ From Wilshire Report on State Retirement Systems: Funding Levels and Asset Allocation. Survey Averages based on Statewide Public Retirement Plans Surveyed with Measurement Dates of June 30, 2006 or December 31, 2006.

² Buck Consultants estimates based on 2007 and 2008 Wilshire Reports

South Dakota Retirement System

Conclusions

- System investment experience was very unfavorable for year
- System liability experience was slightly unfavorable for year
- System remains sound and well funded due to prior years' favorable experience and strong investment returns for fiscal year ended 2004, 2005, 2006 and 2007
- SDRS funded status compares very favorably with similar systems
- Board target for funding period met and funded ratio exceeded

South Dakota Retirement System

Conclusions (cont.)

- Current normal costs continue to be high percent of contribution rate
- Reserve for Funding of Long-term Benefit Goals is negative \$283M as of June 30, 2008
- Cushion at June 30, 2008, of \$528M compared to \$1,632M at June 30, 2007, provides little protection if future investment results are less than assumed annual investment return
- Cushion decreased by \$1,104M from 2007

South Dakota Retirement System

Current and Future Issues

- Consideration of benefit, contribution or actuarial assumption changes to weather economic downturn
- Future monitoring of recent economic actuarial assumption changes
- Accurately communicating current and projected funded status of SDRS
- Close monitoring of future asset and liability experience